

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**FORM F-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

Spotify Technology S.A.

(Exact name of Registrant as specified in its charter)

**Grand Duchy of Luxembourg
(State or other jurisdiction of
incorporation or organization)**

**7370
(Primary Standard Industrial
Classification Code Number)**

**98-1097620
(I.R.S. Employer
Identification Number)**

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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: AS SOON AS PRACTICABLE AFTER THIS REGISTRATION STATEMENT IS DECLARED EFFECTIVE.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, please check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933.

Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price ⁽¹⁾	Amount of Registration Fee
Ordinary shares, nominal value of €0.000625 per share		Not applicable	\$1,000,000,000	\$124,500

(1) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(f)(2) of the Securities Act.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. The securities may not be sold until the Registration Statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, dated _____, 2018

SPOTIFY TECHNOLOGY S. A.



ORDINARY SHARES

This prospectus relates to the registration of the resale of up to _____ of our ordinary shares by the registered shareholders identified in this prospectus (“Registered Shareholders”). Unlike an initial public offering, the resale by the Registered Shareholders is not being underwritten by any investment bank. The Registered Shareholders may, or may not, elect to sell their ordinary shares covered by this prospectus, as and to the extent they may determine. Such sales, if any, will be made through brokerage transactions on the New York Stock Exchange (the “NYSE”) at prevailing market prices. See “Plan of Distribution.” If the Registered Shareholders choose to sell their ordinary shares, we will not receive any proceeds from the sale of ordinary shares by the Registered Shareholders.

Each outstanding ordinary share entitles the holder thereof to one vote. In addition, we have issued ten beneficiary certificates per ordinary share held of record (excluding warrants, options, and RSUs, as applicable) to entities beneficially owned by our founders, Daniel Ek and Martin Lorentzon, for a total of 379,201,200 beneficiary certificates. Each beneficiary certificate entitles its holder to one vote. Our beneficiary certificates may be issued at a ratio of between one and 20 beneficiary certificates per ordinary share as determined by our board of directors or its delegate at the time of issuance. The beneficiary certificates carry no economic rights and are issued to provide the holders of such beneficiary certificates additional voting rights. The beneficiary certificates are non-transferable and shall automatically be canceled for no consideration in the case of sale or transfer of the ordinary share to which they are linked. See “Description of Share Capital and Articles of Association.”

No public market for our ordinary shares currently exists. However, our ordinary shares have a history of trading in private transactions. Based on information available to us, the low and high sales price per ordinary share for such private transactions during the year ended December 31, 2017 was \$37.50 and \$125.00, respectively, and during the period from January 1, 2018 through February 22, 2018 was \$90.00 and \$132.50, respectively, in each case excluding the Tencent Transactions (as defined herein). For more information, see “Sale Price History of Ordinary Shares.” Our recent trading prices in private transactions may have little or no relation to the opening public price of our ordinary shares on the NYSE or the subsequent trading price of our ordinary shares on the NYSE. Further, the listing of our ordinary shares on the NYSE without underwriters is a novel method for commencing public trading in our ordinary shares, and consequently, the trading volume and price of our ordinary shares may be more volatile than if our ordinary shares were initially listed in connection with an underwritten initial public offering.

Based on information provided by the NYSE, the opening public price of our ordinary shares on the NYSE will be determined by buy and sell orders collected by the NYSE from broker-dealers. Based on such orders, the designated market maker will determine an opening price for our ordinary shares in consultation with a financial advisor pursuant to applicable NYSE rules. For more information, see “Plan of Distribution.”

We intend to apply to list our ordinary shares on the NYSE under the symbol “SPOT” on or about _____, 2018.

Investing in our ordinary shares involves risks. See “[Risk Factors](#)” beginning on page 14.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

_____, 2018

TABLE OF CONTENTS

	Page
ABOUT THIS PROSPECTUS	ii
NOTE REGARDING FORWARD-LOOKING STATEMENTS	iii
PRESENTATION OF FINANCIAL AND OTHER INFORMATION	iv
MARKET AND INDUSTRY DATA	v
SUMMARY	1
SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA	10
RISK FACTORS	14
USE OF PROCEEDS	56
DIVIDEND POLICY	57
CAPITALIZATION	58
CURRENCIES AND EXCHANGE RATES	59
SELECTED HISTORICAL FINANCIAL INFORMATION AND OTHER DATA	60
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	63
LETTER FROM DANIEL EK	92
BUSINESS	94
MANAGEMENT	126
REGISTERED SHAREHOLDERS	144
PRINCIPAL SHAREHOLDERS	147
RELATED PARTY TRANSACTIONS	149
DESCRIPTION OF SHARE CAPITAL AND ARTICLES OF ASSOCIATION	150
SHARES ELIGIBLE FOR FUTURE SALE	168
SALE PRICE HISTORY OF ORDINARY SHARES	170
CERTAIN TAXATION CONSIDERATIONS	171
PLAN OF DISTRIBUTION	180
EXPENSES OF THE REGISTRATION	182
ENFORCEMENT OF CIVIL LIABILITIES	183
LEGAL MATTERS	185
EXPERTS	185
WHERE YOU CAN FIND MORE INFORMATION	186
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS	F-1

We are responsible for the information contained in this prospectus and in any free writing prospectus we prepare or authorize. Neither we nor the Registered Shareholders have authorized anyone to provide you with different information, and neither we nor the Registered Shareholders take responsibility for any other information others may give you. We are not, and the Registered Shareholders are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. The information in this prospectus is only accurate as of the date of this prospectus. Our business, financial condition, results of operations, and prospects may have changed since that date.

For investors outside the United States: We have not and the Registered Shareholders have not done anything that would permit the use of or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the ordinary shares and the distribution of this prospectus outside the United States.

ABOUT THIS PROSPECTUS

This prospectus is a part of a registration statement on Form F-1 (the “Registration Statement”) that we filed with the Securities and Exchange Commission (the “SEC”) using a “shelf” registration or continuous offering process. Under this shelf process, the Registered Shareholders may from time to time sell the ordinary shares covered by this prospectus in the manner described in “Plan of Distribution.” Additionally, we may provide a prospectus supplement to add information to, or update or change information contained in this prospectus, including the “Plan of Distribution.” You should read this prospectus before deciding to invest in our ordinary shares. You may obtain this information without charge by following the instructions under “Where You Can Find More Information” appearing elsewhere in this prospectus.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus 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 (as defined herein) and to retain existing Users;
- our dependence upon third-party licenses for sound recordings and musical compositions;
- our ability to comply with the many complex license agreements to which we are a party;
- our ability to generate sufficient revenue to be profitable or to generate positive cash flow on a sustained basis;
- our lack of control over the providers of our content and their effect on our access to music and other content;
- our ability to accurately estimate the amounts payable under our license agreements;
- the limitations on our operating flexibility due to the minimum guarantees required under certain of our license agreements;
- our ability to obtain accurate and comprehensive information about music compositions in order to obtain necessary licenses or perform obligations under our existing license agreements;
- potential breaches of our security systems;
- assertions by third parties of infringement or other violations by us of their intellectual property rights;
- risk associated with our substantial indebtedness;
- risks related to our status as a foreign private issuer;
- dilution resulting from additional share issuances; and
- the concentration of voting power among our founders who have and will continue to have substantial control over our business.

Other sections of this prospectus describe additional risk factors that could adversely impact our business and financial performance. Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time, and it is not possible for our management to predict all risk factors and uncertainties, nor are we able to assess the impact of all of these risk factors on our business or the extent to which any risk factor, or combination of risk factors, may cause actual results to differ materially from those contained in any forward-looking statements.

We qualify all of our forward-looking statements by these cautionary statements. See “Risk Factors.”

You should read this prospectus and the documents that we have filed as exhibits to this prospectus completely and with the understanding that our actual future results may be materially different and worse from what we expect.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Currency

All references in this prospectus to (i) “Euro,” “EUR,” or “€” are to the currency of the member states participating in the European Monetary Union, and (ii) “U.S. dollar,” “USD,” or “\$” are to the currency of the United States. Our reporting currency is the Euro.

For the convenience of the reader, this prospectus contains translations of certain Euro amounts into U.S. dollars at specified rates. Unless otherwise indicated, the U.S. dollar equivalent for information in Euros is based on the exchange rates, as defined in “Currencies and Exchange Rates.”

Presentation of Financial Information

In accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), we prepare our consolidated financial statements on a historical cost basis, except for our securities, long term investment, Convertible Notes (as defined herein), and derivative financial instruments, which have been measured at fair value.

The financial information included in this prospectus for the years ended December 31, 2013 and 2014 have been presented without the retrospective application of IFRS 15, *Revenue from Contracts with Customers* (“IFRS 15”) and may not be comparable to the years ended December 31, 2015, 2016, and 2017.

Non-IFRS Financial Measures

In this prospectus, we present certain financial measures that are not recognized by IFRS and that may not be permitted to appear on the face of IFRS-compliant financial statements or notes thereto.

The non-IFRS financial measures used in this prospectus are EBITDA and Free Cash Flow. For a discussion of EBITDA and Free Cash Flow and a reconciliation of each to their most closely comparable IFRS measures, see “Summary Consolidated Financial and Other Data” and “Selected Historical Financial Information and Other Data.”

Presentation of Ordinary Shares

As of February 22, 2018, we had 176,976,280 ordinary shares outstanding. Except as otherwise indicated, the number of ordinary shares outstanding excludes (i) 14,095,254 ordinary shares issuable upon exercise of stock options outstanding as of February 22, 2018 at a weighted-average exercise price of \$49.02 per ordinary share, (ii) 191,985 ordinary shares issuable upon the settlement of restricted stock units (“RSUs”) outstanding as of February 22, 2018, and (iii) 6,720,000 ordinary shares issuable upon the exercise of warrants outstanding as of February 22, 2018, at a weighted average exercise price of \$59.92 per ordinary share.

Further, unless otherwise indicated, all information in this prospectus reflects a 40-to-one share split of our ordinary shares, beneficiary certificates, and any other outstanding securities, which we expect to effectuate prior to the effectiveness of this Registration Statement (the “Share Split”). The purpose of the Share Split is to reduce the per share price of our ordinary shares to a more customary level for a newly listed company on the NYSE.

Rounding

Certain monetary amounts, percentages, and other figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be the arithmetic aggregation of the figures that precede them, and figures expressed as percentages in the text may not total 100% or, as applicable, when aggregated may not be the arithmetic aggregation of the percentages that precede them.

MARKET AND INDUSTRY DATA

Information included in this prospectus relating to our industry, industry size, share of industry sales, industry position, industry capacities, industry demand, growth rates, penetration rates, and other industry data consists of estimates based on reports compiled by professional third-party organizations and analysts, data from external sources, our knowledge of our sales and the industry in which we operate, and our own calculations based on such information. While we have compiled, extracted, and reproduced industry data from external sources, including third-party, industry, or general publications, we have not independently verified the data. Similarly, while we believe our management estimates to be reasonable, they have not been verified by any independent sources. Forecasts and other forward-looking information with respect to industry and ranking are subject to the same qualifications and additional uncertainties regarding the other forward-looking statements in this prospectus. See “Note Regarding Forward-Looking Statements.”

Among others, we refer to estimates compiled by the following industry sources:

- Nielsen Corporation (“Nielsen”), a global marketing research firm that measures media audiences;
- The Recording Industry Association of America (“RIAA”), an organization that conducts consumer, industry, and technical research;
- Equation Research, an independent panel brokerage that conducts brand tracking;
- Magna Global, a resource that publishes market insights and forecasts;
- Ovum, a global business intelligence firm that produces research for digital service providers;
- comScore, Inc. (“comScore”), an agency that measures audiences, advertising, and consumer behavior;
- BIA/Kelsey, an advisory firm focused on local advertising and marketing;
- International Telecom Union, a specialized agency for information and communication technologies; and
- MIDiA Research (“MIDiA”), a research service that provides comprehensive market insights and analysis.

SUMMARY

This prospectus summary highlights certain information appearing elsewhere in this prospectus. As this is a summary, you should read the entire prospectus carefully, including the information under “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and our consolidated financial statements and the related notes thereto included in this prospectus. This prospectus includes forward-looking statements that involve risks and uncertainties. See “Note Regarding Forward-Looking Statements.” Unless the context otherwise requires, references to “Company,” “we,” “us,” “our,” and “Spotify” refer to Spotify Technology S.A. and its direct and indirect subsidiaries on a consolidated basis.

Overview

Our mission is to unlock the potential of human creativity by giving a million creative artists the opportunity to live off their art and billions of fans the opportunity to enjoy and be inspired by these creators.

When we launched our Service in 2008, music industry revenues had been in decline, with total global recorded music industry revenues falling from \$23.8 billion in 1999 to \$16.9 billion in 2008. Growth in piracy and digital distribution were disrupting the industry. People were listening to plenty of music, but the market needed a better way for artists to monetize their music and consumers needed a legal and simpler way to listen. We set out to reimagine the music industry and to provide a better way for both artists and consumers to benefit from the digital transformation of the music industry. Spotify was founded on the belief that music is universal and that streaming is a more robust and seamless access model that benefits both artists and music fans.

We are the largest global music streaming subscription service. Our premium service (“Premium Service”) provides Premium Subscribers with unlimited online and offline high-quality streaming access to our catalog. The Premium Service offers a commercial-free music experience. Our ad-supported service (“Ad-Supported Service,” and together with our Premium Service, our “Service”) has no subscription fees and provides Ad-Supported Users with limited on-demand online access to our catalog. With a presence in 61 countries and territories and growing, our platform includes 159 million MAUs and 71 million Premium Subscribers as of December 31, 2017, which we believe is nearly double the scale of our closest competitor, Apple Music. We define Premium Subscribers as the total count of users for accounts that have completed registration with Spotify and have activated a payment method for Premium Service. Monthly active users (“MAUs”) refers to the total count of Users of our Ad-Supported Service (“Ad-Supported Users,” and together with Premium Subscribers, “Users”) and Premium Subscribers that have consumed content for greater than zero milliseconds in the last thirty days from the period-end indicated.

Our Users are highly engaged. We currently monetize our Service through both subscriptions and advertising. Our Premium Subscribers have grown 46% year-over-year as of December 31, 2017 to 71 million. Our 159 million MAUs have grown 29% year-over-year as of December 31, 2017. The Premium Service and Ad-Supported Service live independently, but thrive together. Our Ad-Supported Service serves as a funnel, driving more than 60% of our total gross added Premium Subscribers since we began tracking this data in February 2014. With a 51% increase in revenue from our Ad-Supported Service from 2015 to 2016 and a 41% increase in revenue from our Ad-Supported Service from 2016 to 2017, we believe our Ad-Supported Service is a strong and viable stand-alone product with considerable long-term opportunity for growth in Ad-Supported Users and revenue. However, we face intense competition in growing both our Ad-Supported Users and Premium Subscribers, as well as in keeping our Users highly engaged. If User engagement declines or if we fail to continue to grow our Ad-Supported User base or Premium Subscriber base, our revenue growth will be negatively impacted. See “Risk Factors—Risks Related to Our Business—If our efforts to attract prospective Users and to retain existing Users are not successful, our growth prospects and revenue will be adversely affected.”

For the years ended December 31, 2015, 2016, and 2017, we generated €1,940 million, €2,952 million, and €4,090 million in revenue, respectively, representing a compound annual growth rate (“CAGR”) of 45%. For the

years ended December 31, 2015, 2016, and 2017, we incurred net losses of €230 million, €539 million, and €1,235 million, respectively. For the years ended December 31, 2015, 2016, and 2017, our EBITDA was €(205) million, €(311) million, and €(324) million, respectively. For the years ended December 31, 2015, 2016, and 2017, our net cash flow (used in)/from operating activities was €(38) million, €101 million, and €179 million, respectively. For the years ended December 31, 2015, 2016, and 2017, our Free Cash Flow was €(92) million, €73 million, and €109 million, respectively. EBITDA and Free Cash Flow are non-IFRS financial measures. For a discussion of EBITDA and Free Cash Flow and a reconciliation of each to their most closely comparable IFRS measures, see “Summary Consolidated Financial and Other Data.”

Music Industry Returns to Growth Led by Streaming

Global recorded music industry revenues declined by 40% from \$23.8 billion in 1999 to \$14.3 billion in 2014 following the launch of the first internet-based music download service. As Spotify’s access model gained traction, however, that trend reversed itself in 2015 when global recorded music revenues grew more than 3% from the prior year. Growth accelerated in 2016, when global recorded music revenues reached \$15.7 billion, an increase of 6% from 2015. This was the highest annual growth rate in 20 years, according to management estimates and industry reports.

- *Return to Growth was Primarily Driven by Streaming.* Streaming is the engine which has primarily restored the global recorded music industry to growth. Streaming revenues increased by 60% in 2016, reaching \$4.6 billion, while physical sales and digital download revenues continued to decline at 8% and 21% respectively, according to management estimates and industry reports.
- *Streaming is Growing Globally.* According to management estimates and industry reports, the return to growth in the recorded music industry was seen in every region measured, namely North America, Europe, Asia, and Latin America. By transforming user behavior, streaming has become the dominant global format in the music industry, fueling growth in key music markets worldwide.
- *The Streaming Market is Still in its Infancy.* While streaming has changed the way many people access music, we believe there is an untapped global audience with significant growth potential. We believe the universality of music gives us the opportunity to reach many of the over 3.6 billion internet users globally, according to the International Telecom Union ICT Facts and Figures 2017 Report.
- *Increasing Penetration of Established Markets.* There is opportunity for growth, even in more established markets. According to Nielsen, the average American listens to more than 32 hours of music each week, and we believe there is significant room to capture additional share of these content hours. Research from MIDiA indicates that listeners who pay for streaming subscription services tend to consume more content hours on average than ad-supported users.
- *Growth in Smartphone Penetration.* In the 61 countries and territories where we are present, there were an estimated 1.2 billion payment-enabled smartphone users in 2017. According to research from Ovum, the number of payment-enabled smartphone users in the countries where we are present is forecast to grow by 28% to approximately 1.6 billion by 2021. As a mobile-first platform, we believe we are well-positioned to benefit from the growth in global smartphone users.
- *Opportunity in the Ad-Supported Music Market.* With our Ad-Supported Service, we believe there is a large opportunity to grow Users and gain market share from traditional terrestrial radio. In the United States alone, traditional terrestrial radio is a \$14 billion market, according to BIA/Kelsey. The total global radio advertising market is approximately \$28 billion in revenue, according to Magna Global. With a more robust offering, more on-demand capabilities, and access to personalized playlists, we believe Spotify offers Users a significantly better alternative to linear broadcasting.

Spotify is the Largest Global Music Streaming Subscription Service

Spotify has transformed the way people access and enjoy music.

Today, millions of people around the world have access to over 35 million tracks through Spotify, whenever and wherever they want. We are transforming the music industry by allowing Users to move from a “transaction-based” experience of buying and owning music to an “access-based” model which allows Users to stream music on demand. In contrast, traditional radio relies on a linear distribution model in which stations and channels are programmed to deliver a limited song selection with little freedom of choice.

We are the largest global music streaming subscription service with 159 million MAUs and 71 million Premium Subscribers as of December 31, 2017. Based on management estimates and industry reports, Spotify’s global streaming market share was approximately 42% in 2016 as determined by revenue, and we had market share of approximately 41%, 42%, and 59% in the U.S., Brazil, and United Kingdom, our three largest markets by MAUs, respectively. In addition, we accounted for greater than 95% of the streaming market in our home country of Sweden. We made up almost half of global revenues from paid streaming to record labels in 2016, according to MIDiA. Through December 31, 2017, we have paid more than €8 billion in royalties to artists, music labels, and publishers since our launch.

Spotify is more than a music streaming service. We are in the discovery business. Every day, fans from around the world trust our brand to guide them to music and entertainment that they would never have discovered on their own. If discovery drives delight, and delight drives engagement, and engagement drives discovery, we believe Spotify wins and so do our Users. Our brand reflects culture—and occasionally creates it—by turning vast and intriguing listening data into compelling stories that remind people of the role music plays in their lives and encourages new fans to join Spotify each week.

How is Spotify Different?

- *Scale Provides Unique Data which Enables a Differentiated and Personalized Experience.* Many music services have large catalogs, but we believe Spotify is differentiated from other services because we provide Users with a more personalized experience, driven by powerful music search and discovery engines. We have a large and growing base of Users that are highly engaged on Spotify, which enables us to continuously learn about their listening behaviors throughout the day. We use this information to create a more personalized and engaging experience for each incremental visit to our platform. We believe this personalized experience is a key competitive advantage as Users are more likely to engage with a platform that reflects their real-time moods and activities and captures a unique understanding of moments in their lives.
- *Superior User Experience Drives Industry Leading User Engagement.* We believe our superior User experience is what has enabled Spotify to become the largest global music streaming subscription service. Investing in the User experience has and will continue to generate significant benefits for our platform. As our personalization becomes more refined and music discovery becomes more seamless, we believe we will increase our current Users’ engagement and will attract new Users to our platform. On average, 25 Content Hours Per MAU were streamed in each month of the fourth quarter of 2017. Content Hours Per MAU is a monthly measure defined as the aggregate number of hours Users spent consuming audio and video content on Spotify in the quarter indicated divided by the average of the MAUs for each month in such quarter, which is then divided by three months.

Our 159 million MAUs have grown 29% year-over-year as of December 31, 2017. Our Premium Subscribers have grown 46% year-over-year as of December 31, 2017 to 71 million. A portion of this

growth is due to the popularity of our Family Plan, which allows up to six Premium Subscribers in a household for one fixed monthly rate. Our Premium Subscribers include both the master Family Plan account as well as any sub-accounts associated with each household.

- *Spotify Playlists are the Driving Force Behind Music Discovery and Demand Creation on our Service.* As our Service has grown, our challenge has been to connect millions of Users—all with distinct listening preferences—with a large catalog of over 35 million tracks as of December 31, 2017.

Spotify has become an essential partner to both aspiring and established artists by enabling their music to be discovered. Our playlists have become a key discovery tool for Users to find new artists and new music from their favorite artists. Given the success of our playlists in driving music discovery, they have become one of the primary tools that labels, artists, and managers use in order to boost artists and measure success. Many of our Users also rely on Spotify to help soundtrack their day, through editorially-curated playlists like RapCaviar or personalized machine-generated playlists like Discover Weekly, Daily Mix, or Release Radar. We now program approximately 31% of all listening on Spotify across these and other playlists, compared to less than 20% two years ago.

Spotify—Building a Two-Sided Marketplace

We are building a two-sided music marketplace for Users and artists, which is powered by data, analytics, and software. Spotify provides fans with a way to discover and enjoy music, and artists with an additional avenue to showcase and be compensated for their creative works. For artists, Spotify provides a platform from which they can reach and interact with their fans, as well as analytics which provide a better and more thorough understanding of their fan base.

Benefits for Users

We are focused on enabling the discovery and curation of music for our Users through our range of products and services:

- *Playlists and Personalization* . Users benefit from our ability to help them navigate our more than 35 million tracks as of December 31, 2017. We do this by providing Users with editorially curated and machine-generated playlists. From the moment Users open the Spotify application, we serve them a personalized homepage with content that reflects our understanding of their music tastes, listening habits, musical moods, and daily activities. The homepage is a gateway to a universe of content, and we aim to make that universe accessible, dynamic, and engaging. We believe Users are more likely to engage with a platform that reflects their real-time moods and activities and captures a unique understanding of moments in their lives.
- *Ad-Supported and Premium Listening* . We provide a wide range of listening options that meet the varying needs of our rapidly growing User base and also address our Users’ real-time moods and activities and capture a unique understanding of the moments in their lives. Our listening options include our Ad-Supported Service, Family Plan, Student Plan, and individual Premium subscriptions. We created our student plan (the “Student Plan”) to target the student population, because these Users tend to have high retention and tend to migrate to our Premium Service over time. Additionally, we created our family plan (the “Family Plan”) to offer a better subscription experience for households so that every household member can have a unique individual account rather than share one account for music listening. Our Ad-Supported Service serves as both a Premium Subscriber acquisition channel and also a robust option for Users who are unable or unwilling to pay a monthly subscription fee but still want to enjoy access to a wide variety of high-quality music and other content.
- *Cross-Platform Flexibility* . We strive to reach Users wherever they are in the world, which means that Spotify is built to be functional across multiple platforms—from smartphones to laptops to video game

consoles to cars. The flexibility of our platform and the ability to access it via a single user ID across mobile, tablet, and other connected devices creates a seamless and integrated experience that is designed to fit a variety of lifestyles. As an independent service, we are uniquely positioned to work with the broadest set of partners in the ecosystem.

Benefits for Creators

Spotify provides a large stage for creators and artists to connect with existing fans and to be discovered by new fans. In addition to providing artists with access to 159 million MAUs, we also provide artists with a full stack of tools and services, enabling them to grow their businesses on a single platform.

- *Monetization.* Through December 31, 2017, we have paid more than €8 billion in royalties to artists, music labels, and publishers since our launch. In 2017, our expenses for rights holders grew by 27% year-over-year. We believe that our number of Premium Subscribers is nearly double the size of our nearest competitor, Apple Music.
- *Discovery.* We not only help artists connect with existing fans, but we also support artists in connecting with the Users who are most likely to become fans of their music. From our curation algorithms and data assets that surface new music to Users in playlists, to physical billboards, branded events, and personalized campaigns, we offer artists the tools to connect with fans, new and old.
- *Distribution.* An artist who makes their music available on Spotify gains access to the largest global music streaming subscription service based on our 159 million MAUs as of December 31, 2017. We offer our Service in 61 countries and territories around the world. We enable artists to distribute entire albums and individual songs to this audience. We also place artists' content on playlists, further amplifying their reach.
- *Promotion.* We empower artists and their managers to personalize and create unique artist profiles by providing them with tools to develop their artist image, including featuring songs on their artist profiles and creating artist playlists. On top of these standard services, we also offer artists specific promotional tools, designed to target specific Users and broad audiences in order to drive engagement.
- *Analytics.* We provide numerous analytics for artists through our Spotify for Artists service. Analytics that artists can access include the demographics of their listening audience, Users' anonymized geographical locations, similar artists that their fans listen to, the number of real-time Users, song performance data, playlist data, and playlist notifications.
- *Tools for Creation.* Our Creator Technology Research Lab focuses on making tools to help artists in their creative process—with a goal of helping artists at all career stages to realize their creative visions.

Our Business Model

We offer both Premium and Ad-Supported Services. Our Premium and Ad-Supported Services live independently, but thrive together. We believe this business model has allowed us to achieve scale with attractive unit economics and is a critical part of our success.

We continue to invest heavily in developing our two-sided marketplace with new and better product features and functionality for Users and creators and believe our investments are leading to higher User engagement and enjoyment. We provide personalization that drives a unique and tailored experience to each User and the tools for artists to reach the widest fan base.

Our Ad-Supported Users and Premium Subscribers are spending more time with the Service each year. From a content perspective, on average 25 Content Hours Per MAU were streamed in each month of the fourth quarter in

2017, up 13% from the fourth quarter in 2016 and up 26% from the fourth quarter in 2015. Historically, our Premium Subscribers have streamed more than three times the amount of content per month than Ad-Supported Users.

With engagement increasing, Premium Churn has continued to trend lower. In the fourth quarter of 2017, Premium Churn was 5.1%, down from 6.0% in the fourth quarter of 2016 and down from 7.5% in the fourth quarter of 2015. Premium Churn is a monthly measure defined as Premium Subscriber cancellations in the quarter indicated divided by the average number of daily Premium Subscribers in such quarter, which is then divided by three months. As our User base matures, and with the growth in higher retention products such as our Family Plan and Student Plan, we believe Premium Churn will continue to trend lower over time.

We are currently in 61 countries and territories and are growing in each of our four geographic regions. Europe is our largest region with 58 million MAUs, accounting for 37% of our total User base as of December 31, 2017, an increase of 26% from the prior year. In our North America region, MAUs increased by 23% from December 31, 2016 to December 31, 2017 and now account for 32% of our MAUs. Our two fastest growing regions are Latin America, with 21% of our MAUs, an increase of 37% from December 31, 2016 to December 31, 2017, and the rest of the world, with 10% of our MAUs, an increase of 51% from December 31, 2016 to December 31, 2017.

Our Growth Strategies

We believe we are still in the early stages of realizing our goal to connect artists and audiences around the world. Our growth strategies are focused on continuously improving our technology and attracting more Users in current and new markets in order to collect more behavioral data, which we use to offer our Users, advertisers, and artists an even better experience. The key elements of our growth strategy are:

- *Continually Enhance our Platform in Order to Retain and Grow Our User Base* . We will continue to (i) invest heavily in research and development, (ii) make strategic acquisitions in order to enhance our product capabilities, and (iii) make our offerings more attractive to existing and prospective Users. We will continue to invest in our artificial intelligence and machine learning capabilities to deepen the personalized experience that we offer to all of our Users.
- *Further Penetrate our Existing Markets* . In aggregate, only 13% of the payment-enabled smartphone users in the 61 countries and territories in which we have active Users use our platform, based on estimates from Ovum, as of December 31, 2017. This statistic is calculated as the number of our Users within a country divided by the total number of smartphone owners in that country. By pursuing initiatives that drive the continued growth of our User base within our existing markets, we hope to take advantage of this current low penetration rate. These initiatives include enhancing our Ad-Supported offering, continuing to improve our playlists, enhancing the personalization of our music delivery, bringing even more artists to our platform, and expanding our content offerings.
- *Enter New Geographies* . In the last two years, we launched Spotify in Japan, Indonesia, and Thailand, and we expect to continue to expand geographically in order to provide Users around the world with full access to the Spotify music catalog. Before launching in a new market, we typically optimize the local Spotify experience for local music preferences. We seek to obtain the rights to popular local content and have local curators where it makes sense.
- *Continue to Invest in our Advertising Business* . We will continue to invest in our advertising products in order to create more value for advertisers and our Ad-Supported Users by enhancing our ability to make advertising content more relevant for our Ad-Supported Users. Offering advertisers additional ways to purchase advertising on a programmatic basis is one example of how we continue to expand our portfolio of advertising products. We also are focused on developing analytics and measurement tools to evaluate, demonstrate, and improve the effectiveness of advertising campaigns on our platform.

- *Expand our Non-music Content and User Experience.* We are an audio first platform and have begun expanding into non-music content like podcasts. We hope to expand this offering over time to include other non-music content, such as spoken word and short form interstitial video.
- *Expand our 'Spotify for Artists' Initiatives.* We will continue to make investments in the artistic community, by providing artists with even more ways to connect with their fans. By investing in tools that will help further the creation of music, we hope to find more ways to help artists reach Users to grow their audiences.

Risks Associated with our Business and of Owning Our Ordinary Shares

Our business and owning our ordinary shares are subject to numerous risks and uncertainties, including those highlighted in “Risk Factors.” These risks include, but are not limited to, the following:

- your ability to sell your ordinary shares at or above the price you bought them for due to (i) our listing not having the same safeguards as an underwritten initial public offering, which may result in the public price of our ordinary shares being volatile and declining significantly upon listing, or (ii) the failure of an active, liquid, and orderly market for our ordinary shares to develop or be sustained;
- our ability to attract prospective Users and to retain existing Users;
- our dependence upon third-party licenses for sound recordings and musical compositions;
- our ability to comply with the many complex license agreements to which we are a party;
- our ability to generate sufficient revenue to be profitable or to generate positive cash flow on a sustained basis;
- our lack of control over the providers of our content and their effect on our access to music and other content;
- our ability to accurately estimate the amounts payable under our license agreements;
- the limitations on our operating flexibility due to the minimum guarantees required under certain of our license agreements;
- our ability to obtain accurate and comprehensive information about music compositions in order to obtain necessary licenses or perform obligations under our existing license agreements;
- potential breaches of our security systems;
- assertions by third parties of infringement or other violations by us of their intellectual property rights;
- the substantial control our founders have and will continue to have over our business due to the concentration of voting power among them; and
- risks related to our status as a foreign private issuer.

Corporate Information

We were organized under the laws of Luxembourg as a *société anonyme* and incorporated on December 27, 2006 with our registered office at 42-44, avenue de la Gare, L-1610 Luxembourg and registered with the Luxembourg Trade and Companies' Register under number B. 123.052. Our principal operational office is located at Regeringsgatan 19, 111 53 Stockholm, Sweden. Our website is www.spotify.com. We do not have a phone number. The information contained on our website is not incorporated by reference in this prospectus and you should not consider information contained on our website to be a part of this prospectus.

Recent Developments

Tencent Transactions

In December 2017, Spotify and Tencent Holdings Limited (“Tencent”) completed two separate equity investments. In the first transaction, (i) Tencent Music Entertainment Group (“TME”) issued shares of TME to Spotify, and (ii) Spotify issued ordinary shares of Spotify to an affiliate of TME. In the second transaction, an affiliate of Tencent purchased ordinary shares of Spotify through a secondary purchase. For accounting purposes, these transactions were treated as share exchanges. Following these transactions, Spotify holds a minority stake in TME, and both Tencent and TME indirectly hold minority stakes in Spotify. In connection with the transactions, affiliates of TME and Tencent agreed not to transfer ordinary shares of Spotify for a period of three years from December 15, 2017, subject to limited exceptions, including transfers with Spotify’s prior consent; transfers to certain permitted transferees; transfers pursuant to a tender offer or exchange offer recommended by Spotify’s board of directors for a majority of Spotify’s issued and outstanding securities; transfers pursuant to mergers, consolidations, or other business combination transactions approved by Spotify’s board of directors; transfers to Spotify or any of its subsidiaries; or transfers that are necessary to avoid regulation as an “investment company” under the U.S. Investment Company Act of 1940, as amended. The transactions described herein are collectively referred to as the “Tencent Transactions.”

Tencent, which owns a majority stake in TME, is an operator of social networks in China. TME is an early mover in authorized digital music in China, and provides digital music services to users including streaming, online live broadcasts, and karaoke services. Spotify believes the Tencent Transactions allow Spotify to invest in the long term potential of the music market in China and, in turn, TME to invest in the long term potential of the music market outside of China.

Exchange of Convertible Notes

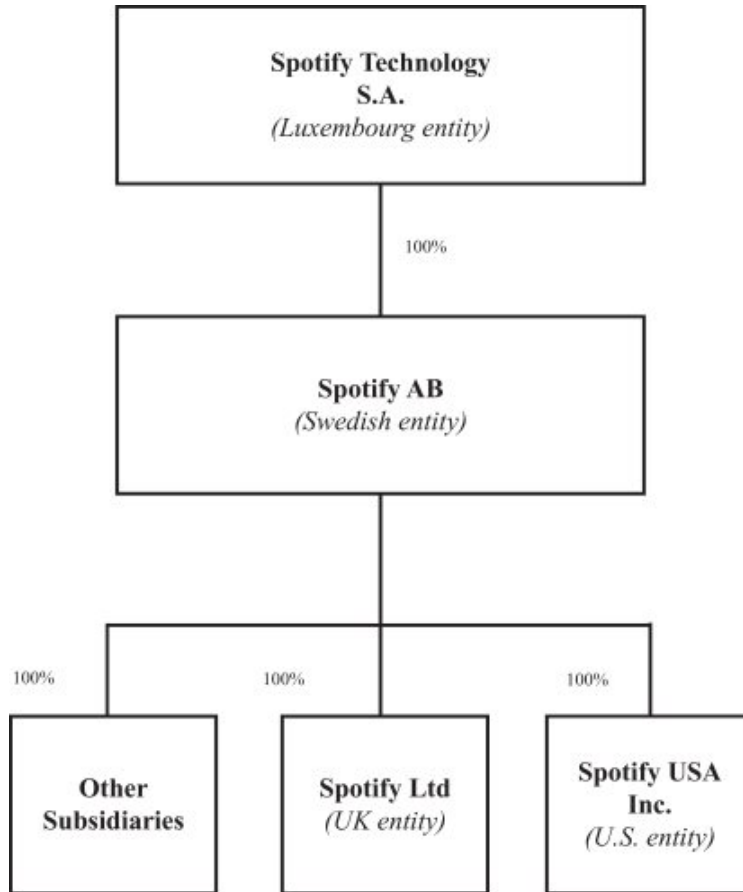
In connection with the Tencent Transactions, in December 2017, certain accredited investors holding a portion of our \$1,000 million in aggregate principal amount of convertible senior unsecured notes due 2021 (the “Convertible Notes”) exchanged \$301 million of Convertible Notes, plus accrued interest, for 4,800,000 ordinary shares pursuant to an exchange agreement (the “Tencent Exchange”) and subsequently sold such shares to an affiliate of Tencent as described above.

In December 2017, we entered into an exchange agreement with accredited investors holding a portion of our Convertible Notes pursuant to which we exchanged an aggregate of \$110 million of Convertible Notes, plus accrued interest, for an aggregate of 1,754,960 ordinary shares (the “December Exchange”).

In January 2018, we entered into an exchange agreement with accredited investors holding the remaining balance of our Convertible Notes pursuant to which the remaining \$628 million of Convertible Notes, plus accrued interest, were exchanged for 9,431,960 ordinary shares (the “January Exchange”). Pursuant to this exchange agreement, subject to certain conditions, if we fail to list our ordinary shares on or prior to July 2, 2018, we have agreed to offer to each noteholder the option to unwind the transaction such that we will purchase back the ordinary shares that were issued to such noteholder pursuant to the exchange and we will issue such noteholder a new note that is materially identical to such noteholder’s note prior to the exchange.

At December 31, 2017, pro forma for the January Exchange, we have no outstanding indebtedness.

The following diagram illustrates our current simplified corporate structure for Spotify and its significant subsidiaries (as defined in Rule 1-02 of Regulation S-X of the U.S. Securities Act of 1933, as amended (the “Securities Act”)):



SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The following summary consolidated financial and other data should be read in conjunction with, and is qualified in its entirety by reference to, the section of this prospectus entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the notes thereto included elsewhere in this prospectus.

The summary consolidated financial, pro forma, and other data presented for the years ended December 31, 2015, 2016, and 2017 and as of December 31, 2016, and 2017 has been derived from our consolidated financial statements and the notes thereto included elsewhere in this prospectus. The key performance indicators included in this prospectus have not been derived from our consolidated financial statements. We prepared our consolidated financial statements for the year ended December 31, 2015, 2016, and 2017 in accordance with IFRS. Please read Note 2 to the consolidated financial statements included elsewhere in this prospectus.

The following data gives effect to the Share Split, which we expect to effectuate prior to the effectiveness of the Registration Statement. Our historical results for any prior period are not necessarily indicative of results expected in any future period.

	Year ended December 31,		
	2015	2016	2017
(in € millions, except share and per share data)			
Consolidated Statement of Operations Data:			
Revenue	1,940	2,952	4,090
Cost of revenue	1,714	2,551	3,241
Gross profit	226	401	849
Research and development	136	207	396
Sales and marketing	219	368	567
General and administrative	106	175	264
	461	750	1,227
Operating loss	(235)	(349)	(378)
Finance income	36	152	118
Finance costs	(26)	(336)	(974)
Share in (losses)/earnings of associates and joint ventures	—	(2)	1
Finance income/(costs)—net	10	(186)	(855)
Loss before tax	(225)	(535)	(1,233)
Income tax expense	5	4	2
Net loss attributable to owners of the parent	(230)	(539)	(1,235)
Net loss per share attributable to owners of the parent ⁽¹⁾			
Basic and diluted	€ (1.62)	€ (3.63)	€ (8.14)
Weighted-average ordinary shares outstanding ⁽¹⁾			
Basic and diluted	141,946,600	148,368,720	151,668,769
Pro Forma net loss per share attributable to owners of the parent ⁽¹⁾			
Basic and diluted			€ (4.28)

	Year ended December 31,		
	2015	2016	2017

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

Pro Forma weighted-average ordinary shares outstanding (1)

Basic and diluted 166,146,849**Consolidated Statement of Cash Flows Data:**

Net cash flows (used in)/from operating activities	(38)	101	179
Net cash flows used in investing activities	(67)	(827)	(435)
Net cash flow from financing activities	476	916	34
Net increase/(decrease) in cash and cash equivalents	371	190	(222)

Selected Other Data (unaudited):

EBITDA (2)	(205)	(311)	(324)
Free Cash Flow (2)	(92)	73	109

	Year ended December 31,		
	2015	2016	2017

Key Performance Indicators (unaudited) (3) :

MAUs, in millions (4)	91	123	159
Premium Subscribers, in millions (5)	28	48	71
Ad-Supported MAUs, in millions (6)	64	77	92
Premium ARPU (7)	€ 6.84	€ 6.20	€ 5.32
Content Hours, in billions (8)	17.4	26.7	40.3
Premium Churn (9)	7.7%	6.6%	5.5%

	Three months ended December 31,		
	2015	2016	2017

Premium ARPU (7)	€ 7.06	€ 6.00	€ 5.24
Content Hours, in billions (8)	5.1	7.7	11.4
Premium Churn (9)	7.5%	6.0%	5.1%

	As of	As of	
	December 31, 2016	Actual	Pro Forma (10)

(in € millions)

Balance Sheet Data:

Cash and cash equivalents	755	477	477
Short term investments	830	1,032	1,032
Working capital	689	38	38
Total assets	2,100	3,107	3,107
Total liabilities	2,340	2,869	1,925
Total (deficit)/equity attributable to owners of the parent	(240)	238	1,182

(1) See Note 11 to our consolidated financial statements for an explanation of the calculations of our basic and diluted net loss and pro forma net loss per share attributable to owners of the parent as well as our basic and diluted weighted-average and pro forma weighted-average ordinary shares outstanding.

(2) We define EBITDA as net loss attributable to owners of the parent before finance income/(costs)—net, income tax expense, and depreciation and amortization. We believe EBITDA is useful to our management and investors as a measure of comparative operating performance from period to period and among companies as it is reflective of changes in pricing decisions, cost controls, and other factors that affect operating performance, and it removes the effect of items not directly resulting from our core operations. We believe that EBITDA also is useful to investors because this metric is frequently used by securities analysts, investors, and other interested parties in their evaluation of the operating performance of companies in the technology industry and other industries similar to ours. Our management also uses EBITDA for planning

purposes, including the preparation of our annual operating budget and financial projections. EBITDA has limitations as an analytical tool. EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Additionally, EBITDA is not intended to be a measure of discretionary cash to invest in the growth of our business, as it does not reflect tax payments, debt service requirements, capital expenditures, and certain other cash costs that may recur in the future. Management compensates for these limitations by relying on our results reported under IFRS as issued by IASB in addition to using EBITDA supplementally.

We define “Free Cash Flow” as net cash flows (used in)/from operating activities less capital expenditures and change in restricted cash. We believe Free Cash Flow is a useful supplemental financial measure for us and investors in assessing our ability to pursue business opportunities and investments and to service our debt. Free Cash Flow is not a measure of our liquidity under IFRS and should not be considered as an alternative to net cash flows (used in)/from operating activities.

EBITDA and Free Cash Flow are non-IFRS measures and are not a substitute for IFRS measures in assessing our overall financial performance. Because EBITDA and Free Cash Flow are not measurements determined in accordance with IFRS, and are susceptible to varying calculations, it may not be comparable to other similarly titled measures presented by other companies. You should not consider EBITDA and Free Cash Flow in isolation, or as a substitute for an analysis of our results as reported on our consolidated financial statements appearing elsewhere in this prospectus.

Set forth below is a reconciliation of EBITDA to net loss attributable to owners of the parent and a reconciliation of Free Cash Flow to net cash flows (used in)/from operating activities, in each case, for the periods presented:

EBITDA:

	Year ended December 31,		
	2015	2016	2017
	(in € millions)		
Net loss attributable to owners of the parent	(230)	(539)	(1,235)
Finance (income)/costs—net	(10)	186	855
Income tax expense	5	4	2
Depreciation and amortization	30	38	54
EBITDA	<u>(205)</u>	<u>(311)</u>	<u>(324)</u>

Free Cash Flow:

	Year ended December 31,		
	2015	2016	2017
	(in € millions)		
Net cash flows (used in)/from operating activities	(38)	101	179
Capital expenditures	(44)	(27)	(36)
Change in restricted cash	(10)	(1)	(34)
Free Cash Flow	<u>(92)</u>	<u>73</u>	<u>109</u>

- (3) See “Management’s Discussion and Analysis of Financial Condition and Operating Results—Key Performance Indicators,” “Risk Factors—Risks Related to Our Business—Our User metrics and other estimates are subject to inherent challenges in measurement, and real or perceived inaccuracies in those metrics may seriously harm and negatively affect our reputation and our business,” “—We are at risk of artificial manipulation of stream counts and failure to effectively manage and remediate such fraudulent streams could have an adverse impact on our business, operating results, and financial condition. Fraudulent streams and potentially associated fraudulent User accounts or artists may cause us to overstate key performance indicators, which once discovered, corrected, and disclosed, could undermine investor confidence in the integrity of our key performance indicators and could cause our stock price to drop significantly,” and “—We are at risk of attempts at unauthorized access to our Service, and failure to effectively prevent and remediate such attempts could have an adverse impact on our business, operating results, and financial condition. Unauthorized access to our Service may cause us to misstate key performance indicators, which once discovered, corrected, and disclosed, could undermine investor confidence in the integrity of our key performance indicators and could cause our stock price to drop significantly.”
- (4) Monthly active users (“MAUs”) refers to the total count of Ad-Supported Users and Premium Subscribers that have consumed content for greater than zero milliseconds in the last thirty days from the period-end indicated. Reported MAUs may overstate the number of unique individuals who actively use our Service within a thirty-day period as one individual may register for, and use, multiple accounts. Additionally, fraud and unauthorized access to our Service may contribute, from time to time, to an overstatement of MAUs, if undetected.
- (5) We define Premium Subscribers as Users that have completed registration with Spotify and have activated a payment method for Premium Service. Our Premium Subscribers include all registered accounts in our Family Plan. Our Family Plan consists of one primary

subscriber and up to five additional sub-accounts, allowing up to six Premium Subscribers per Family Plan subscription. Premium Subscribers includes subscribers who are within a grace period of up to 30 days after failing to pay their subscription fee.

- (6) Ad-Supported monthly active users (“Ad-Supported MAUs”) refers to the total count of Ad-Supported Users that have consumed content for greater than zero milliseconds in the last thirty days from the period-end indicated. Reported Ad-Supported MAUs may overstate the number of unique individuals who actively use our Ad-Supported Service within a thirty-day period, as one individual may register for, and use, multiple accounts. Additionally, fraud and unauthorized access to our Service may contribute, from time to time, to an over statement of Ad-Supported MAUs, if undetected.
- (7) Average revenue per Premium User (“Premium ARPU”) is a monthly measure defined as Premium revenue recognized in the quarter indicated divided by average daily Premium Subscribers in such quarter, which is then divided by three months. Annual figures are calculated by averaging Premium ARPU for the four quarters in such fiscal year.
- (8) Content hours (“Content Hours”) refers to the aggregate number of hours Users spent consuming audio and video content on Spotify for the period indicated.
- (9) Premium churn (“Premium Churn”) is a monthly measure defined as Premium Subscriber cancellations in the quarter indicated divided by the average number of daily Premium Subscribers in such quarter, which is then divided by three months. Annual figures are calculated by averaging Premium Churn for the four quarters in such fiscal year.
- (10) The pro forma column in the consolidated balance sheet data table above reflects the exchange of all the outstanding Convertible Notes into ordinary shares assuming the exchange was consummated on December 31, 2017. See “Summary—Recent Developments—Exchange of Convertible Notes” and Note 2(b) to our consolidated financial statements.

RISK FACTORS

An investment in our ordinary shares involves a high degree of risk. You should carefully read and consider the following risks, along with the other information included in this prospectus. If any of the following risks actually occurs, our business, results of operations, financial condition, and cash flow could be materially impaired. The public price of our ordinary shares could decline due to any of these risks, and you could lose all or part of your investment.

Risks Related to Our Business

If our efforts to attract prospective Users and to retain existing Users are not successful, our growth prospects and revenue will be adversely affected.

Our ability to grow our business and generate revenue depends on retaining and expanding our total User base, increasing advertising revenue by effectively monetizing our Ad-Supported User base, and increasing the number of Premium Subscribers. We must convince prospective Users of the benefits of our Service and our existing Users of the continuing value of our Service. Our ability to attract new Users, retain existing Users, and convert Ad-Supported Users to Premium Subscribers depends in large part on our ability to continue to offer leading technologies and products, compelling content, superior functionality, and an engaging User experience. Some of our competitors, including Apple, Amazon, and Google, have developed, and are continuing to develop, devices for which their music streaming service is preloaded, which puts us at a significant competitive disadvantage. As consumer tastes and preferences change on the internet and with mobile devices and other internet-connected products, we will need to enhance and improve our existing Service, introduce new services and features, and maintain our competitive position with additional technological advances and an adaptable platform. If we fail to keep pace with technological advances or fail to offer compelling product offerings and state-of-the-art delivery platforms to meet consumer demands, our ability to grow or sustain the reach of our Service, attract and retain Users, and increase our Premium Subscribers may be adversely affected.

In addition, in order to increase our advertising revenue, we also seek to increase the listening time that our Ad-Supported Users spend on our Ad-Supported Service. The more content we stream under the Ad-Supported Service, the more advertising inventory we have to sell. Further, growth in our Ad-Supported User base increases the size and scope of user pools targeted by advertisers, which improves our ability to deliver relevant advertising to those Users in a manner that maximizes our advertising customers' return on investment and, ultimately, demonstrates the effectiveness of our advertising solutions and justifies a pricing structure that is advantageous for us. If we fail to grow our Ad-Supported User base, the amount of content streamed, and the listening time spent by our Ad-Supported Users, we may be unable to grow Ad-Supported revenue. Moreover, given that Premium Subscribers primarily are sourced from the conversion of our Ad-Supported Users to Premium Subscribers, any failure to grow our Ad-Supported User base or convert Ad-Supported Users to Premium Subscribers may negatively impact our revenue.

In order to increase our Ad-Supported Users and our Premium Subscribers we will need to address a number of challenges, including:

- improving our Ad-Supported Service;
- providing Users with a consistently high-quality and user-friendly experience;
- continuing to curate a catalog of content that consumers want to engage with on our Service;
- continuing to innovate and keep pace with changes in technology and our competitors; and
- maintaining and building our relationships with the makers of consumer products such as mobile devices.

We may not be able to successfully overcome each challenge, which could have a material adverse effect on our business, operating results, and financial condition.

Moreover, the provisions of certain of our license agreements may require consent to implement improvements to, or otherwise change, our Ad-Supported Service. We may not be able to obtain consent from our rights holders to add additional features and functionality to our Ad-Supported Service or our rights holders may be delayed in providing such consent, which may hinder our ability to be responsive to our Ad-Supported User's tastes and preferences and may make us less competitive with other services.

We depend upon third-party licenses for sound recordings and musical compositions and an adverse change to, loss of, or claim that we do not hold any necessary licenses may materially adversely affect our business, operating results, and financial condition.

To secure the rights to stream sound recordings and the musical compositions embodied therein, we enter into license agreements to obtain licenses from rights holders such as record labels, music publishers, performing rights organizations, collecting societies, and other copyright owners or their agents, and pay royalties to such parties or their agents around the world. Though we work diligently in our efforts to obtain all necessary licenses to stream sound recordings and the musical compositions embodied therein, there is no guarantee that the licenses available to us now will continue to be available in the future at rates and on terms that are favorable or commercially reasonable or at all. The terms of these licenses, including the royalty rates that we are required to pay pursuant to them, may change as a result of changes in our bargaining power, changes in the industry, changes in the law, or for other reasons. Increases in royalty rates or changes to other terms of these licenses may materially impact our business, operating results, and financial condition.

We enter into license agreements to obtain rights to stream sound recordings, including from the major record labels who hold the rights to stream a significant number of sound recordings—Universal Music Group, Sony Music Entertainment, and Warner Music Group—as well as Music and Entertainment Rights Licensing Independent Network (“Merlin”), which represents the digital rights on behalf of numerous independent record labels. If we fail to obtain these licenses, the size and quality of our catalog may be materially impacted and our business, operating results, and financial condition could be materially harmed.

We generally obtain licenses for two types of rights with respect to musical compositions: mechanical rights and public performance rights.

With respect to mechanical rights, for example, in the United States, the rates we pay are, to a significant degree, a function of a ratemaking proceeding conducted by an administrative agency called the Copyright Royalty Board. The rates that the Copyright Royalty Board set apply both to compositions that we license under the compulsory license in Section 115 of the Copyright Act of 1976 (the “Copyright Act”), and to a number of direct licenses that we have with music publishers for U.S. rights, in which the applicable rate is generally pegged to the statutory rate set by the Copyright Royalty Board. The most recent proceeding before the Copyright Royalty Board (the “Phonorecords III Proceedings”) set the rates for the Section 115 compulsory license for calendar years 2018 to 2022. The Copyright Royalty Board issued its initial written determination on January 26, 2018. The rates set by the Copyright Royalty Board may still be modified if a party appeals the determination and are subject to further change as part of future Copyright Royalty Board proceedings. Based on management's estimates and forecasts, we currently believe that the proposed rates will not materially impact our business, operating results, and financial condition. However, if our business does not perform as expected or if the rates are modified to be higher than the proposed rates, our content acquisition costs could increase and impact our ability to obtain content on pricing terms favorable to us, which could negatively harm our business, operating results, and financial condition and hinder our ability to provide interactive features in our services, or cause one or more of our services not to be economically viable.

In the United States, public performance rights are generally obtained through intermediaries known as performing rights organizations (“PROs”), which negotiate blanket licenses with copyright users for the public performance of compositions in their repertory, collect royalties under such licenses, and distribute those royalties to copyright owners. The royalty rates available to us today may not be available to us in the future.

[Table of Contents](#)

Licenses provided by two of these PROs, the American Society of Composers, Authors and Publishers (“ASCAP”) and Broadcast Music, Inc. (“BMI”) are governed by consent decrees relating to decades-old litigations. Changes to the terms of or interpretation of these consent decrees could affect our ability to obtain licenses from these PROs on favorable terms, which could harm our business, operating results, and financial condition.

In other parts of the world, including Europe, Asia, and Latin America, we obtain mechanical and performance licenses for musical compositions either through local collecting societies representing publishers or from publishers directly, or a combination thereof. We cannot guarantee that our licenses with collecting societies and our direct licenses with publishers provide full coverage for all of the musical compositions we make available to our Users in such countries. In Asia and Latin America, we are seeing a trend of movement away from blanket licenses from copyright collectives, which is leading to a fragmented copyright licensing landscape. Publishers, songwriters, and other rights holders choosing not to be represented by collecting societies could adversely impact our ability to secure favorable licensing arrangements in connection with musical compositions that such rights holders own or control, including increasing the costs of licensing such musical compositions, or subjecting us to significant liability for copyright infringement.

There also is no guarantee that we have all of the licenses we need to stream content, as the process of obtaining such licenses involves many rights holders, some of whom are unknown, and myriad complex legal issues across many jurisdictions, including open questions of law as to when and whether particular licenses are needed. Additionally, there is a risk that aspiring rights holders, their agents, or legislative or regulatory bodies will create or attempt to create new rights that could require us to enter into license agreements with, and pay royalties to, newly defined groups of rights holders, some of which may be difficult or impossible to identify. See also “—Difficulties in obtaining accurate and comprehensive information necessary to identify the compositions embodied in sound recordings on our Service and the ownership thereof may impact our ability to perform our obligations under our licenses, affect the size of our catalog, impact our ability to control content acquisition costs, and lead to potential copyright infringement claims.”

Even when we are able to enter into license agreements with rights holders, we cannot guarantee that such agreements will continue to be renewed indefinitely. For example, from time to time, our license agreements with certain rights holders and/or their agents may expire while we negotiate their renewals and, per industry custom and practice, we may enter into brief (for example, month-, week-, or even days-long) extensions of those agreements and/or continue to operate as if the license agreement had been extended, including by our continuing to make music available. During these periods, we may not have assurance of long-term access to such rights holders’ content, which could have a material adverse effect on our business and could lead to potential copyright infringement claims.

It also is possible that such agreements will never be renewed at all. The lack of renewal, or termination, of one or more of our license agreements, or the renewal of a license agreement on less favorable terms, also could have a material adverse effect on our business, financial condition, and results of operations.

We have no control over the providers of our content, and our business may be adversely affected if our access to music is limited or delayed. The concentration of control of content by our major providers means that even one entity, or a small number of entities working together, may unilaterally affect our access to music and other content.

We rely on music rights holders, over whom we have no control, for the content we make available on our Service. We cannot guarantee that these parties will always choose to license to us.

The music industry has a high level of concentration, which means that one or a small number of entities may, on their own, take actions that adversely affect our business. For example, with respect to sound recordings, the music licensed to us under our agreements with Universal Music Group, Sony Music Entertainment, Warner

Music Group, and Merlin, makes up the majority of music consumed on our Service. For the year ended December 31, 2017, this content accounted for approximately 87% of streams.

Our business may be adversely affected if our access to music is limited or delayed because of deterioration in our relationships with one or more of these rights holders or if they choose not to license to us for any other reason. Rights holders also may attempt to take advantage of their market power to seek onerous financial terms from us, which could have a material adverse effect on our financial condition and results of operations.

Even if we are able to secure rights to sound recordings from record labels and other copyright owners, artists and/or artist groups may object and may exert public or private pressure on third parties to discontinue licensing rights to us, hold back content from us, or increase royalty rates. As a result, our ability to continue to license rights to sound recordings is subject to convincing a broad range of stakeholders of the value and quality of our Service.

To the extent that we are unable to license a large amount of content or the content of certain popular artists, our business, operating results, and financial condition could be materially harmed.

We have incurred significant operating losses in the past, and we may not be able to generate sufficient revenue to be profitable, or to generate positive cash flow on a sustained basis. In addition, our revenue growth rate may decline.

Since our inception in April 2006, we have incurred significant operating losses and as of December 31, 2017, had an accumulated deficit of €(2,427) million. For the years ended December 31, 2015, 2016, and 2017, our operating losses were €(235) million, €(349) million, and €(378) million, respectively. We have incurred significant costs to license content and continue to pay royalties to music labels, publishers, and other copyright owners for such content. We cannot assure you that we will generate sufficient revenue from the sale of our Premium Service and advertising for our Ad-Supported Service to offset the cost of our content and these royalty expenses. If we cannot successfully earn revenue at a rate that exceeds the operational costs, including royalty expenses, associated with our Service, we will not be able to achieve or sustain profitability or generate positive cash flow on a sustained basis.

From 2015 to 2016, our total revenue grew from €1,940 million to €2,952 million, and from 2016 to 2017, our total revenue grew to €4,090 million, which represents a CAGR of 45%. We expect that, in the future, our revenue growth rate may decline because of a variety of factors, including increased competition and the maturation of our business. We cannot assure you that our revenue will continue to grow or will not decline. You should not consider our historical revenue growth or operating expenses as indicative of our future performance. If our revenue growth rate declines or our operating expenses exceed our expectations, our financial performance will be adversely affected.

Additionally, we also expect our costs to increase in future periods, which could negatively affect our future operating results and ability to achieve profitability. We expect to continue to expend substantial financial and other resources on:

- securing top quality audio and video content from leading music labels, distributors, aggregators, as well as the publishing right to the underlying musical compositions;
- creating new forms of original content;
- our technology infrastructure, including website architecture, development tools, scalability, availability, performance, security, and disaster recovery measures;
- research and development, including investments in our research and development team and the development of new features;
- sales and marketing, including a significant expansion of our field sales organization;

[Table of Contents](#)

- international expansion in an effort to increase our member base, engagement, and sales; and
- general administration, including legal and accounting expenses, related to being a public company.

These investments may not result in increased revenue or growth in our business. If we fail to continue to grow our revenue and overall business, our business, operating results, and financial condition would be harmed.

We are a party to many license agreements which are complex and impose numerous obligations upon us which may make it difficult to operate our business, and a breach of such agreements could adversely affect our business, operating results, and financial condition.

Many of our license agreements are complex and impose numerous obligations on us, including obligations to, among other things:

- meet certain User and conversion targets in order to secure certain licenses and royalty rates;
- calculate and make payments based on complex royalty structures, which requires tracking usage of content on our Service that may have inaccurate or incomplete metadata necessary for such calculation;
- provide periodic reports on the exploitation of the content in specified formats;
- represent that we will obtain all necessary publishing licenses and consents and pay all associated fees, royalties, and other amounts due for the licensing of musical compositions;
- provide advertising inventory;
- comply with certain marketing and advertising restrictions; and
- comply with certain security and technical specifications.

Many of our license agreements grant the licensor the right to audit our compliance with the terms and conditions of such agreements. Some of our license agreements also include so-called “most favored nations” provisions which require that certain terms (including potentially the material terms) of such agreements are no less favorable than those provided to any similarly situated licensor. If triggered, these most favored nations provisions could cause our payments or other obligations under those agreements to escalate substantially. Additionally, some of our license agreements require consent to undertake certain business initiatives and without such consent, our ability to undertake new business initiatives may be limited. This could hurt our competitive position.

If we materially breach any of these obligations or any other obligations set forth in any of our license agreements, or if we use content in ways that are found to exceed the scope of such agreements, we could be subject to monetary penalties and our rights under such license agreements could be terminated, either of which could have a material adverse effect on our business, operating results, and financial condition. We have entered into settlement agreements requiring us to make substantial payments in the past, and may do so in the future, as a result of claims that we are in breach of certain provisions in, or have exceeded the scope of, our license agreements.

Our royalty payment scheme is complex, and it is difficult to estimate the amount payable under our license agreements.

Under our license agreements and relevant statutes, we must pay a royalty to record labels, music publishers, and other copyright owners in order to stream content. The determination of the amount and timing of such payments is complex and subject to a number of variables, including the revenue generated, the type of content streamed and the country in which it is streamed, the service tier such content is streamed on, identification of the appropriate license holder, size of User base, ratio of Ad-Supported Users to Premium Subscribers, and any applicable advertising fees and discounts, among other variables. Additionally, we have

certain arrangements whereby royalty costs are paid in advance or are subject to minimum guaranteed amounts. An accrual is estimated when actual royalty costs to be incurred during a contractual period are expected to fall short of the minimum guaranteed amount. Moreover, for minimum guarantee arrangements for which we cannot reliably predict the underlying expense, we will expense the minimum guarantee on a straight-line basis over the term of the arrangement. Additionally, we also have license agreements that include so-called “most favored nations” provisions that require that the material terms of such agreements are the most favorable material terms provided to any music licensor, which, if triggered, could cause our royalty payments under those agreements to escalate substantially. An accrual and expense is recognized when it is probable that we will make additional royalty payments under these terms.

Though we are continually assessing the internal controls and systems we use to determine royalties payable, and because determining royalties payable is so complex, we have in the past and may in the future identify material weaknesses in our internal controls relating to our royalty payments. For example, for the year ended December 31, 2015, we identified a material weakness in our internal control over financial reporting related to the accounting for rights holders’ liabilities. As a result, we may underpay or overpay the royalty amounts payable to record labels, music publishers, and other copyright owners. Underpayment could result in (i) litigation or other disputes with record labels, music publishers, and other copyright owners, (ii) the unexpected payment of additional royalties in material amounts, and (iii) damage to our business relationships with record labels, music publishers, other copyright owners, and artists and/or artist groups. If we overpay royalties, we may be unable to reclaim such overpayments, and our profits will suffer. Failure to accurately pay our royalties may adversely affect our business, operating results, and financial condition.

Minimum guarantees required under certain of our license agreements for sound recordings and underlying musical compositions may limit our operating flexibility and may adversely affect our business, operating results, and financial condition.

Certain of our license agreements for sound recordings and musical compositions (both for mechanical rights and public performance rights) contain minimum guarantees and/or require that we make minimum guarantee payments. As of December 31, 2017, we have estimated future minimum guarantee commitments of €1.7 billion. Such minimum guarantees related to our content acquisition costs are not always tied to our number of Users, active Users, Premium Subscribers, or the number of sound recordings and musical compositions used on our Service. Accordingly, our ability to achieve and sustain profitability and operating leverage on our Service in part depends on our ability to increase our revenue through increased sales of Premium Services and advertising sales on terms that maintain an adequate gross margin. The duration of our license agreements that contain minimum guarantees is typically between one and two years, but our Premium Subscribers may cancel their subscriptions at any time. If our forecasts of Premium Subscriber acquisition do not meet our expectations or the number of our Premium Subscribers or advertising sales decline significantly during the term of our license agreements, our margins may be materially and adversely affected. To the extent our Premium Service revenue growth or advertising sales do not meet our expectations, our business, operating results, and financial condition also could be adversely affected as a result of such minimum guarantees. In addition, the fixed cost nature of these minimum guarantees may limit our flexibility in planning for, or reacting to, changes in our business and the market segments in which we operate.

We rely on estimates of the market share of licensable content controlled by each content provider, as well as our own User growth and forecasted advertising revenue, to forecast whether such minimum guarantees could be recouped against our actual content acquisition costs incurred over the duration of the license agreement. To the extent that these revenue and/or market share estimates underperform relative to our expectations, leading to content acquisition costs that do not exceed such minimum guarantees, our margins may be materially and adversely affected.

Difficulties in obtaining accurate and comprehensive information necessary to identify the compositions embodied in sound recordings on our Service and the ownership thereof may impact our ability to perform our obligations under our licenses, affect the size of our catalog, impact our ability to control content acquisition costs, and lead to potential copyright infringement claims.

Comprehensive and accurate ownership information for the musical compositions embodied in sound recordings is often unavailable to us or difficult or, in some cases, impossible for us to obtain, sometimes because it is withheld by the owners or administrators of such rights. We currently rely on the assistance of third parties to determine this information. If the information provided to us or obtained by such third parties does not comprehensively or accurately identify the ownership of musical compositions, or if we are unable to determine which musical compositions correspond to specific sound recordings, it may be difficult or impossible to identify the appropriate rights holders to whom to pay royalties. This may make it difficult to comply with the obligations of any agreements with those rights holders.

In the United States, we also rely on the assistance of third parties to issue notices of intent (“NOIs”) to obtain a compulsory license under Section 115 of the Copyright Act to those copyright owners with whom we do not have a direct license agreement or, in the case of unknown copyright owners, to the United States Copyright Office. The lack of comprehensive and accurate ownership information or the inability to determine which musical compositions correspond to specific sound recordings can cause difficulties in issuing NOIs to the correct parties (including the United States Copyright Office) or serving NOIs in a timely manner and can otherwise cause difficulties in obtaining licenses. This could lead to a reduction of sound recordings available to be streamed on our Service, adversely impacting our ability to retain and expand our User base, and could make it difficult to ensure that we are fully licensed.

These challenges, and others concerning the licensing of musical compositions embodied in sound recordings on our Service, may subject us to significant liability for copyright infringement, breach of contract, or other claims. See “Business—Legal Proceedings.”

If our security systems are breached, we may face civil liability, and public perception of our security measures could be diminished, either of which would negatively affect our ability to attract and retain Premium Subscribers, Ad-Supported Users, advertisers, content providers, and other business partners.

Techniques used to gain unauthorized access to data and software are constantly evolving, and we may be unable to anticipate or prevent unauthorized access to data pertaining to our Users, including credit card and debit card information and other personal data about our Users, business partners, and employees. Like all internet services, our Service, which is supported by our own systems and those of third parties that we work with, is vulnerable to software bugs, computer viruses, internet worms, break-ins, phishing attacks, attempts to overload servers with denial-of-service, or other attacks and similar disruptions from unauthorized use of our and third-party computer systems, any of which could lead to system interruptions, delays, or shutdowns, causing loss of critical data or the unauthorized access to personal data. Computer malware, viruses, and computer hacking and phishing attacks have become more prevalent in our industry, have occurred on our systems in the past, and may occur on our systems in the future. Because of our prominence, we believe that we are a particularly attractive target for such attacks. Though it is difficult to determine what, if any, harm may directly result from any specific interruption or attack, any failure to maintain performance, reliability, security, and availability of our products and technical infrastructure to the satisfaction of our Users may harm our reputation and our ability to retain existing Users and attract new Users. Although we have developed systems and processes that are designed to protect our data and User data, to prevent data loss, to disable undesirable accounts and activities on our platform, and to prevent or detect security breaches, we cannot assure you that such measures will provide absolute security, and we may incur significant costs in protecting against or remediating cyber-attacks.

In addition, if an actual or perceived breach of security occurs to our systems or a third party’s systems, we may face regulatory or civil liability and public perception of our security measures could be diminished, either of which would negatively affect our ability to attract and retain Users, which in turn would harm our efforts to

attract and retain advertisers, content providers, and other business partners. We also would be required to expend significant resources to mitigate the breach of security and to address matters related to any such breach. We also may be required to notify regulators about any actual or perceived personal data breach (including the EU Lead Data Protection Authority) as well as the individuals who are affected by the incident within strict time periods.

Any failure, or perceived failure, by us to maintain the security of data relating to our Users, to comply with our posted privacy policy, laws and regulations, rules of self-regulatory organizations, industry standards, and contractual provisions to which we may be bound, could result in the loss of confidence in us, or result in actions against us by governmental entities or others, all of which could result in litigation and financial losses, and could potentially cause us to lose Users, advertisers, and revenues. In Europe, European Data Protection Authorities could impose fines and penalties of up to 4% of annual global turnover or €20 million, whichever is higher, for a personal data breach.

Assertions by third parties of infringement or other violation by us of their intellectual property rights could harm our business, operating results, and financial condition.

Third parties have asserted, and may in the future assert, that we have infringed, misappropriated, or otherwise violated their copyrights, patents, and other intellectual property rights, and as we face increasing competition, the possibility of intellectual property rights claims against us grows. See “Business—Legal Proceedings.”

Our ability to provide our Service is dependent upon our ability to license intellectual property rights to sound recordings and the musical compositions embodied therein, as well as related content such as album cover art and artist images. Various laws and regulations govern the copyright and other intellectual property rights associated with sound recordings and musical compositions. Existing laws and regulations are evolving and subject to different interpretations, and various legislative or regulatory bodies may expand current or enact new laws or regulations. Although we expend significant resources to seek to comply with the statutory, regulatory, and judicial frameworks by, for example, entering into license agreements, we cannot assure you that we are not infringing or violating any third-party intellectual property rights, or that we will not do so in the future. See “—Difficulties in obtaining accurate and comprehensive information necessary to identify the compositions embodied in sound recordings on our Service and the ownership thereof may impact our ability to perform our obligations under our licenses, affect the size of our catalog, impact our ability to control content acquisition costs, and lead to potential copyright infringement claims.”

In addition, music, internet, technology, and media companies are frequently subject to litigation based on allegations of infringement, misappropriation, or other violations of intellectual property rights. Many companies in these industries, including many of our competitors, have substantially larger patent and intellectual property portfolios than we do, which could make us a target for litigation as we may not be able to assert counterclaims against parties that sue us for patent, or other intellectual property infringement. In addition, various “non-practicing entities” that own patents and other intellectual property rights often attempt to aggressively assert claims in order to extract value from technology companies. Further, from time to time we may introduce new products and services, including in territories where we currently do not have an offering, which could increase our exposure to patent and other intellectual property claims from competitors and non-practicing entities. It is difficult to predict whether assertions of third-party intellectual property rights or any infringement or misappropriation claims arising from such assertions will substantially harm our business, operating results, and financial condition. If we are forced to defend against any infringement or misappropriation claims, whether they are with or without merit, are settled out of court, or are determined in our favor, we may be required to expend significant time and financial resources on the defense of such claims. Furthermore, an adverse outcome of a dispute may require us to pay significant damages, which may be even greater if we are found to have willfully infringed upon a party’s intellectual property; cease exploiting copyrighted content that we have previously had the ability to exploit; cease using solutions that are alleged to infringe or misappropriate the intellectual property of others; expend additional development resources to redesign our solutions; enter into

potentially unfavorable royalty or license agreements in order to obtain the right to use necessary technologies, content, or materials; indemnify our partners and other third parties; and/or take other actions that may have material effects on our business, operating results, and financial condition.

Moreover, we rely on multiple software programmers to design our proprietary technologies, and we regularly contribute software source code under “open source” licenses and have made technology we developed available under open source licenses. Although we make every effort to prevent the incorporation of licenses that would require us to disclose code and/or innovations in our products, we do not exercise complete control over the development efforts of our programmers, and we cannot be certain that our programmers have not used software that is subject to such licenses or that they will not do so in the future. In the event that portions of our proprietary technology are determined to be subject to licenses that require us to publicly release the affected portions of our source code, re-engineer a portion of our technologies, or otherwise be limited in the licensing of our technologies, we may be forced to do so, each of which could materially harm our business, operating results, and financial condition.

Finally, some of the content offered on our Service is generated by our Users, subjecting us to heightened risk of claims of intellectual property infringement by third-parties if Users do not obtain the appropriate authorizations from rights holders.

Failure to protect our intellectual property could substantially harm our business, operating results, and financial condition.

The success of our business depends on our ability to protect and enforce our patents, trade secrets, trademarks, copyrights, and all of our other intellectual property rights, including our intellectual property rights underlying our Service. We attempt to protect our intellectual property under patent, trade secret, trademark, and copyright law through a combination of employee, third-party assignment and nondisclosure agreements, other contractual restrictions, technological measures, and other methods. These afford only limited protection and we are still early in the process of securing our intellectual property rights. Despite our efforts to protect our intellectual property rights and trade secrets, unauthorized parties may attempt to copy aspects of our song recommendation technology or other technology, or obtain and use our trade secrets and other confidential information. Moreover, policing our intellectual property rights is difficult and time consuming. We cannot assure you that we would have adequate resources to protect and police our intellectual property rights, and we cannot assure you that the steps we take to do so will always be effective.

We have filed, and may in the future file, patent applications on certain of our innovations. It is possible, however, that these innovations may not be patentable. In addition, given the cost, effort, risks, and downside of obtaining patent protection, including the requirement to ultimately disclose the invention to the public, we may choose not to seek patent protection for some innovations. Furthermore, our patent applications may not issue as granted patents, the scope of the protection gained may be insufficient or an issued patent may be deemed invalid or unenforceable. We also cannot guarantee that any of our present or future patents or other intellectual property rights will not lapse or be invalidated, circumvented, challenged, or abandoned. Neither can we guarantee that our intellectual property rights will provide competitive advantages to us. Our ability to assert our intellectual property rights against potential competitors or to settle current or future disputes could be limited by our relationships with third parties, and any of our pending or future patent applications may not have the scope of coverage originally sought. We cannot guarantee that our intellectual property rights will be enforced in jurisdictions where competition may be intense or where legal protection may be weak. We could lose both the ability to assert our intellectual property rights against, or to license our technology to, others and the ability to collect royalties or other payments.

We currently own the www.spotify.com internet domain name and various other related domain names. Internet regulatory bodies generally regulate domain names. If we lose the ability to use a domain name in a particular country, we would be forced either to incur significant additional expenses to market our Service within that country or, in extreme cases, to elect not to offer our Service in that country. Either result could harm

our business, operating results, and financial condition. The regulation of domain names in the United States and in foreign countries is subject to change. Regulatory bodies could establish additional top-level domains, appoint additional domain name registrars, or modify the requirements for holding domain names. As a result, we may not be able to acquire or maintain the domain names that utilize our brand names in the United States or other countries in which we may conduct business in the future.

Litigation or proceedings before governmental authorities and administrative bodies may be necessary in the future to enforce our intellectual property rights, to protect our patent rights, trademarks, trade secrets, and domain names and to determine the validity and scope of the proprietary rights of others. Our efforts to enforce or protect our proprietary rights may be ineffective and could result in substantial costs and diversion of resources and management time, each of which could substantially harm our operating results. Additionally, changes in law may be implemented, or changes in interpretation of such laws may occur, that may affect our ability to protect and enforce our patents and other intellectual property.

Our User metrics and other estimates are subject to inherent challenges in measurement, and real or perceived inaccuracies in those metrics may seriously harm and negatively affect our reputation and our business.

We regularly review key metrics related to the operation of our business, including, but not limited to, our Ad-Supported MAUs, Content Hours, Content Hours Per MAU, MAUs, Premium ARPU, Premium Churn, and Premium Subscribers, to evaluate growth trends, measure our performance, and make strategic decisions. These metrics are calculated using internal company data and have not been validated by an independent third party. While these numbers are based on what we believe to be reasonable estimates of our User base for the applicable period of measurement, there are inherent challenges in measuring how our Service is used across large populations globally. For example, we believe that there are individuals who have multiple Spotify accounts, which can result in an overstatement of Ad-Supported MAUs and MAUs.

Errors or inaccuracies in our metrics or data could result in incorrect business decisions and inefficiencies. For instance, if a significant understatement or overstatement of Ad-Supported MAUs and MAUs were to occur, we may expend resources to implement unnecessary business measures or fail to take required actions to attract a sufficient number of Users to satisfy our growth strategies.

In addition, advertisers generally rely on third-party measurement services to calculate our metrics, and these third-party measurement services may not reflect our true audience. Some of our demographic data also may be incomplete or inaccurate because Users self-report their names and dates of birth. Consequently, the personal data we have may differ from our Users' actual names and ages. If advertisers, partners, or investors do not perceive our User, geographic, or other demographic metrics to be accurate representations of our User base, or if we discover material inaccuracies in our User, geographic, or other demographic metrics, our reputation may be seriously harmed. See “—We rely on advertising revenue from our Ad-Supported Service, and any failure to convince advertisers of the benefits of our Ad-Supported Service in the future could harm our business, operating results, and financial condition,” “—We are at risk of artificial manipulation of stream counts and failure to effectively manage and remediate such fraudulent streams could have an adverse impact on our business, operating results, and financial condition. Fraudulent streams and potentially associated fraudulent User accounts or artists may cause us to overstate key performance indicators, which once discovered, corrected, and disclosed, could undermine investor confidence in the integrity of our key performance indicators and could cause our stock price to drop significantly,” and “—We are at risk of attempts at unauthorized access to our Service and failure to effectively prevent and remediate such attempts could have an adverse impact on our business, operating results, and financial condition. Unauthorized access to our Service may cause us to misstate key performance indicators, which once discovered, corrected, and disclosed, could undermine investor confidence in the integrity of our metrics and could cause our stock price to drop significantly.”

We are at risk of attempts at unauthorized access to our Service, and failure to effectively prevent and remediate such attempts could have an adverse impact on our business, operating results, and financial condition. Unauthorized access to our Service may cause us to misstate key performance indicators, which once discovered, corrected, and disclosed, could undermine investor confidence in the integrity of our key performance indicators and could cause our stock price to drop significantly.

We have in the past been, and continue to be, impacted by attempts by third parties to manipulate and exploit our software for the purpose of gaining unauthorized access to our Service. For example, we have detected instances of third parties seeking to provide mobile device users a means to suppress advertisements without payment and gain access to features only available to the Ad-Supported Service on tablets. If in the future we fail to successfully detect and address such issues, it may have artificial effects on our key performance indicators, such as Content Hours, Content Hours per MAU, and MAUs, which underlie, among other things, our contractual obligations with rights holders and advertisers, as well as harm our relationship with advertisers and rights holders. This may impact our results of operations, particularly with respect to margins on our Ad-Supported segment, by increasing our Ad-Supported cost of revenue without a corresponding increase to our Ad-Supported revenue, and could expose us to claims for damages including, but not limited to, from rights holders, any of which could seriously harm our business. Additionally, unlike our Ad-Supported Users, individuals using unauthorized versions of our application are unlikely to convert to Premium Subscribers. Moreover, once we detect and correct such unauthorized access and any key performance indicators it affects, investor confidence in the integrity of our key performance indicators could be undermined. These could have a material adverse impact on our business, operating results, and financial condition.

We are at risk of artificial manipulation of stream counts and failure to effectively manage and remediate such fraudulent streams could have an adverse impact on our business, operating results, and financial condition. Fraudulent streams and potentially associated fraudulent User accounts or artists may cause us to overstate key performance indicators, which once discovered, corrected, and disclosed, could undermine investor confidence in the integrity of our key performance indicators and could cause our stock price to drop significantly.

We have in the past been, and continue to be, impacted by attempts by third parties to artificially manipulate stream counts. Such attempts may, for example, be designed to generate revenue for rights holders or to influence placement of content on Spotify-created playlists or industry music charts. These potentially fraudulent streams also may involve the creation of non-bona fide User accounts or artists. For example, an individual might generate fake Users to stream songs repeatedly, thereby generating revenue each time the song is streamed; or might utilize fake Users to stream specific content to increase its visibility on our or third-party charts. We use a combination of algorithms and manual review by employees to detect fraudulent streams. However, we may not be successful in detecting, removing, and addressing all fraudulent streams (and any related User accounts). In 2017, we detected instances of botnet operators creating fake new User accounts seemingly for the above purposes. If in the future we fail to successfully detect, remove, and address fraudulent streams and associated User accounts, it may result in the manipulation of our data, including the key performance indicators which underlie, among other things, our contractual obligations with rights holders and advertisers (which could expose us to the risk of litigation), as well as harm our relationships with advertisers and rights holders. In addition, once we detect, correct, and disclose fraudulent streams and associated User accounts and the key performance indicators they affect, investor confidence in the integrity of our key performance indicators could be undermined. These could have a material adverse impact on our business, operating results, and financial condition.

Our business is subject to a variety of laws around the world. Government regulation of the internet is evolving and any changes in government regulations relating to the internet or other areas of our business or other unfavorable developments may adversely affect our business, operating results, and financial condition.

We are an international company that is registered under the laws of Luxembourg, and with offices and/or operations in 61 countries and territories around the world. As a result of this organizational structure and the

scope of our operations, we are subject to a variety of laws in different countries. The scope and interpretation of the laws that are or may be applicable to us are often uncertain and may be conflicting. It also is likely that if our business grows and evolves and our solutions are used more globally, we will become subject to laws and regulations in additional jurisdictions. It is difficult to predict how existing laws will be applied to our business and the new laws to which we may become subject.

We are subject to general business regulations and laws, as well as regulations and laws specific to the internet. Such laws and regulations include, but are not limited to, labor, advertising and marketing, real estate, taxation, user privacy, data collection and protection, intellectual property, anti-corruption, anti-money laundering, foreign exchange controls, antitrust and competition, electronic contracts, telecommunications, sales procedures, automatic subscription renewals, credit card processing procedures, consumer protections, broadband internet access, and content restrictions. We cannot guarantee that we have been or will be fully compliant in every jurisdiction in which we are subject to regulation, as existing laws and regulations governing issues such as intellectual property, privacy, taxation, and consumer protection, among others, are constantly changing. The adoption or modification of laws or regulations relating to the internet or other areas of our business could limit or otherwise adversely affect the manner in which we currently conduct our business. For example, certain jurisdictions have implemented or are contemplating implementing laws which may negatively impact our automatic renewal structure or our free or discounted trial incentives. Further, compliance with laws, regulations, and other requirements imposed upon our business may be onerous and expensive, and they may be inconsistent from jurisdiction to jurisdiction, further increasing the cost of compliance and doing business.

Moreover, as internet commerce continues to evolve, increasing regulation by U.S. federal and state agencies and other international regulators becomes more likely and may lead to more stringent consumer protection laws, which may impose additional burdens on us. The adoption of any laws or regulations that adversely affect the popularity or growth in use of the internet, including laws limiting internet neutrality, could decrease User demand for our Service and increase our cost of doing business. Future regulations, or changes in laws and regulations or their existing interpretations or applications, also could hinder our operational flexibility, raise compliance costs, and result in additional historical or future liabilities for us, resulting in material adverse impacts on our business, operating results, and financial condition.

We identified material weaknesses in our internal control over financial reporting at December 31, 2015, 2016, and 2017, and we may identify additional material weaknesses in the future that may cause us to fail to meet our reporting obligations or result in material misstatements of our financial statements. If we fail to remediate any material weaknesses or if we otherwise fail to establish and maintain effective control over financial reporting, our ability to accurately and timely report our financial results could be adversely affected.

In connection with the audit of our financial statements for the year ended December 31, 2015, we identified certain control deficiencies in the design and operation of our internal control over financial reporting that constituted material weaknesses. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis.

The material weaknesses resulted from (i) our technology access and change control environment not supporting an efficient or effective internal controls framework, (ii) reconciliations and account analyses not being timely performed, (iii) the lack of review of manual journal entries, and (iv) inadequate segregation of duties in the procure to pay process. We remediated these material weaknesses by hiring additional accounting and finance personnel, creating a formal month-end close process, establishing more robust processes supporting internal control over financial reporting, implementing formal access and change controls to our systems, making changes to our information technology systems, and implementing NetSuite, a more robust enterprise resource planning system.

Additionally, for the year ended December 31, 2015, we identified a material weakness in our internal controls over the accounting for rights holder liabilities. This remains a material weakness as of the date of this prospectus. In order to remediate this material weakness, we have hired and plan to continue to hire additional accounting, finance, system engineers, and data analysts. We have implemented, and plan to continue to implement, new controls, new processes and technologies over the calculation, processing, reconciliations, and analysis of rights holder liabilities. In addition, we are planning to create a rights holder contracts compliance function. We cannot assure you that the measures that we have taken to remediate, and that will be taken to remediate, this material weakness and prior material weaknesses will be sufficient to prevent future material weaknesses from occurring. We also cannot assure you that we have identified all of our existing material weaknesses.

Neither we nor our registered public accounting firm have performed an assessment or audit, respectively, of our internal control over financial reporting during any period in accordance with the provisions of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”).

In light of the control deficiencies and the resulting material weaknesses that were previously identified as a result of the limited procedures performed, we believe that it is possible that, had we and our registered public accounting firm performed an assessment or audit, respectively, of our internal control over financial reporting in accordance with the provisions of the Sarbanes-Oxley Act, additional material weaknesses may have been identified.

If we identify future material weaknesses in our internal control over financial reporting or fail to meet the demands that will be placed upon us as a public company, including the requirements of the Sarbanes-Oxley Act, we may be unable to accurately report our financial results, or report them within the timeframes required by law or stock exchange regulations. Under Section 404 of the Sarbanes-Oxley Act, we will be required to evaluate and determine the effectiveness of our internal control over financial reporting and provide a management report as to internal control over financial reporting. Failure to maintain effective internal control over financial reporting also could potentially subject us to sanctions or investigations by the SEC or other regulatory authorities. We cannot assure you that our existing material weakness will be remediated or that additional material weaknesses will not exist or otherwise be discovered, any of which could materially adversely affect our business, operating results, and financial condition.

Our business emphasizes rapid innovation and prioritizes long-term User engagement over short-term financial condition or results of operations. That strategy may yield results that sometimes do not align with the market’s expectations. If that happens, our stock price may be negatively affected.

Our business is growing and becoming more complex, and our success depends on our ability to quickly develop and launch new and innovative products. We believe our culture fosters this goal. Our focus on complexity and quick reactions could result in unintended outcomes or decisions that are poorly received by our Users, advertisers, or partners. Our culture also prioritizes our long-term User engagement over short-term financial condition or results of operations. We frequently make decisions that may reduce our short-term revenue or profitability if we believe that the decisions benefit the aggregate User experience and will thereby improve our financial performance over the long-term. These decisions may not produce the long-term benefits that we expect, in which case, our User growth and engagement, our relationships with advertisers and partners, as well as our business, operating results, and financial condition could be seriously harmed.

We depend on highly skilled key personnel to operate our business, and if we are unable to attract, retain, and motivate qualified personnel, our ability to develop and successfully grow our business could be harmed.

We believe that our future success is highly dependent on the talents and contributions of our senior management, including Daniel Ek, our Chief Executive Officer, members of our executive team, and other key employees, such as key engineering, finance, research and development, marketing, and sales personnel. Our

future success depends on our continuing ability to attract, develop, motivate, and retain highly qualified and skilled employees. All of our employees, including our senior management, are free to terminate their employment relationship with us at any time, and their knowledge of our business and industry may be difficult to replace. Qualified individuals are in high demand, particularly in the digital media industry, and we may incur significant costs to attract them. We use equity awards to attract talented employees. If the value of our ordinary shares declines significantly and remains depressed, that may prevent us from recruiting and retaining qualified employees. If we are unable to attract and retain our senior management and key employees, we may not be able to achieve our strategic objectives, and our business could be harmed. In addition, we believe that our key executives have developed highly successful and effective working relationships. We cannot ensure that we will be able to retain the services of any members of our senior management or other key employees. If one or more of these individuals leave, we may not be able to fully integrate new executives or replicate the current dynamic, and working relationships that have developed among our senior management and other key personnel, and our operations could suffer.

Streaming depends on effectively working with third-party platforms, operating systems, online platforms, hardware, networks, regulations, and standards we do not control. Changes in our Service or those operating systems, hardware, networks, regulations, or standards, and our limitations on our ability to access those platforms, operating systems, hardware, or networks may seriously harm our business.

Our Service requires high-bandwidth data capabilities. If the costs of data usage increase or access to data networks is limited, our business may be seriously harmed. Additionally, to deliver high-quality audio, video, and other content over networks, our services must work well with a range of technologies, systems, networks, regulations, and standards that we do not control. In addition, the adoption of any laws or regulations that adversely affect the growth, popularity, or use of the internet, including laws governing internet neutrality, could decrease the demand for our Service and increase our cost of doing business. Previously, Federal Communications Commission (the “FCC”) “open internet rules” prohibited mobile providers in the United States from impeding access to most content, or otherwise unfairly discriminating against content providers like us. These rules also prohibited mobile providers from entering into arrangements with specific content providers for faster or better access over their data networks. However, on December 14, 2017, the FCC voted to repeal the “open internet rules” and as a result, broadband services are now subject to less U.S. federal regulation. A number of parties have already stated they would appeal this order, and it is possible Congress may adopt legislation restoring some of the “open internet rules.” If, as a result of the repeal of “open internet rules,” broadband providers in the United States decrease access to certain content, start entering into arrangements with specific content providers for faster or better access over their data networks, or otherwise unfairly discriminate against content providers like us, this could increase our cost of doing business and put us at a competitive disadvantage relative to larger competitors. Additionally, mobile providers may be able to limit our Users’ ability to access Spotify or make Spotify a less attractive alternative to our competitors’ applications. If that occurs, our business, operating results, and financial condition would be seriously harmed.

The European Union (the “EU”) currently requires equal access to internet content. Additionally, as part of its Digital Single Market initiative, the EU may impose network security, disability access, or 911-like obligations on “over-the-top” services such as those provided by us, which could increase our costs. If the EU or the courts modify these open internet rules, mobile providers may be able to limit our Users’ ability to access Spotify or make Spotify a less attractive alternative to our competitors’ applications. If that occurs, our business, operating results, and financial condition would be seriously harmed.

We rely on a variety of operating systems, online platforms, hardware, and networks to reach our customers. These platforms range from desktop and mobile operating systems and application stores to wearables and intelligent voice assistants. The owners or operators of these platforms may not share our interests and may restrict our access to them or place conditions on access that would materially affect our ability to access those platforms. In particular, where the owner of a platform also is our direct competitor, the platform may attempt to use this position to affect our access to customers and ability to compete. For example, an online platform might

arbitrarily remove our Service from its platform, deprive us of access to business critical data, or engage in other harmful practices. Online platforms also may unilaterally impose certain requirements that negatively affect our ability to convert Users to the Premium Service, such as conditions that limit our freedom to communicate promotions and offers to our customers. Similarly, online platforms may force us to use the platform's payment processing systems which may be inferior to and more costly than other payment processing services available in the market.

Online platforms frequently change the rules and requirements for services like ours to access the platform, and such changes may adversely affect the success or desirability of our Service. Online platforms may limit our access to information about customers, limiting our ability to convert and retain them. Online platforms also may deny access to application programming interfaces ("API") or documentation, limiting functionality of our Service on the platform.

There can be no assurance that we will be able to comply with the requirements of those operating systems, online platforms, hardware, networks, regulations, and standards on which our Service depends, and failure to do so could result in serious harm to our business.

We face and will continue to face competition for Ad-Supported Users, Premium Subscribers, and User listening time.

We compete for the time and attention of our Users with other content providers on the basis of a number of factors, including quality of experience, relevance, diversity of content, ease of use, price, accessibility, perception of advertising load, brand awareness, and reputation.

We compete with providers of on-demand music, which is purchased or available for free and playable on mobile devices and in the home. These forms of media may be purchased, downloaded, and owned such as iTunes audio files, MP3s, or CDs, or accessed from subscription or free online on-demand offerings by music providers or content streams from other online services. We face increasing competition for Users from a growing variety of businesses, including other subscription music services around the world, many of which offer services that seek to emulate our Service, that deliver music content over the internet, through mobile phones, and through other wireless devices. Many of our current or future competitors are already entrenched or may have significant brand recognition in a particular region or market in which we seek to penetrate.

We also compete with providers of internet radio both online and through connected mobile devices. These internet radio providers may offer more extensive content libraries than we offer and some may be offered internationally more broadly than our Service. In addition, internet radio providers may leverage their existing infrastructure and content libraries, as well as their brand recognition and user base, to augment their services by offering competing on-demand music features to provide Users with more comprehensive music service delivery choices.

Our competitors also include terrestrial radio, satellite radio, and online radio. Terrestrial radio providers often offer their content for free, are well-established and accessible to consumers, and offer media content that we currently do not offer. In addition, many terrestrial radio stations have begun broadcasting digital signals, which provide high-quality audio transmission. Satellite radio providers may offer extensive and exclusive news, comedy, sports and talk content, and national signal coverage.

We believe that companies with a combination of technical expertise, brand recognition, financial resources, and digital media experience also pose a significant threat of developing competing on-demand music distribution technologies. In particular, if known incumbents in the digital media space such as Facebook choose to offer competing services, they may devote greater resources than we have available, have a more accelerated time frame for deployment, and leverage their existing user base and proprietary technologies to provide services that our Users and advertisers may view as superior. Furthermore, Amazon Prime, Apple Music, Deezer, Google

Play Music, Joox, Pandora, SoundCloud, and others have competing services, which may negatively impact our business, operating results, and financial condition. Our current and future competitors may have higher brand recognition, more established relationships with music and other content licensors and mobile device manufacturers, greater financial, technical, and other resources, more sophisticated technologies, and/or more experience in the markets in which we compete. In addition, Apple and Google also own application store platforms and are charging in-application purchase fees, which are not being levied on their own applications, thus creating a competitive advantage for themselves against us. As the market for on-demand music on the internet and mobile and connected devices increases, new competitors, business models, and solutions are likely to emerge.

We also compete for Users based on our presence and visibility as compared with other businesses and platforms that deliver music content through the internet and mobile devices. We face significant competition for Users from companies promoting their own digital music content online or through application stores, including several large, well-funded, and seasoned participants in the digital media market. Mobile device application stores often offer users the ability to browse applications by various criteria, such as the number of downloads in a given time period, the length of time since a mobile application was released or updated, or the category in which the application is placed. The websites and mobile applications of our competitors may rank higher than our website and our Spotify mobile application, and our application may be difficult to locate in mobile device application stores, which could draw potential Users away from our Service and toward those of our competitors. In addition, some of our competitors, including Apple, Amazon, and Google, have developed, and are continuing to develop, devices for which their music streaming service is preloaded, creating a visibility advantage. If we are unable to compete successfully for Users against other digital media providers by maintaining and increasing our presence and visibility online, on mobile devices, and in application stores, our number of Premium Subscribers and songs streamed on our Service may fail to increase or may decline and our subscription fees and advertising sales may suffer. See “—If our efforts to attract prospective Users and to retain existing Users are not successful, our growth prospects and revenue will be adversely affected.”

We compete for a share of advertisers’ overall marketing budgets with other content providers on a variety of factors including perceived return on investment, effectiveness and relevance of our advertising products, pricing structure, and ability to deliver large volumes or precise types of advertisements to targeted User demographic pools. We also compete for advertisers with a range of internet companies, including major internet portals, search engine companies, social media sites, and applications, as well as traditional advertising channels such as terrestrial radio.

Large internet companies with strong brand recognition, such as Facebook, Google, and Twitter, have significant numbers of direct sales personnel, substantial advertising inventory, proprietary advertising technology solutions, and web and mobile traffic that provide a significant competitive advantage and have a significant impact on pricing for internet advertising and web and mobile traffic. Failure to compete successfully against our current or future competitors could result in loss of current or potential advertisers, a reduced share of our advertisers’ overall marketing budget, loss of existing or potential Users, or diminished brand strength, which could adversely affect our pricing and margins, lower our revenue, increase our research and development and marketing expenses, and prevent us from achieving or maintaining profitability.

Our Service and software are highly technical and may contain undetected software bugs or vulnerabilities, which could manifest in ways that could seriously harm our reputation and our business.

Our Service and software are highly technical and complex. Our Service, Spotify Connect, which allows Users to use the Spotify application to transfer and control playback on speakers, receivers, TVs, cars, smart watches, other phones, tablets, computers, or game consoles, and Spotify for Artists, which provides numerous analytics for artists, or any other products we may introduce in the future, may contain undetected software bugs, hardware errors, and other vulnerabilities. These bugs and errors can manifest in any number of ways in our products, including through diminished performance, security vulnerabilities, malfunctions, or even permanently

disabled products. We have a practice of rapidly updating our products and some errors in our products may be discovered only after a product has been used by Users, and may in some cases be detected only under certain circumstances or after extended use. Any errors, bugs, or other vulnerabilities discovered in our code or backend after release could damage our reputation, drive away Users, allow third parties to manipulate or exploit our software (including, for example, providing mobile device users a means to suppress advertisements without payment and gain access to features only available to the Ad-Supported Service on tablets), lower revenue, and expose us to claims for damages, any of which could seriously harm our business. See “— We are at risk of attempts at unauthorized access to our Service, and failure to effectively prevent and remediate such attempts could have an adverse impact on our business, operating results, and financial condition. Unauthorized access to our Service may cause us to misstate key performance indicators, which once discovered, corrected, and disclosed, could undermine investor confidence in the integrity of our key performance indicators and could cause our stock price to drop significantly.” Additionally, errors, bugs, or other vulnerabilities may—either directly or if exploited by third parties—affect our ability to make accurate royalty payments. See “—Our royalty payment scheme is complex, and it is difficult to estimate the amount payable under our license agreements.”

We also could face claims for product liability, tort, or breach of warranty. Defending a lawsuit, regardless of its merit, is costly and may divert management’s attention and seriously harm our reputation and our business. In addition, if our liability insurance coverage proves inadequate or future coverage is unavailable on acceptable terms or at all, our business could be seriously harmed.

Interruptions, delays or discontinuations in service arising from our own systems or from third parties could impair the delivery of our Service and harm our business.

We rely on systems housed in our own facilities and upon third parties, including bandwidth providers and third-party “cloud” data storage services, to enable our Users to receive our content in a dependable, timely, and efficient manner. We have experienced and may in the future experience periodic service interruptions and delays involving our own systems and those of third parties that we work with. Both our own facilities and those of third parties are vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunications failures, and similar events. They also are subject to break-ins, sabotage, intentional acts of vandalism, the failure of physical, administrative, technical, and cyber security measures, terrorist acts, natural disasters, human error, the financial insolvency of third parties that we work with, and other unanticipated problems or events. The occurrence of any of these events could result in interruptions in our Service and to unauthorized access to, or alteration of, the content and data contained on our systems and that these third parties store and deliver on our behalf.

Any disruption in the services provided by these third parties could materially adversely impact our business reputation, customer relations, and operating results. Upon expiration or termination of any of our agreements with third parties, we may not be able to replace the services provided to us in a timely manner or on terms and conditions, including service levels and cost, that are favorable to us, and a transition from one third party to another could subject us to operational delays and inefficiencies until the transition is complete.

We rely upon the Google Cloud Platform to operate certain aspects of our business and to store all of our data, and any disruption of or interference with our use of the Google Cloud Platform could have a material adverse effect on our business, operating results, and financial condition.

Google Cloud Platform (“GCP”) provides a distributed computing infrastructure platform for business operations, or what is commonly referred to as a cloud computing service. We have designed our software and computer systems to utilize data processing, storage capabilities, and other services provided by GCP. Currently, we are in the process of transitioning all of our data storage (including personal data of Users and music data licensed from rights holders) and computing from our own servers to GCP. We cannot easily switch our GCP operations to another cloud provider, and any disruption of, or interference with, our use of GCP could have a material adverse effect on our business, operating results, and financial condition. While the consumer side of

Google competes with us, we do not believe that Google will use the GCP operation in such a manner as to gain competitive advantage against our Service.

If we fail to accurately predict, recommend, and play music that our Users enjoy, we may fail to retain existing Users and attract new Users in sufficient numbers to meet investor expectations for growth or to operate our business profitably.

We believe that a key differentiating factor between Spotify and other music content providers is our ability to predict music that our Users will enjoy. Our system for predicting User music preferences and selecting music tailored to our Users' individual music tastes is based on advanced data analytics systems and our proprietary algorithms. We have invested, and will continue to invest, significant resources in refining these technologies; however, we cannot assure you that such investments will yield an attractive return or that such refinements will be effective. The effectiveness of our ability to predict User music preferences and select music tailored to our Users' individual music tastes depends in part on our ability to gather and effectively analyze large amounts of User data. In addition, our ability to offer Users songs that they have not previously heard and impart a sense of discovery depends on our ability to acquire and appropriately categorize additional songs that will appeal to our Users' diverse and changing tastes. While we have a large catalog of songs available to stream, we must continuously identify and analyze additional songs that our Users will enjoy and we may not effectively do so. Our ability to predict and select music content that our Users enjoy is critical to the perceived value of our Service among Users and failure to make accurate predictions could materially adversely affect our ability to adequately attract and retain Users, increase Content Hours, and sell advertising to meet investor expectations for growth or to operate the business profitably.

If we fail to effectively manage our growth, our business, operating results, and financial condition may suffer.

Our rapid growth has placed, and will continue to place, significant demands on our management and our operational and financial infrastructure. In order to attain and maintain profitability, we will need to recruit, integrate, and retain skilled and experienced personnel who can demonstrate our value proposition to Users, advertisers, and business partners and who can increase the monetization of the music streamed on our Service, particularly on mobile devices. Continued growth also could strain our ability to maintain reliable service levels for our Users, effectively monetize the music streamed, develop and improve our operational and financial controls, and recruit, train, and retain highly skilled personnel. If our systems do not evolve to meet the increased demands placed on us by an increasing number of advertisers, we also may be unable to meet our obligations under advertising agreements with respect to the delivery of advertising or other performance obligations. As our operations grow in size, scope, and complexity, we will need to improve and upgrade our systems and infrastructure, which will require significant expenditures and allocation of valuable technical and management resources. If we fail to maintain efficiency and allocate limited resources effectively in our organization as it grows, our business, operating results, and financial condition may suffer.

We have experienced rapid growth rates in both the number of active Users of our Service and revenue over the last few years. As we grow larger and increase our User base and usage, we expect it will become increasingly difficult to maintain the rate of growth we currently experience.

Our ability to increase the number of our Users will depend in part on our ability to distribute our Service, which may be affected by third-party interference beyond our control.

The use of our Service depends on the ability of our Users to access the internet, our website, and our app. Enterprises or professional organizations, including governmental agencies, could block access to the internet, our website, and our application for a number of reasons such as security or confidentiality concerns or regulatory reasons that could adversely impact our User base.

Additionally, we distribute our application via smartphone and tablet application download stores managed by Amazon, Apple, Google, and Microsoft, among others. Certain of these companies are now, and others may in the future become, competitors of ours, and could stop allowing or supporting access to our Service through their products, could allow access for us only at an unsustainable cost, or could make changes to the terms of access in order to make our Service less desirable or harder to access, for competitive reasons. Furthermore, because devices providing access to our Service are not manufactured and sold by us, we cannot guarantee that these devices perform reliably, and any faulty connection between these devices and our Service may result in consumer dissatisfaction toward us, which could damage our brand.

If we are unable to increase revenue from our Service on mobile devices, such as smartphones, our results of operations may be materially adversely affected.

Our business model with respect to monetization of our Service on mobile and connected devices is still evolving. As Users migrate away from personal computers, there is increasing pressure to monetize mobile. In all markets except Taiwan, we offer our Ad-Supported Service on mobile, from which we generate advertising revenue. However, to date we primarily rely on our Premium Services to generate revenue on mobile and other connected devices. If we are unable to effectively monetize our Service on mobile and connected devices, our business, operating results, and financial condition may suffer.

We rely on advertising revenue from our Ad-Supported Service, and any failure to convince advertisers of the benefits of our Ad-Supported Service in the future could harm our business, operating results, and financial condition.

Our ability to attract and retain advertisers, and ultimately to generate advertising revenue, depends on a number of factors, including:

- increasing the number of hours our Ad-Supported Users spend listening to music or otherwise engaging with content on our Ad-Supported Service;
- increasing the number of Ad-Supported Users;
- keeping pace with changes in technology and our competitors;
- competing effectively for advertising dollars from other online and mobile marketing and media companies;
- maintaining and growing our relationships with marketers, agencies, and other demand sources who purchase advertising inventory from us; and
- continuing to develop and diversify our advertisement platform, which currently includes delivery of advertising products through multiple delivery channels, including traditional computers, mobile, and other connected devices.

We may not succeed in capturing a greater share of our advertisers' core marketing budgets, particularly if we are unable to achieve the scale, reach, products, and market penetration necessary to demonstrate the effectiveness of our advertising solutions, or if our advertising model proves ineffective or not competitive when compared to other alternatives and platforms through which advertisers choose to invest their budgets.

Failure to grow the Ad-Supported User base and to effectively demonstrate the value of our Ad-Supported Service to advertisers could result in loss of, or reduced spending by, existing or potential future advertisers, which would materially harm our business, operating results, and financial condition.

Selling advertisements requires that we demonstrate to advertisers that our Ad-Supported Service has substantial reach and engagement by relevant demographic audiences. Some of our demographic data may be incomplete or inaccurate. For example, because Ad-Supported Users self-report their names and dates of birth,

the personal data we have may differ from our Ad-Supported Users' actual names and ages. If our Ad-Supported Users provide us with incorrect or incomplete information regarding their name, age, or other attributes, then we may fail to target the correct demographic with our advertising. Advertisers often rely on third parties to quantify the reach and usage of our Ad-Supported Service. These third-party measurement services may not reflect our true audience, and their underlying methodologies are subject to change at any time. In addition, the methodologies we apply to measure the key performance indicators that we use to monitor and manage our business may differ from the methodologies used by third-party measurement service providers, who may not integrate effectively with our Ad-Supported Service. Measurement technologies for mobile devices may be even less reliable in quantifying the reach and usage of our Ad-Supported Service, and it is not clear whether such technologies will integrate with our systems or uniformly and comprehensively reflect the reach, usage, or overall audience composition of our Ad-Supported Service. If such third-party measurement providers report lower metrics than we do, there is wide variance among reported metrics, or we cannot adequately integrate with such services that advertisers require, our ability to convince advertisers of the benefits of our Ad-Supported Service could be adversely affected. See “—Our User metrics and other estimates are subject to inherent challenges in measurement, and real or perceived inaccuracies in those metrics may seriously harm and negatively affect our reputation and our business.”

Negative media coverage could adversely affect our business.

We receive a high degree of media coverage around the world. Unfavorable publicity regarding, for example, payments to music labels, publishers, artists, and other copyright owners, our privacy practices, terms of service, service changes, service quality, litigation or regulatory activity, government surveillance, the actions of our advertisers, the actions of our developers whose services are integrated with our Service, the use of our Service for illicit, objectionable, or illegal ends, the actions of our Users, the quality and integrity of content shared on our Service, or the actions of other companies that provide similar services to us, could materially adversely affect our reputation. Such negative publicity also could have an adverse effect on the size, engagement, and loyalty of our User base and result in decreased revenue, which could materially adversely affect our business, operating results, and financial condition.

Our business depends on a strong brand, and any failure to maintain, protect, and enhance our brand would hurt our ability to retain or expand our base of Ad-Supported Users, Premium Subscribers, and advertisers.

We have developed a strong brand that we believe has contributed significantly to the success of our business. Maintaining, protecting, and enhancing the “Spotify” brand is critical to expanding our base of Ad-Supported Users, Premium Subscribers, and advertisers, and will depend largely on our ability to continue to develop and provide an innovative and high-quality experience for our Users and to attract advertisers, content owners, mobile device manufacturers, and other consumer electronic product manufacturers to work with us, which we may not do successfully. If we do not successfully maintain a strong brand, our business could be harmed.

Our brand may be impaired by a number of other factors, including any failure to keep pace with technological advances on our platform or with our Service, slower load times for our Service, a decline in the quality or quantity of the content available on our Service, a failure to protect our intellectual property rights, or any alleged violations of law, regulations, or public policy. Additionally, the actions of our developers, advertisers, and content partners may affect our brand if Users do not have a positive experience using third-party applications or websites integrated with Spotify or that make use of Spotify content. Further, if our partners fail to maintain high standards for products that are integrated into our Service, fail to display our trademarks on their products in breach of our agreements with them, or use our trademarks incorrectly or in an unauthorized manner, or if we partner with manufacturers of products that our Users reject, the strength of our brand could be adversely affected.

We have not historically been required to spend considerable resources to establish and maintain our brand. However, if we are unable to maintain the growth rate in the number of our Ad-Supported Users and Premium Subscribers, we may be required to expend greater resources on advertising, marketing, and other brand-building efforts to preserve and enhance consumer awareness of our brand, which would adversely affect our operating results and may not be effective.

Our trademarks, trade dress, and other designations of origin are important elements of our brand. We have registered “Spotify” and other marks as trademarks in the United States and certain other jurisdictions around the world. Nevertheless, competitors or other companies may adopt marks similar to ours, or use our marks and confusingly similar terms as keywords in internet search engine advertising programs, thereby impeding our ability to build brand identity and possibly leading to confusion among our Users. We cannot assure you that our trademark applications, even for key marks, will be approved. We may face opposition from third parties to our applications to register key trademarks in foreign jurisdictions in which we have expanded or may expand our presence. If we are unsuccessful in defending against these oppositions, our trademark applications may be denied. Whether or not our trademark applications are denied, third parties may claim that our trademarks infringe upon their rights. As a result, we could be forced to pay significant settlement costs or cease the use of these trademarks and associated elements of our brand in those or other jurisdictions. Doing so could harm our brand or brand recognition and adversely affect our business, financial condition, and results of operation.

Various regulations as well as self-regulation related to privacy and data security concerns pose the threat of lawsuits and other liability, require us to expend significant resources, and may harm our business, operating results, and financial condition.

We collect and utilize personal and other information from and about our Users as they interact with our Service. Various laws and regulations govern the collection, use, retention, sharing, and security of the data we receive from and about our Users. Privacy groups and government bodies have increasingly scrutinized the ways in which companies link personal identities and data associated with particular users or devices with data collected through the internet, and we expect such scrutiny to continue to increase. Alleged violations of laws and regulations relating to privacy and data security, and any relevant claims, may expose us to potential liability and may require us to expend significant resources in responding to and defending such allegations and claims. Claims or allegations that we have violated laws and regulations relating to privacy and data security could in the future result in negative publicity and a loss of confidence in us by our Users and our partners. Such claims or allegations also may subject us to fines, including by data protection authorities and credit card companies, and could result in the loss of our ability to accept credit and debit card payments.

Existing privacy-related laws and regulations in the United States and other countries are evolving and are subject to potentially differing interpretations, and various U.S. federal and state or other international legislative and regulatory bodies may expand or enact laws regarding privacy and data security-related matters. For example, the European Union General Data Protection Regulation (“GDPR”) will come into effect on May 25, 2018, and may require us to change our privacy and data security practices. The GDPR will implement more stringent operational requirements for processors and controllers of personal data, including, for example, requiring expanded disclosures about how personal information is to be used, limitations on retention of information, mandatory data breach notification requirements, and higher standards for data controllers to demonstrate that they have obtained valid consent or have another legal basis in place to justify their data processing activities. The GDPR provides that EU member states may make their own additional laws and regulations in relation to certain data processing activities, which could limit our ability to use and share personal data or could require localized changes to our operating model. Under the GDPR, fines of up to €20 million or up to 4% of the total worldwide annual turnover of the preceding financial year, whichever is higher, may be assessed for non-compliance. These new laws also could cause our costs to increase and result in further administrative costs to providing our Service.

We also are subject to evolving EU laws on data export, as we may at times transfer personal data from the EU to other jurisdictions. For example, in 2015, the Court of Justice of the European Union invalidated the U.S.-

EU Safe Harbor framework regarding the transfer of personal data from the EU to the United States. EU and U.S. negotiators agreed in February 2016 to a new framework, the Privacy Shield, which would replace the Safe Harbor framework. However, there is currently litigation challenging this framework as well as litigation challenging other EU mechanisms for adequate data transfers (for example, the standard contractual clauses), and it is uncertain whether the Privacy Shield framework and/or the standard contractual clauses similarly will be invalidated by the EU courts in the future. We rely on a mixture of mechanisms to transfer data to and from our EU business to the United States and could be impacted by changes in law as a result of the current challenges to these mechanisms in the European courts.

In recent years, U.S. and European lawmakers and regulators have expressed concern over electronic marketing and the use of third-party cookies, web beacons, and similar technology for online behavioral advertising. In the EU, under the current Directive 2002/58 on Privacy and Electronic Communications (the “ePrivacy Directive”), informed and freely given consent is required for the placement of certain cookies on a user’s device. Once the GDPR comes into force, the higher standard required for valid consent under the GDPR will equally apply to consent required under the ePrivacy Directive. The ePrivacy Directive is also under reform. A draft of the new Regulation (EC) 2017/0003 concerning the respect for private life and the protection of personal data in electronic communications and repealing Directive 2002/58/EC (the “draft ePrivacy Regulation”) was announced on January 10, 2017. While it was originally intended to become applicable on May 25, 2018 (alongside the GDPR), the current draft ePrivacy Regulation is still going through the European legislative process. Unlike the current ePrivacy Directive, the draft ePrivacy Regulation will be implemented directly into the laws of each of the EU member states, without the need for further enactment. When implemented, the ePrivacy Regulation may impose a requirement for opt-in consent for the collection of information from Users’ equipment as well as the use of third-party cookies, web beacons, and similar technology for tracking users for online behavioral advertising. The current provisions of the draft ePrivacy Regulation extend the strict opt-in marketing rules with limited exceptions to business to business communications and significantly increase penalties which can reach up to €20 million or up to 4% of the total worldwide annual turnover of the preceding financial year, whichever is higher, for non-compliance.

We may find it necessary or desirable to join self-regulatory bodies or other privacy-related organizations that require compliance with their rules pertaining to privacy and data security. We also may be bound by contractual obligations that limit our ability to collect, use, disclose, share, and leverage User data and to derive economic value from it. New laws, amendments to, or reinterpretations of existing laws, rules of self-regulatory bodies, industry standards, and contractual obligations, as well as changes in our Users’ expectations and demands regarding privacy and data security, may limit our ability to collect, use, and disclose, and to leverage and derive economic value from User data. Restrictions on our ability to collect, access and harness User data, or to use or disclose User data or any profiles that we develop using such data, may require us to expend significant resources to adapt to these changes, and would in turn limit our ability to stream personalized music content to our Users and offer targeted advertising opportunities to our Ad-Supported Users.

In addition, any failure or perceived failure by us to comply with privacy or security laws, policies, legal obligations, industry standards, or any security incident that results in the unauthorized release or transfer of personal data may result in governmental enforcement actions and investigations, including fines and penalties, enforcement orders requiring us to cease processing or operate in a certain way, litigation and/or adverse publicity, including by consumer advocacy groups, and could cause our customers to lose trust in us, which could have an adverse effect on our reputation and business. Such failures could have a material adverse effect on our financial condition and operations. If the third parties we work with (for example, cloud-based vendors) violate applicable laws or contractual obligations or suffer a security breach, such violations also may put us in breach of our obligations under privacy laws and regulations and/or could in turn have a material adverse effect on our business.

We have incurred, and will continue to incur, expenses to comply with privacy and security standards and protocols imposed by law, regulation, self-regulatory bodies, industry standards, and contractual obligations.

Increased regulation of data capture, analysis, and utilization and distribution practices, including self-regulation and industry standards, could increase our cost of operation, limit our ability to grow our operations, or otherwise adversely affect our business, operating results, and financial condition.

Changes in regulations or User concerns regarding privacy and protection of User data, or any failure or appearance of failure to comply with such laws, could diminish the value of our Service and cause us to lose Users and revenue.

The regulatory framework for privacy issues worldwide is currently in flux and is likely to remain so for the foreseeable future. Practices regarding the collection, use, storage, transmission, and security of personal information by companies operating over the internet have recently come under increased public scrutiny. The U.S. government, including the Federal Trade Commission and the Department of Commerce, may continue to review the need for greater regulation over the collection of information concerning consumer behavior on the internet, including regulation aimed at restricting certain targeted advertising practices. In addition, the EU may continue to review the need for greater regulation or reform to its existing data protection legal framework, which may result in a greater compliance burden for companies with users in Europe. Various government and consumer agencies also have called for new regulation and changes in industry practices. Our business, including our ability to operate and expand internationally, could be adversely affected if legislation or regulations are adopted, interpreted, or implemented in a manner that is inconsistent with our current business practices and that require changes to these practices, the design of our website, services, features, or our privacy policy. In particular, the success of our business has been, and we expect will continue to be, driven by our ability to responsibly use the personal data that our Users share with us. Therefore, our business could be harmed by any significant change to applicable laws, regulations, or industry practices regarding the use of our Users' personal data, for example regarding the manner in which disclosures are made and how the express or implied consent of Users for the use of personal data is obtained. Such changes may require us to modify our services and features, possibly in a material manner, and may limit our ability to develop new services and features that make use of the data that our Users voluntarily share with us. In addition, some of our developers or other partners, such as those that help us measure the effectiveness of ads, may receive or store information provided by us or by our Users through mobile or web applications integrated with our Service. We provide limited information to such third parties based on the scope of services provided to us. However, if these third parties or developers fail to adopt or adhere to adequate data security practices, or in the event of a breach of their networks, our data or our Users' data may be improperly accessed, used, or disclosed.

We are subject to a number of risks related to credit card and debit card payments we accept.

We accept payments mainly through credit and debit card transactions. For credit and debit card payments, we pay interchange and other fees, which may increase over time. An increase in those fees would require us to either increase the prices we charge for our Premium Service, which could cause us to lose Premium Subscribers and subscription revenue, or suffer an increase in our costs without a corresponding increase in the price we charge for our Premium Service, either of which could harm our business, operating results, and financial condition.

Additionally, we rely on third-party service providers for payment processing services, including the processing of credit and debit cards. In particular, we rely on one third-party service provider, Adyen, for approximately 70% of our payment processing. Our business could be materially disrupted if these third-party service providers become unwilling or unable to provide these services to us.

If we or our service providers for payment processing services have problems with our billing software, or the billing software malfunctions, it could have a material adverse effect on our User satisfaction and could cause one or more of the major credit card companies to disallow our continued use of their payment products. In addition, if our billing software fails to work properly and, as a result, we do not automatically charge our Premium Subscribers' credit cards on a timely basis or at all, our business, financial condition, and results of operations could be materially adversely affected.

We also are subject to payment card association operating rules, certification requirements, and rules governing electronic funds transfers, which could change or be reinterpreted to make it more difficult for us to comply. Currently, we are fully compliant with the Payment Card Industry Data Security Standard v3.2 (“PCI DSS”), a security standard with which companies that collect, store, or transmit certain data regarding credit and debit cards, credit and debit card holders, and credit and debit card transactions are required to comply. This is an annual certification exercise, and if we fail to comply, we may violate payment card association operating rules, U.S. federal and state laws and regulations, and the terms of our contracts with payment processors and merchant banks. Such failure to comply fully also may subject us to fines, penalties, damages, and civil liability, and may result in the loss of our ability to accept credit and debit card payments. Further, there is no guarantee that, even if we are in compliance with PCI DSS, we will maintain PCI DSS compliance or that such compliance will prevent illegal or improper use of our payment systems or the theft, loss, or misuse of data pertaining to credit and debit cards, credit and debit card holders, and credit and debit card transactions.

If we fail to adequately control fraudulent credit card transactions, we may face civil liability, diminished public perception of our security measures, and significantly higher credit card-related costs, each of which could adversely affect our business, financial condition, and results of operations. If we are unable to maintain our chargeback rate or refund rates at acceptable levels, credit card and debit card companies may increase our transaction fees or terminate their relationships with us. Any increases in our credit card and debit card fees could adversely affect our results of operations, particularly if we elect not to raise our rates for our Premium Service to offset the increase. The termination of our ability to process payments on any major credit or debit card would significantly impair our ability to operate our business.

We are subject to a number of risks related to other payment solution providers.

We accept payments through various payment solution providers, such as telco integrated billings and prepaid codes vendors. These payment solution providers provide services to us in exchange for a fee, which may be subject to change. Furthermore, we rely on their accurate and timely reports on sales and redemptions. If such accurate and timely reports are not being provided, it will affect the accuracy of our reports to our licensors, and also affect the accuracy of our financial reporting.

We face many risks associated with our international expansion, including difficulties obtaining rights to stream music on favorable terms.

We are continuing to expand our operations into additional international markets. However, offering our Service in a new geographical area involves numerous risks and challenges. For example, the licensing terms offered by rights organizations and individual copyright owners in countries around the world are currently expensive. Addressing licensing structure and royalty rate issues in any new geographic market requires us to make very substantial investments of time, capital, and other resources, and our business could fail if such investments do not succeed. There can be no assurance that we will succeed or achieve any return on these investments.

In addition to the above, continued expansion around the world exposes us to other risks such as:

- lack of well-functioning copyright collective management organizations that are able to grant us music licenses, process reports, and distribute royalties in markets;
- fragmentation of rights ownership in various markets causing lack of transparency of rights coverage and overpayment or underpayment to record labels, music publishers, artists, performing rights organizations, and other copyright owners;
- difficulties in obtaining license rights to local repertoire;
- difficulties in achieving market acceptance of our Service in different geographic markets with different tastes and interests;

[Table of Contents](#)

- difficulties in achieving viral marketing growth in certain other countries where we commit fewer sales and marketing resources;
- difficulties in managing operations due to language barriers, distance, staffing, user behavior and spending capability, cultural differences, business infrastructure constraints, and laws regulating corporations that operate internationally;
- application of different laws and regulations of other jurisdictions, including privacy, censorship and liability standards and regulations, as well as intellectual property laws;
- potential adverse tax consequences associated with foreign operations and revenue;
- complex foreign exchange fluctuation and associated issues;
- increased competition from local websites and music content providers, some with financial power and resources to undercut the market or enter into exclusive deals with local content providers to decrease competition;
- credit risk and higher levels of payment fraud;
- political and economic instability in some countries;
- restrictions on international monetary flows; and
- reduced or ineffective protection of our intellectual property rights in some countries.

As a result of these obstacles, we may find it impossible or prohibitively expensive to enter additional markets, or entry into foreign markets could be delayed, which could hinder our ability to grow our business.

Emerging industry trends in digital advertising may pose challenges for our ability to forecast or optimize our advertising inventory, which may adversely impact our Ad-Supported revenue.

The digital advertising industry is introducing new ways to measure and price advertising inventory. For example, a significant portion of advertisers are in the process of moving from purchasing advertisement impressions based on the number of advertisements served by the applicable ad server to a new “viewable” impression standard (based on number of pixels in view and duration) for select products. In the absence of a uniform industry standard, agencies and advertisers have adopted several different measurement methodologies and standards. In addition, measurement services may require technological integrations, which are still being evaluated by the advertising industry without an agreed-upon industry standard metric. As these trends in the industry continue to evolve, our advertising revenue may be adversely affected by the availability, accuracy, and utility of the available analytics and measurement technologies as well as our ability to successfully implement and operationalize such technologies and standards.

Further, the digital advertising industry is shifting to data-driven technologies and advertising products, such as automated buying. These data-driven advertising products and automated buying technologies allow publishers and advertisers to use data to target advertising toward specific groups of users who are more likely to be interested in the advertising message delivered to them. These advertising products and programmatic technologies are currently more developed in terms of advertising technology and industry adoption on the web than they are on mobile or on other software applications, and may not integrate with our desktop software version of the Ad-Supported Service. Because the majority of our Ad-Supported User hours occur on mobile devices, if we are unable to deploy effective solutions to monetize the mobile device usage by our Ad-Supported User base, our ability to attract advertising spend, and ultimately our advertising revenue, may be adversely affected by this shift. In addition, we rely on third-party advertising technology platforms to participate in automated buying, and if these platforms cease to operate or experience instability in their business models, it also may adversely affect our ability to capture advertising spend.

We have acquired, and may continue to acquire, other companies or technologies, which could divert management's attention and otherwise disrupt our operations and harm our operating results. We may fail to acquire companies whose market power or technology could be important to the future success of our business.

We have recently acquired and may in the future seek to acquire or invest in other companies or technologies that we believe could complement or expand our Service, enhance our technical capabilities, or otherwise offer growth opportunities. Pursuit of future potential acquisitions may divert the attention of management and cause us to incur various expenses in identifying, investigating, and pursuing suitable acquisitions, whether or not they are consummated. In addition, we have limited experience acquiring and integrating other businesses. We may be unsuccessful in integrating our recently acquired businesses or any additional business we may acquire in the future, and we may fail to acquire companies whose market power or technology could be important to the future success of our business.

We also may not achieve the anticipated benefits from any acquired business due to a number of factors, including:

- unanticipated costs or liabilities associated with the acquisition, including costs or liabilities arising from the acquired companies' failure to comply with intellectual property laws and licensing obligations they are subject to;
- incurrence of acquisition-related costs;
- diversion of management's attention from other business concerns;
- regulatory uncertainties;
- harm to our existing business relationships with business partners and advertisers as a result of the acquisition;
- harm to our brand and reputation;
- the potential loss of key employees;
- use of resources that are needed in other parts of our business; and
- use of substantial portions of our available cash to consummate the acquisition.

In addition, a significant portion of the purchase price of companies we acquire may be allocated to acquired goodwill, which must be assessed for impairment at least annually. In the future, if our acquisitions do not yield expected returns, we may be required to take charges to our operating results based on this impairment assessment process. Acquisitions also could result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect our operating results. In addition, if an acquired business fails to meet our expectations, our operating results, business, and financial condition may suffer.

Our operating results may fluctuate, which makes our results difficult to predict.

Our revenue and operating results could vary significantly from quarter to quarter and year to year because of a variety of factors, many of which are outside our control. As a result, comparing our operating results on a period-to-period basis may not be meaningful. In addition to other risk factors discussed herein, factors that may contribute to the variability of our quarterly and annual results include:

- our ability to retain our current User base, increase our number of Ad-Supported Users and Premium Subscribers, and increase Users' time spent streaming content on our Service;
- our ability to more effectively monetize mobile Users of our Service, particularly as the number of our Users on mobile and other connected devices grow;
- our ability to effectively manage our growth;

[Table of Contents](#)

- our ability to attract and retain existing advertisers and prove that our advertising products are effective enough to justify a pricing structure that is profitable for us;
- the effects of increased competition in our business;
- our ability to keep pace with changes in technology and our competitors;
- lack of accurate and timely reports and invoices from our rights holders and partners;
- interruptions in service, whether or not we are responsible for such interruptions, and any related impact on our reputation;
- our ability to pursue and appropriately time our entry into new geographic or content markets and, if pursued, our management of this expansion;
- costs associated with defending any litigation, including intellectual property infringement litigation;
- the impact of general economic conditions on our revenue and expenses; and
- changes in regulations affecting our business.

Seasonal variations in User and marketing behavior also may cause fluctuations in our financial results. We expect to experience some effects of seasonal trends in User behavior due to increased internet usage and sales of streaming service subscriptions and devices during holiday periods. We also may experience higher advertising sales during the fourth quarter of each calendar year due to greater advertiser demand during the holiday season, but also incur greater marketing expenses as we attempt to attract new Users to our Service and convert our Ad-Supported Users to Premium Subscribers. In addition, expenditures by advertisers tend to be cyclical and are often discretionary in nature, reflecting overall economic conditions, the economic prospects of specific advertisers or industries, budgeting constraints and buying patterns, and a variety of other factors, many of which are outside our control.

We may require additional capital to support business growth and objectives, and this capital might not be available on acceptable terms, if at all.

We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop new features or enhance our existing Service, expand into additional markets around the world, improve our infrastructure, or acquire complementary businesses and technologies. Accordingly, we may need to engage, and have engaged, in equity and debt financings to secure additional funds. For example, on April 1, 2016, we issued the Convertible Notes that were subsequently exchanged to ordinary shares as described under “Summary—Recent Developments—Exchange of Convertible Notes.” Pursuant to the exchange agreement we entered into in January 2018, subject to certain conditions, if we fail to list our ordinary shares on or prior to July 2, 2018, we have agreed to offer to each noteholder the option to unwind the transaction such that we purchase back the ordinary shares that were issued to such noteholder pursuant to the exchange and we will issue such noteholder a new note that is materially identical to its note prior to the exchange. See “Summary—Recent Developments—Exchange of Convertible Notes.” If we raise additional funds through future issuances of equity or convertible debt securities, our existing shareholders could suffer additional significant dilution, and any new equity securities we issue could have rights, preferences, and privileges superior to those of holders of our ordinary shares. Any debt financing we secure in the future, including pursuant to the unwind described above, also could contain restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and pursue business opportunities, including potential acquisitions. We may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth, acquire or retain Users, and to respond to business challenges could be significantly impaired, and our business may be harmed.

If currency exchange rates fluctuate substantially in the future, the results of our operations, which are reported in Euros, could be adversely affected.

As we continue to expand our international operations, we become increasingly exposed to the effects of fluctuations in currency exchange rates. We incur expenses for employee compensation, rental fees, and other operating expenses in the local currency, and an increasing percentage of our international revenue is from Users who pay us in currencies other than U.S. dollars and Euros, including the Swedish Krona, the Australian dollar, and the British Pound Sterling. We also incur royalty expenses primarily in U.S. dollars and Euros, but the corresponding revenues are being generated in local currencies and, as such, the multiple currency conversions will be affected by currency fluctuations, which may result in losses to us. Fluctuations in the exchange rates between the Euro and other currencies may impact expenses as well as revenue, and consequently have an impact on margin and the reported operating results. This could have a negative impact on our reported operating results. To date, we have engaged in limited hedging strategies related to foreign exchange risk stemming from our operations. These strategies may include instruments such as foreign exchange forward contracts and options. However, these strategies should not be expected to fully eliminate the foreign exchange rate risk that we are exposed to.

The impact of worldwide economic conditions may adversely affect our business, operating results, and financial condition.

Our financial performance is subject to worldwide economic conditions and their impact on levels of advertising spending. Expenditures by advertisers generally tend to reflect overall economic conditions, and to the extent that the economy continues to stagnate, reductions in spending by advertisers could have a material adverse impact on our business. Historically, economic downturns have resulted in overall reductions in advertising spending. Economic conditions may adversely impact levels of consumer spending, which could adversely impact the number of Users who purchase our Premium Services on our website and mobile application.

Consumer purchases of discretionary items generally decline during recessionary periods and other periods in which disposable income is adversely affected. To the extent that overall economic conditions reduce spending on discretionary activities, our ability to retain current and obtain new Premium Subscribers could be hindered, which could reduce our subscription revenue and negatively impact our business. For example, on June 23, 2016, a referendum was held on the United Kingdom's membership in the EU, the outcome of which was a vote in favor of leaving the EU. The United Kingdom's vote to leave the EU creates an uncertain political and economic environment in the United Kingdom and potentially across other EU member states, which may last for a number of months or years.

We are a multinational company that faces complex taxation regimes in various jurisdictions. Audits, investigations, and tax proceedings could have a material adverse effect on our business, results of operations, and financial condition.

We are subject to income and non-income taxes in numerous jurisdictions. Income tax accounting often involves complex issues, and judgment is required in determining our worldwide provision for income taxes and other tax liabilities. In particular, most of the jurisdictions in which we conduct business have detailed transfer pricing rules, which require that all transactions with non-resident related parties be priced using arm's length pricing principles within the meaning of such rules. We are subject to ongoing tax audits in several jurisdictions, and most of such audits involve transfer pricing issues. We regularly assess the likely outcomes of these audits in order to determine the appropriateness of our tax reserves as well as tax liabilities going forward. In addition, the application of withholding tax, value added tax, goods and services tax, sales taxes and other non-income taxes is not always clear and we may be subject to tax audits relating to such withholding or non-income taxes. We believe that our tax positions are reasonable and our tax reserves are adequate to cover any potential liability. However, tax authorities in certain jurisdictions may disagree with our position, including the propriety of our related party arm's length transfer pricing policies and the tax treatment of corresponding expenses and income.

If any of these tax authorities were successful in challenging our positions, we may be liable for additional income tax and penalties and interest related thereto in excess of any reserves established therefor, which may have a significant impact on our results and operations and future cash flow.

We may not be able to utilize all, or any, of our net operating loss carry-forwards.

We have significant net operating loss carry-forwards in Luxembourg, Sweden, and the United States. As of December 31, 2017, we had net operating loss carry-forwards of €62 million in Luxembourg, €843 million in Sweden, €257 million in the United States relating to federal taxes, and €182 million in the United States relating to state taxes. In certain jurisdictions, if we are unable to earn sufficient income or profits to utilize such carry-forwards before they expire, they will no longer be available to offset future income or profits.

In Sweden, utilization of these net operating loss carry-forwards may be subject to a substantial annual limitation if there is an ownership change within the meaning of Chapter 40, paragraphs 10-14 of the Swedish Income Tax Act (the “Swedish Income Tax Act”). In general, an ownership change, as defined by the Income Tax Act results from a transaction or series of transactions over a five-year period resulting in an ownership change of more than 50% of the outstanding stock of a company by certain categories or individuals, businesses or organizations.

In addition, in the United States, utilization of these net operating loss carry-forwards may be subject to a substantial annual limitation if there is an ownership change within the meaning of Section 382 of the Internal Revenue Code (“Section 382”). In general, an ownership change, as defined by Section 382, results from a transaction or series of transactions over a three-year period resulting in an ownership change of more than 50% of the outstanding stock of a company by certain stockholders or public groups. Since our formation, we have raised capital through the issuance of capital stock on several occasions, and we may continue to do so after our registration, which, combined with current or future shareholders’ disposition of ordinary shares, may or may not have resulted in such an ownership change. Such an ownership change may limit the amount of net operating loss carry-forwards that can be utilized to offset future taxable income.

If the fair market value of our ordinary shares fluctuates unpredictably and significantly on a quarterly basis, the social costs we accrue for share-based compensation may fluctuate unpredictably and significantly, which could result in our failing to meet our expectations or investor expectations for quarterly financial performance. This could negatively impact investor sentiment for the Company, and as a result, adversely impact the price of our ordinary shares.

Social costs are payroll taxes associated with employee salaries and benefits, including share-based compensation that we are subject to in various countries in which we operate. This is not a withholding tax. For the quarter ended December 31, 2017, we recorded a social cost expense related to share-based compensation of €38 million compared to €2 million for the quarter ended December 31, 2016.

When the fair market value of our ordinary shares increases on a quarter to quarter basis, the accrued expense for social costs will increase, and when the fair market value of ordinary shares falls, the accrued expense will become a reduction in social costs expense, all other things being equal, including the number of vested stock options and exercise price remains constant. After our initial listing on the NYSE, we expect the fair market value of our ordinary shares to be more volatile than the fair market value of our ordinary shares as a private company, largely due to the possible volatility of the trading price for our ordinary shares immediately after listing. See “—Risks Related to Owning Our Ordinary Shares—The trading price of our ordinary shares may be volatile, and could, upon listing on the NYSE, decline significantly and rapidly.” As a result, the accrued expense for social costs may fluctuate unpredictably and significantly, from quarter to quarter, which could result in our failing to meet our expectations or investor expectations for quarterly financial performance. This could negatively impact investor sentiment for the company, and as a result, the price for our ordinary shares.

Additionally, approximately 37% of our employees are in Sweden. With respect to our employees in Sweden, we are required to pay a 31.42% tax to the Swedish government on the profit an employee realizes on the exercise of our stock options. They accounted for a total of 1,938,960 in vested options as of December 31, 2017 compared to a total of 1,145,400 in vested options as of December 31, 2016. We cannot accurately predict how many of their vested options will remain outstanding after our listing on the NYSE. As a result, the cash payments to the Swedish government upon the exercise of vested stock options may vary significantly from quarter to quarter.

Changes to tax laws in any of the jurisdictions in which we operate or plan to operate in the future could have a material adverse effect on our business, results of operations, and financial condition. New proposals within the EU on taxing of digital companies could have an adverse effect on our business.

We are a multinational company that is subject to complex taxation regimes in numerous jurisdictions. Our future effective tax rates could be affected by changes in tax laws or their interpretation in any of those jurisdictions. Tax laws, including tax rates, in the jurisdictions in which we operate may change as a result of macroeconomic or other factors outside of our control. For example, on September 21, 2017, the EU released the Communication “A Fair and Efficient Tax System in the European Union for the Digital Single Market,” which proposes taxation of the digital economy and references a possible proposal in 2018.

On December 22, 2017, President Trump signed into law the U.S. Senate and the U.S. House of Representatives passed H.R. 1, “An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018” (informally titled the “Tax Cuts and Jobs Act”). Among a number of significant changes to the current U.S. federal income tax rules, the Tax Cuts and Jobs Act would reduce the marginal U.S. corporate income tax rate from 35% to 21%, limit the deduction for net interest expense, shift the United States toward a more territorial tax system, and impose new taxes to combat erosion of the U.S. federal income tax base. The impact that the Tax Cuts and Jobs Act will have on our business is uncertain at this time.

Changes in tax laws, treaties, or regulations or their interpretation or enforcement are unpredictable. Any of these occurrences could have a material adverse effect on our results of operations and financial condition.

Risks Related to Owning Our Ordinary Shares

Our listing differs significantly from an underwritten initial public offering.

This is not an underwritten initial public offering. This listing differs from an underwritten initial public offering in several significant ways, which include, but are not limited to, the following:

- There are no underwriters. Consequently, prior to the opening of trading on the NYSE, there will be no book building process and no price at which underwriters initially sold shares to the public to help inform efficient price discovery with respect to the opening trades on the NYSE. Therefore, buy and sell orders submitted prior to and at the opening of trading of our ordinary shares on the NYSE will not have the benefit of being informed by a published price range or a price at which the underwriters initially sold shares to the public. Moreover, there will be no underwriters assuming risk in connection with the initial resale of our ordinary shares. Additionally, because there are no underwriters, there is no underwriters’ option to purchase additional shares to help stabilize, maintain, or affect the public price of our ordinary shares on the NYSE immediately after the listing. In an underwritten initial public offering, the underwriters may engage in “covered” short sales in an amount of shares representing the underwriters’ option to purchase additional shares. To close a covered short position, the underwriters purchase shares in the open market or exercise the underwriters’ option to purchase additional shares. In determining the source of shares to close the covered short position, the underwriters typically consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the underwriters’ option to purchase additional shares. Purchases in the open market to cover short positions, as well as other purchases underwriters

may undertake for their own accounts, may have the effect of preventing a decline in the market price of shares. Given that there will be no underwriters' option to purchase additional shares or otherwise underwriters in engaging in stabilizing transactions, there could be greater volatility in the public price of our ordinary shares during the period immediately following the listing. See also "—The public price of our ordinary shares may be volatile, and could, upon listing on the NYSE, decline significantly and rapidly."

- There is not a fixed number of securities available for sale. Therefore, there can be no assurance that any Registered Shareholders or other existing shareholders will sell any or all of their ordinary shares and there may initially be a lack of supply of, or demand for, ordinary shares on the NYSE. Alternatively, we may have a large number of Registered Shareholders or other existing shareholders who choose to sell their ordinary shares in the near-term resulting in oversupply of our ordinary shares, which could adversely impact the public price of our ordinary shares once listed on the NYSE.
- None of our Registered Shareholders or other existing shareholders have entered into contractual lock-up agreements or other contractual restrictions on transfer, except for TME and Tencent. In an underwritten initial public offering, it is customary for an issuer's officers, directors, and most of its other shareholders to enter into a 180 day contractual lock-up arrangement with the underwriters to help promote orderly trading immediately after listing. Consequently, any of our shareholders, including our directors and officers who own our ordinary shares and other significant shareholders, may sell any or all of their ordinary shares at any time (subject to any restrictions under applicable law), including immediately upon listing. If such sales were to occur in a significant quantum, it may result in an oversupply of our ordinary shares in the market, which could adversely impact the public price of our ordinary shares. See "—With the exception of TME and Tencent, none of our shareholders are party to any contractual lock-up agreement or other contractual restrictions on transfer. Sales of substantial amounts of our ordinary shares in the public markets by our founders, affiliates, or non-affiliates, or the perception that such sales might occur, could reduce the price that our ordinary shares might otherwise attain and may dilute your voting power and your ownership interest in us."
- We will not conduct a traditional "roadshow" with underwriters prior to the opening of trading on the NYSE. Instead, we intend to host an investor day, as well as engage in certain other investor education meetings. In advance of the investor day, we will announce the date for such day over financial news outlets in a manner consistent with typical corporate outreach to investors. We will prepare an electronic presentation for this investor day, which will have content similar to a traditional roadshow presentation, and make one version of the presentation publicly available, without restriction, on a website. There can be no guarantees that the investor day and other investor education meetings will have the same impact on investor education as a traditional "roadshow" conducted in connection with an underwritten initial public offering. As a result, there may not be efficient price discovery with respect to our ordinary shares or sufficient demand among investors immediately after our listing, which could result in a more volatile public price of our ordinary shares.

Such differences from an underwritten initial public offering could result in a volatile market price for our ordinary shares and uncertain trading volume and may adversely affect your ability to sell your ordinary shares.

The public price of our ordinary shares, upon listing on the NYSE, may have little or no relationship to the historical sales prices of our ordinary shares in private transactions.

Prior to listing on the NYSE, there has been no public market for our ordinary shares. In the section titled "Sale Price History of Ordinary Shares," we have provided the historical sales prices of our ordinary shares in private transactions. However, this information may have little or no relation to broader market demand for our ordinary shares and thus the initial public price of our ordinary shares on the NYSE once trading begins. As a result, you should not place undue reliance on these historical sales prices as they may differ materially from the opening public prices and subsequent public prices of our ordinary shares on the NYSE. For more information about how the initial listing price on the NYSE will be determined, see "Plan of Distribution."

The public price of our ordinary shares may be volatile, and could, upon listing on the NYSE, decline significantly and rapidly.

As this listing is taking place via a novel process that is not an underwritten initial public offering, there will be no book building process and no price at which underwriters initially sold shares to the public to help inform efficient price discovery with respect to the opening trades on the NYSE. Pursuant to NYSE Rules, we have engaged Morgan Stanley & Co. LLC (“Morgan Stanley”) as a financial advisor to be available to consult with the designated market maker (the “DMM”) in setting the opening public price of our ordinary shares on the NYSE. Based on information provided by the NYSE, the opening public price of our ordinary shares on the NYSE will be determined by buy and sell orders collected by the NYSE from broker-dealers and the NYSE is where buy orders can be matched with sell orders at a single price. Based on such orders, the DMM will determine an opening price for our ordinary shares in consultation with Morgan Stanley pursuant to NYSE rules. For more information, see “Plan of Distribution.”

However, because Morgan Stanley will not have engaged in a book building process, they will not be able to provide input to the DMM that is based on or informed by that process. Moreover, prior to the opening trade, there will not be a price at which underwriters initially sold ordinary shares to the public as there would be in an underwritten initial public offering. This lack of an initial public offering price could impact the range of buy and sell orders collected by the NYSE from various broker-dealers. Consequently, the public price of our ordinary shares may be more volatile than in an underwritten initial public offering and could, upon listing on the NYSE, decline significantly and rapidly.

Moreover, because of our listing process and the broad consumer awareness of Spotify, individual investors may have a greater influence in setting the opening public price and subsequent public prices of our ordinary shares on the NYSE and may have a higher participation in our listing than is typical for an underwritten initial public offering. This could result in a public price of our ordinary shares that is higher than other investors (such as institutional investors) are willing to pay. This could cause volatility in the trading price of our ordinary shares and an unsustainable trading price if the price of our ordinary shares significantly rises upon listing and institutional investors believe the ordinary shares are worth less than retail investors, in which case the price of our ordinary shares may decline over time. Further, if the public price of our ordinary shares is above the level that investors determine is reasonable for our ordinary shares, some investors may attempt to short the ordinary shares after trading begins, which would create additional downward pressure on the public price of our ordinary shares.

The public price of our ordinary shares following the initial listing also could be subject to wide fluctuations in response to the risk factors described in this prospectus and others beyond our control, including:

- the number of our ordinary shares publicly owned and available for trading;
- quarterly variations in our results of operations or those of our competitors;
- our actual or anticipated operating performance and the operating performance of similar companies in the internet, radio, or digital media spaces;
- our announcements or our competitors’ announcements regarding new services, enhancements, significant contracts, acquisitions, or strategic investments;
- general economic conditions and their impact on advertising spending;
- the overall performance of the equity markets;
- threatened or actual litigation;
- changes in laws or regulations relating to our Service;

[Table of Contents](#)

- any major change in our board of directors or management;
- publication of research reports about us or our industry or changes in recommendations or withdrawal of research coverage by securities analysts; and
- sales or expected sales of our ordinary shares by us, and our officers, directors, and significant shareholders.

In addition, the stock market in general, and the market for technology companies in particular, have experienced extreme price and volume fluctuations that often have been unrelated or disproportionate to the operating performance of those companies. These fluctuations may be even more pronounced in the trading market for our ordinary shares shortly following the initial listing (as a result of the supply and demand forces described above). Securities class action litigation has often been instituted against companies following periods of volatility in the overall market and in the market price of a company's securities. Such litigation, if instituted against us, could result in very substantial costs, divert our management's attention and resources and harm our business, operating results, and financial condition.

An active, liquid, and orderly market for our ordinary shares may not develop or be sustained. You may be unable to sell your ordinary shares at or above the price you bought them for.

We currently expect our ordinary shares to be listed and traded on the NYSE. Prior to listing on the NYSE, there has been no public market for our ordinary shares. Moreover, consistent with the federal securities laws in connection with our direct listing, we have not consulted with Registered Shareholders or other existing shareholders regarding their desire to sell shares in a public market or discussed with potential investors their intentions to buy our ordinary shares in the open market. While, with the exception of shares owned by Tencent and TME, all of our ordinary shares may be sold after our initial listing on the NYSE either by the Registered Shareholders pursuant to this prospectus or by our other existing shareholders in accordance with Rule 144 of the Securities Act, unlike an initial public offering, there can be no assurance that any Registered Shareholders or other existing shareholders will sell any or all of their ordinary shares and there may initially be a lack of supply of, or demand for, ordinary shares on the NYSE. In the case of a lack of supply for our ordinary shares, the trading price of our ordinary shares may rise to an unsustainable level, particularly in instances where institutional investors may be discouraged from purchasing our ordinary shares because they are unable to purchase a block of our ordinary shares in the open market and individual investors have a greater influence in setting the trading price. In the case of a lack of demand for our ordinary shares, the trading price of our ordinary shares could decline significantly and rapidly after our listing. Therefore, an active, liquid, and orderly trading market for our ordinary shares may not initially develop or be sustained, which could significantly depress the public price of our ordinary shares and/or result in significant volatility, which could affect your ability to sell your ordinary shares.

Because of their significant ownership of our ordinary shares and beneficiary certificates, our founders have substantial control over our business, and their interests may differ from our interests or those of our other shareholders.

As of February 22, 2018, our founders, Daniel Ek and Martin Lorentzon, beneficially owned or controlled, directly or indirectly, ordinary shares and beneficiary certificates representing 37.3% and 43.1% of the combined voting power of all of our outstanding voting securities, respectively (or 80.4% in the aggregate). See "Description of Share Capital and Articles of Association—Share Capital." Additionally, our shareholders have authorized the issuance of up to 1,400,000,000 beneficiary certificates to shareholders of the Company. We may issue additional beneficiary certificates under the total authorized amount at the discretion of our board of directors, of which our founders are members. The beneficiary certificates may be issued at a ratio of between one and 20 beneficiary certificates per ordinary share as determined by our board of directors or its delegate at the time of issuance. For example, in the future, we may issue to our founders up to 20 beneficiary certificates for each ordinary share they receive upon the exercise of outstanding warrants, of which they currently hold 6,720,000 in the aggregate.

As a result of this ownership or control of our voting securities, if our founders act together, they will have control over the outcome of substantially all matters submitted to our shareholders for approval, including the election of directors. This may delay or prevent an acquisition or cause the public price of our ordinary shares to decline. Our founders may have interests different from yours. Therefore, the concentration of voting power among our founders may have an adverse effect on the price of our ordinary shares.

With the exception of TME and Tencent, none of our shareholders are party to any contractual lock-up agreement or other contractual restrictions on transfer. Sales of substantial amounts of our ordinary shares in the public markets by our founders, affiliates, or non-affiliates, or the perception that such sales might occur, could reduce the price that our ordinary shares might otherwise attain and may dilute your voting power and your ownership interest in us.

Sales of substantial amounts of our ordinary shares in the public market by our founders, affiliates, or non-affiliates following our listing, or the perception that such sales could occur, could adversely affect the public price of our ordinary shares and may make it more difficult for you to sell your ordinary shares at a time and price that you deem appropriate. We have 176,976,280 ordinary shares outstanding as of February 22, 2018, all of which will be “restricted securities” as that term is defined under Rule 144 of the Securities Act. Of these ordinary shares, other than the ordinary shares held by TME and Tencent, substantially all may be immediately sold either by the Registered Shareholders pursuant to this prospectus or by our other existing shareholders under Rule 144 since such ordinary shares will have been beneficially owned by non-affiliates who beneficially owned such ordinary shares for at least one year. Moreover, once we have been a reporting company subject to the reporting requirements of Section 13 or Section 15(d) of the Securities Exchange Act of 1934 (the “Exchange Act”) for 90 days and assuming the availability of certain public information about us, (i) a non-affiliate who has beneficially owned ordinary shares for at least six months may rely on Rule 144 to sell their ordinary shares, and (ii) an affiliate who has beneficially owned ordinary shares for at least six months, including certain of the ordinary shares covered by this prospectus to the extent not sold hereunder, would be entitled to sell within any three-month period a number of ordinary shares that does not exceed the greater of either of the following: (a) 1% of the number of ordinary shares then outstanding, and (b) the average weekly reported volume of trading of our ordinary shares during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale. With the exception of TME and Tencent, who each agreed pursuant to the Tencent Transactions not to transfer our ordinary shares for a period of three years subject to limited exceptions as described in “Summary—Recent Developments—Tencent Transactions,” none of our shareholders prior to the effectiveness of the Registration Statement will be subject to any contractual lock-up or other contractual restriction on the transfer or sale of their ordinary shares. As of February 22, 2018, approximately 7.5% of our outstanding ordinary shares are subject to restrictions on transfer or sale pursuant to the Tencent Transactions.

We also may issue our share capital or securities convertible into our share capital from time to time in connection with a financing, acquisition, investments, or otherwise. Any such issuance could result in substantial dilution to our existing shareholders and cause the public price of our ordinary shares to decline.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our share price and trading volume could decline.

The trading market for our ordinary shares will be influenced by the research and reports that securities or industry analysts publish about our Company or us. Securities and industry analysts do not currently, and may never, publish research focused on our Company. If no securities or industry analysts commence coverage of our Company, the price and trading volume of our ordinary shares likely would be negatively impacted. If securities or industry analysts initiate coverage and one or more of the analysts who cover us downgrade our ordinary shares or publish inaccurate or unfavorable research about our Company, our ordinary share price would likely decline. Additionally, although we are providing the historical sales prices of our ordinary shares in private transactions, such information may have little or no relationship to the price determined using traditional valuation methods, but we believe that securities and industry analysts will rely upon these methods to establish

target prices for our ordinary shares. If these analysts publish target prices for our ordinary shares that are below our historical sales prices for our ordinary shares or the then-current public price of our ordinary shares, it could cause our stock price to decline significantly. Further, if one or more of these analysts cease coverage of our Company or fail to publish reports on us regularly, demand for our ordinary shares could decrease, which might cause our ordinary share price and trading volume to decline.

In making your investment decision, you should understand that we have not authorized any other party to provide you with information concerning this registration or us.

You should carefully evaluate all of the information in this prospectus. We have in the past received, and may continue to receive, a high degree of media coverage, including coverage that is not directly attributable to statements made by our officers or employees, that incorrectly reports on statements made by our officers or employees or that is misleading as a result of omitting information provided by us, our officers, or our employees. We have not authorized any other party to provide you with information concerning this registration or us.

The requirements of being a public company may strain our resources, divert management's attention, and affect our ability to attract and retain qualified board of director members.

As a public company, we will be subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, the listing requirements of the NYSE, on which we will trade, and other applicable securities rules and regulations. Compliance with these rules and regulations will increase our legal and financial compliance costs, make some activities more difficult, time-consuming, or costly, and increase demand on our systems and resources. The Exchange Act requires, among other things, that we file annual and current reports with respect to our business and operating results. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm our business and operating results. Although we have already hired additional employees to comply with these requirements, we may need to hire more employees in the future, which will increase our costs and expenses.

In addition, changing laws, regulations, and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations, and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations, and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations, and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

We also expect that being a public company combined with these new rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors also could make it more difficult for us to attract and retain qualified senior management and members of our board of directors, particularly to serve on our audit committee and compensation committee.

As a result of disclosure of information in this prospectus and in filings required of a public company, our business and financial condition will become more visible, which we believe may result in threatened or actual

litigation, including by competitors and other third parties. If such claims are successful, our business and operating results could be harmed, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and materially harm our business, operating results, and financial condition.

As a result of becoming a public company, we will be obligated to develop and maintain proper and effective internal control over financial reporting. We may not complete our assessment of our internal control over financial reporting in a timely manner, or these internal controls may be determined to be ineffective, which may adversely affect investor confidence in our company and, as a result, the value of our ordinary shares.

We will be required, pursuant to Section 404 of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting for the first fiscal year beginning after the effective date of the Registration Statement. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting, as well as a statement that our auditors have issued an attestation report on our management's assessment of our internal controls.

We are in the very early stages of the costly and challenging process of compiling the system and processing documentation necessary to perform the evaluation needed to comply with Section 404. We may not be able to complete our evaluation, testing, and any required remediation in a timely fashion. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal controls are effective. We have in the past identified material weaknesses in our internal control over financial reporting and we cannot assure you that there will not be material weaknesses in our internal controls in the future. If we are unable to assert that our internal control over financial reporting are effective, or if our auditors are unable to express an opinion on the effectiveness of our internal controls, we could lose investor confidence in the accuracy and completeness of our financial reports, which would cause the price of our ordinary shares to decline. See “—Risks Related to our Business—Our royalty scheme is complex and it is difficult to estimate the amount payable under our license agreements.”

Provisions in our articles of association, the issuance of beneficiary certificates, and the existence of certain voting agreements may delay or prevent our acquisition by a third party.

Our articles of association, which will become effective prior to the effectiveness of the Registration Statement, will contain provisions that may make it more difficult or expensive for a third party to acquire control of us without the approval of our board of directors and, if required, our shareholders. These provisions also may delay, prevent, or deter a merger, acquisition, tender offer, proxy contest, or other transaction that might otherwise result in our shareholders receiving a premium over the market price for their ordinary shares. The provisions include, among others, the authorization granted by the general meeting of shareholders to our board of directors to issue ordinary shares within the limits of the authorized share capital at such times and on such terms as our board of directors may decide for a maximum period of five years after the date of publication in the Luxembourg official gazette (*Recueil électronique des Sociétés et Associations*, as applicable) of the minutes of the relevant general meeting approving such authorization. The general meeting may amend, renew, or extend such authorized share capital and such authorization to the board of directors to issue ordinary shares.

For more information, see “Description of Share Capital and Articles of Association—Articles of Association.” The provisions of our articles of association could discourage potential takeover attempts and reduce the price that investors might be willing to pay for our ordinary shares in the future, which could reduce the public price of our ordinary shares.

Additionally, the issuance of beneficiary certificates also may make it more difficult or expensive for a third party to acquire control of us without the approval of our founders. Our shareholders have authorized the

issuance of up to 1,400,000,000 beneficiary certificates to shareholders of the Company without reserving to our existing shareholders a preemptive right to subscribe for the beneficiary certificates issued in the future. Our beneficiary certificates may be issued at a ratio of between one and 20 beneficiary certificates per ordinary share as determined by our board of directors or its delegate at the time of issuance. We have issued ten beneficiary certificates per ordinary share held of record (excluding warrants, options, and RSUs, as applicable) to entities beneficially owned by our founders, Daniel Ek and Martin Lorentzon, for a total of 379,201,200 beneficiary certificates. Our ordinary shares provide the holders of such ordinary shares economic rights in addition to voting rights. The beneficiary certificates carry no economic rights and are issued to provide the holders of such beneficiary certificates additional voting rights without granting additional economic rights. The beneficiary certificates, subject to certain exceptions, may not be transferred and will automatically be canceled for no consideration in the case of sale or transfer of the ordinary share to which they are linked. See “—Because of their significant ownership of our ordinary shares and beneficiary certificates, our founders have substantial control over our business, and their interests may differ from our interests or those of our other shareholders.”

Exchange rate fluctuations may reduce the amount of U.S. dollars you receive in respect of any dividends or other distributions we may pay in the future in connection with your ordinary shares.

Our ordinary shares will be quoted in U.S. dollars on the NYSE. Our financial statements are prepared in Euros. Under Luxembourg law, the determination of whether we have sufficient distributable profits to pay dividends is made on the basis of our unconsolidated annual financial statements prepared under the Luxembourg Company Law in accordance with accounting principles generally accepted in Luxembourg. Exchange rate fluctuations may affect the amount in Euro that we are able to distribute, and the amount in U.S. dollars that our shareholders receive upon the payment of cash dividends or other distributions we declare and pay in Euro, if any. Such fluctuations could adversely affect the value of our ordinary shares, and, in turn, the U.S. dollar proceeds that holders receive from the sale of our ordinary shares.

The issuance of beneficiary certificates to certain shareholders will limit your voting power and will limit your ability to influence the composition of the board of directors, strategy, or performance of the business. We cannot predict the impact that beneficiary certificates may have on our stock price.

Our shareholders have authorized the issuance of up to 1,400,000,000 beneficiary certificates to shareholders of the Company without reserving to our existing shareholders a preemptive right to subscribe for the beneficiary certificates issued in the future. We have issued 379,201,200 beneficiary certificates to entities beneficially owned by our founders, Daniel Ek and Martin Lorentzon. We may issue additional beneficiary certificates under the total authorized amount at the discretion of our board of directors, of which our founders are members. Our beneficiary certificates may be issued at a ratio of between one and 20 beneficiary certificates per ordinary share as determined by our board of directors or its delegate at the time of issuance. For example, in the future, we may issue to our founders up to 20 beneficiary certificates for each ordinary share they receive upon the exercise of outstanding warrants, of which they currently hold 6,720,000 in the aggregate. See “Management—Board of Directors Practices—Warrants.” Each beneficiary certificate entitles its holder to one vote. The beneficiary certificates carry no economic rights and are issued to provide the holders of such beneficiary certificates additional voting rights. The beneficiary certificates, subject to certain exceptions, may not be transferred and will automatically be canceled for no consideration in the case of sale or transfer of the ordinary share to which they are linked. As a result, the issuance of the beneficiary certificates and the voting power that they provide to the shareholders receiving those beneficiary certificates will limit the voting power of minority shareholders and the ability of minority shareholders to influence the composition of the board of directors, strategy, or performance of our business. See “—Because of their significant ownership of our ordinary shares and beneficiary certificates, our founders have substantial control over our business, and their interests may differ from our interests or those of our other shareholders,” “Description of Share Capital and Articles of Association—Articles of Association—Voting Rights” and “Registered Shareholders.”

Finally, we cannot predict whether the issuance of beneficiary certificates will result in a lower or more volatile public price of our ordinary shares or result in adverse publicity or other adverse consequences. For

example, in July 2017, FTSE Russell announced that it plans to require new constituents of its indexes to have greater than five percent of the company's voting rights in the hands of public shareholders, and S&P Dow Jones announced that it will no longer admit companies with multiple-class share structures to certain of its indexes. While we do not have a multiple-class share structure, we cannot predict if we would be excluded from these indexes as a result of the issuance of beneficiary certificates and we cannot assure you that other stock indexes will not take similar actions. Given the sustained flow of investment funds into passive strategies that seek to track certain indexes, exclusion from stock indexes would likely preclude investment by many of these funds and could make our ordinary shares less attractive to other investors. As a result, the public price of our ordinary shares could be adversely affected.

We may be classified as a passive foreign investment company, which could result in adverse U.S. federal income tax consequences to U.S. Holders of our ordinary shares.

We would be classified as a passive foreign investment company ("PFIC") for any taxable year if, after the application of certain look-through rules, either: (i) 75% or more of our gross income for such year is "passive income" (as defined in the relevant provisions of the Internal Revenue Code of 1986, as amended), or (ii) 50% or more of the value of our assets (determined on the basis of a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income. Based on the expected public price of our ordinary shares following the registration and the composition of our income, assets and operations, we do not expect to be treated as a PFIC for U.S. federal income tax purposes for the current taxable year or in the foreseeable future. However, this is a factual determination that must be made annually after the close of each taxable year. Moreover, the value of our assets for purposes of the PFIC determination may be determined by reference to the public price of our ordinary shares, which could fluctuate significantly. Therefore, there can be no assurance that we will not be classified as a PFIC in the future. Certain adverse U.S. federal income tax consequences could apply to a U.S. Holder (as defined in "Certain Taxation Considerations—U.S. Federal Income Tax Considerations") if we are treated as a PFIC for any taxable year during which such U.S. Holder holds our ordinary shares.

Our ability to pay dividends is subject to restrictions in our indebtedness as well as the restrictions on the ability of our subsidiaries to pay dividends or make distributions to us. Our ordinary shares have no guaranteed dividends and holders of our ordinary shares have no recourse if dividends are not declared.

We are a holding company and have no material assets other than our direct and indirect ownership of ordinary shares in our subsidiaries. Additionally, we have never declared or paid any cash dividends on our share capital, and we do not expect to pay dividends or other distributions on our ordinary shares in the foreseeable future. Our ability to generate income and pay dividends is dependent on the ability of our subsidiaries to declare and pay dividends or lend funds to us. Future indebtedness of our subsidiaries may prohibit the payment of dividends or the making, or repayment, of loans or advances to the Company. In addition, the ability of any of our direct or indirect subsidiaries to make certain distributions may be limited by the laws of the relevant jurisdiction in which the subsidiaries are organized or located, including financial assistance rules, corporate benefit laws, liquidity requirements, requirements that dividends must be paid out of reserves available for distribution, and other legal restrictions which, if violated, might require the recipient to refund unlawful payments. As a consequence of these limitations and restrictions, we or our direct and indirect subsidiaries may not be able to make, or may have to reduce or eliminate, the payment of dividends. Accordingly, you may have to sell some or all of your ordinary shares after price appreciation in order to generate cash flow from your investment. You may not receive a gain on your investment when you sell your ordinary shares and you may lose the entire amount of the investment. Additionally, since we are expected to rely primarily on dividends from our direct and indirect subsidiaries to fund our financial and other obligations, restrictions on our ability to receive such funds may adversely impact our ability to fund our financial and other obligations. See "Dividend Policy."

Risks Related to Investment in a Luxembourg Company and Our Status as a Foreign Private Issuer

As a foreign private issuer, we are exempt from a number of U.S. securities laws and rules promulgated thereunder and are permitted to publicly disclose less information than U.S. companies must. This may limit the information available to holders of the ordinary shares.

We currently qualify as a “foreign private issuer,” as defined in the SEC’s rules and regulations, and, consequently, we are not subject to all of the disclosure requirements applicable to companies organized within the United States. For example, we are exempt from certain rules under the Exchange Act, that regulate disclosure obligations and procedural requirements related to the solicitation of proxies, consents or authorizations applicable to a security registered under the Exchange Act. In addition, our officers and directors are exempt from the reporting and “short-swing” profit recovery provisions of Section 16 of the Exchange Act and related rules with respect to their purchases and sales of our securities. For example, some of our key executives may sell a significant amount of ordinary shares and such sales will not be required to be disclosed as promptly as companies organized within the United States would have to disclose. Accordingly, once such sales are eventually disclosed, our ordinary share price may decline significantly. Moreover, we are not required to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. public companies. We also are not subject to Regulation FD under the Exchange Act, which would prohibit us from selectively disclosing material nonpublic information to certain persons without concurrently making a widespread public disclosure of such information. Accordingly, there may be less publicly available information concerning our company than there is for U.S. public companies.

As a foreign private issuer, we will file an annual report on Form 20-F within four months of the close of each fiscal year ended December 31 and furnish reports on Form 6-K relating to certain material events promptly after we publicly announce these events. However, because of the above exemptions for foreign private issuers, which we intend to rely on, our shareholders will not be afforded the same information generally available to investors holding shares in public companies that are not foreign private issuers.

We may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses. This would make us subject to U.S. GAAP reporting requirements which may be difficult for us to comply with.

As a “foreign private issuer,” we are not required to comply with all of the periodic disclosure and current reporting requirements of the Exchange Act and related rules and regulations. Under those rules, the determination of foreign private issuer status is made annually on the last business day of an issuer’s most recently completed second fiscal quarter, and, accordingly, the next determination will be made with respect to us on June 30, 2018.

In the future, we would lose our foreign private issuer status if a majority of our shareholders, directors or management are U.S. citizens or residents and we fail to meet additional requirements necessary to avoid loss of foreign private issuer status. Although we intend to follow certain practices that are consistent with U.S. regulatory provisions applicable to U.S. companies, such as providing quarterly financial information to the SEC, our loss of foreign private issuer status would make such provisions mandatory. The regulatory and compliance costs to us under U.S. securities laws as a U.S. domestic issuer may be significantly higher. If we are not a foreign private issuer, we will be required to file periodic reports and prospectus on U.S. domestic issuer forms with the SEC, which are more detailed and extensive than the forms available to a foreign private issuer. For example, we would become subject to the Regulation Fair Disclosure, aimed at preventing issuers from making selective disclosures of material information. We also may be required to modify certain of our policies to comply with good governance practices associated with U.S. domestic issuers. Such conversion and modifications will involve additional costs. In addition, we may lose our ability to rely upon exemptions from certain corporate governance requirements on U.S. stock exchanges that are available to foreign private issuers. Also, we would be required to change our basis of accounting from IFRS as issued by the IASB to U.S. generally accepted accounting principles (“U.S. GAAP”), which may be difficult and costly for us to comply with. If we

lose our foreign private issuer status and fail to comply with U.S. securities laws applicable to U.S. domestic issuers, we may have to de-list from the NYSE and could be subject to investigation by the SEC, NYSE, and other regulators, among other materially adverse consequences.

The rights of our shareholders may differ from the rights they would have as shareholders of a U.S. corporation, which could adversely impact trading in our ordinary shares and our ability to conduct equity financings.

Our corporate affairs are governed by our articles of association and the laws of Luxembourg, including the Luxembourg Company Law (*loi du 10 août 1915 concernant les sociétés commerciales, telle qu'elle a été modifiée*). The rights of our shareholders and the responsibilities of our directors and officers under Luxembourg law are different from those applicable to a corporation incorporated in the United States. There may be less publicly available information about us than is regularly published by or about U.S. issuers. In addition, Luxembourg law governing the securities of Luxembourg companies may not be as extensive as those in effect in the United States, and Luxembourg law, and regulations in respect of corporate governance matters might not be as protective of minority shareholders as state corporation laws in the United States. Therefore, our shareholders may have more difficulty in protecting their interests in connection with actions taken by our directors and officers or our principal shareholders than they would as shareholders of a corporation incorporated in the United States. As a result of these differences, our shareholders may have more difficulty protecting their interests than they would as shareholders of a U.S. issuer.

We are organized under the laws of Luxembourg and a substantial amount of our assets are not located in the United States. It may be difficult for you to obtain or enforce judgments or bring original actions against us or the members of our board of directors in the United States.

We are organized under the laws of Luxembourg. In addition, a substantial amount of our assets are located outside the United States. Furthermore, many of the members of our board of directors and officers and some experts named in this prospectus reside outside the United States and a substantial portion of their assets are located outside the United States. Investors may not be able to effect service of process within the United States upon us or these persons or enforce judgments obtained against us or these persons in U.S. courts, including judgments in actions predicated upon the civil liability provisions of the U.S. federal securities laws. Likewise, it also may be difficult for an investor to enforce in U.S. courts judgments obtained against us or these persons in courts located in jurisdictions outside the United States, including judgments predicated upon the civil liability provisions of the U.S. federal securities laws. Awards of punitive damages in actions brought in the United States or elsewhere are generally not enforceable in Luxembourg.

As there is no treaty in force on the reciprocal recognition and enforcement of judgments in civil and commercial matters between the United States and Luxembourg, courts in Luxembourg will not automatically recognize and enforce a final judgment rendered by a U.S. court. A valid judgment obtained from a court of competent jurisdiction in the United States may be entered and enforced through a court of competent jurisdiction in Luxembourg, subject to compliance with the enforcement procedures (*exequatur*). The enforceability in Luxembourg courts of judgments rendered by U.S. courts will be subject, prior to any enforcement in Luxembourg, to the procedure and the conditions set forth in the Luxembourg procedural code, which conditions may include the following as of the date of this prospectus (which may change):

- the judgment of the U.S. court is final and enforceable (*exécutoire*) in the United States;
- the U.S. court had jurisdiction over the subject matter leading to the judgment (that is, its jurisdiction was in compliance both with Luxembourg private international law rules and with the applicable domestic U.S. federal or state jurisdictional rules);
- the U.S. court applied to the dispute the substantive law that would have been applied by Luxembourg courts (based on recent case law and legal doctrine, it is not certain that this condition would still be required for an *exequatur* to be granted by a Luxembourg court);

[Table of Contents](#)

- the judgment was granted following proceedings where the counterparty had the opportunity to appear and, if it appeared, to present a defense, and the decision of the foreign court must not have been obtained by fraud, but in compliance with the rights of the defendant;
- the U.S. court acted in accordance with its own procedural laws; and
- the decisions and the considerations of the U.S. court must not be contrary to Luxembourg international public policy rules or have been given in proceedings of a tax or criminal nature or rendered subsequent to an evasion of Luxembourg law (*fraude à la loi*). Awards of damages made under civil liabilities provisions of the U.S. federal securities laws, or other laws, which are classified by Luxembourg courts as being of a penal or punitive nature (for example, fines or punitive damages), might not be recognized by Luxembourg courts. Ordinarily, an award of monetary damages would not be considered as a penalty, but if the monetary damages include punitive damages, such punitive damages may be considered a penalty.

In addition, actions brought in a Luxembourg court against us, the members of our board of directors, our officers, or the experts named herein to enforce liabilities based on U.S. federal securities laws may be subject to certain restrictions. In particular, Luxembourg courts generally do not award punitive damages. Litigation in Luxembourg also is subject to rules of procedure that differ from the U.S. rules, including, with respect to the taking and admissibility of evidence, the conduct of the proceedings and the allocation of costs. Proceedings in Luxembourg would have to be conducted in the French or German language, and all documents submitted to the court would, in principle, have to be translated into French or German. For these reasons, it may be difficult for a U.S. investor to bring an original action in a Luxembourg court predicated upon the civil liability provisions of the U.S. federal securities laws against us, the members of our board of directors, our officers, or the experts named in this prospectus. In addition, even if a judgment against the Company, the non-U.S. members of our board of directors, our officers, or the experts named in this prospectus based on the civil liability provisions of the U.S. federal securities laws is obtained, a U.S. investor may not be able to enforce it in U.S. or Luxembourg courts.

Our articles of association, as they will become effective upon their amendment prior to the effectiveness of the Registration Statement, will provide that directors and officers, past and present, will be entitled to indemnification from us to the fullest extent permitted by Luxembourg law against all liability and expenses reasonably incurred or paid by him or her in connection with any claim, action, suit, or proceeding in which he or she would be involved by virtue of his or her being or having been a director or officer and against amounts paid or incurred by him or her in the settlement thereof. However, no indemnification will be provided against any liability to our directors, officers, or shareholders (i) by reason of willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties of a director or officer, (ii) with respect to any matter as to which any director or officer shall have been finally adjudicated to have acted in bad faith and not in our interest, or (iii) in the event of a settlement, unless approved by a court or the board of directors. The rights and obligations among or between us and any of our current or former directors and officers are generally governed by the laws of Luxembourg and subject to the jurisdiction of the Luxembourg courts, unless such rights or obligations do not relate to or arise out of such persons' capacities listed above. Although there is doubt as to whether U.S. courts would enforce this indemnification provision in an action brought in the United States under U.S. federal or state securities laws, this provision could make judgments obtained outside Luxembourg more difficult to enforce against our assets in Luxembourg or in jurisdictions that would apply Luxembourg law.

Luxembourg and European insolvency and bankruptcy laws are substantially different from U.S. insolvency laws and may offer our shareholders less protection than they would have under U.S. insolvency and bankruptcy laws.

As a company organized under the laws of Luxembourg and with its registered office in Luxembourg, we are subject to Luxembourg insolvency and bankruptcy laws in the event any insolvency proceedings are initiated against us including, among other things, Council and European Parliament Regulation (EU) 2015/848 of 20 May 2015 on insolvency proceedings (recast). Should courts in another European country determine that the insolvency and bankruptcy laws of that country apply to us in accordance with and subject to such EU regulations, the courts in that country could have jurisdiction over the insolvency proceedings initiated against us. Insolvency and bankruptcy laws in Luxembourg or the relevant other European country, if any, may offer our shareholders less protection than they would have under U.S. insolvency and bankruptcy laws and make it more difficult for them to recover the amount they could expect to recover in a liquidation under U.S. insolvency and bankruptcy laws.

USE OF PROCEEDS

Registered Shareholders may, or may not, elect to sell their ordinary shares covered by this prospectus. To the extent any Registered Shareholder chooses to sell their ordinary shares covered by this prospectus, we will not receive any proceeds from any such sales of our ordinary shares. See “Principal Shareholders” and “Registered Shareholders.”

DIVIDEND POLICY

We have never declared or paid any cash dividends on our share capital, and we do not expect to pay dividends or other distributions on our ordinary shares in the foreseeable future. There are no legislative or other legal provisions currently in force in Luxembourg or arising under our articles of association that restrict the payment of dividends or distributions to holders of our ordinary shares not resident in Luxembourg, except for regulations restricting the remittance of dividends, distributions, and other payments in compliance with United Nations and EU sanctions. We currently intend to retain any future earnings for working capital and general corporate purposes. Under Luxembourg law, the amount and payment of dividends or other distributions is determined by a simple majority vote at a general shareholders' meeting based on the recommendation of our board of directors, except in certain limited circumstances. Pursuant to our articles of association, the board of directors has the power to pay interim dividends or make other distributions in accordance with applicable Luxembourg law. Distributions may be lawfully declared and paid if our net profits and/or distributable reserves are sufficient under Luxembourg law. All of our ordinary shares rank *pari passu* with respect to the payment of dividends or other distributions unless the right to dividends or other distributions has been suspended in accordance with our articles of association or applicable law. Holders of beneficiary certificates are not entitled to receive any dividend payments with respect to such beneficiary certificates.

Under Luxembourg law, at least 5% of our net profits per year must be allocated to the creation of a legal reserve until such reserve has reached an amount equal to 10% of our issued share capital. The allocation to the legal reserve becomes compulsory again when the legal reserve no longer represents 10% of our issued share capital. The legal reserve is not available for distribution.

We are a holding company and have no material assets other than our indirect ownership of ordinary shares in our operating subsidiaries. Our ability to generate income and pay dividends is dependent on the ability of our subsidiaries to declare and pay dividends or lend funds to us.

The registrar and transfer agent for Spotify's ordinary shares will be Computershare Trust Company N.A.

CAPITALIZATION

The following table sets forth our cash and cash equivalents, short term investments, indebtedness, and capitalization as of December 31, 2017 on an actual basis and on a pro forma basis after giving effect to the exchange of all outstanding Convertible Notes into ordinary shares, assuming the exchange was consummated as of December 31, 2017. All information in the table below gives effect to the Share Split, which we expect to effectuate prior to the effectiveness of the Registration Statement. This table should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our audited consolidated financial statements and the related notes included elsewhere in this prospectus.

	As of December 31, 2017	
	Actual	Pro Forma (unaudited)
	(in € millions)	
Cash and cash equivalents	477	477
Short term investments	1,032	1,032
Convertible Notes (1)	944	—
Equity:		
Other paid in capital	2,488	3,432
Other reserves	177	177
Accumulated deficit	(2,427)	(2,427)
Equity attributable to owners of the parent	238	1,182
Total capitalization	238	1,182

- (1) Our Convertible Notes were guaranteed by certain of our subsidiaries and were unsecured. See “Management’s Discussion and Analysis of Financial Condition and Operating Results—Indebtedness—Description of Convertible Notes.”

CURRENCIES AND EXCHANGE RATES

Exchange Rates

Our functional and reporting currency is the Euro and a significant amount of our costs are denominated in Euros. In this prospectus, translations of Euro amounts into U.S. dollars are solely for the convenience of the reader. For all dates and periods, the exchange rate refers to the exchange rate as set forth in the H.10 statistical release of the Federal Reserve Board. The rates represent the noon buying rate in New York for wire transfers payable in foreign currencies. No representation is made that the Euro amounts referred to in this prospectus could have been or could be converted into U.S. dollars at any particular rate or at all. On February 23, 2018 the exchange rate was \$1.2295 to €1.00.

The following table sets forth information concerning exchange rates between the Euro and the U.S. dollar for the periods indicated. These rates are provided solely for your convenience and are not necessarily the exchange rates that we used in this prospectus or will use in the preparation of our periodic reports or any other information to be provided to you.

(U.S. dollar per Euro)	<u>Period-end</u>	<u>Average for period</u>	<u>Low</u>	<u>High</u>
Year ended December 31 :				
2015	1.0862	1.1098	1.0496	1.2002
2016	1.0517	1.1070	1.0388	1.1534
2017	1.2005	1.1300	1.0406	1.2036
2018 (through February 23, 2018)	1.2295	1.2264	1.1937	1.2509
Month ended:				
January 2018	1.2414	1.2201	1.1937	1.2427
February 2018 (through February 23, 2018)	1.2295	1.2361	1.2247	1.2509

SELECTED HISTORICAL FINANCIAL INFORMATION AND OTHER DATA

The following selected consolidated financial and other data should be read in conjunction with, and is qualified in its entirety by reference to, the section of this prospectus entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the notes thereto included elsewhere in this prospectus.

The selected consolidated financial, pro forma, and other data for the years ended December 31, 2015, 2016, and 2017 and as of December 31, 2016 and 2017, have been derived from our consolidated financial statements and the notes thereto included elsewhere in this prospectus. We prepared our consolidated financial statements for the years ended December 31, 2015, 2016, and 2017 in accordance with IFRS as issued by the IASB. Please read Note 2 to the consolidated financial statements included elsewhere in this prospectus. The selected consolidated financial and other data for the years ended December 31, 2013 and 2014, and as of December 31, 2013, 2014, and 2015 are not included elsewhere in this prospectus and have been presented without the retrospective application of IFRS 15 and may not be comparable to the years ended December 31, 2015, 2016, and 2017.

The following data gives effect to the Share Split, which we expect to effectuate prior to the effectiveness of the Registration Statement. Our historical results for any prior period are not necessarily indicative of results expected in any future period.

	Year ended December 31,				
	2013	2014	2015	2016	2017
(in € millions, except share and per share data)					
Consolidated Statement of Operations Data:					
Revenue	746	1,085	1,940	2,952	4,090
Cost of revenue	618	911	1,714	2,551	3,241
Gross profit	128	174	226	401	849
Research and development	73	114	136	207	396
Sales and marketing	111	184	219	368	567
General and administrative	42	67	106	175	264
	226	365	461	750	1,227
Operating loss	(98)	(191)	(235)	(349)	(378)
Finance income	39	28	36	152	118
Finance costs	(2)	(19)	(26)	(336)	(974)
Share in (losses)/earnings of associates and joint ventures	—	—	—	(2)	1
Finance income/(costs)—net	37	9	10	(186)	(855)
Loss before tax	(61)	(182)	(225)	(535)	(1,233)
Income tax expense	2	6	5	4	2
Net loss attributable to owners the parent	(63)	(188)	(230)	(539)	(1,235)
Net loss per share attributable to owners of the parent (1)					
Basic and diluted	€ (0.51)	€ (1.40)	€ (1.62)	€ (3.63)	€ (8.14)
Weighted-average ordinary shares outstanding (1)					
Basic and diluted	123,860,920	134,408,240	141,946,600	148,368,720	151,668,769

	Year ended December 31,				
	2013	2014	2015	2016	2017
(in € millions, except share and per share data)					
Pro Forma net loss per share attributable to owners of the parent ⁽¹⁾					
Basic and diluted					€ (4.28)
Pro Forma weighted-average ordinary shares outstanding ⁽¹⁾					
Basic and diluted					166,146,849
Consolidated Statement of Cash Flows Data:					
Net cash flows (used in)/from operating activities	(25)	(74)	(38)	101	179
Net cash flows used in investing activities	(41)	(21)	(67)	(827)	(435)
Net cash flow from financing activities	123	65	476	916	34
Net increase/(decrease) in cash and cash equivalents	57	(30)	371	190	(222)
Selected Other Data (unaudited):					
EBITDA ⁽²⁾	(88)	(172)	(205)	(311)	(324)
Free Cash Flow ⁽²⁾	(59)	(94)	(92)	73	109

	As of December 31,				
	2013	2014	2015	2016	2017
(in € millions)					
Balance Sheet Data:					
Cash and cash equivalents	218	206	597	755	477
Short term investments	—	—	—	830	1,032
Working capital	47	73	73	689	38
Total assets	373	474	1,051	2,100	3,107
Convertible Notes	—	—	—	1,106	944
Total equity/(deficit) attributable to owners of the parent	94	36	229	(240)	238

- (1) See Note 11 to our consolidated financial statements for an explanation of the calculations of our basic and diluted net loss and pro forma net loss per share attributable to owners of the parent as well as our basic and diluted weighted-average and pro forma weighted-average ordinary shares outstanding.
- (2) We define EBITDA as net loss attributable to owners of the parent before finance income/(costs)—net, income tax expense, and depreciation and amortization. We believe EBITDA is useful to our management and investors as a measure of comparative operating performance from period to period and among companies as it is reflective of changes in pricing decisions, cost controls, and other factors that affect operating performance, and it removes the effect of items not directly resulting from our core operations. We believe that EBITDA also is useful to investors because this metric is frequently used by securities analysts, investors, and other interested parties in their evaluation of the operating performance of companies in the technology industry and other industries similar to ours. Our management also uses EBITDA for planning purposes, including the preparation of our annual operating budget and financial projections. EBITDA has limitations as an analytical tool. EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Additionally, EBITDA is not intended to be a measure of discretionary cash to invest in the growth of our business, as it does not reflect tax payments, debt service requirements, capital expenditures, and certain other cash costs that may recur in the future. Management compensates for these limitations by relying on our results reported under IFRS as issued by IASB in addition to using EBITDA supplementally.

We define “Free Cash Flow” as net cash flows (used in)/from operating activities less capital expenditures and change in restricted cash. We believe Free Cash Flow is a useful supplemental financial measure for us and investors in assessing our ability to pursue business opportunities and investments and to service our debt. Free Cash Flow is not a measure of our liquidity under IFRS and should not be considered as an alternative to net cash flows (used in)/from operating activities.

EBITDA and Free Cash Flow are non-IFRS measures and are not a substitute for IFRS measures in assessing our overall financial performance. Because EBITDA and Free Cash Flow are not measurements determined in accordance with IFRS, and are susceptible to varying calculations, it may not be comparable to other similarly titled measures presented by other companies. You should not consider EBITDA and Free Cash Flow in isolation, or as a substitute for an analysis of our results as reported on our consolidated financial statements appearing elsewhere in this prospectus.

[Table of Contents](#)

Set forth below is a reconciliation of EBITDA to net loss attributable to owners of the parent and a reconciliation of Free Cash Flow to net cash flows (used in)/from operating activities, in each case, for the periods presented:

EBITDA:

	Year ended December 31,				
	2013	2014	2015	2016	2017
	(in € millions)				
Net loss attributable to owners of the parent	(63)	(188)	(230)	(539)	(1,235)
Finance income/(costs)—net	(37)	(9)	(10)	186	855
Income tax expense	2	6	5	4	2
Depreciation and amortization	10	19	30	38	54
EBITDA	<u>(88)</u>	<u>(172)</u>	<u>(205)</u>	<u>(311)</u>	<u>(324)</u>

Free Cash Flow:

	Year ended December 31,				
	2013	2014	2015	2016	2017
	(in € millions)				
Net cash flows (used in)/from operating activities	(25)	(74)	(38)	101	179
Capital expenditures	(34)	(16)	(44)	(27)	(36)
Change in restricted cash	—	(4)	(10)	(1)	(34)
Free Cash Flow	<u>(59)</u>	<u>(94)</u>	<u>(92)</u>	<u>73</u>	<u>109</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with “Selected Historical Financial Information and Other Data” and our consolidated financial statements and related notes included elsewhere in this prospectus. This discussion and analysis reflects our historical results of operations and financial position, and, except as otherwise indicated below, does not give effect to the completion of this registration. This discussion contains forward-looking statements based upon current plans, expectations, and beliefs involving risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under “Risk Factors” and in other parts of this prospectus.

Overview

Our mission is to unlock the potential of human creativity by giving a million creative artists the opportunity to live off their art and billions of fans the opportunity to enjoy and be inspired by these creators.

When we launched our Service in 2008, music industry revenues had been in decline, with total global recorded music industry revenues falling from \$23.8 billion in 1999 to \$16.9 billion in 2008. Growth in piracy and digital distribution were disrupting the industry. People were listening to plenty of music, but the market needed a better way for artists to monetize their music and consumers needed a legal and simpler way to listen. We set out to reimagine the music industry and to provide a better way for both artists and consumers to benefit from the digital transformation of the music industry. Spotify was founded on the belief that music is universal and that streaming is a more robust and seamless access model that benefits both artists and music fans.

We are the largest global music streaming subscription service. With a presence in 61 countries and territories and growing, our platform includes 159 million MAUs and 71 million Premium Subscribers as of December 31, 2017, which we believe is nearly double the scale of our closest competitor, Apple Music.

Our Users are highly engaged. We currently monetize our Service through both subscriptions and advertising. Our Premium Subscribers have grown 46% year-over-year as of December 31, 2017 to 71 million. Our 159 million MAUs have grown 29% year-over-year as of December 31, 2017. The Premium Service and Ad-Supported Service live independently, but thrive together. Our Ad-Supported Service serves as a funnel, driving more than 60% of our total gross added Premium Subscribers since we began tracking this data in February 2014. With a 51% increase in revenue from our Ad-Supported Service from 2015 to 2016 and 41% increase in revenue from our Ad-Supported Service from 2016 to 2017, we believe our Ad-Supported Service is a strong and viable stand-alone product with considerable long-term opportunity for growth in Ad-Supported Users and revenue. Ad-Supported Users, Premium Subscribers, and revenue have continued to grow since inception. Along with this growth, gross margin has fluctuated with an upward trend, but we have had increases in our operating losses. However, our operating losses have been decreasing as a percentage of revenue over time as revenue growth has outpaced operating losses. We plan to continue to invest in adding both Premium Subscribers and Ad-Supported Users in order to increase our revenues, decrease our operating losses, and eventually reach profitability. However, there can be no guarantee as to when we will eventually reach profitability, if at all.

How We Generate Revenue

We operate and manage our business in two reportable segments—Premium and Ad-Supported. We identify our reportable segments based on the organizational units used by management to monitor performance and make operating decisions. See Note 6 to our consolidated financial statements included elsewhere in this prospectus for additional information regarding our reportable segments.

Premium

Our Premium Service provides Premium Subscribers with unlimited online and offline high-quality streaming access to our catalog. In addition to accessing our catalog on computers, tablets, and mobile devices, Users can connect through speakers, receivers, televisions, cars, game consoles, and smart watches. The Premium Service offers a commercial-free music experience.

We generate revenue for our Premium segment through the sale of Premium Services. Premium Services are sold directly to end Users and through partners who are generally telecommunications companies that bundle the subscription with their own services or collect payment for the stand-alone subscriptions from the end User.

We offer a variety of subscription pricing plans for our Premium Service, including our standard plan, Family Plan, and Student Plan, to appeal to Users with different lifestyles and across various demographics and age groups. Our pricing varies by plan and is adapted to each local market to align with consumer purchasing power, general cost levels, and willingness to pay for a music service. Our Family Plan consists of one primary Premium Subscriber and up to five additional sub-accounts, allowing up to six Premium Subscribers per Family Plan subscription.

In addition, as we have entered into new markets where recurring subscription services are less common, we have expanded our subscription products to include prepaid options and durations other than monthly (both longer and shorter durations), as well as expanded both online and offline payment options.

Premium partner services are priced on a per-subscriber rate in a negotiated agreement and may include minimum guarantees for the number of subscriptions that will be purchased from us.

Revenue for our Premium segment also is a function of the number of Premium Subscribers who use our Premium Service. As of December 31, 2015, 2016 and 2017, we had approximately 28 million, 48 million, and 71 million Premium Subscribers, respectively. New Premium Subscribers are sourced primarily from the conversion of our Ad-Supported Users to Premium Subscribers. Through both our online platform and external marketing efforts, we engage our Ad-Supported Users by highlighting key features that encourage conversion to our subscription offerings. These efforts include product links, campaigns targeting existing Users, and performance marketing across leading social media platforms. Additionally, new Premium Subscriber growth is driven by the success of converting Users from our bi-annual trial campaigns to full-time Premium Subscribers. These bi-annual trial campaigns typically offer our Premium Service free or at a discounted price for a period of time and accounted for approximately 27%, 23%, and 20 % of total gross added Premium Subscribers for the years ended December 31, 2015, 2016, and 2017, respectively.

The rate of net growth in Premium Subscribers also is affected by our ability to retain our existing Premium Subscribers and the mix of subscription pricing plans. We have increased retention over time, as new features and functionality have led to increased User engagement and satisfaction. From a product perspective, while the launches of our Family Plan and our Student Plan have decreased Premium ARPU (as further described below) due to the lower price points per Premium Subscriber for these Premium pricing plans, each of these Plans has helped improve retention across the Premium Service. As a result, while Premium ARPU declined by 9% from 2015 to 2016 and 14% from 2016 to 2017, in part due to the launch of the Family Plan in 2016, Premium Churn declined by 1.1% from 7.7% in 2015 to 6.6% in 2016 and declined by an additional 1.1% from 6.6% in 2016 to 5.5% in 2017. With the growth in higher retention products, such as our Family Plan and Student Plan, we believe these trends will continue in the future.

Our platform is built to work across multiple devices, including smartphones, desktops, cars, game consoles, and in-home devices. We have found that Premium Subscribers who access our Service over multiple devices have higher engagement and lower Premium Churn, which increases their expected lifetime value to Spotify.

Ad-Supported

Our Ad-Supported Service has no subscription fees and provides Ad-Supported Users with limited on-demand online access to our catalog on their computers and tablets and shuffle-only access (i.e., without being able to specifically select a track) on compatible mobile devices. It serves as both a Premium Subscriber acquisition channel and a robust option for Users who are unable or unwilling to pay a monthly subscription fee but still want to enjoy access to a wide variety of high-quality music and other content. We generate revenue for our Ad-Supported segment from the sale of display, audio, and video advertising delivered through advertising impressions. We generally enter into arrangements with advertising agencies that purchase advertising on our platform on behalf of the agencies' clients. These advertising arrangements typically specify the type of advertising product, pricing, insertion dates, and number of impressions in a stated period. Revenue for our Ad-Supported segment is comprised primarily of the number and hours of engagement of our Ad-Supported Users and our ability to provide innovative advertising products that are relevant to our Ad-Supported Users and enhance returns for our advertising partners. Our advertising strategy centers on the belief that advertising products that are based in music and are relevant to the Ad-Supported User can enhance Ad-Supported Users' experiences and provide even greater returns for advertisers. Offering advertisers additional ways to purchase advertising on a programmatic basis is a key way that we intend to expand our portfolio of advertising products and enhance advertising revenue. Furthermore, we continue to focus on analytics and measurement tools to evaluate, demonstrate, and improve the effectiveness of advertising campaigns on our platform.

Revenue from our Ad-Supported segment also will be impacted by the demographic profile of our Ad-Supported Users, our ability to enable advertisers to reach their target audience with relevant advertising and in the geographic markets in which we operate. A large percentage of our Ad-Supported Users are between 18 and 34 years old. This is a highly sought-after demographic that has traditionally been difficult for advertisers to reach. By offering advertisers increased "self-serve options," we expect to improve the efficiency and scalability of our advertising platform. Additionally, we believe that our largest markets, including Europe and North America, are among the top advertising markets globally. We believe there is a large opportunity to grow Users and gain market share from traditional terrestrial radio. In the United States alone, traditional terrestrial radio is a \$14 billion market, according to BIA/Kelsey. The total global radio advertising market is approximately \$28 billion in revenue, according to Magna Global. However, our continuing expansion into new geographic markets will present monetization challenges. Monetizing our Ad-Supported User base has historically been, and is expected to remain, more challenging in our two fastest growing regions, Latin America and the rest of the world, compared to Europe and North America.

Components of our Operating Results

Cost of Revenue . Cost of revenue consists predominantly of royalty and distribution costs related to content streaming. We incur royalty costs, which we pay to certain music record labels, publishers, and other rights holders, for the right to stream music to our Users. Royalties are typically calculated monthly based on the combination of a number of different elements. Generally, Premium Service royalties are based on the greater of a percentage of revenue and a per User amount, while royalties for the Ad-Supported Service are based on the greater of a percentage of revenue and an amount for each time a sound recording and musical composition is streamed. We have negotiated lower per User amounts for our lower priced subscription plans such as Family Plan and Student Plan Users. In our agreements with certain record labels, the percentage of revenue used in the calculation of royalties is generally dependent upon certain targets being met. The targets can include measures such as the number of Premium Subscribers, the ratio of Ad-Supported Users to Premium Subscribers, and/or the rates of Premium Subscriber churn. We are effectively currently meeting the targets and consequently we are generally paying the lowest percentage of revenue possible per the agreements. In addition, royalty rates vary by country. Some of our royalty agreements require that royalty costs be paid in advance or are subject to minimum guaranteed amounts. For the majority of royalty agreements incremental costs incurred due to un-recouped advances and minimum guarantees have not been significant to date. We also have certain so-called most favored nation royalty agreements, which require us to record additional costs if certain material contract terms are not as favorable as the terms we have agreed to with similar licensors.

In 2017, we entered into licensing agreements with Universal Music Group, Sony Music Entertainment, Warner Music Group, and with Merlin, among others. Our cost of revenue and gross margins have benefited from the terms of the new licensing agreements.

Cost of revenue also includes credit card and payment processing fees for subscription revenue, customer service, certain employee compensation and benefits, cloud computing, streaming, facility, and equipment costs, as well as amounts incurred to produce content for our Service.

Additionally, cost of revenue includes discounted trial costs related to our bi-annual trial programs. While we believe our trial programs help drive incremental revenue and gross margins as Users convert to full-time Premium Subscribers, these trial programs, which typically begin in the last month of the second and fourth quarters of each year, lead to decreases in gross margins in the first and third quarter of each year as we absorb the promotional expenses of the discounted trial offers.

Research and Development . We invest heavily in research and development in order to drive User engagement and customer satisfaction on our platform, which we believe helps to drive organic growth in new MAUs, which in turn drives additional growth in, and better retention of, Premium Subscribers, as well as increased advertising opportunities to Ad-Supported Users. We aim to design products and features that create and enhance User experiences, and new technologies are at the core of many of these opportunities. Research and development expenses were 7%, 7%, and 10% of our total revenue in each of 2015, 2016 and 2017, respectively, and are expected to continue to increase as a percentage of revenue. Expenses primarily comprise costs incurred for development of products related to our platform and Service, as well as new advertising products and improvements to our mobile application and desktop application, and streaming services. The costs incurred include related facility costs, consulting costs, and employee compensation and benefits costs. We expect engineers to represent a significant portion of our employees over the foreseeable future.

Many of our new products and improvements to our platform require large investments and involve substantial time and risks to develop and launch. Some of these products may not be well received or may take a long time for Users to adopt. As a result, the benefits of our research and development investments may be difficult to forecast.

Sales and Marketing . Sales and marketing expenses primarily comprise employee compensation and benefits, events and trade shows, public relations, branding, consulting expenses, customer acquisition costs, advertising, the cost of working with music record labels, publishers, songwriters, and artists to promote the availability of new releases on our platform, and the costs of providing free trials of Premium Services. Expenses included in the cost of providing free trials are derived primarily from per User royalty fees determined in accordance with the rights holder agreements.

General and Administrative . General and administrative expenses are comprised primarily of employee compensation and benefits for functions such as finance, accounting, analytics, legal, human resources, consulting fees, and other costs including facility and equipment costs. After this registration, we will be implementing additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. We expect to incur additional annual expenses related to these steps and, among other things, additional directors' and officers' liability insurance, director fees, reporting requirements of the SEC, transfer agent fees, NYSE listing fees, hiring additional accounting, legal and administrative personnel, increased auditing and legal fees, and similar expenses. We also expect to recognize certain non-recurring costs as part of our transition to a publicly traded company, consisting of professional fees and other expenses. As part of our direct listing, these fees will be expensed in the period incurred and not deducted from net proceeds to the issuer as they would be in an initial public offering. We expect to incur €2 million in auditors' fees and €3 million in legal fees and expenses. In the quarter that our direct listing becomes effective, we expect to incur approximately €29 million in fees from the financial advisers for our direct listing.

Key Performance Indicators

MAUs

We track MAUs as an indicator of the size of the audience engaged with our Service. We define MAUs as the total count of Ad-Supported Users and Premium Subscribers that have consumed content for greater than zero milliseconds in the last thirty days from the period-end indicated. Reported MAUs may overstate the number of unique individuals who actively use our Service within a thirty-day period as one individual may register for, and use, multiple accounts. Additionally, fraud and unauthorized access to our Service may contribute, from time to time, to an overstatement of MAUs, if undetected. Fraudulent accounts typically are created by bots to inflate content licensing payments to individual rights holders. We strive to detect and minimize these fraudulent accounts. See “Risk Factors—Risks Related to Our Business—Our User metrics and other estimates are subject to inherent challenges in measurement, and real or perceived inaccuracies in those metrics may seriously harm and negatively affect our reputation and our business,” “—We are at risk of artificial manipulation of stream counts and failure to effectively manage and remediate such fraudulent streams could have an adverse impact on our business, operating results, and financial condition. Fraudulent streams and potentially associated fraudulent User accounts or artists may cause us to overstate key performance indicators, which once discovered, corrected, and disclosed, could undermine investor confidence in the integrity of our key performance indicators and could cause our stock price to drop significantly,” and “—We are at risk of attempts at unauthorized access to our Service, and failure to effectively prevent and remediate such attempts could have an adverse impact on our business, operating results, and financial condition. Unauthorized access to our Service may cause us to misstate key performance indicators, which once discovered, corrected, and disclosed, could undermine investor confidence in the integrity of our key performance indicators and could cause our stock price to drop significantly.”

The table below sets forth our MAUs as of December 31, 2015, 2016, and 2017.

	As of December 31,			Change			
	2015	2016	2017	2015 to 2016	2016 to 2017		
	(in millions, except percentages)						
MAUs	91	123	159	32	36%	36	29%

MAUs were 159 million as of December 31, 2017 and 123 million as of December 31, 2016. This represented an increase of 29% and 36% from the preceding fiscal year, respectively. The increase in MAUs benefited from our continued investment in driving the rapid growth of our Service, both through geographic expansion and consumer marketing. The increase also benefited from continued investment in content and features on our platform, including featured playlists, artist marketing campaigns, and original content to drive increased User engagement and customer satisfaction. MAUs were positively impacted by an increase in Premium Subscribers, as noted below.

Premium Subscribers

We define Premium Subscribers as Users that have completed registration with Spotify and have activated a payment method for Premium Service. Our Premium Subscribers include all registered accounts in our Family Plan. Our Family Plan consists of one primary subscriber and up to five additional sub-accounts, allowing up to six Premium Subscribers per Family Plan Subscription. Premium Subscribers includes subscribers in a grace period of up to 30 days after failing to pay their subscription fee.

The table below sets forth our Premium Subscribers as of December 31, 2015, 2016, and 2017.

	As of December 31,			Change			
	2015	2016	2017	2015 to 2016	2016 to 2017		
	(in millions, except percentages)						
Premium Subscribers	28	48	71	20	71%	23	46%

[Table of Contents](#)

Premium Subscribers were 71 million as of December 31, 2017 and 48 million as of December 31, 2016. This represented an increase of 46% and 71% from the preceding fiscal year, respectively. Our bi-annual global summer and holiday campaigns contributed 20% and 23% of gross added Premium Subscribers during 2017 and 2016, respectively. Further, the launch of the revamped Family Plan in 2016 resulted in another 31% and 22% of total gross added Premium Subscribers during 2017 and 2016, respectively.

Ad-Supported MAUs

We define Ad-Supported MAUs as the total count of Ad-Supported monthly active users that have consumed content for greater than zero milliseconds in the last thirty days from the period-end indicated.

The table below sets forth our Ad-Supported MAUs as of December 31, 2015, 2016, and 2017.

	As of December 31,			Change			
	2015	2016	2017	2015 to 2016	2016 to 2017		
Ad-Supported MAUs	64	77	92	13	21%	15	19%

(in millions, except percentages)

Ad-Supported MAUs were 92 million as of December 31, 2017 and 77 million as of December 31, 2016. This represented an increase of 19% and 21% from the preceding fiscal year, respectively. Growth in Ad-Supported MAUs benefited from our continued investment in driving the rapid growth of our Ad-Supported Service, both through geographic expansion and consumer marketing. The increase also benefited from continued investment in content and features on our platform, including featured playlists, artist marketing campaigns, and original content to drive increased Ad-Supported User engagement and customer satisfaction.

Premium ARPU

Premium ARPU is a monthly measure defined as Premium revenue recognized in the quarter indicated divided by the average daily Premium Subscribers in such quarter, which is then divided by three months. Annual figures are calculated by averaging Premium ARPU for the four quarters in such fiscal year.

The table below sets forth our average Premium ARPU for the years ended December 31, 2015, 2016, and 2017.

	Year ended December 31,			Change			
	2015	2016	2017	2015 to 2016	2016 to 2017		
Premium ARPU	€ 6.84	€ 6.20	€ 5.32	(0.64)	(9)%	(0.88)	(14)%

For the years ended December 31, 2017 and 2016, Premium ARPU was €5.32 and €6.20, respectively. This represented a decrease of 14% and 9% from the preceding fiscal years. The decreases were due principally to growth of the Family Plan and movements in foreign exchange rates.

The table below sets forth our average Premium ARPU for the quarters ended December 31, 2015, 2016, and 2017.

	Three months ended December 31,			Change			
	2015	2016	2017	2015 to 2016	2016 to 2017		
Premium ARPU	€ 7.06	€ 6.00	€ 5.24	(1.06)	(15)%	(0.76)	(13)%

For the quarters ended December 31, 2017 and 2016, Premium ARPU was €5.24 and €6.00, respectively. This represented a decrease of 13% and 15% from the preceding fiscal year quarters ended December 31. The decreases were due principally to growth of the Family Plan and movements in foreign exchange rates.

Premium Churn

Premium Churn is a monthly measure defined as Premium Subscriber cancellations in the quarter indicated divided by the average number of daily Premium Subscribers in such quarter, which is then divided by three months. Annual figures are calculated by averaging Premium Churn for the four quarters in such fiscal year.

The table below sets forth our Premium Churn for the years ended December 31, 2015, 2016, and 2017.

	Year ended December 31,			Change	
	2015	2016	2017	2015 to 2016	2016 to 2017
Premium Churn	7.7%	6.6%	5.5%	(1.1)	(1.1)

For the years ended December 31, 2017 and 2016, our Premium Churn was 5.5% and 6.6%, respectively. This represented a 1.1% decrease from each of the preceding fiscal years. The decreases were due principally to the increase in Family and Student Plan subscribers, who have higher retention rates, and increasing maturity of the Premium Subscriber base.

The table below sets forth our Premium Churn for the quarters ended December 31, 2015, 2016, and 2017.

	Three months ended December 31,			Change	
	2015	2016	2017	2015 to 2016	2016 to 2017
Premium Churn	7.5%	6.0%	5.1%	(1.5)	(0.9)

For the quarters ended December 31, 2017 and 2016, our Premium Churn was 5.1% and 6.0%, respectively. This represented a 0.9% and 1.5% decrease from the preceding fiscal year quarters ended December 31. The decreases were due principally to the increase in Family and Student Plan subscribers, who have higher retention rates, and increasing maturity of the Premium Subscriber base.

Content Hours

Content Hours are the aggregate number of hours Users spent consuming audio and video content on Spotify for the period indicated.

The table below sets forth our content hours (in billions) for the years ended December 31, 2015, 2016, and 2017.

	Year ended December 31,			Change			
	2015	2016	2017	2015 to 2016	2016 to 2017		
Content Hours	17.4	26.7	40.3	9.3	53%	13.6	51%

For the years ended December 31, 2017 and 2016, our Users streamed 40.3 billion and 26.7 billion hours of Spotify content, respectively. This represented an increase of 51% and 53% as compared to the preceding fiscal years. The increases were due principally to an increase in our User base as a result of our continued investment in driving the rapid growth of our Service, both through geographic expansion and consumer marketing.

The table below sets forth our content hours (in billions) for the quarters ended December 31, 2015, 2016, and 2017.

	Three months ended December 31,			Change			
	2015	2016	2017	2015 to 2016	2016 to 2017		
Content Hours	5.1	7.7	11.4	2.6	51%	3.7	48%

[Table of Contents](#)

For the quarters ended December 31, 2017 and 2016, our Users streamed 11.4 billion and 7.7 billion hours of Spotify content, respectively. This represented an increase of 48% and 51% as compared to the preceding fiscal year quarters ended December 31. The increases were due principally to an increase in our User base as a result of our continued investment in driving the rapid growth of our service, both through geographic expansion and consumer marketing.

Results of Operations

Revenue

	Year ended December 31,			Change			
	2015	2016	2017	2015 to 2016		2016 to 2017	
	(in € millions, except percentages)						
Premium	1,744	2,657	3,674	913	52%	1,017	38%
Ad-Supported	196	295	416	99	51%	121	41%
Total	1,940	2,952	4,090	1,012	52%	1,138	39%

Premium revenue

For the years ended December 31, 2016 and 2017, Premium revenue comprised 90% of our total revenue. For the year ended December 31, 2017 as compared to 2016, Premium revenue increased €1,017 million or 38%. The increase was attributable primarily to a 46% increase in Premium Subscribers, partially offset by a decrease in Premium ARPU of 14% in each case, as noted above.

For the years ended December 31, 2016 and 2015, Premium revenue comprised 90% of our total revenue. For the year ended December 31, 2016 as compared to 2015, Premium revenue increased €913 million or 52%. The increase was attributable primarily to a 71% increase in Premium Subscribers, partially offset by a decrease in Premium ARPU of 9% in each case, as noted above.

Ad-Supported revenue

For the year ended December 31, 2017 as compared to 2016, Ad-Supported revenue increased €121 million or 41%. This increase was due primarily to a 31% increase in the number of impressions sold, driven largely by the growth in our programmatic channel (i.e., impressions sold using an automated online platform), which accounted for 49% of sold impressions and grew revenue 100% year over year, accounting for 18% of our Ad-Supported revenue. Ad-Supported revenue growth also was driven by a 7% increase in the average rate per impression, as our premium video offerings outpaced overall growth, growing 74% and reaching 29% of Ad-Supported revenue.

For the year ended December 31, 2016 as compared to 2015, Ad-Supported revenue increased €99 million or 51%. This increase was due primarily to a 50% increase in average rate per impression based on the product mix sold during the year, as the number of impressions sold was approximately flat with the previous year. We curtailed the number of desktop impressions in order to promote mobile formats (which account for nearly 50% of Ad-Supported revenue) and higher value desktop placements. Growth of programmatic impressions offset the decline in desktop impressions.

Cost of revenue

	Year ended December 31,			Change			
	2015	2016	2017	2015 to 2016	2016 to 2017		
	(in € millions, except percentages)						
Premium	1,487	2,221	2,868	734	49%	647	29%
Ad-Supported	227	330	373	103	45%	43	13%
Total	1,714	2,551	3,241	837	49%	690	27%

Premium cost of revenue

For the year ended December 31, 2017 as compared to 2016, Premium cost of revenue increased €647 million, or 29%, and Premium cost of revenue as a percentage of Premium revenue decreased from 84% to 78%. This decrease in cost of revenue as a percentage of Premium revenue was driven largely by a reduction in content costs pursuant to new licensing agreements. The increase in cost of revenue was driven primarily by the increase in new Premium Subscribers, which led to higher royalty and streaming delivery costs of €632 million and €35 million, respectively. Additionally, there was an increase of €9 million related to discounted trial costs. These increases were partially offset by a reduction in payment fees of €26 million.

For the year ended December 31, 2016 as compared to 2015, Premium cost of revenue increased €734 million, or 49%, and Premium cost of revenue as a percentage of Premium revenue decreased from 85% to 84%. This decrease in cost of revenue as a percentage of Premium revenue was driven largely by a higher proportion of discounted trial costs in the prior year. The increase in cost of revenue was driven primarily by the increase in content costs related to the increase in new Premium Subscribers, a €27 million provision for legal disputes with certain rights holders, and an increase of €18 million related to discounted trial costs. In addition, we had an increase of €11 million in other costs of revenue, such as payment processing fees and customer service centers, due to our growing Premium Subscriber base.

Ad-Supported cost of revenue

For the year ended December 31, 2017 as compared to 2016, Ad-Supported cost of revenue increased €43 million, or 13%, and Ad-Supported cost of revenue as a percentage of Ad-Supported revenue decreased from 112% to 90%. This decreased percentage was driven largely by a reduction in content costs pursuant to new licensing agreements. The increase in cost of revenue was driven primarily by the increase in new Ad-Supported MAUs, which led to higher royalty and streaming delivery costs of €30 million and €5 million, respectively.

For the year ended December 31, 2016 as compared to 2015, Ad-Supported cost of revenue increased €103 million, or 45%, and Ad-Supported cost of revenue as a percentage of Ad-Supported revenue decreased from 116% to 112%. The decreased percentage was driven largely by the impact of reduced streaming delivery costs as a percentage of revenue. The increase in cost of revenue was driven primarily by the increase in content cost of €68 million related to the increase in new Ad-Supported MAUs and a €18 million provision for legal disputes with certain rights holders. In addition, we had an increase of €10 million in other costs of revenue, which include the costs of our customer service centers due to our growing Ad-Supported User base.

Gross profit/(loss) and gross margin

	Year ended December 31,			Change			
	2015	2016	2017	2015 to 2016	2016 to 2017		
	(in € millions, except percentages)						
Gross profit/(loss)							
Premium	257	436	806	179	70%	370	85%
Ad-Supported	(31)	(35)	43	(4)	13%	78	223%
Consolidated	226	401	849	175	77%	448	112%
Gross margin							
Premium	15%	16%	22%				
Ad-Supported	(16)%	(12)%	10%				
Consolidated	12%	14%	21%				

Premium gross profit/(loss) and gross margin

For the year ended December 31, 2017 as compared to 2016, Premium gross profit increased by €370 million and Premium gross margin increased from 16% to 22%. The increase was due to growth in revenue that outpaced the growth in content costs, due primarily to a decrease in content costs pursuant to new licensing agreements.

For the year ended December 31, 2016 as compared to 2015, Premium gross profit increased by €179 million and Premium gross margin increased from 15% to 16%. The increase was driven largely by a reduction in discounted trial costs as a percentage of revenue.

Ad-Supported gross profit/(loss) and gross margin

For the year ended December 31, 2017 as compared to 2016, Ad-Supported gross loss changed by €78 million to a gross profit of €43 million, and Ad-Supported gross margin improved from (12)% to 10%. The increase was due to growth in revenue that outpaced the growth in content costs, due primarily to a decrease in content costs pursuant to new licensing agreements.

For the year ended December 31, 2016 as compared to 2015, Ad-Supported gross loss increased by €4 million, and Ad-Supported gross margin improved from (16)% to (12)%. The increase was due primarily to reduced streaming delivery costs as a percentage of revenue.

Consolidated operating expenses

Research and development

	Year ended December 31,			Change			
	2015	2016	2017	2015 to 2016	2016 to 2017		
	(in € millions, except percentages)						
Research and development	136	207	396	71	52%	189	91%
As a percentage of revenue	7%	7%	10%				

For the year ended December 31, 2017 as compared to 2016, research and development costs increased €189 million, or 91%, as we continually enhance our platform in order to retain and grow our User base. The increase was due primarily to an increase in personnel-related costs of €131 million and facilities costs of €27 million, resulting from an increased headcount and leased office space to support our growth as compared to the prior fiscal year. The increase in personnel-related costs was due primarily to increased salaries of €68 million, social costs of €48 million, and share-based payments of €5 million.

[Table of Contents](#)

For the year ended December 31, 2016 as compared to 2015, research and development costs increased €71 million, or 52%. The increase was due primarily to an increase in personnel-related costs of €46 million and facilities costs of €14 million, resulting from an increased headcount and leased office space to support our growth as compared to the prior fiscal year.

Sales and marketing

	Year ended December 31,			Change			
	2015	2016	2017	2015 to 2016	2016 to 2017		
	(in € millions, except percentages)						
Sales and marketing	219	368	567	149	68%	199	54%
As a percentage of revenue	11%	12%	14%				

For the year ended December 31, 2017 as compared to 2016, sales and marketing expense increased €199 million, or 54%. The increase was due primarily to incremental advertising costs of €120 million for campaigns in existing markets, as well as new markets related to our continued international expansion. There also was an increase in personnel-related costs of €48 million and facilities costs of €39 million, each resulting from increased headcount and leased office space compared to the prior fiscal year to support our growth. The increase in personnel-related costs was due primarily to increased salaries of €25 million, social costs of €15 million, and share-based payments of €5 million.

For the year ended December 31, 2016 as compared to 2015, sales and marketing expense increased €149 million, or 68%. The increase was due primarily to incremental advertising costs of €53 million for marketing spend and promotional campaigns in existing markets, as well as new markets related to our continued international expansion. Further, there was an increase in the cost of providing free trials of €15 million. There also was an increase in personnel-related costs of €32 million and facilities costs of €7 million, each resulting from increased headcount and leased office space compared to the prior fiscal year to support our growth.

General and administrative

	Year ended December 31,			Change			
	2015	2016	2017	2015 to 2016	2016 to 2017		
	(in € millions, except percentages)						
General and administrative	106	175	264	69	65%	89	51%
As a percentage of revenue	5%	6%	6%				

For the year ended December 31, 2017 as compared to 2016, general and administrative expense increased €89 million or 51%. The increase was due primarily to an increase in personnel-related costs of €63 million and facilities costs of €20 million, each resulting from increased headcount and leased office space compared to the prior fiscal year to support our growth. The increase in personnel-related costs was due primarily to increased social costs of €40 million and salaries of €19 million. We also experienced an increase in legal and other administrative costs of €15 million compared to the prior fiscal year due to increased litigation, consulting costs related to public company readiness objectives, and new systems implementations. These costs were offset by a decrease in bad debt expense of €15 million.

For the year ended December 31, 2016 as compared to 2015, general and administrative expense increased €69 million or 65%. The increase was due primarily to an increase in personnel-related costs of €20 million resulting from an increased headcount compared to the prior fiscal year. We also experienced an increase in legal and other administrative costs of €22 million compared to the prior fiscal year due to increased litigation and consulting costs related to public company readiness objectives. Further, we had an increase in bad debt expense of €15 million.

Finance income

Finance income consists of fair value adjustment gains on financial instruments, interest income earned on our cash and cash equivalents, short term investments, and foreign currency gains.

	Year ended December 31,			Change	
	2015	2016	2017	2015 to 2016	2016 to 2017
	(in € millions, except percentages)				
Finance income	36	152	118	116	322%
As a percentage of revenue	2%	5%	3%	(34)	(22)%

For the year ended December 31, 2017 as compared to 2016, finance income decreased by €34 million. The decrease in finance income was due primarily to lower foreign exchange gains on the remeasurement of monetary assets and liabilities in a transaction currency other than the functional currency of €124 million. This was partially offset by an increase in fair value gains on our contingent options of €74 million and interest income of €14 million due to the full-year effect on our short term investments.

For the year ended December 31, 2016 as compared to 2015, finance income increased by €116 million. The increase in finance income was due primarily to foreign exchange gains on the remeasurement of monetary assets and liabilities in a transaction currency other than the functional currency of €116 million, due principally to investing the proceeds of the Convertible Notes in U.S. Dollar denominated short term investments.

Finance costs

Finance costs consist of fair value adjustment losses on financial instruments, interest on our lease financing obligations, and foreign currency losses.

	Year ended December 31,			Change	
	2015	2016	2017	2015 to 2016	2016 to 2017
	(in € millions, except percentages)				
Finance costs	(26)	(336)	(974)	(310)	NM
As a percentage of revenue	(1)%	(11)%	(24)%	(638)	190%

For the year ended December 31, 2017 as compared to 2016, finance costs increased by €638 million due primarily to the issuance of the Convertible Notes in April 2016, which are accounted for at fair value with any changes in fair value recorded in the statement of operations. Due to the implicit interest rate and an increase in the value of ordinary shares, the expense recorded for the Convertible Notes increased by €279 million as compared to 2016. The expense recorded for outstanding warrants increased by €255 million due to the increase in the value of ordinary shares and the issuance of additional warrants in July 2017. Additionally, foreign exchange losses on the remeasurement of monetary assets and liabilities in a transaction currency other than the functional currency increased by €105 million.

For the year ended December 31, 2016 as compared to 2015, finance costs increased by €310 million due primarily to the issuance of the Convertible Notes in April 2016, which were accounted for at fair value with any changes in fair value recorded in the statement of operations. Due to the implicit interest rate and an increase in the value of ordinary shares, the expense recorded for the Convertible Notes was €245 million. The expense recorded for the warrants issued in October 2016 was €7 million due to the increase in the value of ordinary shares. We also experienced an increase of €27 million in expense on our contingent options due to the quarterly movement in the fair value of our ordinary shares during the period. Additionally, foreign exchange losses on the remeasurement of monetary assets and liabilities in a transaction currency other than the functional currency increased by €27 million.

Net loss attributable to owners of the parent

	Year ended December 31,			Change			
	2015	2016	2017	2015 to 2016	2016 to 2017		
	(in € millions, except percentages)						
Net loss attributable to owners of the parent	(230)	(539)	(1,235)	(309)	134%	(696)	129%

For the year ended December 31, 2017 as compared to 2016, net loss attributable to owners of the parent increased by €696 million, an increase of 129%, due to the factors stated above.

For the year ended December 31, 2016 as compared to 2015, net loss attributable to owners of the parent increased by €309 million, an increase of 134%, due to the factors stated above.

EBITDA

	Year ended December 31,			Change			
	2015	2016	2017	2015 to 2016	2016 to 2017		
	(in € millions, except percentages)						
EBITDA	(205)	(311)	(324)	(106)	52%	(13)	4%
As a percentage of revenue	(11)%	(11)%	(8)%				

For the year ended December 31, 2017 as compared to 2016, EBITDA loss increased by €13 million or 4%. This increase was due primarily to an increase in our operating losses of €29 million offset by an increase in depreciation and amortization of €16 million. For a discussion of the limitations associated with using EBITDA rather than IFRS measures and a reconciliation of EBITDA to net loss, see “Selected Historical Financial Information and Other Data.”

For the year ended December 31, 2016 as compared to 2015, EBITDA loss increased by €106 million or 52%. This increase was due primarily to an increase in our operating losses of €114 million. For a discussion of the limitations associated with using EBITDA rather than IFRS measures and a reconciliation of EBITDA to net loss, see “Selected Historical Financial Information and Other Data.”

Seasonality

Our results reflect the effects of our bi-annual trial programs, in addition to seasonal trends in User behavior and, with respect to our Ad-Supported Service, advertising behavior. Historically, Premium Subscriber growth accelerates when we run bi-annual trial programs in the summer and winter, which typically begin in the last month of the second and fourth quarters. This leads to decreases in gross margin in the first and third quarter of each year, as we absorb the promotional expenses of discounted trial offers.

For our Ad-Supported Service, we experience higher advertising revenues in the fourth quarter of each calendar year due to greater advertising demand during the holiday season. However, in the first quarter of each calendar year, we typically experience a seasonal decline in advertising revenue due to reduced advertiser demand. The rapid growth in our business to date has somewhat masked these trends. In the future, we expect these trends to become more pronounced.

Other than as disclosed here and elsewhere in this prospectus, we are not aware of any trends, uncertainties, demands, commitments, or events since December 31, 2017 that are reasonably likely to have a material adverse effect on our revenues, income, profitability, liquidity, or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

Quarterly Results of Operations

The following unaudited quarterly consolidated statements of operations for the eight quarters in the period ended December 31, 2017 have been prepared on a basis consistent with our audited annual consolidated financial statements and include, in the opinion of management, all normal recurring adjustments necessary for the fair statement of the financial information contained in those statements. The following unaudited consolidated quarterly financial data should be read in conjunction with our annual consolidated financial statements and the related notes included elsewhere in this prospectus.

	Three months ended							
	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017
	(in € millions, except share and per share amounts) (unaudited)							
Revenue	619	714	747	872	902	1,007	1,032	1,149
Premium	566	643	673	775	828	904	923	1,019
Ad-Supported	53	71	74	97	74	103	109	130
Cost of revenue	588	610	634	719	797	775	802	867
Premium	508	531	560	622	710	686	711	761
Ad-Supported	80	79	74	97	87	89	91	106
Gross profit	31	104	113	153	105	232	230	282
Research and development	42	52	51	62	80	95	98	123
Sales and marketing	63	95	84	126	110	146	138	173
General and administrative	31	48	44	52	54	70	67	73
	136	195	179	240	244	311	303	369
Operating loss	(105)	(91)	(66)	(87)	(139)	(79)	(73)	(87)
Finance income	—	31	3	118	27	41	14	36
Finance costs	(31)	(125)	(64)	(116)	(62)	(148)	(219)	(545)
Share in (losses)/earnings of associates and joint ventures	(1)	(1)	—	—	2	(1)	—	—
Finance income/(costs)—net	(32)	(95)	(61)	2	(33)	(108)	(205)	(509)
Loss before tax	(137)	(186)	(127)	(85)	(172)	(187)	(278)	(596)
Income tax expense/(benefit)	2	(1)	3	—	1	1	—	—
Net loss attributable to owners of the parent	(139)	(185)	(130)	(85)	(173)	(188)	(278)	(596)
Net loss per share attributable to owners of the parent Basic and diluted	€ (0.95)	€ (1.25)	€ (0.87)	€ (0.57)	€ (1.15)	€ (1.24)	€ (1.84)	€ (3.87)
Weighted-average ordinary shares outstanding Basic and diluted	146,274,795	147,673,648	149,669,252	149,826,818	150,149,327	151,069,953	151,289,732	154,126,524

Quarterly Trends

Revenue

Premium business revenue

Premium revenue has represented approximately 90% of total revenue for all of the periods presented. Our total revenues increased sequentially in each of the quarters presented. The continued increase was driven by the significant growth in our Premium Subscribers, as further described below. This was partially offset by a decline in Premium ARPU, as further described below.

Ad-Supported business revenue

Our Ad-Supported revenues increased in each of the quarters presented with the exception of a decrease in the quarter ended March 31, 2017 due to seasonality. Ad-Supported revenue was typically the highest in the fourth quarter of each year due to greater advertising demand during the holiday season. The increase in Ad-Supported revenue throughout the year ended December 31, 2017 was due primarily to increases in the number of impressions sold, driven largely by the growth in our programmatic channel. In the year ended December 31, 2016, there were quarterly increases in Ad-Supported revenue due primarily to increases in average rates per impression based on the product mix sold during the year. The number of impressions sold was consistent with the previous year. We curtailed the number of desktop impressions in order to promote mobile formats and higher value desktop placements.

Cost of revenue

Premium cost of revenue

Similar to our total revenues, our total cost of revenues increased in each of the quarters presented with the exception of the quarter ended June 30, 2017. The quarter ended June 30, 2017 decreased in comparison to the quarter ended March 31, 2017 due to charges of €32 million recorded in the first quarter of 2017 related to disputes with certain rights holders. The increase in cost of revenue in the year ended December 31, 2017 was less than the increase in Premium revenue as we entered into new licensing agreements with rights holders throughout the year. The increase in cost of revenue in the year ended December 31, 2016 was less than the increase in Premium revenue due to a reduction in discounted trial costs as a percentage of revenue. The quarter ended March 31, 2016 included charges of €16 million related to disputes with certain rights holders. The amount of discounted trial costs included in Premium cost of revenue for the quarters ending March 31, 2016, June 30, 2016, September 30, 2016, December 31, 2016, March 31, 2017, June 30, 2017, September 30, 2017, and December 31, 2017, was €24 million, €8 million, €27 million, €9 million, €33 million, €10 million, €27 million, and €7 million, respectively.

Ad-Supported cost of revenue

Since the quarter ended September 30, 2016, we have seen an increase in Ad-Supported cost of revenue resulting from Ad-Supported MAU growth in all periods presented. The increase in Ad-Supported MAUs has led to higher royalty and streaming delivery costs. The quarter ended June 30, 2017 was relatively flat in comparison to the quarter ended March 31, 2017 due to charges of €8 million recorded in the first quarter of 2017 related to disputes with certain rights holders. The quarter ended March 31, 2017 decreased in comparison to the quarter ended December 31, 2016 due to the seasonality of Ad-Supported revenue. The quarter ended September 30, 2016 decreased in comparison to the quarter ended June 30, 2016 due to a reduction in the amortization of certain non-music content as well as changes in the allocation of costs between Premium and Ad-Supported due to an increase in the content hours consumed by Premium Subscribers relative to Ad-Supported Users. The quarter ended March 31, 2016 included charges of €10 million related to disputes with certain rights holders.

Gross profit

Our gross profit increased in each of the quarters presented with the exception of each of the quarters ended March 31, 2017 and September 30, 2017. The increases in the other quarters were due principally to growth in revenue that outpaced the growth in content costs, due primarily to a decrease in content costs pursuant to new licensing agreements. Premium Subscriber growth accelerated due to bi-annual trial programs in the summer and winter, which began in the last month of the second and fourth quarters. This led to decreases in gross margin in the first and third quarters of each year, as we absorbed the promotional expenses of discounted trial offers. The quarters ended March 31, 2017 and March 31, 2016 were affected by charges of €40 million and €26 million related to disputes with certain rights holders respectively.

Research and development

Research and development expenses increased in each period presented, due to our continual enhancement of our platform in order to retain and grow our User base, with an exception for the quarter ended September 30, 2016, which remained relatively flat. The increases in all other quarterly periods were due principally to increases in personnel-related and facilities costs resulting from increased headcount and leased office space to support our growth.

Sales and marketing

Our sales and marketing spend increased in the second and fourth quarter of each year in line with our seasonal campaign offerings. The quarterly periods presented increased year over year due principally to incremental advertising and marketing spend and promotional campaigns in existing markets as well as new markets. There also were increases in personnel-related and facilities costs, each resulting from increased headcount and leased office space to support our growth for each of the quarterly periods presented.

General and administrative

Except for a decrease in the quarters ended September 30, 2016 and 2017, general and administrative expenses increased throughout the periods presented. The increases in all other quarterly periods were due principally to increases in personnel-related and facilities costs, resulting from increased headcount and leased office space to support our growth. We also experienced an increase in legal and other administrative costs due to increased litigation, consulting costs related to public company readiness objectives, new systems implementations, and commissions paid for new leases.

Finance income

There were no significant unusual movements in finance income, with the exception of the fourth quarter of 2016. In the fourth quarter of 2016, we recognized foreign exchange gains of €96 million on the remeasurement of monetary assets, principally our short term investments, due to advantageous movements between the U.S. Dollar and Euro exchange rate. The fair value gains recorded on our contingent options increased throughout the periods in line with the increase in the fair value of our ordinary shares. Additionally, there was an increase in interest income reflecting our increase in short term investments.

Finance costs

Finance costs trended higher over the periods presented due principally to the issuance of the Convertible Notes in second quarter of 2016 and the issuance of warrants in the fourth quarter of 2016 and the third quarter of 2017. These financial liabilities were accounted for at fair value with any changes in fair value recorded in the statement of operations. The fair value adjustments recorded on our Convertible Notes and warrants have increased throughout the periods in line with the increase in the fair value of our ordinary shares and the implicit interest of the Convertible Notes. Additionally, foreign exchange losses on the remeasurement of monetary assets and liabilities in a transaction currency other than the functional currency increased, related principally to our U.S. Dollar short term investments.

Key Performance Indicators

	Three months ended							
	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017
	(Unaudited)							
Key Performance Indicators:								
MAUs, in millions	96	104	113	123	132	138	149	159
Premium Subscribers, in millions	30	36	40	48	52	59	62	71
Ad-Supported MAUs, in millions	67	70	75	77	83	82	91	92
Premium ARPU	€ 6.38	€ 6.67	€ 5.76	€ 6.00	€ 5.46	€ 5.53	€ 5.06	€ 5.24
Content Hours, in billions	5.7	6.4	6.9	7.7	8.8	9.8	10.4	11.4
Premium Churn	6.9%	7.0%	6.4%	6.0%	5.5%	5.9%	5.7%	5.1%

Non-IFRS Financial Measures

We define EBITDA as net loss attributable to owners of the parent before finance income/(costs)—net, income tax expense, and depreciation and amortization. We believe EBITDA is useful to our management and investors as a measure of comparative operating performance from period to period and among companies as it is reflective of changes in pricing decisions, cost controls, and other factors that affect operating performance, and it removes the effect of items not directly resulting from our core operations. We believe that EBITDA also is useful to investors because this metric is frequently used by securities analysts, investors, and other interested parties in their evaluation of the operating performance of companies in the technology industry and other industries similar to ours. Our management also uses EBITDA for planning purposes, including the preparation of our annual operating budget and financial projections. EBITDA has limitations as an analytical tool. EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Additionally, EBITDA is not intended to be a measure of discretionary cash to invest in the growth of our business, as it does not reflect tax payments, debt service requirements, capital expenditures, and certain other cash costs that may recur in the future. Management compensates for these limitations by relying on our results reported under IFRS as issued by IASB in addition to using EBITDA supplementally.

We define “Free Cash Flow” as net cash flows (used in)/from operating activities less capital expenditures and change in restricted cash. We believe Free Cash Flow is a useful supplemental financial measure for us and investors in assessing our ability to pursue business opportunities and investments and to service our debt. Free Cash Flow is not a measure of our liquidity under IFRS and should not be considered as an alternative to net cash flows (used in)/from operating activities.

EBITDA and Free Cash Flow are non-IFRS measures and are not a substitute for IFRS measures in assessing our overall financial performance. Because EBITDA and Free Cash Flow are not measurements determined in accordance with IFRS, and are susceptible to varying calculations, it may not be comparable to other similarly titled measures presented by other companies. You should not consider EBITDA and Free Cash Flow in isolation, or as a substitute for an analysis of our results as reported on our consolidated financial statements appearing elsewhere in this prospectus.

[Table of Contents](#)

Set forth below is a reconciliation of EBITDA to net loss attributable to owners of the parent and a reconciliation of Free Cash Flow to net cash flows (used in)/from operating activities, in each case, for the periods presented:

	Three months ended							
	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017
(unaudited)								
EBITDA:								
Net loss attributable to owners of the parent	(139)	(185)	(130)	(85)	(173)	(188)	(278)	(596)
Finance (income)/costs—net	32	95	61	(2)	33	108	205	509
Income tax expense/(benefit)	2	(1)	3	—	1	1	—	—
Depreciation and amortization	9	10	9	10	14	12	15	13
EBITDA	(96)	(81)	(57)	(77)	(125)	(67)	(58)	(74)
Free Cash Flow:								
Net cash flows (used in)/from operating activities	10	90	4	(3)	93	72	(81)	95
Capital expenditures	(9)	(1)	(11)	(6)	(1)	(5)	(9)	(21)
Change in restricted cash	—	—	—	(1)	(28)	(8)	1	1
Free Cash Flow	1	89	(7)	(10)	64	59	(89)	75

Critical Accounting Policies and Estimates

We prepare our consolidated financial statements in accordance with IFRS as issued by the IASB. Preparing these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, equity, revenue, expenses, and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results may differ from these estimates.

The critical accounting estimates, assumptions, and judgments that we believe to have the most significant impact on our consolidated financial statements are described below.

Revenue Recognition

Premium Revenue

We generate revenue for our Premium segment from the sale of Premium Services. Premium Services are sold directly to end users and through partners who are generally telecommunications companies that bundle the subscription with their own services or collect payment for the stand-alone subscriptions from their end customers.

Premium Services sold directly to end users are typically paid in advance. We satisfy our performance obligation, and revenue from these services is recognized, on a straight-line basis over the subscription period.

We periodically provide discounted trial periods for Premium Services. Consideration received for the discounted trial periods is recognized in revenue on a straight-line basis over the term of the discounted trial period.

Premium Services sold through partners are recognized as revenue based on a per-subscriber rate in a negotiated partner agreement and may include minimum guarantees for the minimum amount that will be purchased from us. Under these arrangements, a Premium partner may bundle the Premium Service with its existing product offerings or offer the Premium Service as an add-on. We satisfy our performance obligation, and revenue from these services is recognized, on a straight-line basis over the subscription period. For partner agreements where the minimum guarantee is not met, revenue is constrained to the revenue amounts for the actual subscriptions sold in a given period. We therefore only recognize the associated revenue when it is highly probable that this will not result in a significant reversal of revenue when the uncertainty is resolved. We assess the facts and circumstances, including whether the partner is acting as a principal or agent, of all partner revenue arrangements and then recognizes revenues either gross or net. Premium partner services, whether recognized gross or net, have one material performance obligation being the delivery of our Premium Service.

Ad-Supported Revenue

We generate revenue for our Ad-Supported segment primarily through display, audio, and video advertising delivered through advertising impressions. We enter into arrangements with advertising agencies that purchase advertising on our platform on behalf of the agencies' clients and directly with some large advertisers. These advertising arrangements are typically sold on a cost-per-thousand basis and are evidenced by an Insertion Order ("IO") that specifies the terms of the arrangement such as the type of advertising product, pricing, insertion dates, and number of impressions in a stated period. Ad-Supported revenue is recognized upon delivery of impressions. IOs may include multiple performance obligations as they generally contain several different advertising products that each represent a separately identifiable promise within the contract. For such arrangements, we allocate Ad-Supported revenue to each performance obligation on a relative stand-alone selling price basis. We determine stand-alone selling prices based on the prices charged to customers. We also may offer cash rebates to advertising agencies based on the volume of advertising inventory purchased. These rebates are estimated based on historical data and projected spend and result in a reduction of revenue recognized.

Additionally, we generate Ad-Supported revenue through arrangements with certain suppliers to distribute advertising inventory on their advertising exchange platforms for purchase on a cost-per-thousand basis. Ad-Supported revenue is recognized over time when impressions are delivered on the platform.

Share-based Payments

Our employees and members of our board of directors receive remuneration in the form of share-based payment transactions, whereby employees and directors render services in consideration for equity instruments.

The fair value of a stock option is estimated on the grant date using the Black-Scholes option-pricing model. The fair value of an RSU or RSA is measured using the fair value of our ordinary shares on the date of the grant. Stock-based compensation expense is recognized, net of forfeitures, over the requisite service periods of the awards, which is generally less than five years.

Our use of the Black-Scholes option-pricing model requires the input of highly subjective assumptions, including the fair value of our underlying ordinary shares, expected term of the option, expected volatility of the price of our ordinary shares, risk-free interest rates, and the expected dividend yield of our ordinary shares. The assumptions used in our option-pricing model represent management's best estimates. These estimates involve inherent uncertainties and the application of management's judgment. If factors change and different assumptions are used, our stock-based compensation expense could be materially different in the future.

These assumptions and estimates are as follows:

- *Fair Value of Our Ordinary Shares.* As our ordinary shares are not publicly traded, we estimate the fair value of our ordinary shares as discussed in "—Ordinary Share Valuations" below.

[Table of Contents](#)

- *Expected Term.* The expected term of employee stock options represents the weighted-average period that the stock options are expected to remain outstanding. The expected term of the share options is based on our historical data and current expectations.
- *Risk-Free Interest Rate.* We base the risk-free interest rate on the yields of US Treasury zero coupon rates with maturities approximately equal to the term of employee stock option awards, as the exercise price is based on a fixed U.S. Dollar amount.
- *Expected Volatility.* As we do not have a public market trading history for our ordinary shares, the expected volatility for our ordinary shares was estimated based on the historical volatility of public companies that are deemed to be comparable to us over the expected term of the award. Industry peers consist of several public companies in our industry which are either similar in size, stage of life cycle or financial leverage.
- *Dividend Rate.* We do not anticipate paying any cash dividends in the near future and therefore use an expected dividend yield of zero in the option valuation model.

We also must estimate a forfeiture rate to calculate the stock-based compensation expense for our awards. Our forfeiture rate is based on an analysis of our actual forfeitures. We will continue to evaluate the appropriateness of the forfeiture rate based on actual forfeiture experience, analysis of employee turnover, and other factors. Changes in the estimated forfeiture rate can have a significant impact on our stock-based compensation expense as the cumulative effect of adjusting the rate is recognized in the period the forfeiture estimate is changed. A higher revised forfeiture rate than previously estimated will result in an adjustment that will decrease the stock-based compensation expense recognized in the consolidated statement of operations. A lower revised forfeiture rate than previously estimated will result in an adjustment that will increase the stock-based compensation expense recognized in the consolidated statement of operations.

We will continue to use judgment in evaluating the assumptions related to our stock-based compensation on a prospective basis. As we continue to accumulate additional data related to our ordinary shares, we may have refinements to our estimates, which could materially impact our future stock-based compensation expense.

Social costs are payroll taxes associated with employee salaries and benefits, including share-based compensation. Social costs in connection with granted options and RSUs are accrued over the vesting period based on the intrinsic value of the award that has been earned at the end of each reporting period. The amount of the liability reflects the amortization of the award and the impact of expected forfeitures. The social cost rate at which the accrual is made generally follows the tax domicile within which other compensation charges for a grantee are recognized.

Ordinary Share Valuations

The valuations of our ordinary shares were determined in accordance with the guidelines outlined in the American Institute of Certified Public Accountants Practice Aid, Valuation of Privately-Held-Company Equity Securities Issued as Compensation.

We considered objective and subjective factors to determine our best estimate of the fair value of our ordinary shares, including but not limited to, the following factors:

- recent private stock sale transactions;
- our historical financial results and estimated trends and prospects for our future financial performance;
- our performance and market position relative to our competitors and/or similar publicly traded companies;
- the likelihood of achieving a liquidity event, such as an initial public offering, direct listing, or sale of our Company, given internal company and external market conditions;

[Table of Contents](#)

- the economic and competitive environment, including the industry in which we operate; and
- third-party valuations of our ordinary shares.

The fair value of our ordinary shares is determined using recent secondary market transactions in our ordinary shares and the Probability Weighted Expected Return Method (“PWERM”), which is one of the recommended valuation methods to measure fair value in privately held companies with complex equity structures in the American Institute of Certified Public Accountants Practice Guide, Valuation of Privately-Held-Company Equity Securities Issued as Compensation. We first used the Market Approach, Guideline Company Method, to determine the indicated equity value considering four scenarios: the High Case Public Company, the Low Case Public Company, the High Case Transaction, and the Low Case Transaction. The public company scenarios reflect the value of Spotify as a public company and encompass scenarios whereby Spotify becomes a public company through either a direct listing or an initial public offering. We then used the Market and Income Approaches to determine the indicated equity value of Spotify assuming a fifth scenario in which Spotify remains a private company. These five scenarios were used to allocate value to components of the capital structure. Under the PWERM methodology, for the High Case public company, the Low Case public company, the High Case Transaction, and the Low Case Transaction, Company exit values were determined and distributed to the shareholders in accordance with various shareholder agreements and then discounted to the valuation date. For the Private Company Case, the scenario-based current Company value was used as input into a Black-Scholes option pricing model, which allocated this value to the various components of the capital structure. Based on the weightings applied to the scenarios and methodologies utilized, we determined a value for the ordinary shares under the PWERM.

The valuations took into account the factors described above and used a combination of financial and market-based methodologies to determine our business enterprise value. The following details the ordinary share valuations during 2017.

	Fair market value
February	\$ 50.70
May	\$ 65.50
June	\$ 69.03
August	\$ 78.25
September	\$ 87.68
November	\$ 90.65
December	\$ 120.50

During the course of the year, we have shifted our scenario weightings to give higher weighting towards our public company scenarios given the progress towards our direct listing. See Note 22 to our consolidated financial statements. Further, in consideration of an increased volume in secondary market transactions, we increased the weighting of secondary market transactions from 20% to 50% of the fair value of our ordinary shares in December 2017.

Content

We incur royalty costs for the right to stream music to our Users, paid to certain music record labels and other rights holders. Royalties are calculated using negotiated rates in accordance with license agreements, or estimates of those rates in instances where rights holders are not identified. Calculations are based on either Premium and Ad-Supported revenue earned or User/usage measures or a combination of these. The rights holder agreements are complex and our determination of royalties payable involves certain significant judgments, assumptions, and estimates in addition to complex systems and a significant volume of data to be processed and analyzed. In particular, in certain jurisdictions rights holders have several years to claim royalties for works streamed each month. As such, the royalty costs incurred in a period might not be fully settled for a number of

years and are estimated. The estimate of royalty costs requires us to make assumptions about the rates to be recorded for streams where the rights holder is not identified and the potential incidence of duplicate claims. These estimates are subject to revision until settlement. Considering the number of variables impacting the amounts owed, the actual outcome could be different than our estimates, resulting in an additional accrual or release of previously recorded liabilities.

In addition, some rights holders have allowed the use of their content on our platform while negotiations of the terms and conditions of individual agreements are ongoing. In these instances, royalties are calculated based on our best estimate of the eventual payout.

Many of the rights holders agreements include the right to audit our royalty payments, and any such audit could result in disputes over whether we have paid the proper royalties. Given the complexity of the arrangements, if such a dispute were to occur, we could be required to pay additional royalties, and the amounts involved could be material.

The majority of our rights holder liabilities are settled on commercial payment terms shortly after they are incurred. However, certain of these liabilities are not settled for more significant periods of time due to uncertainties related to the reasons discussed above. Of the total accruals and provisions to rights holders at December 31, 2016 and December 31, 2017, approximately €183 million and €181 million respectively relate to liabilities that were incurred more than twelve months prior to the date of the statement of financial position.

From time to time, we are involved in legal actions or other third-party assertions related to content on our platform. There can be no assurance these actions or other third-party assertions will be resolved without costly litigation in a manner that does not adversely impact our financial position, results of operations, or cash flows, or without requiring higher royalty payments in the future, which may adversely impact gross margins. We record a liability when it is probable that a loss has been incurred and the amount can be reasonably estimated. In determining the probability of a loss and consequently, determining a reasonable estimate, management is required to use significant judgment. Given the uncertainties associated with any litigation, the actual outcome can be different than our estimates and could adversely affect our results of operations, financial position, and cash flows. See “Risk Factors—Risks Related to Our Business—Our royalty payment scheme is complex, and it is difficult to estimate the amount payable under our license agreements.”

We have certain arrangements whereby royalty costs are paid in advance or are subject to minimum guaranteed amounts. These minimum guarantee amounts have been disclosed in Note 23 of the consolidated financial statements, included elsewhere in this prospectus. An accrual is established when actual royalty costs to be incurred during a contractual period are expected to fall short of the minimum guaranteed amounts. For minimum guarantee arrangements for which we cannot reliably predict the underlying expense, we will expense the minimum guarantee on a straight-line basis over the term of the arrangement. We also have certain royalty arrangements where we would have to make additional payments if the royalty rates for specified periods were below those paid to certain other licensors (most favored nation clauses). For rights holders with this clause, we compare royalties incurred to date plus estimated royalties payable for the remainder of the period to estimates of the royalties payable to other appropriate rights holders, and the shortfall, if any, is recognized on a straight-line basis over the period of the applicable most favored nation clause. An accrual and expense is recognized when it is probable that we will make additional royalty payments under these terms. The expense related to these accruals is recognized in cost of revenue.

Convertible Notes, Warrants, and Contingent Options

Our Convertible Notes, warrants, and contingent options are remeasured at each reporting date using valuation models using input data, which includes the fair value of our ordinary shares, including the assumptions for probability scenarios and PWERM as determined above. The change in fair value of these financial liabilities are recognized in finance income or cost in the consolidated statement of operations. The fair value of our ordinary shares is a primary driver of the fair value of the warrants and contingent options.

[Table of Contents](#)

At December 31, 2016, the fair value of the debt was determined based on consideration and weighting of two future scenarios, a Near Term Exit (where the debt is convertible into ordinary shares in the case of a qualifying event), and a Private Company Case. All components of the debt under the Near Term Exit and Private Company Case, with the exception of the share cap, which assumes a risk-free discount rate, were discounted at the implied rate on the date of issuance plus the chosen benchmark rate. The calculation under the Private Company Case, assumes the debt is repaid at maturity.

At December 31, 2017, the Convertible Notes were valued at the assumed exchange to ordinary shares based on the fair value of the Company's ordinary share price. The key assumptions to the fair value of ordinary shares have been discussed in Note 22 to our consolidated financial statements.

If factors change and different assumptions are used, our finance costs, (net) could be materially different in the future. An increase in the fair value of our ordinary shares will negatively impact earnings as it increases the fair value of the Convertible Notes and warrants while the increase will positively impact earnings related to the contingent options.

See Notes 18 and 22 to our consolidated financial statements included elsewhere in this prospectus for additional information on the valuation models used in for our Convertible Notes, warrants and contingent options.

Income Taxes

We are subject to income taxes in Luxembourg, Sweden, the United States, and numerous foreign jurisdictions. Significant judgment is required in determining our uncertain tax positions.

Deferred tax assets are recognized for unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available, against which they can be used. Unused tax loss carry-forwards are reviewed at each reporting date and have not been recorded when we believe we will not generate future taxable income to utilize the loss carry-forwards.

In determining the amount of current and deferred income tax, we take into account the impact of uncertain tax positions and whether additional taxes, interest, or penalties may be due. Although we believe that we have adequately reserved for our uncertain tax positions, we can provide no assurance that the final tax outcome of these matters will not be materially different. We make adjustments to these reserves when facts and circumstances change, such as the closing of a tax audit or the refinement of an estimate. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made and could have a material impact on our financial condition and operating results.

Recent Accounting Pronouncements

See Note 2 to our consolidated financial statements included elsewhere in this prospectus for recently adopted accounting pronouncements and recently issued accounting pronouncements not yet adopted as of the dates of the statement of financial position included in this prospectus.

Liquidity and Capital Resources

Our principal sources of liquidity are our cash and cash equivalents, short term investments, and cash generated from operations. Cash and cash equivalents and short term investment securities consist mostly of cash on deposit with banks, investments in money market funds, and investments in government securities, corporate debt securities, and collateralized reverse purchase agreements. Cash and cash equivalents and short term investments decreased by €76 million from €1,585 million as of December 31, 2016 to €1,509 million as of December 31, 2017.

We believe our existing cash and cash equivalent balances and the cash flow we generate from our operations will be sufficient to meet our working capital and capital expenditure needs for at least the next 12 months. However, our future capital requirements may be materially different than those currently planned in our budgeting and forecasting activities and depend on many factors, including our rate of revenue growth, the timing and extent of spending on content and research and development, the expansion of our sales and marketing activities, the timing of new product introductions, market acceptance of our products, our continued international expansion, competitive factors, and overall economic conditions, globally. To the extent that current and anticipated future sources of liquidity are insufficient to fund our future business activities and requirements, we may be required to seek additional equity or debt financing. The sale of additional equity would result in additional dilution to our shareholders, while the incurrence of debt financing or additional convertible debt would result in debt service obligations. Such debt instruments also could introduce covenants that might restrict our operations. We cannot assure you that we could obtain additional financing on favorable terms or at all. See “Risk Factors—Risks Related to Our Business—We may require additional capital to support business growth and objectives, and this capital might not be available on acceptable terms, if at all.”

Cash Flow

	Year ended December 31,		
	2015	2016	2017
	(in € millions)		
Net cash flows (used in)/from operating activities	(38)	101	179
Net cash flows used in investing activities	(67)	(827)	(435)
Net cash flow from financing activities	476	916	34

Operating activities.

Cash from operating activities increased by €78 million to €179 million for the year ended December 31, 2017 as compared to 2016. The increase in net cash from operations was due primarily to an increase in content and social cost accruals.

Cash from operating activities increased by €139 million to €101 million for the year ended December 31, 2016 as compared to 2015. The increase in net cash from operations was due primarily to more timely collection from customers and an increase in deferred subscription revenue, content accruals, and certain provisions.

Investing activities.

Cash used in investing activities decreased by €392 million for the year ended December 31, 2017 as compared to 2016, due primarily to a reduction in net cash outflow for purchases and sales of short term investments of €482 million. This was offset by an increase of €42 million for business combinations and a €33 million increase in restricted cash principally related to securing property leases.

Cash used in investing activities increased by €760 million for the year ended December 31, 2016 as compared to 2015, due primarily to our net cash outflow for purchases and sales of short term investments of €788 million, which included the proceeds from the issuance of our Convertible Notes. This was partially offset by a €17 million decrease in cash used for purchases of property and equipment.

Financing activities.

Cash from financing activities decreased €882 million for the year ended December 31, 2017 as compared to 2016. The decrease in financing cash flows was due primarily to the net proceeds of €861 million received from the issuance of our \$1,000 million Convertible Notes in 2016 and a decrease in the proceeds from the issuance of warrants of €18 million.

[Table of Contents](#)

Cash from financing activities increased €440 million for the year ended December 31, 2016 as compared to 2015. The increase in financing cash flows was due primarily to the net proceeds of €861 million received from the issuance of our \$1,000 million Convertible Notes, an increase in proceeds from the exercise of share options of €27 million, and the issuance of warrants of €27 million. The increase was partially offset by €474 million of cash received from the issuance of additional shares in 2015.

Free Cash Flow

	Year ended December 31,		
	2015	2016	2017
Free Cash Flow	(92)	73	109

Free cash flow increased by €36 million to €109 million for the year ended December 31, 2017 as compared to 2016. The increase in free cash flow was due primarily to the improvement in cash from operations of €78 million due to an increase in content and social cost accruals.

Free cash flow increased by €165 million to €73 million for the year ended December 31, 2016 as compared to 2015. The increase in free cash flow was due primarily to the improvement in cash from operations of €139 million due to more timely collection from customers and an increase in deferred subscription revenue, content accruals, and certain provisions.

For a discussion of the limitations associated with using Free Cash Flow rather than IFRS measures and a reconciliation of Free Cash Flow to net cash flows from operating activities, see “Selected Historical Financial Information and Other Data.”

Restrictions on Subsidiaries to Transfer Funds

The payment of dividends and the making, or repayment, of loans and advances to the Company by the Company’s direct subsidiaries and such payments by its indirect subsidiaries to their respective parent entities are subject to various restrictions. Existing and future indebtedness of these subsidiaries may prohibit the payment of dividends or the making, or repayment, of loans or advances to the Company. In addition, the ability of any of the Company’s direct or indirect subsidiaries to make certain distributions may be limited by the laws of the relevant jurisdiction in which the subsidiaries are organized or located, including financial assistance rules, corporate benefit laws, liquidity requirements, requirements that dividends must be paid out of reserves available for distribution, and other legal restrictions which, if violated, might require the recipient to refund unlawful payments. Spotify AB, which, directly or indirectly through its subsidiaries, conducts much of the Spotify Group’s business, may only make dividends to the Company if there would continue to be full coverage of its restricted equity following such dividend, and only if doing so would be considered prudent under Swedish law given the needs of Spotify AB and its subsidiaries. Loans and other advances from Spotify AB to the Company may be subject to essentially the same restrictions as dividends. Since the Company is expected to rely primarily on dividends from its direct and indirect subsidiaries to fund its financial and other obligations, restrictions on its ability to receive such funds may adversely impact the Company’s ability to fund its financial and other obligations.

Indebtedness

As of December 31, 2017, our outstanding indebtedness consisted primarily of our Convertible Notes, as further described below. We may from time to time seek to incur additional indebtedness. Such indebtedness, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions, and other factors. The amounts involved may be material. For additional information regarding our interest rate risk and interest rate hedging instruments, see “—Quantitative and Qualitative Disclosures About Market Risk” below.

Description of Convertible Notes

On March 24, 2016, we entered into a convertible note purchase agreement, pursuant to which, on April 1, 2016, we issued and sold Convertible Notes which were guaranteed by certain of our subsidiaries to various “accredited investors” within the meaning of Rule 501(a)(1), (2), (3), or (7) under the Securities Act. The Convertible Notes were issued without registration in reliance on the exemption afforded by Rule 144A and Regulation S of the Securities Act, and Rule 506 promulgated thereunder. The Convertible Notes were issued at par and bear interest of 5.0% payment-in-kind interest increasing by 100 basis points every six months after April 1, 2018. Since a specified conversion event did not occur within the first twelve months of the issue date, the original discount of 20.0% to the per share price of our ordinary shares increased by 250 basis points on April 1, 2017 and would have increased again every six months thereafter by 250 basis points until a specified conversion event had occurred.

The Convertible Notes also had change of control clauses where the noteholders had the option to convert the Convertible Notes into ordinary shares. On the maturity date, if the Convertible Notes had not been converted, exchanged, or repaid, noteholders would have received cash in an amount equal to the original principal amount plus 10% annualized return. The Convertible Notes included certain affirmative covenants typical for notes of this type, including the delivery of audited financial statements to the noteholders and certain negative covenants typical for notes of this type, including restrictions on declaring or paying dividends, redeeming, repurchasing or retiring for value equity interests, incurring additional indebtedness, entering into certain affiliate transactions, and incurring liens, among others. Certain events of default and covenants in the Convertible Notes were subject to certain thresholds and exceptions described in the agreement governing the Convertible Notes. We strived, to the extent possible, to mitigate our currency exposure in the U.S. dollar denominated Convertible Notes by matching the balance with U.S. dollar denominated cash equivalents and short term investments creating a natural hedge.

In connection with the Tencent Transactions, in December 2017, certain accredited investors in the Convertible Notes exchanged \$301 million of Convertible Notes for 4,800,000 ordinary shares pursuant to an exchange agreement and subsequently sold such shares to an affiliate of Tencent. Additionally, pursuant to the December Exchange, certain accredited investors in the Convertible Notes exchanged an aggregate of \$110 million of Convertible Notes, plus accrued interest, for an aggregate of 1,754,960 ordinary shares. In January 2018, we entered into an exchange agreement with accredited investors holding the remaining balance of our Convertible Notes, pursuant to which the remaining \$628 million of Convertible Notes, plus accrued interest, was exchanged for 9,431,960 ordinary shares. Pursuant to this exchange agreement, subject to certain conditions, if we fail to list our ordinary shares on or prior to July 2, 2018, we have agreed to offer to each noteholder the option to unwind the transaction such that we purchase back the shares that were issued to such noteholder pursuant to the exchange and we will issue such noteholder a new note that is materially identical to its note prior to the exchange. At December 31, 2017, pro forma for the January Exchange, we had no outstanding indebtedness. See “Summary—Recent Developments—Exchange of Convertible Notes.

Off-balance sheet arrangements

As of December 31, 2017, we do not have transactions with unconsolidated entities, such as entities often referred to as structured finance or special purpose entities, whereby we have financial guarantees, subordinated retained interests, derivative instruments, or other contingent arrangements that expose us to material continuing risks, contingent liabilities, or any other obligation under a variable interest in an unconsolidated entity that provides financing, liquidity, market risk, or credit risk support to us.

Tabular disclosure of contractual obligations

The following table sets forth our contractual obligations and commercial commitments as of December 31, 2017:

Contractual obligations:	Payments due by period				
	Total	Less than 1 year	1-3 years (in € millions)	3-5 years	More than 5 years
Convertible Notes (1)	790	—	—	790	—
Minimum guarantees (2)	1,695	1,060	635	—	—
Operating lease obligations (3)	769	47	120	124	478
Finance leases (4)	1	1	—	—	—
Total	3,255	1,108	755	914	478

- (1) Convertible Notes amounts consist of principal and interest payments. See Note 18 of the consolidated financial statements included elsewhere in this prospectus for further details.
- (2) We are subject to minimum royalty payments associated with our license agreements for the use of licensed content. See “Risk Factors—Risks Related to Our Business—Minimum guarantees required under certain of our license agreements for sound recordings and underlying musical compositions may limit our operating flexibility and may adversely affect our business, operating results, and financial condition.”
- (3) Operating lease obligations relate to our office space. The lease terms are between one and seventeen years, and the majority of the lease agreements are renewable at the end of the lease period.
- (4) Finance leases relate to our obligations on certain leased data-servers. See Note 18 of the consolidated financial statements included elsewhere in this prospectus for further details.

Subsequent to year end, we entered into an exchange agreement with accredited investor holding the remaining balance of our Convertible Notes, pursuant to which the remaining \$628 million of Convertible Notes, plus accrued interest, was exchanged for an aggregate of 9,431,960 ordinary shares. At December 31, 2017, pro forma for the January Exchange, we have no outstanding indebtedness. See “Summary—Recent Developments—Exchange of Convertible Notes.”

Quantitative and Qualitative Disclosures About Market Risk

Our activities expose us to a variety of market risks. Our primary market risk exposures relate to currency, interest rate, and share price risks. To manage these risks and our exposure to the unpredictability of financial markets, we seek to minimize potential adverse effects on our financial performance and capital.

Currency Risk

Currency risk manifests itself in transaction exposure, which relates to business transactions denominated in foreign currency required by operations (purchasing and selling) and/or financing (interest and amortization). Our general policy is to hedge transaction exposure on a case-by-case basis. In 2017, the Group began entering into multiple foreign exchange forward contracts. To the extent possible, we try to mitigate our currency exposure in the U.S. Dollar-denominated Convertible Notes by matching the balance with USD-denominated cash equivalents and short term investments creating a natural hedge. Translation exposure relates to net investments in foreign operations. We do not conduct translation risk hedging.

Transaction Exposure Sensitivity

In most cases, our customers are billed in their respective local currency. Major payments, such as salaries, consultancy fees, and rental fees are settled in local currencies. Royalty payments are primarily settled in Euros and U.S. dollars. Hence, the operational need to net purchase foreign currency is due primarily to a deficit from such settlements.

[Table of Contents](#)

The tables below show the immediate impact on net income before tax of a 10% strengthening in the closing exchange rate of significant currencies to which we have exposure, at December 31, 2016 and 2017. The sensitivity associated with a 10% weakening of a particular currency would be equal and opposite. This assumes that each currency moves in isolation.

2016	SEK	AUD	EUR	GBP	USD
	(in € millions)				
(Increase)/decrease in loss before tax	(20)	6	(36)	(22)	(31)

2017	SEK	AUD	EUR	GBP	USD
	(in € millions)				
(Increase)/decrease in loss before tax	1	5	2	(2)	9

For the notional amount of our foreign exchange forward contracts not designated for hedging, the immediate impact on net income before tax of a 10% strengthening in the closing exchange rate of the USD would be a negative impact of €26 million as of December 31, 2017.

Translation Exposure Sensitivity

The positive impact on our equity would be approximately €40 million and €27 million if the Euro weakened by 10% against all translation exposure currencies, based on the exposure at December 31, 2016 and 2017, respectively.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will have a negative impact on earnings and cash flow. The fair value of the Convertible Notes was dependent on market interest rates, which could negatively impact earnings. The Convertible Notes were remeasured at each reporting date using valuation models using input data, which could include market interest rates. Changes in the fair value of the Convertible Notes were recognized in finance income or cost in the consolidated statement of operations.

At December 31, 2017, the Convertible Notes were valued at the assumed exchange to ordinary shares based on the fair value of the Company's ordinary share price. The key assumptions to the fair value of ordinary shares has been discussed in Note 22 to our consolidated financial statements.

Our exposure to interest rate risk also is related to our interest-bearing assets, primarily our available for sale debt securities. Fluctuations in interest rates impact the yield of the investment. The sensitivity analysis considered the historical volatility of short term interest rates and determined that it was reasonably possible that a change of 100 basis points could be experienced in the near term. A hypothetical 100 basis points increase in interest rates would have impacted interest income by €8 million for the year ended December 31, 2017 and €6 million for the year ended December 31, 2016.

Share Price Risk Management

Share price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in the fair value of our ordinary share price. Our exposure to this risk relates primarily to the Convertible Notes and derivative liabilities arising from financing activities.

The impact on the fair value of the contingent options with an increase or decrease in our ordinary share price of 10% results in a range of €2 million to €4 million at December 31, 2017 and €80 million to €122 million at December 31, 2016.

[Table of Contents](#)

The impact on the fair value of the warrants with an increase or decrease in our ordinary share price of 10% results in a range of €333 million to €361 million at December 31, 2017 and €21 million to €43 million at December 31, 2016.

The impact on the fair value of the Convertible Notes with an increase or decrease in our ordinary share price of 10% results in a range of €1,038 million to €849 million at December 31, 2017 and €1,115 million to €1,101 million at December 31, 2016.

LETTER FROM DANIEL EK

Our Path—A Note from Daniel Ek, Co-Founder, Chief Executive Officer, and Chairman

From the age of four, my life was about music and technology—never one without the other. Over time, I realized that by combining my two passions, I could create a new paradigm, one that helped fans and the creative community—singers, songwriters, bands, everyone in the creative process—chart a new course for an entire industry.

Spotify is the manifestation of those dreams. Music was too important to me to let piracy take down the industry. There had to be a way to give people access to the music they loved while allowing creators to get paid for their work, and to expand their creativity.

So I built a company based on a core set of values: innovation, passion, collaboration, transparency, and fairness. These values drive how we work with the creative community and how we treat our users. They're why we're committed to a diverse workforce in an open, trusting company culture.

Today, Spotify is one of the largest drivers of global music revenue. We've helped restore a rapidly shrinking industry to growth, and connected over a million artists with hundreds of millions of fans.

People constantly tell me how music has helped them through life's biggest moments—birth and death, euphoria and heartbreak. At Spotify, we want to enrich, strengthen, and extend those moments and connections. So while some companies rely entirely on data, we take a different approach. We start with human creativity, augment it with our expertise and understanding, and then leverage with the efficiency of algorithms.

Music has just been the beginning. We're an audio first platform—as a top provider of podcasts, we're also connecting audiences to the conversations that we think will shape the future.

And we have even bigger aspirations. We envision a cultural platform where professional creators can break free of their medium's constraints and where everyone can enjoy an immersive artistic experience that enables us to empathize with each other and to feel part of a greater whole. But to realize this vision, professional creators must be able to earn a fair living doing what they love, where monetization is at the core of a creative proposition and not an afterthought. We care deeply about our creators and our users and we believe Spotify is a win-win for both.

That's our mission—to unlock the potential of human creativity—by giving a million creative artists the opportunity to live off their art and billions of fans the opportunity to enjoy and be inspired by it.

Everyone who partners with us—employees, users, the creative community, brands, investors—should understand what our mission means to us, how we make decisions, and why.

We know that if we're going to succeed as a company and as an industry, we have to think, build, plan, and imagine for the long-term.

To build a better world by unlocking human creativity, we are committed to creating a better experience for users—and to enabling more creators to live off their work. We firmly believe that in the long run, these priorities will provide greater returns to all of our stakeholders.

That's because the future is markedly different from the past.

The old model favored certain gatekeepers. Artists had to be signed to a label. They needed access to a recording studio, and they had to be played on terrestrial radio to achieve success. Today, artists can produce and release their own music. Labels, studios, and radio still matter, but in a cluttered landscape, artists' biggest challenge is navigating this complexity to get heard. We believe Spotify empowers them to break through.

With access to unprecedented amounts of data and insights, we're building audiences for every kind of artist at every level of fame and exposing fans to a universe of songs. In this new world, music has no borders. Spotify enables someone in Miami to discover sounds from Madrid. It links immigrants in Boston to songs back home in Bangkok.

We're working to democratize the industry and connect all of us, across the world, in a shared culture that expands our horizons.

With a catalog that grows by tens of thousands of new creative works every day, Spotify is like a flywheel. Creators and consumers engage and react to each other, building momentum. These reactions generate even more buzz, which we believe, in turn, fuels even more creativity. Now, we are going to take the lessons we've learned in music and apply them across culture. In the future, Spotify will strive to more meaningfully connect people to the cultural experiences they care about—or don't yet know they care about—to fit the mood and moment they're in.

Today's creators can collaborate with audiences across time zones. They incorporate video and interactive technology to create new and inspiring art, and more. They release their own work and directly make and reach fans. As we evolve, Spotify will meet creators where they are and empower them with even more tools to do what they love in their own authentic way, and reach even more people. What started out as an application and grew into a platform must now become a global network—one that recognizes and nurtures the interdependent relationships between creators, producers, publishers, labels, fans, and everyone in between.

To get there, we need transparency. We need discovery. We need new tools of creativity.

Artists' greatest barriers to success are achieving exposure and earning money. That's why Spotify wants to create a fair and open market, where fans can support the artists they love and creators can understand how they're paid and earn a living.

Musicians, for example, compete against the entire history of music and a daily flood of new content. The central paradox for fans is that access gives you everything—but everything isn't enough. Discovery is hard without a compass. Unprecedented choice at an affordable price must come with effective personalization to help audiences navigate a sea of content, and to help artists directly reach a sea of listeners. With the right mix of data insights contextualized by human experts, Spotify reunites fans with old favorites, and lets them discover new ones.

We intend to give the creative community the data, technology, and connections to not only make a living but also accelerate the exposure of their work. We believe that these tools we're building will go far beyond music, building bonds between creators and consumers across every genre and form.

And when we get there, the possibilities for culture will completely change. Again.

Today, art has an even greater opportunity to be a transformative cultural force. And culture is the force that binds us all—no matter who we are or where we're from—in a shared human experience. It's what helps us understand one another across differences. It's what breaks us out of isolation and brings people together. That's why, everywhere I go around the world, I see artists finding inspiration across oceans, drawing on sounds born in one part of the world and making them their own—from punk music in Myanmar to rap in Mongolia.

This is the future we envision; where artists cross genres and cultural boundaries, creating ideas that propel society forward; where fans can discover something they never would have otherwise; where we're all part of a global network, building new connections, sharing new ideas, across cultures.

We really do believe that we can improve the world, one song at a time.

BUSINESS

Overview

Our mission is to unlock the potential of human creativity by giving a million creative artists the opportunity to live off their art and billions of fans the opportunity to enjoy and be inspired by these creators.

When we launched our Service in 2008, music industry revenues had been in decline, with total global recorded music industry revenues falling from \$23.8 billion in 1999 to \$16.9 billion in 2008. Growth in piracy and digital distribution were disrupting the industry. People were listening to plenty of music, but the market needed a better way for artists to monetize their music and consumers needed a legal and simpler way to listen. We set out to reimagine the music industry and to provide a better way for both artists and consumers to benefit from the digital transformation of the music industry. Spotify was founded on the belief that music is universal and that streaming is a more robust and seamless access model that benefits both artists and music fans.

We are the largest global music streaming subscription service. With a presence in 61 countries and territories and growing, our platform includes 159 million MAUs and 71 million Premium Subscribers as of December 31, 2017, which we believe is nearly double the scale of our closest competitor, Apple Music.

Our Users are highly engaged. We currently monetize our Service through both subscriptions and advertising. Our Premium Subscribers have grown 46% year-over-year as of December 31, 2017 to 71 million. Our 159 million MAUs have grown 29% year-over-year as of December 31, 2017. The Premium Service and Ad-Supported Service live independently, but thrive together. Our Ad-Supported Service serves as a funnel, driving more than 60% of our total gross added Premium Subscribers since we began tracking this data in February 2014. With a 51% increase in revenue from our Ad-Supported Service from 2015 to 2016 and a 41% increase in revenue from our Ad-Supported Service from 2016 to 2017, we believe our Ad-Supported Service is a strong and viable stand-alone product with considerable long-term opportunity for growth in Ad-Supported Users and revenue. However, we face intense competition in growing both our Ad-Supported Users and Premium Subscribers, as well as in keeping our Users highly engaged. If User engagement declines or if we fail to continue to grow our Ad-Supported User base or Premium Subscriber base, our revenue growth will be negatively impacted. See “Risk Factors—Risks Related to Our Business—If our efforts to attract prospective Users and to retain existing Users are not successful, our growth prospects and revenue will be adversely affected.”

For the years ended December 31, 2015, 2016, and 2017, we generated €1,940 million, €2,952 million, and €4,090 million in revenue, respectively, representing a CAGR of 45%. For the years ended December 31, 2015, 2016, and 2017, we incurred net losses of €230 million, €539 million, and €1,235 million, respectively. For the years ended December 31, 2015, 2016, and 2017, our EBITDA was €(205) million, €(311) million, and €(324) million, respectively. For the years ended December 31, 2015, 2016, and 2017, our net cash flow (used in)/from operating activities was €(38) million, €101 million, and €179 million, respectively. For the years ended December 31, 2015, 2016, and 2017, our Free Cash Flow was €(92) million, €73 million, and €109 million, respectively. EBITDA and Free Cash Flow are non-IFRS financial measures. For a discussion of EBITDA and Free Cash Flow and a reconciliation of each to their most closely comparable IFRS measures, see “Selected Historical Financial Information and Other Data.”

Music Industry Returns to Growth Led by Streaming

Global recorded music industry revenues declined by 40% from \$23.8 billion in 1999 to \$14.3 billion in 2014 following the launch of the first internet-based music download service. As Spotify’s access model gained traction, however, that trend reversed itself in 2015 when global recorded music revenues grew more than 3% from the prior year. Growth accelerated in 2016, when global recorded music revenues reached \$15.7 billion, an increase of 6% from 2015. This was the highest annual growth rate in 20 years, according to management estimates and industry reports.

- *Return to Growth was Primarily Driven by Streaming*. Streaming is the engine which has primarily restored the global recorded music industry to growth. Streaming revenues increased by 60% in 2016,

reaching \$4.6 billion, while physical sales and digital download revenues continued to decline at 8% and 21% respectively, according to management estimates and industry reports.

- *Streaming is Growing Globally.* According to management estimates and industry reports, the return to growth in the recorded music industry was seen in every region measured, namely North America, Europe, Asia, and Latin America. By transforming user behavior, streaming has become the dominant global format in the music industry, fueling growth in key music markets worldwide.
- *The Streaming Market is Still in its Infancy.* While streaming has changed the way many people access music, we believe there is an untapped global audience with significant growth potential. Other internet platforms have shown that they can achieve global scale, including Facebook with an estimated 2.0 billion users and YouTube with an estimated 1.5 billion users, according to industry reports. We believe the universality of music gives us the opportunity to reach many of the over 3.6 billion internet users globally, according to the International Telecom Union ICT Facts and Figures 2017 Report.
- *Increasing Penetration of Established Markets.* There is opportunity for growth, even in more established markets. According to Nielsen, the average American listens to more than 32 hours of music each week, and we believe there is significant room to capture additional share of these content hours. Research from MIDiA indicates that listeners who pay for streaming subscription services tend to consume more content hours on average than ad-supported users. In addition, there are 30 million paid music subscribers in the U.S., according to RIAA, and 163 million users of paid subscription accounts globally, according to MIDiA. To put this in context, in the U.S. there are 115 million TV-enabled households according to Nielsen, and 51 million households viewing content over-the-top according to comScore.
- *Growth in Smartphone Penetration.* In the 61 countries and territories where we are present, there were an estimated 1.2 billion payment-enabled smartphone users in 2017. According to research from Ovum, the number of payment-enabled smartphone users in the countries where we are present is forecast to grow by 28% to approximately 1.6 billion by 2021. In a number of countries where we do not currently operate but may have the opportunity in which to expand in the future, we believe there will be an additional 1.4 billion payment-enabled smartphone users by 2021, excluding China. As a mobile-first platform, we believe we are well-positioned to benefit from the growth in global smartphone users.
- *Opportunity in the Ad-Supported Music Market.* With our Ad-Supported Service, we believe there is a large opportunity to grow Users and gain market share from traditional terrestrial radio. In the United States alone, traditional terrestrial radio is a \$14 billion market, according to BIA/Kelsey. The total global radio advertising market is approximately \$28 billion in revenue, according to Magna Global. With a more robust offering, more on-demand capabilities, and access to personalized playlists, we believe Spotify offers Users a significantly better alternative to linear broadcasting. A migration away from radio broadcasting is likely and it will benefit both consumers and artists alike.

Spotify is the Largest Global Music Streaming Subscription Service

Spotify has transformed the way people access and enjoy music.

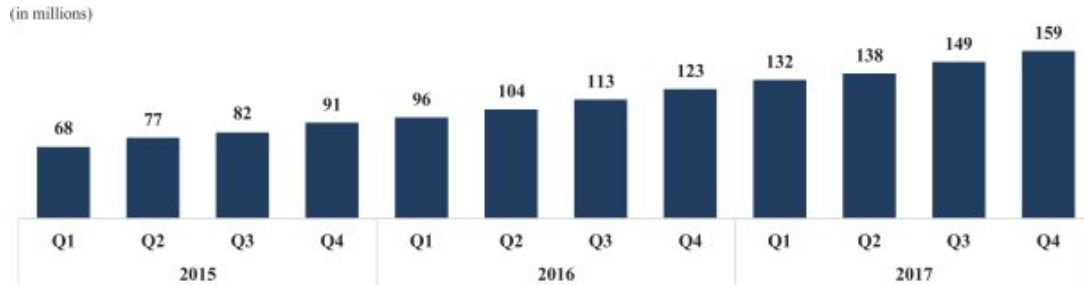
Today, millions of people around the world have access to over 35 million tracks through Spotify whenever and wherever they want. We are transforming the music industry by allowing Users to move from a “transaction-based” experience of buying and owning music to an “access-based” model which allows Users to stream music on demand. In contrast, traditional radio relies on a linear distribution model in which stations and channels are programmed to deliver a limited song selection with little freedom of choice.

We are the largest global music streaming subscription service with 159 million MAUs and 71 million Premium Subscribers as of December 31, 2017. Based on management estimates and industry reports, Spotify’s global streaming market share was approximately 42% in 2016 as determined by revenue, and we had market

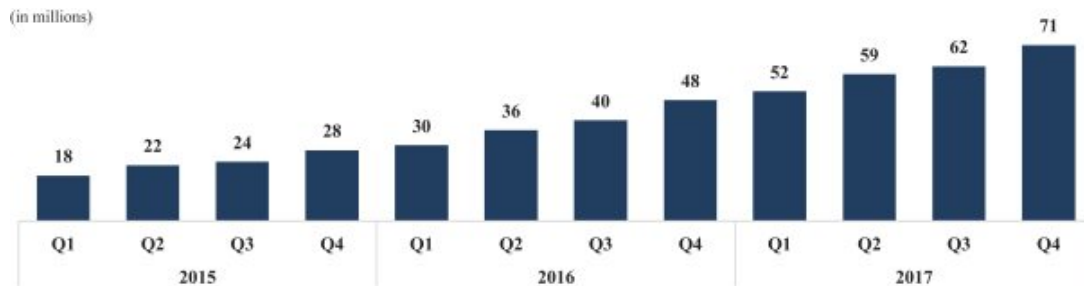
share of approximately 41%, 42%, and 59% in the U.S., Brazil, and United Kingdom, our three largest markets by MAUs, respectively. In addition, we accounted for greater than 95% of the streaming market in our home country of Sweden. We made up almost half of global revenues from paid streaming to record labels in 2016, according to MIDiA. Through December 31, 2017, we have paid more than €8 billion in royalties to artists, music labels, and publishers since our launch. In 2017, our expenses for rights holders grew by 27% compared to the prior year, making us one of the largest engines for revenue growth to artists and labels in the music industry.

Spotify is more than a music streaming service. We are in the discovery business. Every day, fans from around the world trust our brand to guide them to music and entertainment that they would never have discovered on their own. If discovery drives delight, and delight drives engagement, and engagement drives discovery, we believe Spotify wins and so do our Users. Our brand reflects culture—and occasionally creates it—by turning vast and intriguing listening data into compelling stories that remind people of the role music plays in their lives and encourages new fans to join Spotify each week.

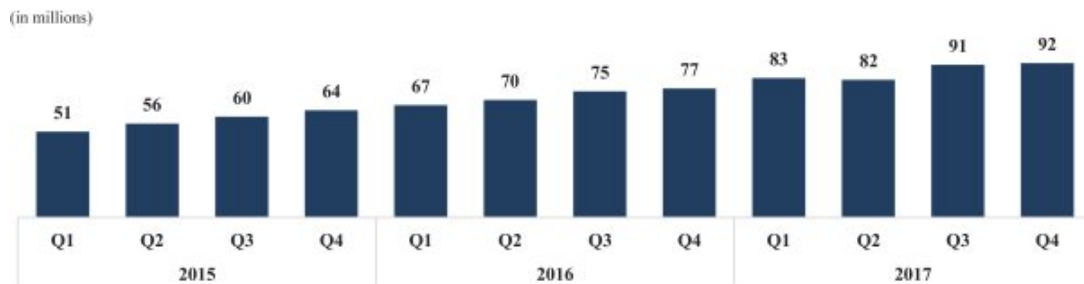
MAUs



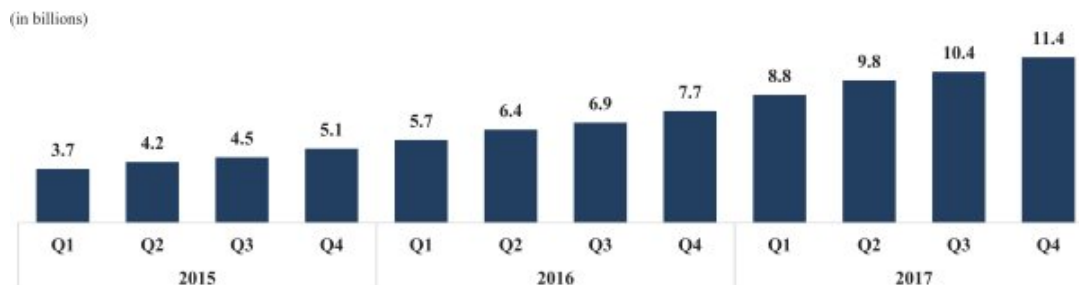
Premium Subscribers



Ad-Supported MAUs



Content Hours Consumed Quarterly



How is Spotify Different?

Spotify is the largest global music streaming subscription service, with 159 million MAUs and 71 million Premium Subscribers as of December 31, 2017, which we believe is nearly double the scale of our closest competitor, Apple Music. Spotify’s streaming market share was approximately 42% in 2016 based on management estimates and industry reports.

- *Scale Provides Unique Data which Enables a Differentiated and Personalized Experience.* Many music services have large catalogs, but we believe Spotify is differentiated from other services because we provide Users with a more personalized experience, driven by powerful music search and discovery engines. We have a large and growing base of Users that are highly engaged on Spotify, which enables us to continuously learn about their listening behaviors throughout the day. We use this information to create a more personalized and engaging experience for each incremental visit to our platform. We believe this personalized experience is a key competitive advantage as Users are more likely to engage with a platform that reflects their real-time moods and activities and captures a unique understanding of moments in their lives. This deep understanding of our Users also helps us to tailor content, advertising, marketing, and product bundling effectively. Our goal is to continue using data and our proprietary algorithms to enhance the listening experience, while also driving discovery of artist content on our platform.
- *Superior User Experience Drives Industry Leading User Engagement.* We believe our superior User experience is what has enabled Spotify to become the largest global music streaming subscription service. Investing in the User experience has and will continue to generate significant benefits for our platform. As our personalization becomes more refined and music discovery becomes more seamless, we believe we will increase our current Users’ engagement and will attract new Users to our platform. On average, 25 Content Hours Per MAU were streamed in each month of the fourth quarter of 2017.

Our 159 million MAUs have grown 29% year-over-year as of December 31, 2017. Our Premium Subscribers have grown 46% year-over-year as of December 31, 2017 to 71 million. A portion of this growth is due to the popularity of our Family Plan, which allows up to six Premium Subscribers in a household for one fixed monthly rate. Our Premium Subscribers include both the master Family Plan account as well as any sub-accounts associated with each household.

- *Spotify Playlists are the Driving Force Behind Music Discovery and Demand Creation on our Service.* As our Service has grown, our challenge has been to connect millions of Users—all with distinct listening preferences—with a large catalog of over 35 million tracks as of December 31, 2017.

Spotify has become an essential partner to both aspiring and established artists by enabling their music to be discovered. Our playlists have become a key discovery tool for Users to find new artists and new music from their favorite artists. Given the success of our playlists in driving music discovery, they have become one of the primary tools that labels, artists, and managers use in order to boost artists and measure success.

One prominent example of how Spotify enabled an aspiring artist to reach a global audience is international pop star Lorde. Lorde started out as a singer-songwriter from New Zealand looking to break out with her new single, “Royals,” when Sean Parker added her single to his popular playlist Hipster International. After approximately one month, Lorde had jumped past prominent artists such as Katy Perry, Drake, and Lady Gaga to land at the top of Spotify’s Viral Chart, and after eight months, she had reached over 100 million streams on Spotify and was #1 on the Billboard Hot 100.

Another example is Lauv, who we identified as a talented new artist and helped succeed by helping Spotify Users discover his music. Prior to 2016, Lauv was an indie artist with a limited number of mainstream fans. In early 2017, Lauv’s track “The Other” was added to Today’s Top Hits. The song quickly grew in popularity, with average daily streams of the song increasing nearly threefold in the following three months, growing to approximately 750,000 streams per day. Approximately 70% of those streams came from our programmed playlists. In the middle of 2017, after the success of “The Other,” we were able to help Lauv build his brand identity and personal profile. His next song “I Like Me Better” was released in May 2017 and, after its subsequent inclusion into our curated playlists as well as our machine-generated playlists, it peaked at over 4 million streams per day. We believe that we are uniquely positioned to help artists reach their full potential.

Many of our Users also rely on Spotify to help soundtrack their day, through editorially-curated playlists like RapCaviar or personalized machine-generated playlists like Discover Weekly, Daily Mix, or Release Radar. Our machine-generated playlists have been made possible by our investments in artificial intelligence and machine learning, which power our music discovery engine. We now program approximately 31% of all listening on Spotify across these and other playlists, compared to less than 20% two years ago. As Users choose to let Spotify program more of their listening, all participants in the music ecosystem benefit. Users discover new music and are still able to listen to their favorite classics, while new and established artists are able to grow their exposure and gain fans. Using our artificial intelligence and machine learning capabilities, we are able to find, promote and program songs whether they are established hits or “hidden gems.” This enables Users to find great content that is personalized for them, but that may not be currently in their personal libraries or at the top of the charts.

Spotify—Building a Two-Sided Marketplace

We are building a two-sided music marketplace for Users and artists, which is powered by data, analytics, and software. We have been instrumental in reshaping the way in which our Users enjoy, discover, and share music. Spotify Users can choose exactly what they want to listen to, can allow our platform to create their music experience by listening to our personalized and curated playlists, or can choose a mix of the two. Spotify provides fans with a way to discover and enjoy music, and artists with an additional avenue to showcase and be compensated for their creative works. For artists, Spotify provides a platform from which they can reach and interact with their fans, as well as analytics which provide a better and more thorough understanding of their fan base.

Given Spotify’s large audience, we are able to provide artists with unique insights into their fan base. These insights enable artists to promote music their audiences are likely to enjoy, to plan concerts and events according to where their fans are, and to actively communicate with fans who are interested in their music. Because artists can target the Users who are most likely to enjoy their content, they are able to increase their royalty-based revenue and bolster revenue from ancillary services, such as concerts and merchandise. Providing this information to artists helps them to support themselves and to be able to live off of their creative work.

Benefits for Users

We are focused on enabling the discovery and curation of music for our Users through our range of products and services:

- *Playlists and Personalization* . Users benefit from our ability to help them navigate our more than 35 million tracks as of December 31, 2017. We do this by providing Users with editorially curated and machine-generated playlists. From the moment Users open the Spotify application, we serve them a personalized homepage with content that reflects our understanding of their music tastes, listening habits, musical moods, and daily activities. The homepage is a gateway to a universe of content, and we aim to make that universe accessible, dynamic, and engaging. We believe Users are more likely to engage with a platform that reflects their real-time moods and activities and captures a unique understanding of moments in their lives.
- *Ad-Supported and Premium Listening* . We provide a wide range of listening options that meet the varying needs of our rapidly growing User base and also address our Users' real-time moods and activities and capture a unique understanding of the moments in their lives. Our listening options include our Ad-Supported Service, Family Plan, Student Plan, and individual Premium subscriptions. Our Ad-Supported Service serves as both a Premium Subscriber acquisition channel and also a robust option for Users who are unable or unwilling to pay a monthly subscription fee but still want to enjoy access to a wide variety of high-quality music and other content.
- *Cross-Platform Flexibility* . We strive to reach Users wherever they are in the world, which means that Spotify is built to be functional across multiple platforms—from smartphones to laptops to video game consoles to cars. The flexibility of our platform and the ability to access it via a single user ID across mobile, tablet, and other connected devices creates a seamless and integrated experience that is designed to fit a variety of lifestyles. In-home devices, such as Amazon's Echo, Google's Google Home and Chromecast, Sonos' home theater systems, Sony's PlayStation, and many smart TVs, all offer Spotify integrations. As an independent service, we are uniquely positioned to work with the broadest set of partners in the ecosystem. We continue to promote cross-platform engagement in order to make music accessible to anyone, anywhere, at any time.

Benefits for Creators

Spotify provides a large stage for creators and artists to connect with existing fans and to be discovered by new fans. In addition to providing artists with access to 159 million MAUs, we also provide artists with a full stack of tools and services, enabling them to grow their businesses on a single platform.

- *Monetization* . Through December 31, 2017, we have paid more than €8 billion in royalties to artists, music labels, and publishers since our launch. In 2017, our expenses for rights holders grew by 27% year-over-year. We believe that our number of Premium Subscribers is nearly double the size of our nearest competitor, Apple Music. We also believe our Ad-Supported model is advantageous to creators, particularly recording artists in the United States, as United States radio does not compensate them for their work while Spotify pays royalties to those artists on our Service.
- *Discovery* . We not only help artists connect with existing fans, but we also support artists in connecting with the Users who are most likely to become fans of their music. From our curation algorithms and data assets that surface new music to Users in playlists, to physical billboards, branded events, and personalized campaigns, we offer artists the tools to connect with fans, new and old.
- *Distribution* . An artist who makes their music available on Spotify gains access to the largest global music streaming subscription service based on our 159 million MAUs as of December 31, 2017. We offer our Service in 61 countries and territories around the world. We enable artists to distribute entire albums and individual songs to this audience. We also place artists' content on playlists, further amplifying their reach. Artists and their managers can track their distribution with song play data, playlist data, and playlist notifications.

[Table of Contents](#)

- *Promotion* . We empower artists and their managers to personalize and create unique artist profiles by providing them with tools to develop their artist image, including featuring songs on their artist profiles and creating artist playlists. On top of these standard services, we also offer artists specific promotional tools, designed to target specific Users and broad audiences in order to drive engagement.
- *Analytics* . We provide numerous analytics for artists through our Spotify for Artists service. Analytics that artists can access include the demographics of their listening audience, Users’ anonymized geographical locations, similar artists that their fans listen to, the number of real-time Users, song performance data, playlist data, and playlist notifications. We provide the analytical support that artists need to optimize their performance and focus on doing what they do best—creating unique, entertaining experiences to share with fans around the world. For example, many artists have used our analytics to inform tour locations in countries they otherwise would not have known.
- *Tools for Creation*. Our Creator Technology Research Lab focuses on making tools to help artists in their creative process—with a goal of helping artists at all career stages to realize their creative visions.

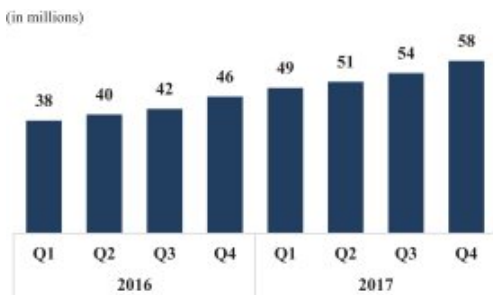
Our Business Model

We offer both Premium and Ad-Supported Services. Our Premium and Ad-Supported Services live independently, but thrive together. We believe this business model has allowed us to achieve scale with attractive unit economics and is a critical part of our success. Our Ad-Supported Service serves as a funnel, driving more than 60% of our total gross added Premium Subscribers since we began tracking this data in February 2014. With a 41% increase in revenue from our Ad-Supported Service from 2016 to 2017, we believe our Ad-Supported Service is a strong and viable stand-alone product with considerable long-term opportunity for growth in Ad-Supported Users and revenue. However, we face intense competition in growing both our Ad-Supported Users and Premium Subscribers, as well as in keeping our Users highly engaged. If user engagement declines or if we fail to continue to grow our Ad-Supported User base or Premium Subscriber base, our revenue growth will be negatively impacted. See “Risk Factors—Risks Related to Our Business—If our efforts to attract prospective Users and to retain existing Users are not successful, our growth prospects and revenue will be adversely affected.”

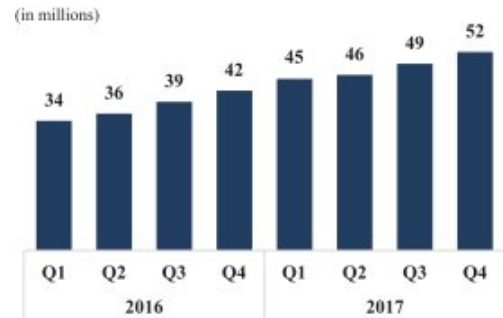
We continue to invest heavily in developing our two-sided marketplace with new and better product features and functionality for Users and creators and believe our investments are leading to higher User engagement and enjoyment. We provide personalization that drives a unique and tailored experience to each User and the tools for artists to reach the widest fan base.

We are currently in 61 countries and territories and are growing in each of our four geographic regions. Europe is our largest region with 58 million MAUs, accounting for 37% of our total User base as of December 31, 2017, an increase of 26% from the prior year. In our North America region, MAUs increased by 23% from December 31, 2016 to December 31, 2017 and now account for 32% of our MAUs. Our two fastest growing regions are Latin America, with 21% of our MAUs, an increase of 37% from December 31, 2016 to December 31, 2017, and the rest of the world, with 10% of our MAUs, an increase of 51% from December 31, 2016 to December 31, 2017.

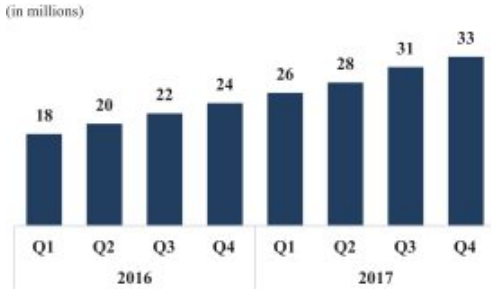
Europe MAUs



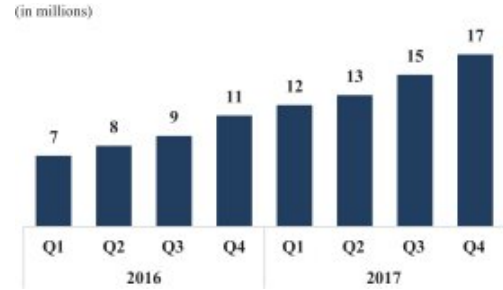
North America MAUs



Latin America MAUs

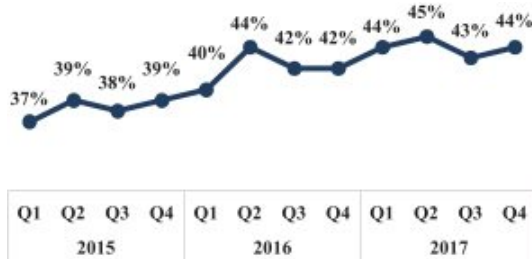


Rest of World MAUs



Our Ad-Supported Users and Premium Subscribers are spending more time with the Service each year. From a content perspective, on average 25 Content Hours Per MAU were streamed in each month of the fourth quarter in 2017, up 13% from the fourth quarter in 2016 and up 26% from the fourth quarter in 2015. Historically, our Premium Subscribers have streamed more than three times the amount of content per month than Ad-Supported Users.

Ratio of Total Daily Active Users / MAUs (1)



Content Hours Per MAU



(1) Daily active Users (“DAUs”) refers to the total count of Ad-Supported Users and Premium Subscribers that have consumed content for greater than zero milliseconds on a given day. DAU/MAU ratio is defined as average number of DAUs over the quarter divided by the average of the MAUs for each month in the quarter.

Premium Service

Our Premium Service provides Premium Subscribers with unlimited online and offline high-quality streaming access to our catalog. In addition to accessing our catalog on computers, tablets, and mobile devices, users can connect through speakers, receivers, televisions, cars, game consoles, and smart watches. The Premium Service offers a commercial-free music experience.

We generate revenue for our Premium segment through the sale of Premium Services. Premium Services are sold directly to end users and through partners who are generally telecommunications companies that bundle the subscription with their own services or collect payment for the stand-alone subscriptions from end customers.

We offer a variety of subscription pricing plans for our Premium Service, including our standard plan, Family Plan, and Student Plan, to appeal to Users with different lifestyles and across various demographics and age groups. Our pricing varies by plan and is adapted to each local market to align with consumer purchasing power, general cost levels, and willingness to pay for a music service.

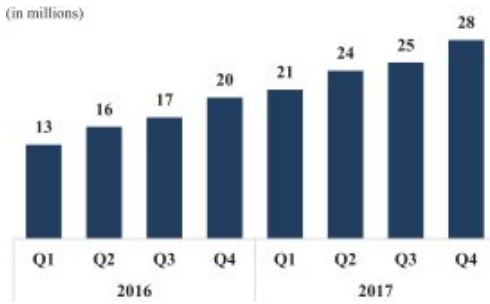
In addition, as we have entered into new markets where recurring subscription services are less common, we have expanded our subscription products to include prepaid options and durations other than monthly (both longer and shorter durations), as well as expanded both online and offline payment options.

[Table of Contents](#)

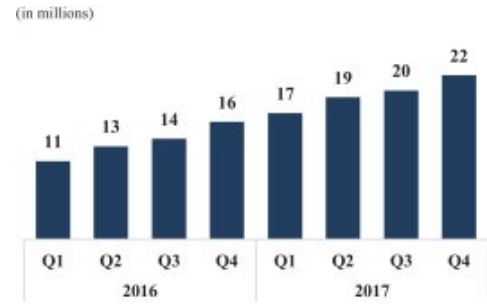
Premium partner services are priced on a per-subscriber rate in a negotiated agreement and may include minimum guarantees for the number of subscriptions that will be purchased from us.

Revenue for our Premium segment is a function of the number of Premium Subscribers who use our Premium Service. As of December 31, 2016 and 2017, we had approximately 48 million and 71 million Premium Subscribers, respectively. New Premium Subscribers primarily are sourced from the conversion of our Ad-Supported Users to Premium Subscribers. Through both our online platform and external marketing efforts, we engage our Ad-Supported Users by highlighting key features that encourage conversion to our subscription offerings. These efforts include product links, campaigns targeting existing users, and performance marketing across leading social media platforms. Additionally, new subscriber growth also is driven by the success of converting users from our bi-annual trial programs to full-time Premium Subscribers. These trial campaigns typically offer our Premium Service free or at a discounted price for a period of time and accounted for approximately 23% and 20% of total gross added Premium Subscribers for the years ended December 31, 2016 and 2017, respectively.

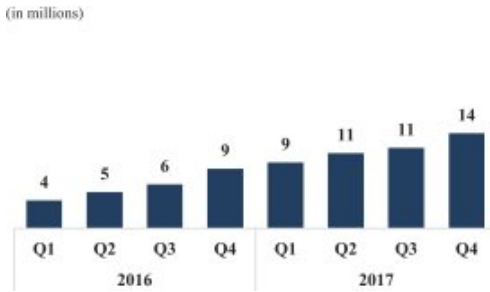
Premium Subscribers in Europe



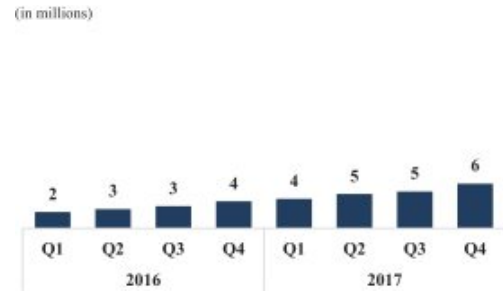
Premium Subscribers in North America



Premium Subscribers in Latin America

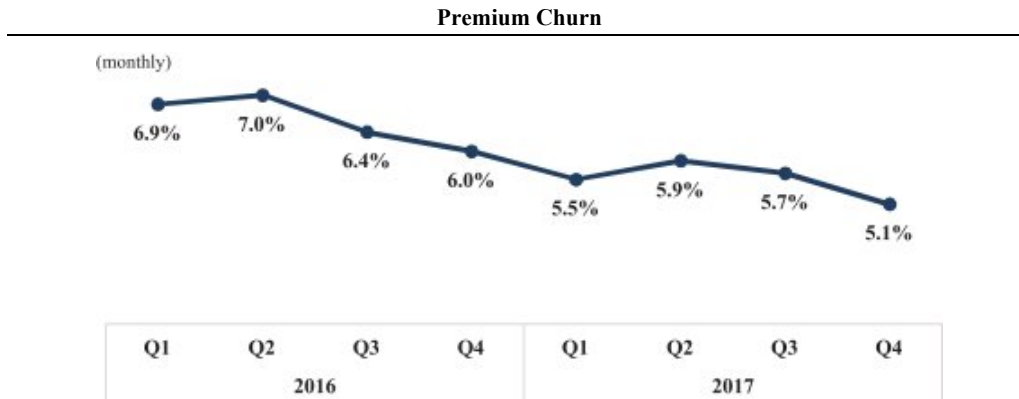


Premium Subscribers in Rest of World



With engagement increasing, Premium Churn has continued to trend lower. In the fourth quarter of 2017, Premium Churn was 5.1%, down from 6.0% in the fourth quarter of 2016 and down from 7.5% in the fourth quarter of 2015. As our User base matures, and with the growth in higher retention products such as our Family Plan and Student Plan, we believe Premium Churn will continue to trend lower over time. The trend toward lower Premium Churn has had a positive impact on the lifetime value of a Premium Subscriber (“LTV”) and the ratio of LTV to the average cost of acquiring a Premium Subscriber (“SAC”). Excluding expenses associated with the Ad-Supported segment, LTV/SAC was 3.6x in the fourth quarter of 2017. Here, LTV is calculated by dividing one by the Premium Churn rate for the fourth quarter of 2017 multiplied by the Premium ARPU for the fourth quarter of 2017 and by gross margin for the Premium segment for the fourth quarter of 2017; and SAC is calculated by dividing sales and marketing expense for the Premium segment for the fourth quarter of 2017 by gross Premium Subscriber additions for the fourth quarter of 2017. Including expenses associated with the Ad-Supported segment, LTV/SAC was 2.7x. Here LTV is calculated by dividing one by the Premium Churn rate for

the fourth quarter of 2017 multiplied by the Premium ARPU for the fourth quarter of 2017 and by gross margin for the consolidated Ad-Supported and Premium segments for the fourth quarter of 2017; and SAC is calculated by dividing the sales and marketing expense for the consolidated Ad-Supported and Premium segments for the fourth quarter of 2017 by gross Premium Subscriber additions for the fourth quarter of 2017.



The rate of net growth in Premium Subscribers also is affected by our ability to retain our existing Premium Subscribers and the mix of subscription pricing plans. We have increased retention over time, as new features and functionality have led to increased user engagement and satisfaction. From a product perspective, while the launches of the Family Plan and our Student Plan have decreased Premium ARPU (as further described below) due to the lower price points per Premium Subscriber for these Premium pricing plans, each has helped improve retention across the Premium Service. As a result, while Premium ARPU declined by 14% compared to 2016, in part due to the launch of the Family Plan in 2016, Premium Churn declined by 1.1% from 6.6% in 2016 to 5.5% in 2017. With the growth in higher retention products, such as our Family Plan and Student Plan, we believe these trends will continue in the future.

Approximately one third of monthly churn is due to payment failure. Based on historical data from the beginning of 2015 to date, approximately 40% of the Premium Subscribers who churned rejoined within three months, approximately 45% rejoined within six months, and 50% rejoined within 12 months.

Our platform is built to work across multiple devices, including smartphones, desktops, cars, game consoles, and in-home devices, which helps drive increased User engagement. We have found that Premium Subscribers who access our Service over multiple devices have higher engagement and lower Premium Churn, which increases their expected lifetime value to Spotify.

Ad-Supported Service

Our Ad-Supported Service has no subscription fees and provides Ad-Supported Users with limited on-demand online access to our catalog on their computers and tablets and shuffle-only access on compatible mobile devices. We generate revenue for our Ad-Supported segment from the sale of display, audio, and video advertising delivered through advertising impressions. We generally enter into arrangements with advertising agencies that purchase advertising on our platform on behalf of the agencies' clients. These advertising arrangements typically specify the type of advertising product, pricing, insertion dates, and number of impressions in a stated period. Revenue for our Ad-Supported segment is affected primarily by the number of our Ad-Supported Users, the total Content Hours Per MAU of our Ad-Supported Users, and our ability to provide innovative advertising products that are relevant to our Ad-Supported Users and enhance returns for our advertising partners. Our advertising strategy centers on the belief that advertising products that are based in music and are relevant to the Ad-Supported User can enhance Ad-Supported Users' experiences and provide even greater returns for advertisers. We have introduced a number of new advertising products, including sponsored playlists. Offering advertisers additional ways to purchase advertising on a programmatic basis is a

key way that we intend to expand our portfolio of advertising products and enhance advertising revenue. Furthermore, we continue to focus on analytics and measurement tools to evaluate, demonstrate, and improve the effectiveness of advertising campaigns on our platform.

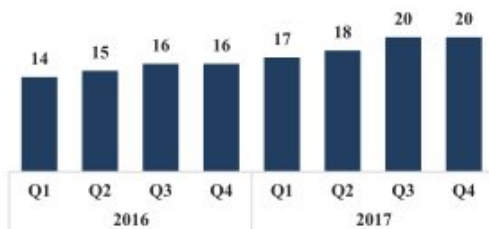
Ad-Supported MAUs in Europe

(in millions)



Ad-Supported MAUs in Latin America

(in millions)



Ad-Supported MAUs in North America

(in millions)



Ad-Supported MAUs in Rest of World

(in millions)



Our Growth Strategies

We believe we are still in the early stages of realizing our goal to connect artists and audiences around the world. Our growth strategies are focused on continuously improving our technology and attracting more Users in current and new markets in order to collect more behavioral data, which we use to offer our Users, advertisers, and artists an even better experience. The key elements of our growth strategy are:

- *Continually Enhance our Platform in Order to Retain and Grow Our User Base.* We will continue to (i) invest heavily in research and development, (ii) make strategic acquisitions in order to enhance our product capabilities, and (iii) make our offerings more attractive to existing and prospective Users. We will continue to invest in our artificial intelligence and machine learning capabilities to deepen the personalized experience that we offer to all of our Users. Our acquisitions of Mighty TV, Niland, Sonalytic, Soundtrap, and The Echo Nest Corporation are examples of such investments, and we will continue to look for assets to further improve our User experience.
- *Further Penetrate our Existing Markets.* In aggregate, only 13% of the payment-enabled smartphone users in the 61 countries and territories in which we have active Users use our platform, based on estimates from Ovum, as of December 31, 2017. This statistic is calculated as the number of our Users within a country divided by the total number of smartphone owners in that country. By pursuing initiatives that drive the continued growth of our User base within our existing markets, we hope to take advantage of this current low penetration rate. These initiatives include enhancing our Ad-Supported offering, continuing to improve our playlists, enhancing the personalization of our music delivery, bringing even more artists to our platform, and expanding our content offerings.

- *Enter New Geographies.* In the last two years, we launched Spotify in Japan, Indonesia, and Thailand, and we expect to continue to expand geographically in order to provide Users around the world with full access to the Spotify music catalog. Before launching in a new market, we typically optimize the local Spotify experience for local music preferences. A User in the United States typically has very different preferences than a User in Mexico, Japan, or Sweden. We seek to obtain the rights to popular local content and have local curators where it makes sense.
- *Continue to Invest in our Advertising Business.* We will continue to invest in our advertising products in order to create more value for advertisers and our Ad-Supported Users by enhancing our ability to make advertising content more relevant for our Ad-Supported Users. Our advertising strategy centers on the belief that advertising products that are based in music and are relevant to the Ad-Supported User can enhance Ad-Supported Users' experiences and provide even greater returns for advertisers. We have introduced a number of new advertising products, including sponsored playlists, a self-serve audio advertising platform, and are testing skippable audio advertising. Offering advertisers additional ways to purchase advertising on a programmatic basis is one example of how we continue to expand our portfolio of advertising products. We also are focused on developing analytics and measurement tools to evaluate, demonstrate, and improve the effectiveness of advertising campaigns on our platform.
- *Expand our Non-music Content and User Experience.* We are an audio first platform and have begun expanding into non-music content like podcasts. We hope to expand this offering over time to include other non-music content, such as spoken word and short form interstitial video.
- *Expand our 'Spotify for Artists' Initiatives.* We will continue to make investments in the artistic community, by providing artists with even more ways to connect with their fans. By investing in tools that will help further the creation of music, we hope to find more ways to help artists reach Users to grow their audiences. We enable artists to communicate more directly with their fans through our platform and to monetize their creative works.

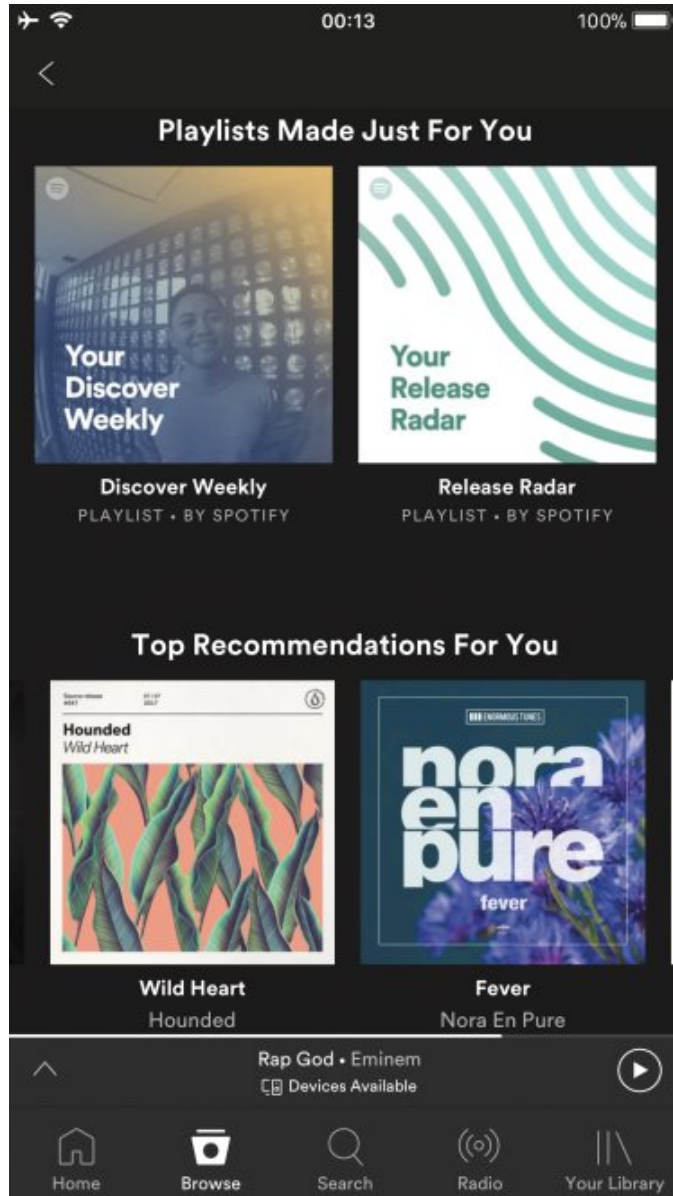
Our Services

Our User Experience

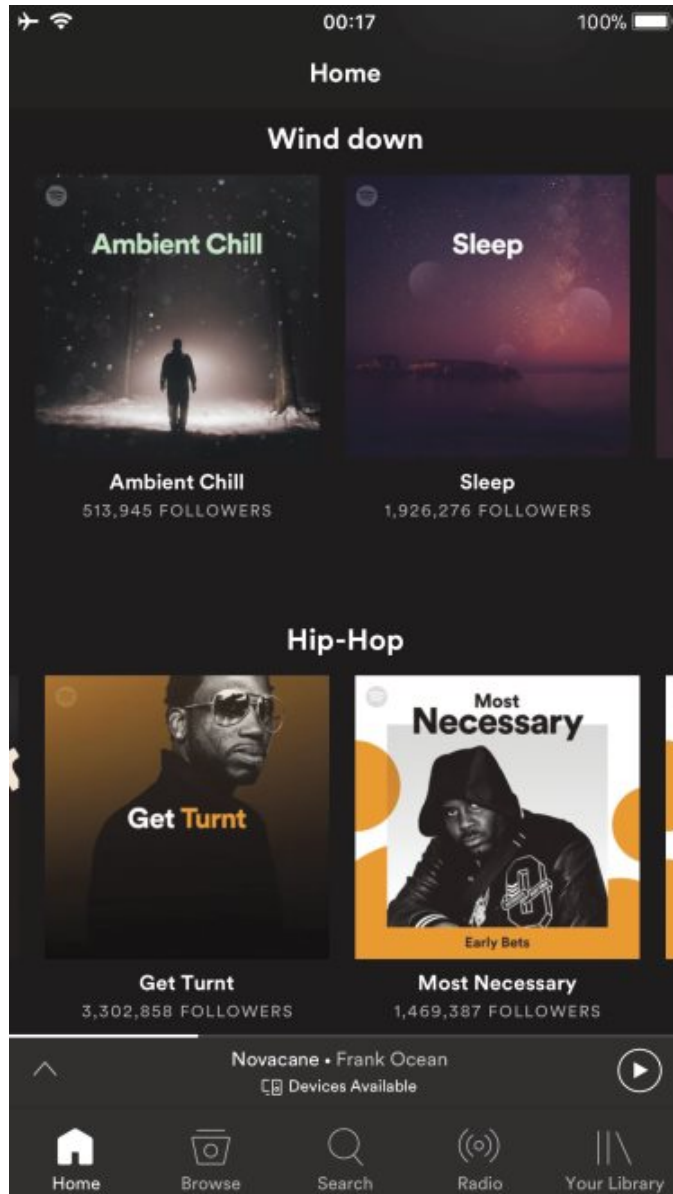
We combine a sleek and seamless user interface with our artificial intelligence and machine learning capabilities to create a sophisticated yet user-friendly platform. From the moment Users open the Spotify application, we serve them a personalized homepage with content that reflects our understanding of their music tastes, past listening habits, musical moods, and daily activities. The homepage is a gateway to a universe of content, and we aim to make that universe accessible, dynamic, and engaging.

We provide our Users with a wide range of ways to search, browse, and discover music and other content. These include:

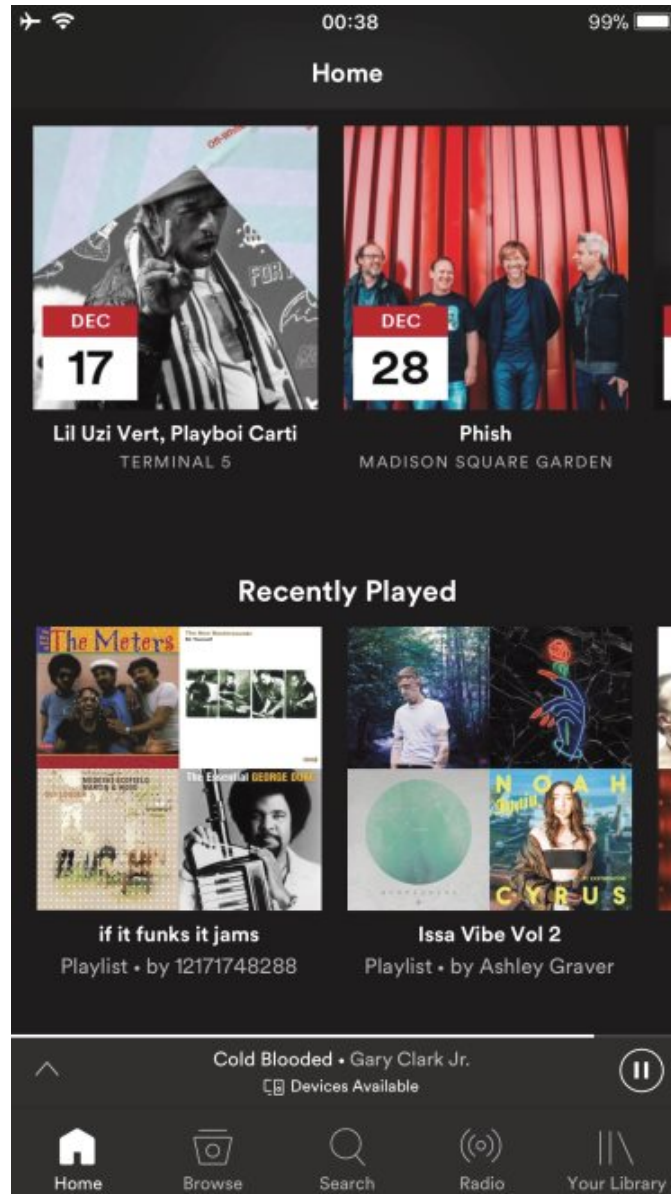
- *Personalized Playlists.* Our technology automatically creates personalized playlists that are regularly updated. Examples include Discover Weekly, Daily Mix, Release Radar, and Your Summer Rewind. As of December 31, 2017, personalized playlists account for approximately 17% of our monthly Content Hours.



- *Curated Playlists* . Our editorial team carefully curates playlists that allow Users to listen to music in specific genres or to match their moods. Examples include RapCaviar, Today's Top Hits, Peaceful Piano, and Acoustic Covers. RapCaviar has over eight million followers as of December 31, 2017, more than the number of users of any specific hip hop radio station in the United States according to Nielsen. As of December 31, 2017, curated playlists account for approximately 15% of our monthly Content Hours.



- *User Generated Playlists* . We have created simple tools that enable Users to quickly curate and save their playlists to share with other Users. On December 31, 2017, we had over 3.2 billion User generated playlists, most of which are created by Users and generate more than 500 million streams daily. As of December 31, 2017, User generated playlists accounted for approximately 36% of our monthly Content Hours.

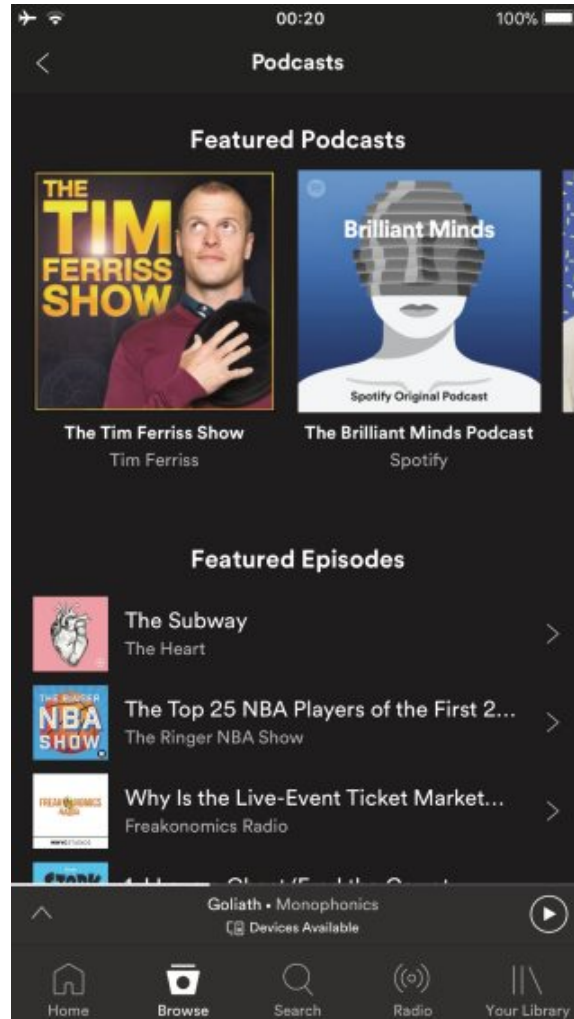


Personalized Radio. In addition to our thousands of playlists, we offer a responsive and intelligent radio streaming service, which grows and evolves along with a Users' taste and choices. Our radio feature uses algorithms that take a User's chosen song or artist to create an online radio station.

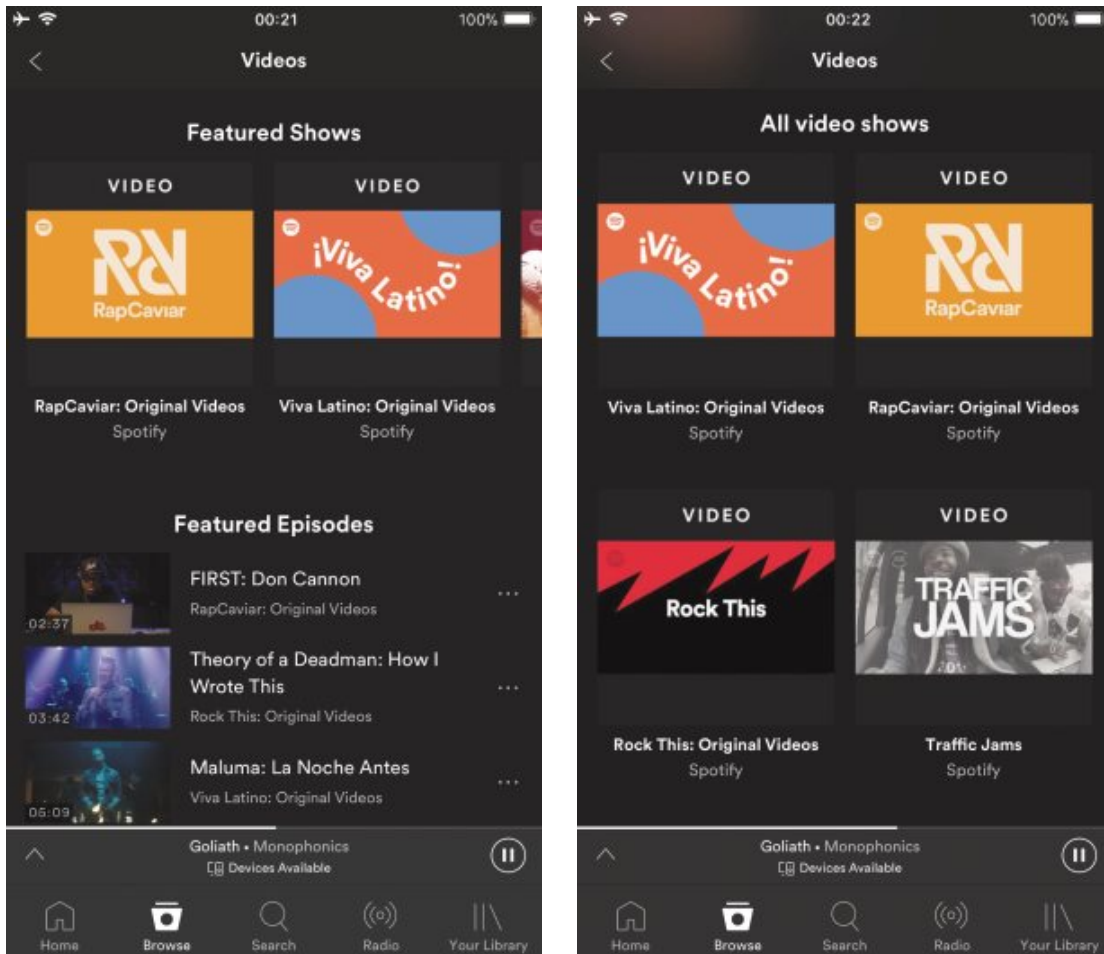
Exciting New Content Options, Formats, and Offerings

In addition to the more than 35 million tracks in our catalog as of December 31, 2017, we have developed other forms of content, such as podcasts and short form video, to provide our Users with even more diversity of content.

- *Podcasts.* We offer a growing number of podcasts, which have gained significant traction with Users, creators, brands, and advertisers. Our platform enables seamless dissemination of podcasts covering a wide range of genres and topics, including musical content, sports, business and finance, travel, and cooking, among many others. There were a total of 348 million podcast listeners across all platforms worldwide at the end of 2016 and the number of podcast listeners increased to an estimated 484 million in 2017 according to Ovum, representing growth of 39% year-over-year. This engagement presents a significant opportunity for Spotify as we believe we have the ability to enhance the podcast User experience with a better product that is focused on discovery.



- *Video.* We also have invested in expanding our content offerings to include video. Embedding video clips into activity-based playlists helps provide a visual layer to our content offerings, allowing artists to promote their music further through graphics or photos on social media platforms while the song is playing. Integrating video into our most popular playlists, such as RapCaviar, Rock This, and Viva Latino, enables us to convert our listeners into viewers of content. Video content includes interviews, freestyles, behind-the-scenes footage, and full-length music videos.



In addition to our on-platform services, we are helping our Users see and experience their favorite artists in-person. Our concerts feature provides Users with lists and notifications of who's playing live and nearby. For artists, we provide an additional means to target fans and potential fans. We have at various times partnered with Ticketmaster, AXS, and Eventbrite to give fans access to concert tickets.

Variety of Premium Plans and Pricing

Our Premium Service provides Premium Subscribers with unlimited online and offline high-quality streaming access to our catalog. The Premium Service offers a commercial-free music experience. We also offer

[Table of Contents](#)

a variety of Premium subscription pricing plans to appeal to Users with different lifestyles, across various demographics and age-groups. Our pricing is adapted to each local market to align with consumer purchasing power and general cost levels and willingness to pay for a music service.

In addition, as we have entered into new markets where recurring subscription services are less common, we have expanded our subscription products to include prepaid options and durations other than monthly (both longer and shorter durations), as well as expanded both online and offline payment options.

We created the Student Plan to tap into the student population, because these users tend to have high retention and tend to migrate to our Premium Service over time. The purchase of a Student Plan is subject to third-party student verification.

We created the Family Plan to offer a better subscription experience for households so that every household member can have a unique individual account rather than share one account for music listening. This enables us to tailor and program the experience to the individual, including our signature recommendation playlists such as Discover Weekly, Release Radar, and Daily Mix.

Advertising Solutions for Partners

Audio



AUDIO EVERYWHERE

Video



BRANDED MOMENTS



SPONSORED SESSION



VIDEO TAKEOVER

Display



SPONSORED PLAYLIST



HOMEPAGE TAKEOVER



OVERLAY



LEADERBOARD

[Table of Contents](#)

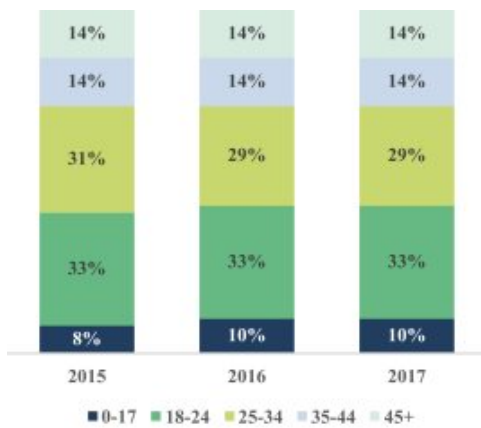
Our Ad-Supported Service has grown from €295 million in revenue in 2016 to €416 million in revenue in 2017, representing an increase of 41%. The gross margins in our Ad-Supported segment also have improved over the years, as the cost of revenue of this business has decreased from 109% in 2016 to 90% of revenue in 2017.

Technology innovation and data mining are at the heart of our Ad-Supported Service. From a technology perspective, we continue to innovate to provide new products for advertisers. We pioneered programmatic audio and have been investing in programmatic advertising since 2015. Programmatic accounted for 18% of total Ad-Supported revenue across our platform, growing 100% from 2016. Additionally, our recently launched Ad Studio product will increase automation, further allowing both large and small advertisers to utilize our growing self-serve platform.

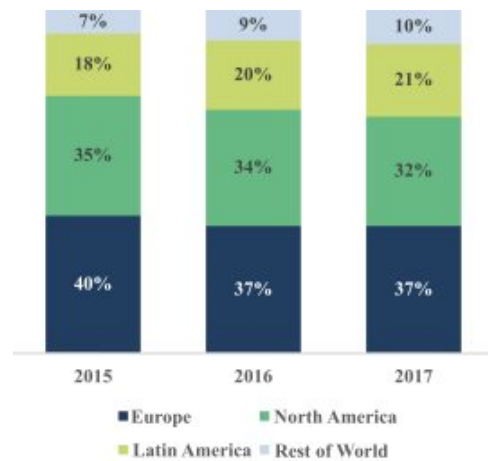
Our ability to harness our data allows us to know our Users. We believe we understand people through music, their mood, mindset, activities, and tastes, and we can serve them relevant advertising catered specifically to them. Our advertising platform is continually moving toward a holistic people-based marketing approach that is better for both our Users and our advertisers. There are over 150 billion events logged daily on our Service, helping us learn how best to serve our Users and advertisers. With this level of first-party data, we are able to use our advanced algorithms to help advertisers serve highly targeted programs to specific Users and audiences.

As of December 31, 2017, we believe our 159 million MAUs in 61 countries and territories provide advertisers with an attractive and scaled audience. A large percentage of our Ad-Supported Users are between 18 and 34 years old. This is a highly sought-after audience that has traditionally been difficult for advertisers to reach via other channels. Furthermore, our User base is highly engaged, providing first-party anonymized data that is valuable to advertisers.

MAUs by Age Demographic



MAUs by Region



By offering advertisers increased “self-serve options,” in which they are able to choose their target audiences and demographics, we also are improving the efficiency and scalability of our advertising platform. This option helps improve our margins, as well as our advertising partners’ return on investment.

Video products, including mobile video, provide us with additional avenues for more visual advertising which we believe will further strengthen our advertising business, since this is an increasingly popular medium for our advertising partners and the brands they represent.

Creator Services

The creator services team is responsible for enhancing the growth and success of the creator community through various functions by focusing on audience development, strategy, talent, live events, fan initiatives, and artist marketing. At the core of creator services are fundamental and trusted relationships with artists,

songwriters, and the creator community which collectively give us the ability to bring their vision to life. The multiple functions of creator services align cross-functionally and throughout Spotify globally to support creators both on and off the platform in reaching their full potential.

Our Content Strategy

Users come to Spotify primarily to listen to music they love and to discover new music they will enjoy from among the over 35 million tracks available on our Service as of December 31, 2017, which grows by approximately 20 thousand recordings a day. At its core, Spotify's platform leverages our deep User engagement, rich data, and artificial intelligence to optimize the content matching process between artists on our platform and Users who are likely to be their fans and engage with their content. We believe our platform is extendable to additional forms of content. We are investing in expanding our non-music content with podcasts and other forms of spoken word audio content, as well as original video content appropriate to our Service. We intend to focus on short-form and interstitial content. We believe that unlocking our extensive catalog of music and spoken word audio content through a highly personalized User experience that drives discovery is critical to the continued fast growth of our Service. One of our strengths and one of our challenges for consumers is that we have an overwhelming amount of content available on our Service for consumers to choose from. In order to better utilize that content, we need to be able to help individual Spotify Users find the content they will love, and we need to help the content find its target audience. We believe this is an important factor in maintaining our market leadership and competitive position.

The vast majority of the content we offer to Users is licensed to Spotify on a non-exclusive basis. We believe that personalization, not exclusivity, is key to our continued success. In addition, because we provide artists with access to millions of Users around the world, many artists independently choose to release content on our Service, even if they initially provided this content exclusively on another Service.

Securing favorable licensing terms with the record companies is key to the long-term success of our business model. In 2017, we renegotiated contracts with the major labels—Universal Music Group, Sony Music Entertainment, and Warner Music Group—and with Merlin, which represents the digital rights on behalf of numerous independent record labels.

Since we have expanded to 61 countries and territories around the world, we have realized that each culture and geography has its own unique listening habits, content, and preferences. We have developed a bespoke strategy for each market, incorporating the unique music traditions of each locale. We are acutely focused on developing relationships with local artists and record companies so that we can integrate them into the Spotify ecosystem. This localization is an important component of our strategy for launching in new markets and further growing our users globally.

Our Technology

We are focused on continuously improving our technology. By investing heavily in research and development and constantly innovating and improving our platform, we ensure that Spotify can deliver a high-quality User experience at scale. As of December 31, 2017, more than 40% of our employees are engineers, and we expect engineers to represent a significant portion of our employees over the foreseeable future.

We also opportunistically make strategic acquisitions, such as our purchases of MightyTV, a content recommendation service which will help us improve the content we recommend to our Users, Niland, an artificial intelligence technology company which will help us optimize music search and recommendation capabilities, Sonalytic, makers of an audio detection technology that can aid in music discovery by helping us identify songs, mixed content, and audio clips, Soundtrap, an online music studio which will help us facilitate music creation by artists we work with, and The Echo Nest Corporation, a leading music intelligence company with in-depth musical understanding and tools that helps us drive music discovery for Users.

We are currently developing a proprietary artificial intelligence technology that we believe will have even more applications leveraging our data. We believe this technology will optimize self-serve promotional inventory and content promotion scheduling.

Leveraging Our Unique Data Assets

We own a large and diversified data set which provides us with significant insight into content consumption and User behavior. As of December 31, 2017, this data set is more than 200 petabytes (compared to 60 petabytes at Netflix as of November 2016 according to publicly available data) and approximately five petabytes are queried daily (compared to approximately three petabytes queried daily at Netflix as of November 2016 according to publicly available data).

Since all our Users have to log in to access our Service, this enables us to track behaviors such as playing songs, sharing, selecting recommended music, skipping, following, and active participation through the upvote and downvote buttons. More than 150 billion of these kinds of events are logged daily on our Service. Furthermore, we devote substantial resources to analyzing and handling this data in order to obtain useful insights with machine learning and artificial intelligence.

We have the ability to personalize and curate the content we stream by measuring an individual User's preferences against more than 40 different parameters. Our algorithms are designed to anticipate a User's preferences using factors such as demographics and past listening behavior. Furthermore, we can combine situational context, such as time of day and location, to make better recommendations for appropriate content to an individual User based on his or her current activity. As we further collect and process data and understand our Users, we believe our technology will better understand and respond to our Users' preferences, drive an even better overall User experience, and further differentiate our Service from our competitors.

Our Technology Architecture

We have designed our technology architecture with a number of core principles in mind to ensure that it is scalable, multi-platform, easy to update, and built to support future development.

- *Scalable, Cloud-Based Infrastructure.* We maintain a capital-light infrastructure. In 2016, we began to migrate over to the GCP for the majority of our computing, storage, bandwidth, and other needs. By using a cloud services provider, we are able to focus on running and scaling our Service rather than building our own infrastructure. Given the capabilities of our partner, we can continue to meet our Users' needs as we grow. As of December 31, 2017, the majority of our computing needs were serviced from our cloud infrastructure.
- *Mobile First.* Our mobile architecture is the product of years of development experience, and we continue to improve and adjust its features. Our mobile interface is built to be outwardly sleek and aesthetically pleasing, while capturing the full power and utility of our platform. It has been developed for those on the go, integrating the latest advances in human-machine interaction for touch screen fluidity.
- *Platform Agnostic.* We believe that Users should be able to enjoy their music wherever, whenever, on any device. We continue to grow the number of our key partnerships with hardware vendors. We support OS X, iOS, Android, Chrome OS, Fire OS, Windows, Windows Phone, BlackBerry OS, Linux and Symbian.
- *Rapid Updates and Agile Development.* Through our advanced development environment, we are able to quickly distribute product improvements, constantly bringing an improved Spotify experience everywhere. We employ agile development techniques and processes, making continuous and flexible product improvements.

[Table of Contents](#)

- *Open API.* We use API to allow developers to integrate Spotify into their own websites and products. A notable example would be Facebook's integration of our platform, which enables Users to share their favorite music with their friends.
- *Regular Data Refresh.* We use many large-scale data storage technologies, in which data is periodically collected by cyclic processes that continuously update our datasets with User activity. The data is processed at minimum every 24 hours and presented in dashboards, making it easy for our data scientists to analyze behaviors and refine our search and selection algorithms. Similar processes also are used to automatically update our music recommendation system.

Marketing

Since our inception, we have focused our marketing efforts on enhancing our brand's authenticity and presence among consumers, artists, advertisers, and label partners. Initially, our campaigns were designed to educate the market on the concept of on-demand music streaming and the navigation functionality we provided. As familiarity with the music access model spread, our promotional efforts shifted to convey the personalization and discovery capabilities we had developed. We realized early on that being a music application was not enough. Instead we needed to become a service where artists could find new audiences, and audiences could discover new artists, all unified under one common brand. We believe our brand awareness continues to grow. As of December 31, 2017, we had 86% aided awareness within the 15-59 year old demographic in the United States, as measured by Equation, a third-party commissioned source.

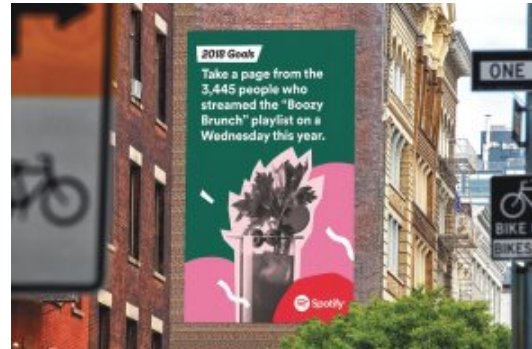
Our primary marketing initiatives include:

- *Brand marketing.* Our online and offline brand marketing campaigns are meant to reinforce the centrality of music in everything we do and to convey our idiosyncratic and quirky culture. We believe that music is meant to connect us. Using a data-driven approach, we try to surface and tell stories about our audience and the artist community. Often, we put Users at the center of our campaigns to showcase how they use our Service and how personalized our Service is to them.
- *Marketing for artists.* Our artist marketing program uses billboards, other forms of traditional media, and digital outlets to highlight artists and their work. In these collaborative efforts with creators, we showcase selected artists and create a story that directly connects their music and our Service with a community of fans. Often centered around key release dates and at times in partnership with labels and other third parties, our artist marketing program is a valuable discovery and promotion tool for artists.

Thanks 2016, It's Been Weird Holiday Campaign



2018 Goals Holiday Campaign



Promotion for 2 Chainz New Album



Tim McGraw & Faith Hill on Hot Country



- *Premium Service discounts.* For the past few years, we have offered bi-annual campaigns discounting our subscription offerings. These campaigns typically offer a three-month subscription to the Premium Service at a discounted price and are run during the summer months and around the holiday season. In 2017, these seasonal campaigns drove 20% of our new gross Premium Subscriber additions. For a description of how our bi-annual trial programs effect our results, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Seasonality.”
- *Conversion Marketing.* Through both our on-platform and external marketing efforts, we engage our Ad-Supported Users by highlighting key features that encourage conversion to our subscription offerings. These efforts include product links, internal campaigns and user emails, and performance marketing across leading social media platforms.

Our Ad-Supported Service serves as a funnel, driving more than 60% of our total gross added Premium Subscribers since we began tracking this data in February 2014. Only a small percentage of new Premium Subscribers join via paid acquisition channels. As a result, we acquire new Premium Subscribers with relatively limited direct marketing spend and instead focus on investing our resources on improving our Service and converting Ad-Supported Users to Premium Subscribers.

Our Competition

We compete for the time and attention of our users across different forms of media, including traditional broadcast, satellite, and internet radio (iHeartRadio, LastFM, Pandora, and SiriusXM), other providers of on-demand music streaming services (Amazon Prime, Apple Music, Deezer, Google Play Music, Joox, Pandora, and SoundCloud), and other providers of in-home and mobile entertainment such as cable television, video streaming services, and social media and networking websites. We compete to attract, engage, and retain Users with other content providers based on a number of factors, including quality of the User experience, content range and quality, ease of use of the Spotify platform, price, accessibility, perceptions of advertising load on our Ad-Supported Service, brand awareness, and reputation. Many of our competitors enjoy competitive advantages such as greater name recognition, legacy operating histories, and larger marketing budgets, as well as greater financial, technical, human, and other resources. In addition, some of our competitors, including Apple, Amazon, and Google, have developed, and are continuing to develop, devices for which their music streaming service is preloaded, creating a visibility advantage. Terrestrial radio providers also have several competitive advantages over us. In the United States, terrestrial radio only pays royalties to songwriters, whereas we pay royalties to those songwriters, as well as recording artists on both our Ad-Supported Service and our Premium Service, which results in higher content costs to operate our Service. Additionally, terrestrial radio stations are the incumbent, and have the benefit of a large install base, such as cars, and access to certain forms of content currently not available on our Service, such as sports broadcasts.

Additionally, we compete to attract and retain advertisers and a share of their advertising spend for our Ad-Supported Service. We believe our ability to compete depends primarily on the reputation and strength of our brand as well as our reach and ability to deliver a strong return on investment to our advertisers, which is driven by the size of our Ad-Supported User database, our advertising products, our targeting, delivery and measurement capabilities, and other tools.

We also compete to attract and retain highly talented individuals, including data scientists, engineers, product designers, and product managers. Our ability to attract and retain personnel is driven by compensation, culture, and the reputation and strength of our brand. We believe we provide competitive compensation packages and foster a team-oriented culture where each employee is encouraged to have a meaningful contribution to Spotify. We also believe the reputation and strength of our brand helps us attract individuals that are passionate about our Service.

For information on competition-related risks, see “Risk Factors—Risks Related to Our Business—If our efforts to attract prospective Users and to retain existing Users are not successful, our growth prospects and revenue will be adversely affected,” “—We face and will continue to face competition for Ad-Supported Users, Premium Subscribers, and User listening time,” and “—Our business depends on a strong brand, and any failure to maintain, protect, and enhance our brand would hurt our ability to retain or expand our base of Ad-Supported Users, Premium Subscribers, and advertisers.”

History and Development of the Company

We are a Luxembourg public limited liability company (*société anonyme*), which means that shareholders’ liability is limited to their contributions to the company. The shares forming the share capital of a Luxembourg public limited liability company (*société anonyme*) may be publicly traded and registered on a stock exchange. Our legal name is “Spotify Technology S.A.” and our commercial name is “Spotify.” We were incorporated on December 27, 2006 as a Luxembourg private limited liability company (*société à responsabilité limitée*) and were transformed, on March 20, 2009, into a Luxembourg public limited liability company (*société anonyme*). The principal legislation under which we operate, and under which our ordinary share capital has been created, is the law of 10 August 1915 on commercial companies, as amended and the law of 19 December 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings and the regulations, as amended, made thereunder.

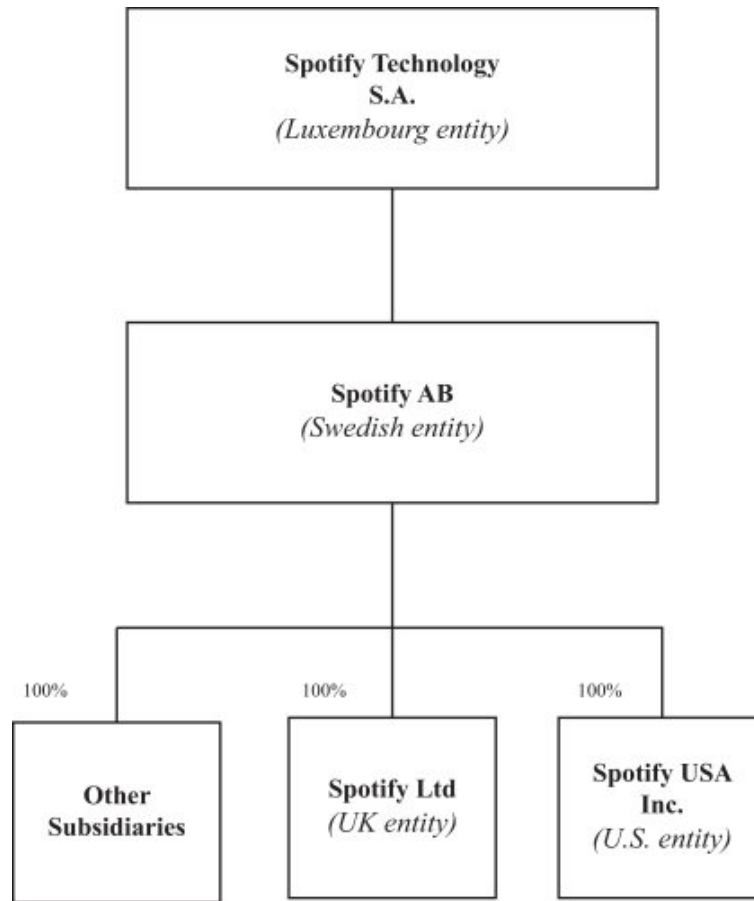
We are registered with the Luxembourg Trade and Companies’ Register under number B.123.052. Our registered office is located at 42-44, avenue de la Gare L-1610 Luxembourg, Grand Duchy of Luxembourg, and our principal operational office is located at Regeringsgatan 19, 111 53 Stockholm, Sweden. Our agent for U.S. federal securities law purposes is Horacio Gutierrez, General Counsel, 45 West 18th Street, 7th Floor, New York, New York 10011.

Organizational Structure

Spotify is a holding company that operates entirely through subsidiaries. The following table shows the significant subsidiaries (as defined in Rule 1-02 of Regulation S-X of the Securities Act) of the Company and the Company’s ownership percentage in each subsidiary as of December 31, 2017.

<u>Significant Subsidiary</u>	<u>Country of Organization</u>	<u>Proportion of Voting Rights and Shares Held (directly or indirectly)</u>
Spotify AB	Sweden	100%
Spotify USA Inc.	United States	100%
Spotify Ltd	United Kingdom	100%

The following diagram illustrates our current simplified corporate structure for Spotify and its significant subsidiaries (as defined in Rule 1-02 of Regulation S-X of the U.S. Securities Act of 1933, as amended (the “Securities Act”)):



Intellectual Property

Our success depends in part upon our ability to protect our technologies and intellectual property. To accomplish this, we rely on a combination of intellectual property rights, including trade secrets, patents, copyrights, and trademarks, as well as contractual restrictions, technological measures, and other methods.

We have filed and acquired dozens of active patent applications and issued patents in the United States and other countries. We continue to pursue additional patent protection, both in the United States and abroad where appropriate and cost effective. We intend to hold these patents as part of our strategy to protect and defend the Company’s technology, including to protect and defend the Company in patent-related litigation. We also acquire patents and patent applications from time to time as part of other transactions.

Our registered trademarks in the United States include our primary mark “Spotify” and various versions of the Spotify logo, in addition to a number of other Spotify word marks and logos. In addition, “Spotify” and certain of our other marks are registered in other jurisdictions such as Australia, Brazil, Canada, Chile, China, the EU, India, Israel, Japan, Mexico, New Zealand, Singapore, Switzerland, and Taiwan. We also have pending

trademark applications in the United States and other countries for certain Spotify marks. Finally, we have a portfolio of internet domain names, including our primary domain www.spotify.com.

In addition to the forms of intellectual property listed above, we own rights to proprietary processes and trade secrets, including those underlying the Spotify platform. We use contractual and technological means to control the use and distribution of our proprietary software, trade secrets, and other confidential information, both internally and externally, including contractual protections with employees, contractors, customers, and partners. Finally, we also have licenses with various rights holders to stream sound recordings and the musical compositions embodied therein, as further described under “—Licensing Agreements” below, as well as licenses to stream sound recordings in videos and other types of content.

Licensing Agreements

In order to stream music to our Users, we generally secure rights both to the sound recordings and the musical compositions embodied therein (i.e., the musical notes and the lyrics). To secure such rights, we obtain licenses from, and pay royalties to, rights holders or their agents. Below is a summary of certain provisions of our license agreements.

Sound Recording License Agreements with Major and Independent Record Labels

We have license agreements with record label affiliates of the three largest music companies—Universal Music Group, Sony Music Entertainment, and Warner Music Group—as well as Merlin, which represents the digital rights on behalf of numerous independent record labels. These agreements require us to pay royalties and make minimum guaranteed payments, and they include marketing commitments, advertising inventory, and financial and data reporting obligations. Rights to sound recordings granted pursuant to these agreements accounted for over 85% of streams for the year ended December 31, 2017. Generally (with certain exceptions), these license agreements have a duration of two years, are not automatically renewable, and apply worldwide (subject to agreement on rates with certain rights holders prior to launching in new territories). The license agreements also allow for the record label to terminate the agreement in certain circumstances, including, for example, our failure to timely pay sums due within a certain period, our breach of material terms, and in some situations which could constitute a “change of control” of Spotify. These agreements generally provide that the record labels have the right to audit us for compliance with the terms of these agreements. Further, they contain “most favored nations” provisions, which require that certain material contract terms are at least as favorable as the terms we have agreed to with any other record label. As of December 31, 2017, we have estimated future minimum guarantee commitments of €1.7 billion. See “Risk Factors—Risks Related to Our Business—Minimum guarantees required under certain of our license agreements for sound recordings and underlying musical compositions may limit our operating flexibility and may adversely affect our business, operating results, and financial condition.”

We also have direct license agreements with independent labels, as well as companies known as “aggregators” (for example, Believe Digital, CDBaby, and TuneCore). The majority of these agreements are worldwide (subject to agreement on rates with certain rights holders prior to launching in new territories) but others, with local repertoire, are limited to certain launch territories. Many of these agreements have financial and data reporting obligations and audit rights.

Musical Composition License Agreements with Music Publishers

With respect to the underlying musical compositions embodied in the sound recordings we stream, we generally secure both reproduction (“mechanical”) and public performance rights from the owners of the compositions (or their agents). In the United States, mechanical licenses can be obtained directly or under the compulsory license of Section 115 of the Copyright Act. Royalty rates for the compulsory license are determined, pursuant to statute, by the Copyright Royalty Board. These rates also apply to some direct licenses with music

publishers, in which the applicable rate is linked to the statutory rate. In the United States, all compulsory licenses obtained by Spotify pursuant to Section 115 of the Copyright Act and direct licenses entered into between Spotify and music publishers are administered by a third-party company, the Harry Fox Agency. The most recent proceeding before the Copyright Royalty Board (the “Phonorecords III Proceedings”) set the rates for the Section 115 compulsory license for calendar years 2018 to 2022. The Copyright Royalty Board issued its initial written determination on January 26, 2018. The rates set by the Copyright Royalty Board may still be modified if a party appeals the determination and are subject to further change as part of future Copyright Royalty Board proceedings. Based on management’s estimates and forecasts, we currently believe that the proposed rates will not materially impact our business, operating results, and financial condition. However, if our business does not perform as expected or if the rates are modified to be higher than the proposed rates, our content acquisition costs could increase, which could negatively harm our business, operating results, and financial condition, hinder our ability to provide interactive features in our services, or cause one or more of our services not to be economically viable due to an increase in content acquisition costs.

In the United States, public performance rights are generally obtained through intermediaries known as PROs, which negotiate blanket licenses with copyright users for the public performance of compositions in their repertory, collect royalties under such licenses, and distribute those royalties to copyright owners. We have obtained public performance licenses from, and pay license fees to, the major PROs in the United States—ASCAP, BMI, and SESAC, Inc., among others. These agreements have music usage reporting obligations on Spotify and audit rights for the PROs. In addition, these agreements typically have one to two year terms, and some have continuous renewal provisions, with either party able to terminate for convenience with one to two months’ prior written notice, and are limited to the territory of the United States and its territories and possessions.

The process for obtaining musical composition rights outside the United States varies from country to country. For example, in most territories in Europe and Asia, we negotiate with the local collecting society in each territory in order to obtain both the mechanical and public performance rights, as well as with a number of publishers directly where, for example, those publishers have withdrawn their mechanical rights from the local collecting societies and chosen to license those rights via direct deals with Spotify, including on a pan-European or pan-Asian basis. In many countries, the local collecting societies do not, as a matter of law, have an absolute right to license on behalf of all compositions within that country, and thus we cannot guarantee that our licenses with such collecting societies provide full coverage for all of the musical compositions we make available to our Users in those countries. Our license agreements with local collecting societies and direct license agreements with publishers worldwide are generally in place for one to three years and provide for reporting obligations on both Spotify and the licensor and auditing rights for the licensors. Certain of these license agreements also provide for minimum guaranteed payments or advance payment obligations.

From time to time, our license agreements with certain rights holders and/or their agents, including both sound recording license agreements with major and independent record labels and musical composition license agreements with music publishers, may expire while we negotiate renewals. Per industry custom and practice, we and those rights holders may continue such agreements on a month-to-month basis or enter into other short-term extensions, and/or continue to operate as if the license agreement had been extended (including by our continuing to make music available). It also is possible that such agreements will never be renewed at all. The lack of renewal, or termination, of one or more of our license agreements, or the renewal of a license agreement on less favorable terms, could have a material adverse effect on our business, financial condition, and results of operations. See “Risk Factors—Risks Related to Our Business—We depend upon third-party licenses for sound recordings and musical compositions and an adverse change to, loss of, or claim that we do not hold any necessary licenses may materially adversely affect our business, operating results, and financial condition.”

Other Agreements

The following is a summary of each material agreement, other than material agreements entered into in the ordinary course of business, to which we are or have been a party, unless entered into with shareholders named in the Registration Statement, for the two years immediately preceding the date of this prospectus:

- *Voting Agreement* by and among Spotify Technology S.A., MH1 LLC (“Tiger”), and D.G.E. Investments Limited (“D.G.E. Investments”), dated February 2, 2017. A copy of this agreement is included as Exhibit 4.1 to the Registration Statement.
- *Subscription Agreement* by and among TME, Tencent Music Entertainment Hong Kong Limited (“TME Hong Kong”), Spotify Technology S.A., and Spotify AB, dated as of December 8, 2017. A copy of this agreement is included as Exhibit 10.20 to the Registration Statement. See “Summary—Recent Developments—Tencent Transactions.”
- *Investor Agreement* by and among Spotify Technology S.A., TME, TME Hong Kong, Tencent, Image Frame Investment (HK) Limited (“Image Frame”), and with respect to certain sections only, D.G.E. Investments and Rosello Company Limited (“Rosello”), dated as of December 15, 2017. A copy of this agreement is included as Exhibit 10.21 to the Registration Statement. See “Summary—Recent Developments—Tencent Transactions.”
- *Exchange Agreement* by and among Spotify Technology S.A. and the noteholders party thereto, dated as of December 8, 2017. A copy of this agreement is included as Exhibit 10.22 to the Registration Statement. See “Summary—Recent Developments—Exchange of Convertible Notes.”
- *Exchange Agreement* by and among Spotify Technology S.A. and the noteholders party thereto, dated as of December 27, 2017. A copy of this agreement is included as Exhibit 10.23 to the Registration Statement. See “Summary—Recent Developments—Exchange of Convertible Notes.”
- *Exchange Agreement* by and among Spotify Technology S.A. and the noteholders party thereto, dated as of January 29, 2018. A copy of this agreement is included as Exhibit 10.24 to the Registration Statement. See “Summary—Recent Developments—Exchange of Convertible Notes.”
- *Digital Distribution Agreement* by and between Sony Music Entertainment and Spotify AB, effective as of April 1, 2017. A copy of this agreement is included as Exhibit 10.25 to the Registration Statement.
- *Amendment to Digital Distribution Agreement* by and between Sony Music Entertainment and Spotify AB, effective as of April 11, 2017. A copy of this agreement is included as Exhibit 10.26 to the Registration Statement.
- *Second Amendment to Digital Distribution Agreement* by and between Sony Music Entertainment and Spotify AB, effective as of April 1, 2017. A copy of this agreement is included as Exhibit 10.27 to the Registration Statement.

Government Regulation

We are subject to many U.S. federal and state, European, Luxembourg, and other foreign laws and regulations, including those related to privacy, data protection, content regulation, intellectual property, consumer protection, rights of publicity, health and safety, employment and labor, competition, and taxation. These laws and regulations are constantly evolving and may be interpreted, applied, created, or amended in a manner that could harm our business. In addition, it is possible that certain governments may seek to block or limit our products or otherwise impose other restrictions that may affect the accessibility or usability of any or all of our products for an extended period of time or indefinitely.

In the area of information security and data protection, the laws in several jurisdictions require companies to implement specific information security controls to protect certain types of information. Data protection, privacy,

consumer protection, content regulation, and other laws and regulations are very stringent and vary from jurisdiction to jurisdiction. In particular, we are subject to the data protection/privacy regulation under the laws of the EU.

The framework legislation at an EU level with respect to data protection currently is Directive 95/46/EC (the “Data Protection Directive”). The purpose of the Data Protection Directive is to provide for the protection of the individual’s right to privacy with respect to the processing of personal data. Each member state is obligated to have national legislation consistent with the Data Protection Directive. We are therefore subject to the local implementing rules of the European countries where we are established (for example, Luxembourg and Sweden). These local laws can impose stringent rules relating to the way in which we process personal data.

The Data Protection Directive will be superseded by the General Data Protection Regulation (“GDPR”), which will come into effect on May 25, 2018. The GDPR is intended to create a single legal framework that applies across all EU member states. However, there are certain areas where EU member states can derogate from the requirements in their own legislation. It is therefore likely that we will need to comply with these local regulations in addition to the GDPR. Local Supervisory Authorities will be able to impose fines of up to 4% of annual worldwide turnover of the preceding financial year or €20 million, whichever is greater, for non-compliance. These data protection authorities will have the power to carry out audits, require companies to cease or change processing, request information, and obtain access to premises. Where consent is relied upon as the legal basis for processing personal data, businesses must be able to demonstrate that the data subjects gave their consent to the processing of their personal data and will bear the burden of proof that consent was validly obtained and can be withdrawn at any time. The GDPR will implement more stringent operational requirements for processors and controllers of personal data, including, for example, requiring enhanced disclosures to data subjects about how personal data is processed, limiting retention periods of personal data, requiring mandatory data breach notification, and requiring additional policies and procedures to comply with the accountability principle under the GDPR. In addition, data subjects have more robust rights with regard to their personal data.

Our privacy policy and terms and conditions of use describe our practices concerning the use, transmission, and disclosure of User information and are posted on our website.

Legal Proceedings

The Company is from time to time subject to various claims, lawsuits and other legal proceedings. Some of these claims, lawsuits and other legal proceedings involve highly complex issues, and often these issues are subject to substantial uncertainties. Accordingly, our potential liability with respect to a large portion of such claims, lawsuits and other legal proceedings cannot be estimated with certainty. Management, with the assistance of legal counsel, periodically reviews the status of each significant matter and assesses potential financial exposure. The Company recognizes provisions for claims or pending litigation when it determines that an unfavorable outcome is probable and the amount of loss can be reasonably estimated. Due to the inherent uncertain nature of litigation, the ultimate outcome or actual cost of settlement may materially vary from estimates. If management’s estimates prove incorrect, current reserves could be inadequate and the Company could incur a charge to earnings which could have a material adverse effect on its results of operations, financial condition, net worth, and cash flows.

Between December 2015 and January 2016, two putative class action lawsuits were filed against us in the U.S. District Court for the Central District of California, alleging that we unlawfully reproduced and distributed musical compositions without obtaining licenses. These cases were subsequently consolidated in May 2016 and transferred to the U.S. District Court for the Southern District of New York in October 2016, as *Ferrick et al. v. Spotify USA Inc.*, No. 1:16-cv-8412-AJN (S.D.N.Y). In May 2017, the parties reached a signed class action settlement agreement which the court has preliminarily approved, pursuant to which we will be responsible for (i) a \$43 million cash payment to a fund for the class, (ii) all settlement administration and notice costs, expected to be between \$1 million to \$2 million, (iii) a direct payment of class counsel’s attorneys’ fees of up to \$5 million dollars, (iv) future royalties for any tracks identified by claimants, as well as other class members who provide

proof of ownership following the settlement, and (v) reserving future royalties for unmatched tracks. The final approval hearing was held on December 1, 2017 and the court has not yet issued a ruling.

Even if the settlement is finally approved, we may still be subject to claims of copyright infringement by rights holders who have purported to opt out of the settlement or who may not otherwise be covered by its terms. For example, since July 2017, six lawsuits alleging unlawful reproduction and distribution of musical compositions have been filed against us in (i) the U.S. District Court for the Middle District of Tennessee (*Bluewater Music Services Corporation v. Spotify USA Inc.*, No. 3:17-cv-01051; *Gaudio et al. v. Spotify USA Inc.*, No. 3:17-cv-01052; *Robertson et al. v. Spotify USA Inc.*, No. 3:17-cv-01616; and *A4V Digital, Inc. et al. v. Spotify USA Inc.*, 3:17-cv-01256), (ii) in the U.S. District Court for the Southern District of Florida (*Watson Music Group, LLC v. Spotify USA Inc.*, No. 0:17-cv-62374), and (iii) the U.S. District Court for the Central District of California (*Wixen Music Publishing Inc. v. Spotify USA, Inc.*, 2:17-cv-09288) (alleging that Spotify has infringed the copyrights in over 10,000 musical compositions). The complaints seek an award of damages, including the maximum statutory damages allowed under U.S. copyright law of \$150,000 per work infringed. We intend to vigorously defend the claims.

Property and Equipment

Spotify's principal operational offices are located in Stockholm, Sweden under a lease for approximately 230,000 square feet of office space, expiring on September 30, 2027. We also lease regional offices in New York, New York; Los Angeles, California; San Francisco, California; Boston, Massachusetts; Dallas, Texas; Chicago, Illinois; Seattle, Washington; Atlanta, Georgia; Miami, Florida; Nashville, Tennessee; and Washington D.C. We also lease other offices in Sweden and lease office space in the United Kingdom, Spain, France, Norway, Finland, Denmark, Netherlands, Belgium, Luxembourg, India, the United Arab Emirates, Australia, Japan, Hong Kong, Germany, Italy, Mexico, Singapore, Brazil, Canada, Columbia, Poland, and Taiwan. In February 2017, we entered into a 17-year lease to occupy approximately 380,000 square feet of office space in New York, New York which will replace our existing office space and will serve as our North American headquarters. In June 2017, we exercised an option on the lease in order to occupy an additional 101,000 square feet of office space.

While the majority of our computing needs are serviced from our cloud infrastructure, we have data centers located in London, United Kingdom; Stockholm, Sweden; and Ashburn, Virginia. The data centers host the www.spotify.com website and intranet applications that are used to manage the website content. The data centers are designed to be fault-tolerant, with a collection of identical web servers connecting to an enterprise database. The design also includes load balancers, firewalls and routers that connect the components and provide connections to the internet. The failure of any individual component is not expected to affect the overall availability of our website. Currently, we are in the process of transitioning all of our data storage (including personal data of Users and music data licensed from rights holders) and computing from our own servers to GCP.

We believe that our current facilities are adequate to meet our needs for the near future and that suitable additional or alternative space will be available on commercially reasonable terms to accommodate our foreseeable future operations.

Employees

In 2016 and 2017, we had 2,084 and 2,960 full-time employees on average, respectively. The following table describes our average number of employees by department per fiscal year:

	December 31,	
	2016	2017
Content Production and Customer Service	163	206
Sales and Marketing	664	865
Research and Development	959	1,463
General and Administrative	298	426

The following table describes our average number of employees by geographic location:

	December 31,	
	2016	2017
United States	812	1,348
Sweden	849	1,087
United Kingdom	191	217

Additionally, at the end of 2016 and 2017 we had approximately 232 and 308 employees, respectively, in the aggregate in Australia, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Hong Kong, India, Italy, Japan, Mexico, Netherlands, Norway, Poland, Russia, Singapore, Spain, Taiwan, and Turkey on average. From time to time, we have engaged temporary employees to fill open positions.

MANAGEMENT

Directors, Senior Management, and Employees

Directors and Senior Management

The following table sets forth the names, ages, and positions of our senior management and directors as of February 28, 2018:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Daniel Ek	35	Co-Founder, Chief Executive Officer, Chairman, and Director
Martin Lorentzon	48	Co-Founder and Director
Barry McCarthy	64	Chief Financial Officer
Katarina Berg	50	Chief Human Resources Officer
Seth Farbman	51	Chief Marketing Officer
Alex Norström	41	Chief Premium Business Officer
Gustav Söderström	41	Chief Research & Development Officer
Christopher Marshall	49	Director
Shishir Mehrotra	38	Director
Heidi O'Neill	53	Director
Ted Sarandos	53	Director
Thomas Staggs	57	Director
Cristina Stenbeck	40	Director
Padmasree Warrior	57	Director

The business address of each Director and each of Mr. Ek, Mr. Lorentzon, Ms. Berg, Mr. Norström, and Mr. Söderström is Regeringsgatan 19, 111 53 Stockholm, Sweden. The business address of each of Mr. McCarthy and Mr. Farbman is 45 West 18th Street, 7th Floor, New York, New York 10011.

The following is a brief biography of each of our senior managers and directors:

Daniel Ek is our co-founder, Chief Executive Officer, and Chairman of our board of directors. As our Chief Executive Officer and Chairman, Mr. Ek is responsible for guiding the vision and strategy of the Company and leading the management team. He has been a member of our board of directors since July 21, 2008, and his term will expire on the date of the general meeting of shareholders to be held to approve the annual accounts of 2017. Prior to founding Spotify in 2006, Mr. Ek founded Advertigo, an online advertising company acquired by TradeDoubler, held various senior roles at the Nordic auction company Tradera, which was acquired by eBay, and served as Chief Technology Officer at Stardoll, a fashion and entertainment community for pre-teens.

Martin Lorentzon is our co-founder and a member of our board of directors. He has been a member of our board of directors since July 21, 2008, and his term will expire on the date of the general meeting of shareholders to be held to approve the annual accounts of 2017. Mr. Lorentzon previously served as Chairman of our board of directors from 2008 to 2016. In addition to his role on our board of directors, Mr. Lorentzon has served as a member of the board of directors of Telia Company AB (“Telia Company”), Sweden’s main telecom operator, since 2013. In 1999, Mr. Lorentzon founded TradeDoubler, an internet marketing company based in Stockholm, Sweden, and initially served as a member of its board of directors. Additionally, Mr. Lorentzon has held senior roles at Telia Company and Cell Ventures. He holds a Master of Science in Civil Engineering from the Chalmers University of Technology.

Barry McCarthy is our Chief Financial Officer. He is responsible for overseeing the Company’s financial and legal affairs. Mr. McCarthy also is responsible for managing our advertising sales business and corporate development activities. Prior to joining Spotify, Mr. McCarthy was a private investor and served as a member of the board of directors of several private companies, including for Spotify from 2014 to 2015. He also has served

as a member of the board of directors of Pandora from 2011 to 2013, of Chegg from 2010 to 2015 and as the Chairman of their respective audit committees. Since 2011, Mr. McCarthy also has served as an Executive Adviser to Technology Crossover Ventures. From 1999 to 2010, Mr. McCarthy served as the Chief Financial Officer and Principal Accounting Officer of Netflix. Before joining Netflix, Mr. McCarthy served in various management positions in management consulting, investment banking, and media and entertainment. Mr. McCarthy holds a Bachelor of Arts in History from Williams College and a Master of Business Administration in Finance from the Wharton School at the University of Pennsylvania.

Katarina Berg is our Chief Human Resources Officer. She oversees all aspects of human resource management and is responsible for developing and executing the people strategy in support of our overall business plan. Ms. Berg serves as a member of the board of directors of Sqore and as member of the advisory board of directors of ToppHälsa, Bonnier Tidskrifter. Before joining our team, Ms. Berg held human resources roles in various multinational companies, such as Swedbank, 3 Scandinavia, and Kanal 5 (SBS Broadcasting). Ms. Berg holds a Master of Arts in Human Resources Management and Development in Behavioral Science from Lund University.

Seth Farbman is our Chief Marketing Officer. He is responsible for overseeing the Spotify Brand, the User experience, and all marketing and external communications worldwide. Prior to joining Spotify, Mr. Farbman was the Global Chief Marketing Officer for Gap from 2011 to 2015. He also served in various roles at OgilvyEarth from 2005 to 2011, including the Founder, President, and Senior Partner and led marketing teams at several wireless carriers. He currently serves as a member of the board of directors of J. Crew Group, Inc. Mr. Farbman holds a Bachelor of Arts in Journalism from Ithaca College and a Master of Science in Communications from Syracuse University's S.I. Newhouse School of Public Communications.

Alex Norström is our Chief Premium Business Officer. As our Chief Premium Business Officer, Mr. Norström is responsible for overseeing strategy, marketing, global partnerships, and product offerings for our subscription business. Mr. Norström was previously our Vice President of Growth and our Vice President of Subscription. Prior to joining Spotify in 2011, Mr. Norström was Chief New Business Officer at King. He is currently a member of the board of directors of Circle. Mr. Norström holds a Master of Science in Business & Economics with a Major in Finance from the Stockholm School of Economics.

Gustav Söderström is our Chief Research & Development Officer. He oversees the product, design, data, and engineering teams at Spotify and is responsible for our product strategy. Mr. Söderström is a startup seed investor and also has been an advisor to Tictail since 2013 and was formerly an advisor to 13th Lab (acquired by Facebook's Oculus). Before joining the Company in 2009, Mr. Söderström was director of product and business development for Yahoo! Mobile from 2006 to 2009. In 2003, Mr. Söderström founded Kenet Works, a company that developed community software for mobile phones and served as the company's Chief Executive Officer until it was acquired by Yahoo! in 2006. Mr. Söderström holds a Master of Science in Electrical Engineering from KTH Royal Institute of Technology.

Christopher (Woody) Marshall is a member of our board of directors. He has been a member of our board of directors since June 16, 2015, and his term will expire on the date of the general meeting of shareholders to be held to approve the annual accounts of 2017. In addition to his role on our board of directors, Mr. Marshall currently serves on the boards of directors of a number of private companies. Since 2008, he also has served as a general partner of Technology Crossover Ventures, a private equity firm. Prior to that, Mr. Marshall spent 12 years at Trident Capital, a venture capital firm. Mr. Marshall holds a Bachelor of Arts in Economics from Hamilton College and a Master of Business Administration from the Kellogg School of Management at Northwestern University.

Shishir Mehrotra is a member of our board of directors. He has been a member of our board of directors since June 13, 2017, and his term will expire on the date of the general meeting of shareholders to be held to approve the annual accounts of 2017. Mr. Mehrotra previously served as our Strategic Advisor to the Chief

[Table of Contents](#)

Executive Officer, from December 2015 to May 2017. Mr. Mehrotra is the CEO and Co-Founder of Coda, Inc. Mr. Mehrotra has previously served as a Vice President of Product and Engineering at Google and Director of Program Management at Microsoft. Mr. Mehrotra holds a Bachelor of Science in Computer Science and a Bachelor of Science in Mathematics from the Massachusetts Institute of Technology.

Heidi O'Neill is a member of our board of directors. She has been a member of our board of directors since December 5, 2017, and her term will expire on the date of the general meeting of shareholders to be held to approve the annual accounts of 2017. Ms. O'Neill previously served as a member of the board of directors of Skullcandy, where she also was the Chair of the compensation committee, and the Nike School Innovation Fund, of which she was a founding member. Ms. O'Neill also serves as the President of Nike Direct, a division of Nike, Inc.

Ted Sarandos is a member of our board of directors. He has been a member of our board of directors since September 13, 2016, and his term will expire on the date of the general meeting of shareholders to be held to approve the annual accounts of 2017. In addition to his role on our board of directors, Mr. Sarandos serves on the Film Advisory Board of Directors for Tribeca and Los Angeles Film Festivals, a member of the board of directors of the American Cinematheque, an American Film Institute trustee, and an Executive Committee Member of the Academy of Television Arts & Sciences. He is a Henry Crown Fellow at the Aspen Institute and serves on the board of directors of Exploring the Arts. He also serves as the Chief Content Officer of Netflix and has led content acquisition for Netflix since 2000.

Thomas Staggs is a member of our board of directors. He has been a member of our board of directors since June 13, 2017, and his term will expire on the date of the general meeting of shareholders to be held to approve the annual accounts of 2017. In addition to his role on our board of directors, Mr. Staggs serves on the board of directors of the University of Minnesota Carlson School of Management and the Center for Early Education. He also serves as the Executive Chairman of Vejo, Inc. Mr. Staggs previously served in various roles at The Walt Disney Company, including as Chief Financial Officer, Chairman of Disney Parks and Resorts, Chief Operating Officer, and Senior Advisor to the Chief Executive Officer. He also was previously a member of the board of directors at Euro Disney SCA from 2002 until 2015. Mr. Staggs holds a Bachelor of Science in Business from the University of Minnesota and a Master of Business Administration from the Stanford Graduate School of Business.

Cristina Stenbeck is a member of our board of directors. She has been a member of our board of directors since June 13, 2017, and her term will expire on the date of the general meeting of shareholders to be held to approve the annual accounts of 2017. In addition to her role on our board of directors, Ms. Stenbeck serves on the board of directors as principal owner of Kinnevik AB, a Swedish listed investment group, where she also was Vice Chairman from 2003 to 2007 and Chairman from 2007 to 2016. In addition, she serves on the board of directors of several private companies, including Babylon Holdings Ltd, a UK health technology company, and Verdere S.à.r.l., a Luxembourg-based investment company. Ms. Stenbeck previously held board positions in Kinnevik's investee companies, including Zalando SE, Millicom International Cellular S.A., and a Swedish family foundation Hugo Stenbecks Stiftelse, as well as acting as Trustee for St. Andrew's School in Middletown, Delaware. She holds a Bachelor of Science in Business from Georgetown University.

Padmasree Warrior is a member of our board of directors. She has been a member of our board of directors since June 13, 2017, and her term will expire on the date of the general meeting of shareholders to be held to approve the annual accounts of 2017. In addition to her role on our board of directors, Ms. Warrior serves on the boards of directors of NIO, Microsoft, and Thorn. In addition, Ms. Warrior was a member of the board of directors of Gap, Inc. from 2013 to 2016 and a member of the board of directors of Box from 2014 to 2016. She also serves as the Chief Executive Officer of NIO U.S. From 2008 to 2015 Ms. Warrior worked at Cisco, most recently as Chief Technology and Strategy Officer. She holds a Bachelor of Technology in Chemical Engineering from the Indian Institute of Technology and a Master of Science in Chemical Engineering from Cornell University.

Family Relationships

There are no family relationships between any of the directors. There are no family relationships between any director and any of the senior management of our Company.

Arrangements or Understandings

Christopher Marshall was elected as a director pursuant to a shareholder arrangement pursuant to his role as a general partner of TCMI, Inc., which manages the TCV funds. Such shareholder arrangement has since been terminated. None of our other senior management, directors, or key employees has any arrangement or understanding with our principal shareholder, customers, suppliers, or other persons pursuant to which such senior management, director, or key employee was selected as such.

Board of Directors Practices

Board of Directors Structure

Our board of directors currently consists of nine directors and is composed of Class A and Class B directors. Our articles of association will provide that the board of directors must be composed of at least three members. Each director holds office for the term decided by the general meeting of the shareholders, but not exceeding six years, or until his or her successor has been appointed. For more information on the date of expiration of each director's term and the length of time each director has served, see "Management—Directors, Senior Management, and Employees." Our directors may be removed at any time, with or without cause, by a resolution of the shareholders' meeting. See "Description of Share Capital and Articles of Association—Articles of Association—Board of Directors."

Our board of directors has established a remuneration committee. Our remuneration committee consists of Christopher Marshall, Martin Lorentzon, and Shishir Mehrotra. Mr. Marshall is the chair of our remuneration committee. Our remuneration committee has the following responsibilities, among others:

- reviewing and making recommendations to our board of directors related to our incentive-compensation plans and equity-based plans;
- establishing and reviewing the overall compensation philosophy of the Company;
- reviewing and approving total compensation for our chief executive officer and other executive officers;
- reviewing and making recommendations regarding the compensation to be paid to our non-employee directors;
- selecting and retaining a compensation consultant; and
- such other matters that are specifically delegated to the remuneration committee by our board of directors from time to time.

Our board of directors has established an audit committee that consists of Christopher Marshall, Thomas Staggs, and Padmasree Warrior. Thomas Staggs is expected to be the chair of our audit committee. All audit committee members satisfy the "independence" requirements set forth under the rules of the NYSE and in Rule 10A-3 under the Exchange Act. Our audit committee has the following responsibilities, among others:

- appointing and replacing our independent registered public accounting firm, subject to shareholder approval;
- retaining, compensating, evaluating, and overseeing the work of our independent registered public accounting firm;
- reviewing with our independent registered public accounting firm any difficulties or material audit issues and the Company's response to any management letters provided by the independent registered public accounting firm;

[Table of Contents](#)

- discussing the annual audited financial statements and quarterly financial statements with management and our independent registered public accounting firm;
- annually reviewing and reassessing the adequacy of our audit committee charter;
- such other matters that are specifically delegated to our audit committee by our board of directors from time to time; and
- meeting periodically with management and, separately from management, with our internal auditors and independent registered public accounting firm.

Directors and Senior Management

During the year ended December 31, 2017, our executive leadership team, including our named executive officers, and members of our board of directors received total aggregate compensation of \$28,034,473.65, which included base salary, annual cash bonus, stock options (valued based on their Black-Scholes value), RSUs (for our directors only) (valued based on the fair market value of the corresponding shares), and \$434,247.18 in amounts set aside or accrued to provide pension, retirement, or similar benefits. In determining the foregoing aggregate amounts, compensation amounts paid to certain members of our executive leadership team and members of our board of directors in Swedish Krona were converted based on a December 31, 2017 exchange rate of SEK 8.20 per dollar as published by Reuters. The figure provided for stock options includes, as adjusted for the Share Split, an aggregate of 1,170,320 stock options granted to our executive leadership team and members of our board of directors in 2017, each with an exercise price of \$50.70 per share and an expiration date of March 31, 2022. The figure provided for RSUs includes, as adjusted for the Share Split, an aggregate of 80,920 RSUs granted to the members of our board of directors in 2017.

Compensation Discussion & Analysis

This section discusses the principles underlying the material components of our executive compensation program for a subset of our executive leadership team who would be our named executive officers, as if we were a domestic issuer (other than one individual who would have been a named executive officer but has left the Company) and the factors relevant to an analysis of these policies and decisions. These “named executive officers” for 2017 are:

- Daniel Ek, who is our Co-Founder and serves as our Chief Executive Officer (“CEO”), Chairman, and Director and is our principal executive officer;
- Barry McCarthy, who serves as Chief Financial Officer (“CFO”) and is our principal financial officer;
- Gustav Söderström, who serves as Chief Research & Development Officer;
- Alex Norström, who serves as Chief Premium Business Officer; and
- Seth Farbman, who serves as Chief Marketing Officer.

Specifically, this section provides an overview of our executive compensation philosophy, the overall objectives of our executive compensation program, and each compensation component that we provide. In addition, we explain how and why the remuneration committee of our board of directors arrived at specific compensation policies and decisions involving our named executive officers during 2017.

Each of the key elements of our executive compensation program is discussed in more detail below. Our compensation programs are designed to be flexible and complementary and to collectively serve their principles and objectives.

Unless specifically set forth in this section captioned “Compensation Discussion & Analysis,” the discussion herein regarding executive compensation gives effect to the Share Split, which we expect to effectuate prior to the effectiveness of the Registration Statement.

Executive Compensation Philosophy and Objectives

We operate in the highly competitive and dynamic digital media industry as the world's largest subscription music streaming service. This industry is characterized by rapidly changing market requirements and the emergence of new competitors. To succeed in this environment, we must continuously develop solutions that meet the needs of our rapidly growing User base in a rapidly changing environment, efficiently develop and refine new and existing products and services, and demonstrate a strong return on investment to our advertisers. To achieve these objectives, we need a highly talented and seasoned team of data scientists, engineers, product designers, product managers, and other business professionals.

We recognize that our future success depends on our continuing ability to attract, develop, motivate, and retain highly qualified and skilled employees, which is driven by our compensation, culture and reputation, and the strength of our brand. We strive to create an environment that is responsive to the needs of our employees, is open towards employee communication and continual performance feedback, encourages teamwork, and rewards commitment and performance. The principles and objectives of our compensation and benefits programs for our executive leadership team and other employees are to:

- Attract, engage, and retain the best executives to work for us, with experience and managerial talent enabling us to be an employer of choice in highly-competitive and dynamic industries;
- Align compensation with our corporate strategies, business and financial objectives, and the long-term interests of our shareholders;
- Motivate and reward executives whose knowledge, skills, and performance ensure our continued success; and
- Ensure that our total compensation is fair, reasonable, and competitive.

We compete with many other companies in seeking to attract and retain experienced and skilled executives. To meet this challenge, we have embraced a compensation philosophy that offers our executive leadership team competitive compensation and benefits packages including equity grants, which are focused on long-term value creation and that reward our executive leadership team for achieving our financial and strategic objectives.

Roles of Our Board of Directors, Remuneration Committee, and Chief Executive Officer in Compensation Decisions

The initial compensation arrangements with our executive leadership team, including the named executive officers, have been determined in arm's-length negotiations with each individual executive. Typically, our CEO has been responsible for negotiating these arrangements, except with respect to his own compensation, with the oversight and final approval of the members of our board of directors or the remuneration committee. The compensation arrangements have been influenced by a variety of factors, including, but not limited to:

- our financial condition and available resources;
- our need for that particular position to be filled;
- our board of directors' evaluation of the competitive market based on the third-party data provided by Compensia, Inc. ("Compensia"), a national compensation consulting firm, competitive pay practices for comparable positions at companies of comparable scale and in relevant business segments, as further described below, and the experience of the members of the remuneration committee with other companies;
- the length of service of an individual; and
- the compensation levels of other members of the executive leadership team, each as of the time of the applicable compensation decision.

[Table of Contents](#)

Following the establishment of the initial compensation arrangements, our CEO, board of directors, and remuneration committee have been responsible for overseeing our executive compensation program, as well as determining and approving the ongoing compensation arrangements for our CEO and other members of the executive leadership team, including the other named executive officers. Typically, in years past, our CEO reviewed the performance of the other members of the executive leadership team, including the other named executive officers, and based on this review, along with the factors described above, made recommendations to the remuneration committee with respect to the total compensation, including each individual component of compensation, of these individuals for the coming year. There was no predetermined time of year for these reviews, although they were generally performed on an annual basis coinciding with our Company-wide employee compensation review in March. Further, in years past, the remuneration committee reviewed the performance of our CEO, and based on this review and the factors described above, determined his total compensation for the coming year.

The current compensation levels of our executive leadership team, including the named executive officers, primarily reflect the varying roles and responsibilities of each individual.

Engagement of Compensation Consultant

The remuneration committee has engaged the services of Compensia to provide executive compensation advisory services. The remuneration committee directed Compensia to develop a peer group of comparable companies in our sector and prepare a competitive market analysis of our executive compensation program to assist it in determining the appropriate level of overall compensation, as well as assess each separate component of compensation, with the goal of understanding the competitiveness of the compensation we offer to our executive leadership team. The peer group (the “Peer Group”) for 2017 consisted of the following companies:

Citrix Systems	CoStar Group	Criteo	Expedia
Groupon	HomeAway	IAC/InterActiveCorp	Just Eat
King Digital Entertainment	LinkedIn	Netflix	Netsuite
Pandora Media	Qlik Technologies	Scripps Networks Interactive	ServiceNow
Sirius XM Holdings	Tesla Motors	The Ultimate Software Group	TripAdvisor
Twitter	VeriSign	Workday	Zillow Group
Zulily			

The remuneration committee bases its executive compensation decisions, at least in part, by reference to the compensation of the executives holding comparable positions at this group of comparable peer companies, as it may be adjusted from time to time. In 2017, Compensia provided the remuneration committee with total cash compensation data and total compensation data (including cash compensation and equity compensation) at various percentiles within the Peer Group. The remuneration committee considered this data in determining the compensation levels of our named executive officers, but we did not benchmark our executive compensation to any pre-determined target percentile of market. The remuneration committee sought to compensate our named executive officers at a level that would allow us to successfully recruit and retain the best possible talent for our executive leadership team. Overall, Compensia’s analysis of our Peer Group indicated that the target total cash compensation for our named executive officers was approximately the 25th percentile of our Peer Group. Our total compensation for our named executive officers other than our CEO, including cash and equity compensation, was between the 50th and 75th percentile of our Peer Group. As noted above, we rely heavily on our stock options to incentivize our employees, including each of our named executive officers.

Compensia’s analysis of our Peer Group also indicated that our CEO’s total cash compensation for 2017 was approximately the 50th percentile of our Peer Group and his total compensation, including cash and equity compensation, was below the 25th percentile of our Peer Group.

Compensation Philosophy

We design the principal components of our executive compensation program to fulfill one or more of the principles and objectives described above. Compensation of our named executive officers consists of the following elements:

- base salary;
- equity incentive compensation;
- certain severance benefits;
- retirement savings plans; and
- health and welfare benefits and certain limited perquisites and other personal benefits.

We offer cash compensation in the form of base salaries that we believe appropriately reward our executive leadership team members for their individual contributions to our business. We have opted not to offer annual cash bonuses to our executive leadership team members, as we believe they do not incentivize the long-term growth of the Company. Instead, we incentive our executive leadership team members heavily through share-based compensation, which we believe fosters the long-term growth of the Company.

We have emphasized the use of equity to incentivize our executive leadership team to focus on the growth of our overall enterprise value and, correspondingly, the creation of value for our shareholders. As a result of this compensation practice, we have tied a greater percentage of each executive leadership team member's total compensation to shareholders returns and kept cash compensation at modest levels, while providing the opportunity to be well-rewarded through equity if we perform well over time.

Except as described below, we have not adopted any policy or guidelines for allocating compensation between currently-paid and long-term compensation, between cash and non-cash compensation, or among different forms of non-cash compensation.

Each of the primary elements of our executive compensation program is discussed in more detail below. We believe that, as a part of our overall executive compensation policy, each individual element serves our objectives described above.

Executive Compensation Program Components

The following describes the primary components of our executive compensation program for each of our named executive officers, the rationale for that component, and how compensation amounts are determined.

Base Salary

Generally, our named executive officer's initial base salaries were established through arms-length negotiation at the time the individual was hired, taking into account his or her qualifications, experience, and prior salary level. Thereafter, the base salaries of our executive leadership team members, including the named executive officers, are reviewed periodically by our remuneration committee, and adjustments are made as deemed appropriate. There were no base salary increases in 2017.

As of July 1, 2017, our CEO does not receive a base salary but instead receives an annual bonus subject to the fulfillment of certain milestones and/or discretionary approval by our board of directors. The first such annual bonus, in an amount up to \$1,000,000, became payable in the first quarter of 2018. The board of directors considered whether Company achieved (i) more than 70,000,000 Premium Subscribers in 2017, (ii) more than 150,000,000 MAUs in 2017, and (iii) 25% in gross margin during the second half of 2017 in determining the bonus amount, but our board of directors retained the ability to pay such bonus to Mr. Ek even if such milestones

[Table of Contents](#)

were not achieved. In February 2018, our board of directors determined to pay Mr. Ek the full \$1,000,000 bonus based on the Company's 2017 performance though certain performance goals were not achieved, Mr. Ek no longer retains any rights associated with his fixed monthly salary from his employment agreement.

As of the end of fiscal year 2017, our named executive officers were entitled to the following base salaries:

<u>Named Executive Officer</u>	<u>Base Salary</u>
Daniel Ek (1) (2)	\$ 0
Barry McCarthy	\$ 560,000
Gustav Söderström (2)	\$ 365,763
Alex Norström (2)	\$ 380,394
Seth Farbman	\$ 900,000

(1) As of July 1, 2017, Mr. Ek does not receive a base salary but instead receives an annual bonus subject to the fulfillment of certain milestones and/or discretionary approval by our board of directors. Prior to July 1, 2017, Mr. Ek received an annual base salary of \$585,366.

(2) Messrs. Ek, Söderström, and Norström are each paid in Swedish Krona. Such amounts are based on the exchange rate of SEK 8.20 per dollar as of December 31, 2017 as published by Reuters.

Long-Term Equity Incentives

Each of our named executive officers has been granted equity awards in the Company, which allow them to share in the future appreciation of the Company, subject to certain vesting conditions, as described in more detail below. These equity awards are designed to foster a long-term commitment to us by our named executive officers, provide a balance to the salary component of our compensation program, align a portion of our executives' compensation to the interests of our principal equityholders, promote retention, and reinforce our pay-for-performance structure (as discussed in more detail below). For further information on our equity award programs please see "—Share Ownership" below.

Equity Award Decisions

Each year our remuneration committee approves a stock option program and RSU program to incentive our employees, including our named executive officers. Our remuneration committee, in consultation with our CEO, determines the allocation of such awards to our executive leadership team members. In making these equity awards, the remuneration committee takes into consideration the Company's financial results and market conditions, as well as the factors described above. In 2017, none of named executive officers were granted RSUs in the Company.

Retirement Savings and Other Benefits

Our retirement programs comply with local laws and regulations. For our employees who reside in Sweden, including Messrs. Ek, Söderström and Norström, we participate in an occupational pension plan. Pursuant to such plan we pay a premium of 4.5% of each such officer's monthly base salary up to an annual income ceiling and 30% of monthly base salary on amounts above such annual income ceiling. Employees also may contribute additional amounts through a salary exchange program pursuant to which eligible employees are given the opportunity to enhance their pension savings by choosing to exchange a portion of their base salary for additional pension contributions. The minimum amount for salary exchange contributions is SEK 500 per month.

For our employees in the United States who satisfy certain eligibility requirements, including Messrs. McCarthy and Farbman, we have established a 401(k) retirement savings plan. Under the 401(k) plan, eligible employees may elect to reduce their current compensation by up to the prescribed annual limit and contribute these amounts to the 401(k) plan. The Company matches up to 50% of the employee's contributions up to 6% of their annual salary. Employees vest in the employer-contributions ratably over four years.

The Company does not maintain any defined benefit plans for any of its named executive officers.

Employee Benefits and Perquisites

Additional benefits received by our Swedish employees, including Messrs. Ek, Söderström and Norström, include private healthcare, accident insurance, life and long-term disability insurance, travel insurance, and parental leave. Additional benefits received by our U.S. employees, including Messrs. McCarthy and Farbman, include medical, dental, and vision benefits, medical, and dependent care flexible spending accounts, short-term and long-term disability insurance, basic life insurance coverage, and parental leave. These benefits are provided to our named executive officers on the same general terms as they are provided to all of our full-time employees in the applicable countries.

We design our employee benefits programs to be affordable and competitive in relation to the market, as well as compliant with applicable laws and practices. We adjust our employee benefits programs as needed based upon regular monitoring of applicable laws and practices in the competitive market.

We do not view perquisites or other personal benefits as a significant component of our executive compensation program. We generally provide relocation assistance to all of our employees, when applicable. We provided Mr. McCarthy with relocation assistance and tax preparation assistance in connection with his relocation. In the future, we may provide perquisites or other personal benefits in limited circumstances, such as where we believe it is appropriate to assist an individual executive officer in the performance of his or her duties, to make our executive leadership team members more efficient and effective, and for recruitment, motivation, or retention purposes. All future practices with respect to perquisites or other personal benefits for our named executive officers will be approved and subject to periodic review by the remuneration committee. We do not expect these perquisites to be a significant component of our compensation program.

Severance

Each of our named executive officers is entitled to severance upon certain qualifying terminations. For further information on such amounts please see “—Employment Agreements” below.

Employment Agreements

We have, or one of our subsidiaries has, entered into employment agreements with Ms. Berg and Messrs. Ek, McCarthy, Farbman, Norström, and Söderström. We currently do not have employment agreements or other service contracts with any members of our board of directors, except for Mr. Ek.

In 2011, Mr. Ek entered into a new employment agreement that replaced his prior agreement. The employment agreement provides for an indefinite term that automatically expires upon Mr. Ek’s retirement at age 65. The agreement provides for a fixed monthly salary, although the board of directors determined that, commencing July 1, 2017, Mr. Ek would no longer receive an annual salary and would instead have the right to receive solely a discretionary annual bonus subject to the achievement of certain milestones. The first such annual bonus, in an amount up to \$1,000,000, became payable in the first quarter of 2018. The board of directors considered whether the Company achieved (i) more than 70,000,000 Premium Subscribers in 2017, (ii) more than 150,000,000 MAUs in 2017, and (iii) 25% in gross margin during the second half of 2017 in determining the bonus amount, but our board of directors retained the ability to pay such bonus to Mr. Ek even if such milestones were not achieved. In February 2018, our board of directors determined to pay Mr. Ek the full \$1,000,000 bonus based on the Company’s 2017 performance though certain performance goals were not achieved. Mr. Ek no longer retains any rights associated with his fixed monthly salary from his employment agreement. The agreement also provides for a six-month notice period prior to termination, though we may terminate the agreement with immediate effect if Mr. Ek has grossly neglected his obligations or otherwise materially breached the contract. In the event of termination of employment by us (other than due to gross

neglect), in addition to pay during the notice period, Mr. Ek also will be entitled to a severance payment equal to six times his monthly salary, less any income from future employment, payable in monthly installments following termination.

Mr. Ek's employment agreement contains post-termination non-competition covenants that we could choose to enforce for 12 months following any type of termination of employment, except termination by us due to any reason other than breach of contract by Mr. Ek. In consideration for the non-competition covenant, we will pay Mr. Ek, in monthly installments during his restricted period, 12 times his monthly salary, less any income from future employment, in an amount up to 60% of Mr. Ek's monthly salary. Such payment will not be made during any period Mr. Ek is otherwise receiving severance pay from us or if Mr. Ek's employment ceases as a result of retirement or termination by us due to Mr. Ek's breach of contract. If we decide not to enforce the non-competition covenant, the corresponding payment obligation would also cease. Mr. Ek's employment agreement also includes employee and customer non-solicitation clauses that will apply for 12-months post-termination and that do not require us to pay any additional consideration.

In October 2016, Mr. McCarthy entered into a new employment agreement that replaced his prior agreement (the "McCarthy Agreement"). The agreement provides for an indefinite employment period. The agreement also provides for a base salary, participation in our benefit plans, and total target compensation of \$5,000,000. We may terminate Mr. McCarthy's employment without "Cause" (as defined in the agreement) upon three months' notice. In addition, upon a termination without Cause, Mr. McCarthy is entitled to a severance amount equal to his base salary for six months and subsidized health benefits for six months. If Mr. McCarthy's employment is terminated within 12 months after a change in control of the Company (which will not occur in connection with the initial registration), or if he is required to perform duties that are materially inconsistent with those normally performed by him or is otherwise constructively dismissed following the change in control, he is entitled to receive a lump sum severance payment of 12 months' salary and subsidized health benefits. Mr. McCarthy also is subject to a nine-month post-termination non-competition covenant (with such period commencing on the last day of the notice period) and a two-year post-termination non-solicitation covenant.

In 2017, each of Ms. Berg and Messrs. Farbman, Norström, and Söderström entered into revised employment agreements that provide substantially similar terms to the terms described above for the McCarthy Agreement, except that the agreements do not provide for a specified total target compensation and their non-competition periods commence on the first day of their respective notice periods rather than the last day.

For further information on the post-termination treatment of our stock options please see "—Stock Options" below.

Share Ownership

The following table provides information regarding share ownership by our officers and directors as of February 22, 2018.

Name of Beneficial Owner	Number of Shares Owned	Approximate Percentage of Outstanding Ordinary Shares	Number of Shares Underlying Options	Option Exercise Price (\$)	Option Expiration Date	Restricted Stock Units	Warrants	Subscription Price (\$)
Daniel Ek (1)	41,763,280	23.8%	523,960	42.18	03/31/2021	—	3,200,000	50.61
	—	—	—	—	—	—	1,600,000	89.73
Martin Lorentzon (2)	21,692,720	12.4%	—	—	—	4,600	1,920,000	50.61
Barry McCarthy (3)	142,680	*	1,072,000	43.73	03/31/2020	—	—	—
	—	—	300,960	41.20	03/31/2021	—	—	—
	—	—	282,000	50.70	03/31/2022	—	—	—
Katarina Berg	12,840	*	12,600	15.63	03/31/2018	7,880	—	—
	—	—	47,080	42.48	03/31/2020	—	—	—
	—	—	56,400	50.70	03/31/2022	—	—	—
Seth Farbman	—	—	43,440	43.73	03/31/2020	13,720	—	—
	—	—	117,720	42.48	03/31/2020	—	—	—
	—	—	70,520	50.70	03/31/2022	—	—	—
Alex Norström	47,560	*	4,560	30.61	03/31/2020	3,320	—	—
	—	—	141,240	42.48	03/31/2020	—	—	—
	—	—	225,600	50.70	03/31/2022	—	—	—
Gustav Söderström	17,800	*	41,440	25.34	03/31/2020	11,840	—	—
	—	—	201,800	42.48	03/31/2020	—	—	—
	—	—	71,120	42.18	03/31/2021	—	—	—
	—	—	282,000	50.70	03/31/2022	—	—	—
Christopher Marshall	5,240	*	—	—	—	8,800	—	—
	—	—	—	—	—	4,600	—	—
Shishir Mehrotra	99,560	*	—	—	—	4,600	—	—
Heidi O'Neill	—	—	—	—	—	3,320	—	—
Ted Sarandos	3,760	*	—	—	—	5,320	—	—
	—	—	—	—	—	4,600	—	—
Thomas Staggs (4)	31,040	*	—	—	—	4,600	—	—
Cristina Stenbeck	—	—	—	—	—	4,600	—	—
Padmasree Warrior	—	—	—	—	—	4,600	—	—

* Represents beneficial ownership of less than 1%.

- (1) Includes 12,183,440 ordinary shares held of record by Tiger, 4,276,200 ordinary shares held of record by TME Hong Kong, and 9,076,240 ordinary shares held of record by Image Frame. Mr. Ek exercises voting power over the ordinary shares held of record by Tiger, TME Hong Kong, and Image Frame, through his indirect ownership of D.G.E. Investments, which holds an irrevocable proxy with regard to these ordinary shares. As such, Mr. Ek may be deemed to share beneficial ownership of the ordinary shares held of record by Tiger, TME Hong Kong, and Image Frame. Also includes 16,227,400 ordinary shares held of record by D.G.E. Investments. Mr. Ek is the sole shareholder of D.G.E. Holding Limited ("D.G.E. Holding"), which is the sole shareholder of D.G.E. Investments. As such, each of D.G.E. Holding and Mr. Ek may be deemed to share beneficial ownership of the ordinary shares held of record by D.G.E. Investments. The business address of D.G.E. Holding is 4, V. Dimech Street, Floriana FRN 1504, Malta. The business address of D.G.E. Investments Limited is Office 101, Omega Business Center, 18 Stratigou Temagia Avenue, 6047 Larnaca, Cyprus.
- (2) These ordinary shares are held of record by Rosello. Mr. Lorentzon is the sole shareholder of Amaltea S.à r.l. ("Amaltea"), which is the sole shareholder of Rosello. As such, each of Amaltea and Mr. Lorentzon may be deemed to share beneficial ownership of the ordinary shares held of record by Rosello. The business address of Rosello is 22 Stasikratous Street, Office 001, 1065 Nicosia, Cyprus.
- (3) These ordinary shares are held of record by Rivers Cross Trust, an entity wholly owned by Mr. McCarthy. The business address of Rivers Cross Trust is 3875 Woodside Rd., Woodside, CA 94062.
- (4) These ordinary shares are held of record by the Staggs Trust, a revocable inter-vivos trust established by Mr. Staggs and his spouse. The business address of the Staggs Trust is 9665 Wilshire Blvd., Suite 525, Beverly Hills, CA 90212.

Stock Options

We offer stock options to all permanent employees, including the executive leadership team, upon hire, in order to allow all such employees to share in our future success. Certain employees, including the executive

leadership team, also are eligible for yearly stock option grants. Each stock option represents the right to purchase one of our ordinary shares. Pursuant to the recent stock option programs, each participant is granted a stock option at a specified exercise price. Since January 1, 2016, the exercise prices have been set at fair market value. Of each grant, 3/16ths of the total number of options granted vests on the first of any of March 1, June 1, September 1, or December 1 falling more than three months from the date of grant (except for grants made prior to 2017 in Australia for which 5/16 vests on the first of March 1, June 1, September 1, or December 1 after 12 months from the date of grant), and thereafter 1/16 vests on each March 1, June 1, September 1, and December 1 thereafter, subject to continued employment. The options expire on March 31 of the fifth year following the date of grant. Initially, vested options were only exercisable annually during a 30-day exercise window, for a period of time immediately following the optionee's termination and upon the expiration of the term of the option. In 2016, we amended our stock option program to provide that vested options could be exercised during each March, June, September, and December prior to the expiration of the term of the option. We later further amended our stock option program in 2017 to provide that vested options may be exercised at any time prior to the expiration of the option term. For our Swedish employees, upon the exercise of a stock option, the company is required to pay a social insurance tax in an amount equal to 31.42% of the spread value of the option.

Upon the termination of an optionee's employment for any reason, all unvested options held by the optionee will be immediately forfeited. If the optionee resigns; if we terminate the optionee's employment other than as a result of death, disability or "Cause" (as defined in the option plan); or if the optionee retires, the optionee's vested options will remain exercisable for 90 days following such termination. If the optionee's termination of employment occurs due to death or disability, the vested options will remain exercisable for 194 days following termination. In either case, the option will no longer be exercisable after the expiration date. Upon termination for Cause, vested options will immediately be forfeited. We also may cancel an optionee's options upon the optionee's commission of a material breach of the terms and conditions or our shareholders' agreement.

The board of directors may provide for a new exercise period upon a change in control. If the board of directors sets a new exercise period, 50% of each holder's unvested options will accelerate and vest. Following such acceleration, the board of directors may choose to allow the unvested options to continue to vest or lapse. If the board allows the unvested options to continue vesting, 1/8th of the unvested option will vest on the first cliff vesting date as described above, and 1/32nd of the remaining option will vest each quarter thereafter. If we or our successor terminates an optionee's employment without Cause within six months following a transaction constituting a change in control, any unvested stock options held by the optionee will vest as of such termination. The plans provide for other potential adjustments to the stock options in the event of corporate transactions.

Our board of directors approved a stock option program for 2018 with substantially the same terms as described above.

We intend to amend our existing stock option programs in connection with this registration to align the programs with being a public company. The amendments will not materially adversely affect any of the outstanding holders and will include updates related to securities law compliance and exercise through electronic platforms.

We also maintain an option program for former employees of The Echo Nest Corporation who are not members of the executive leadership team, which options we assumed in connection with the acquisition of The Echo Nest Corporation.

Restricted Stock Units

We also grant RSUs on limited occasions to select employees. Each RSU represents the right to receive one of our ordinary shares. One-fifth of each grant of RSUs time-vests on each September 1, commencing on the September 1 falling more than three months from the date of grant and subject to the holder's continued employment with us. In addition to time-vesting, one of the following events or dates also has to occur in order

[Table of Contents](#)

for the RSUs to fully vest: (i) the six-month anniversary of an initial public offering (which, as noted above, will not occur in connection with this registration), (ii) a change in control, and (iii) September 1 of the third year following the date of grant, subject to the holder's continued employment through such date. If one of such events or dates occurs prior to final time-vesting of an award of RSUs, then the RSUs will continue to be subject to time-vesting following such event or date, and will fully vest upon the final time-vesting date. The RSUs are settled in ordinary shares on or as soon as reasonably practicable (but no later than 30 days) following full vesting, subject to payment by the holder of the nominal value per share.

The plans provide for other potential adjustments to the RSUs in the event of corporate transactions. If the holder commits a material breach of the terms and conditions governing RSUs or any shareholder agreement, we may cancel the unvested RSUs. All unvested RSUs will be forfeited upon any termination of employment.

On certain occasions we also grant RSUs to individuals who become employees through acquisitions, with varying vesting schedules.

Our board of directors approved a RSU program for 2018 with substantially the same terms as described above, except that the RSUs fully vest on each of the first five anniversaries of the date of grant, subject to the holder's continued employment with us.

We intend to amend all our existing employee RSU programs in connection with this registration to align the programs with being a public company. The amendments will not materially adversely affect any of the outstanding holders and will include updates related to securities law compliance and settlement through electronic platforms.

Restricted Stock

In connection with a recent acquisition, we issued restricted stock to certain employees of the target. Of each such grant of restricted stock, one-third will vest on the second anniversary of the closing of such transaction, and the remaining two-thirds will vest on the third anniversary of such closing, subject, in each case, to the employee's continued employment through such vesting date. The award agreement provides for potential adjustments to the restricted stock in the event of corporate transactions. Upon certain terminations prior to an applicable vesting date, we have the right, but not the obligation, to acquire the unvested restricted stock at an agreed upon price per share.

Warrants

On October 17, 2016, Mr. Ek purchased, through D.G.E. Investments, an entity indirectly wholly owned by him, 3,200,000 non-compensatory warrants in the Company, pursuant to a subscription agreement. Each warrant was purchased for \$5.76. The terms and conditions for the warrants provide that D.G.E. Investments may purchase the ordinary shares underlying the warrants for \$50.61 per share at any time prior to October 17, 2019.

On July 13, 2017, Mr. Ek purchased, through D.G.E. Investments, 1,600,000 non-compensatory warrants in the Company, pursuant to a subscription agreement. Each warrant was purchased for \$6.23, the then-current fair market value per share. The terms and conditions for the warrants provide that D.G.E. Investments may purchase the ordinary shares underlying the warrants for \$89.73 per share at any time prior to July 13, 2020.

The warrants are subject to adjustment upon certain corporate events.

Compensation Tables

Unless specifically set forth in this section captioned, "Compensation Tables," the discussion herein regarding executive compensation gives effect to the Share Split, which we expect to effectuate prior to the effectiveness of the Registration Statement.

Summary Compensation Table

The following table sets forth information concerning the compensation of our named executive officers for the year ended December 31, 2017.

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary (\$)</u>	<u>Bonus (\$)</u>	<u>Option Awards (\$)⁽¹⁾</u>	<u>All Other Compensation (\$)</u>	<u>Total (\$)</u>
Daniel Ek (CEO)	2017	440,281 ⁽²⁾	1,000,000 ⁽³⁾	—	95,321 ⁽⁴⁾	1,535,602
Barry McCarthy (CFO)	2017	560,000	—	4,272,107	88,465 ⁽⁵⁾	4,920,572
Gustav Söderström (Chief Research & Development Officer)	2017	390,347 ⁽²⁾	—	4,272,107	98,007 ⁽⁶⁾	4,760,461
Alex Norström (Chief Premium Business Officer)	2017	389,335 ⁽²⁾	—	3,417,692	102,457 ⁽⁷⁾	3,909,484
Seth Farbman (Chief Marketing Officer)	2017	900,000	—	1,068,419	8,100 ⁽⁸⁾	1,976,519

- (1) Amounts reflect the grant-date Black-Scholes value of the stock options granted during 2017 computed in accordance with IFRS, rather than the amounts paid to or realized by the named individual. We provide information regarding the assumptions used to calculate the value of all option awards made to executive officers in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in Note 17 of the consolidated financial statements included elsewhere in this prospectus.
- (2) Messrs. Ek, Söderström and Norström were each paid in Swedish Krona in 2017. Such dollar amounts are based on a currency translation of SEK 8.20 per dollar as published by Reuters on December 31, 2017. The amounts include vacation pay received by Messrs. Ek, Söderström, and Norström pursuant to Swedish standards. The amount shown for Mr. Ek reflects his salary earned with respect to the first half of 2017, as further explained in footnote (3).
- (3) As of July 1, 2017, in lieu of a base salary, Mr. Ek is eligible for an annual bonus subject to the fulfillment of certain milestones and/or discretionary approval our board of directors. This amount reflects such annual bonus accrued with respect to fiscal year 2017. For further information on such bonus, please see “—Executive Compensation Program Components—Base Salary.”
- (4) Amount includes \$95,315 in contributions to the Swedish retirement plan.
- (5) Amount includes \$85,063 in relocation payments and \$3,402 in tax preparation services.
- (6) Amount includes \$97,930 in contributions to the Swedish retirement plan.
- (7) Amount includes \$102,326 in contributions to the Swedish retirement plan.
- (8) Amount reflects Company matching contributions to the 401(k) plan.

Grants of Plan-Based Awards in 2017

The following table sets forth information regarding grants of plan-based awards made to our named executive officers during the year ended December 31, 2017:

<u>Name</u>	<u>Grant Date</u>	<u>All Other Option Awards: Number of Securities Underlying Options (# shares)</u>	<u>Exercise or Base Price of Option Awards Per Ordinary Share (\$)</u>	<u>Grant Date Fair Value of Options Awards (\$)⁽¹⁾</u>
Barry McCarthy	03/01/2017	282,000	50.70	4,272,107
Gustav Söderström	03/01/2017	282,000	50.70	4,272,107
Alex Norström	03/01/2017	225,600	50.70	3,417,692
Seth Farbman	03/01/2017	70,520	50.70	1,068,419

- (1) Amounts reflect the grant-date Black-Scholes value of the stock options granted during 2017 computed in accordance IFRS 2, rather than the amounts paid to or realized by the named individual. We provide information regarding the assumptions used to calculate the value of all option awards made to executive officers in “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Outstanding Equity Awards at 2017 Fiscal Year-End

The following table summarizes the number of ordinary shares underlying outstanding equity incentive plan awards for each named executive officer as of December 31, 2017:

Name	Grant Date	Option Awards				Ordinary Share Awards	
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable (1)	Option Exercise Price (\$)	Option Expiration Date	Number of Ordinary Shares That Have Not Vested (#)	Market Value of Ordinary Shares That Have Not Vested (\$) (4)
Daniel Ek	09/12/2016	196,480	327,480	42.18	03/31/2021	—	—
Barry McCarthy	07/06/2015	737,000	335,000	43.73	03/31/2020	—	—
	03/01/2016	150,480	150,480	41.20	03/31/2021	—	—
	03/01/2017	70,480	211,520	50.70	03/31/2022	—	—
Gustav Söderström	11/03/2014	—	—	—	—	11,840(2)	1,426,720
	03/01/2015	31,080	10,360	25.35	03/31/2020	—	—
	12/01/2015	113,480	88,320	42.48	03/31/2020	—	—
	10/06/2016	26,680	44,440	42.18	03/31/2021	—	—
Alex Norström	03/01/2017	70,480	211,520	50.70	03/31/2022	—	—
	11/03/2014	—	—	—	—	3,320(2)	400,060
	06/01/2015	3,160	1,400	30.61	03/31/2020	—	—
	12/01/2015	79,440	61,800	42.48	03/31/2020	—	—
Seth Farbman	03/01/2017	56,400	169,200	50.70	03/31/2022	—	—
	06/01/2015	—	—	—	—	13,720(3)	1,653,260
	06/01/2015	29,880	13,560	43.73	03/31/2020	—	—
	12/01/2015	66,200	51,520	42.48	03/31/2020	—	—
	03/01/2017	17,600	52,920	50.70	03/31/2022	—	—

- (1) Of each option grant, 3/16ths of the total number of options granted vested on the first of any of March 1, June 1, September 1, or December 1 falling more than three months from the grant date and thereafter 1/16 vests on each March 1, June 1, September 1, and December 1 thereafter, subject to continued employment.
- (2) One-half of such unvested RSUs will fully vest on each of September 1, 2018 and September 1, 2019.
- (3) One-fifth of the total number of RSUs granted time-vested on each of September 1, 2016 and September 1, 2017, and the remaining 3/5ths will fully vest in three equal portions on each of September 1, 2018, September 1, 2019 and September 1, 2020, subject to continued employment. In addition to time-vesting, one of the following events or dates also has to occur in order for the RSUs to fully vest: (i) the six-month anniversary of an initial public offering (which, as noted above, will not occur in connection with this registration), (ii) a change in control, or (iii) September 1, 2018, subject to Mr. Farbman's continued employment through such date.
- (4) There was no public market for our ordinary shares prior to this listing. The amount reported was determined using a third-party valuation as of December 31, 2017.

2017 Option Exercises and Stock Vested

The following table summarizes stock option exercises by and vesting of stock applicable to our named executive officers during the year ended December 31, 2017:

Name	Option Awards		Stock Awards	
	Number of Ordinary Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Ordinary Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Gustav Söderström	—	—	17,800	\$ 1,392,850
Alex Norström	—	—	4,920	\$ 384,990

Non-Employee Director Compensation

Similarly to our executive compensation decisions, the remuneration committee bases its decisions regarding non-employee director compensation, at least in part, by reference to the compensation of the non-employee directors in the Peer Group. For our non-employee directors we provide equity compensation in the form of RSUs. We annually grant RSUs to non-employee members of our board of directors. Each such grant generally vests ratably over four years. The non-employee director RSUs will fully vest upon the occurrence of a change in control. Like employee RSUs, the RSUs are settled within 30 days following vesting, subject to payment by the holder of the nominal value per ordinary share, and unvested RSUs are forfeited on termination of service. The plans provide for certain potential adjustments in the event of corporate transactions.

Our board of directors approved an RSU program for 2018 with substantially the same terms as described above.

We intend to amend all our existing director RSU programs in connection with this registration to align the programs with being a public company. The amendments will not materially adversely affect any of the outstanding holders and will include updates related to securities law compliance and settlement through electronic platforms.

On October 17, 2016, Mr. Lorentzon purchased, through Rosello, an entity indirectly wholly owned by him, 1,920,000 non-compensatory warrants in the Company, pursuant to a subscription agreement. Each warrant was purchased for \$5.76. The terms and conditions for the warrants provide that the entity may purchase the ordinary shares underlying the warrants for \$50.61 per share at any time prior to October 17, 2019. The warrants are subject to adjustment upon certain corporate events.

None of our non-employee directors received cash compensation for their services as non-employee directors in 2017. Mr. Mehrotra was an employee of the Company until May 12, 2017. For his services as an employee, he received an annual base salary of \$120,000 in 2017 as well as grants of RSUs as shown in the table below. His RSUs were accelerated and settled upon his termination as an employee and are no longer outstanding.

Unless specifically set forth in this section captioned “Non-Employee Director Compensation,” the discussion herein regarding executive compensation gives effect to the Share Split.

2017 Director Compensation

The following table sets forth information concerning the compensation of our non-employee directors during the year ended December 31, 2017:

<u>Name</u> ⁽¹⁾	<u>Stock Awards</u> <u>(\$)</u> ⁽²⁾	<u>All Other Compensation</u> <u>(\$)</u>	<u>Total</u> <u>(\$)</u>
Martin Lorentzon	317,515	—	317,515
Christopher Marshall	317,515	—	317,515
Shishir Mehrotra	2,619,295 ⁽³⁾	57,616 ⁽⁴⁾	2,676,911
Heidi O’Neill	300,968	—	300,968
Ted Sarandos	317,515	—	317,515
Thomas Staggs	317,515	—	317,515
Cristina Stenbeck	317,515	—	317,515
Padmasree Warrior	317,515	—	317,515

⁽¹⁾ Mr. Ek serves on our board of directors. His compensation is fully reflected in the Summary Compensation Table.

[Table of Contents](#)

- (2) Amounts reflect the grant-date fair value of the RSUs computed in accordance with IFRS 2, rather than the amounts paid to or realized by the named individual. We provide information regarding the assumptions used to calculate the value of all RSU awards made to our non-employee directors in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in Note 17 of the consolidated financial statements included elsewhere in this prospectus.
- (3) Mr. Mehrotra served as an employee of the Company until May 12, 2017. The stock awards amount shown for him includes a full-vested RSU grant made to him on April 5, 2017, while he was serving as an employee, with a grant date fair value of \$2,301,780.
- (4) Mr. Mehrotra received cash compensation of \$44,538 and payout of his paid-time-off of \$13,078 for his services as an employee.

The table below shows the aggregate numbers of unvested stock awards held as of December 31, 2017 by each non-employee director who was serving as of December 31, 2017. None of the non-employee directors held any option awards as of such date.

<u>Name</u>	<u>Unvested Restricted Stock Units Outstanding at Fiscal Year End</u>
Martin Lorentzon	4,600
Christopher Marshall	13,400
Shishir Mehrotra	4,600
Heidi O’Neill	3,320
Ted Sarandos	9,920
Thomas Staggs	4,600
Cristina Stenbeck	4,600
Padmasree Warrior	4,600

REGISTERED SHAREHOLDERS

The following table sets forth, as of _____, 2018, the number of our ordinary shares and beneficiary certificates held by the Registered Shareholders. The Registered Shareholders include (i) affiliates of the Company and certain other shareholders (other than affiliates of TME and Tencent who have agreed not to transfer their ordinary shares for a period of three years from the closing of the Tencent Transactions subject to limited exceptions) with “restricted securities” (as defined in Rule 144 under the Securities Act) who, because of their status as affiliates pursuant to Rule 144 or because they acquired their ordinary shares from an affiliate or the Company within the prior 12 months, would be unable to sell their securities pursuant to Rule 144 until the Company has been subject to the reporting requirements of Section 13 or Section 15(d) the Exchange Act for a period of at least 90 days, and (ii) our employees. The Registered Shareholders may, or may not, elect to sell their ordinary shares covered by this prospectus, as and to the extent they may determine. Such sales, if any, will be made through brokerage transactions on the NYSE at prevailing market prices. As such, the Company will have no input if and when any Registered Shareholder may, or may not, elect to sell their ordinary shares or the prices at which any such sales may occur. See “Plan of Distribution.”

Information concerning the Registered Shareholders may change from time to time and any changed information will be set forth in supplements to this prospectus, if and when necessary. Because the Registered Shareholders may sell all, some, or none of the ordinary shares covered by this prospectus, we cannot determine the number of such ordinary shares that will be sold by the Registered Shareholders, or the amount or percentage of ordinary shares that will be held by the Registered Shareholders upon consummation of any particular sale. In addition, the Registered Shareholders listed in the table below may have sold, transferred, or otherwise disposed of, or may sell, transfer, or otherwise dispose of, at any time and from time to time, our ordinary shares in transactions exempt from the registration requirements of the Securities Act, after the date on which they provided the information set forth in the table below.

The Registered Shareholders are not entitled to any registration rights with respect to the ordinary shares. However, we currently intend to use our reasonable efforts to keep the Registration Statement effective for a period of 90 days after the effectiveness of the Registration Statement. We are not party to any arrangement with any Registered Shareholder or any broker-dealer with respect to sales of the ordinary shares by the Registered Shareholders. However, we have engaged financial advisors with respect to certain other matters relating to our listing. See “Plan of Distribution.”

In accordance with the rules of the SEC, beneficial ownership includes voting or investment power with respect to securities and includes the ordinary shares issuable pursuant to options, warrants, and RSUs that are exercisable or settled within 60 days of _____, 2018. Ordinary shares issuable pursuant to options, warrants, and RSUs are deemed outstanding for computing the percentage of the class beneficially owned by the person holding such securities but are not deemed outstanding for computing the percentage of the class beneficially owned by any other person. The percentage of beneficial ownership for the following table is based on _____ total ordinary shares and _____ total beneficiary certificates outstanding as of _____, 2018.

[Table of Contents](#)

The Registered Shareholders have not, nor have they within the past three years had, any position, office, or other material relationship with us, other than as disclosed in this prospectus. See “Management” and “Related Party Transactions” for further information regarding the Registered Shareholders. The business address of each Registered Shareholder is Regeringsgatan 19, 111 53 Stockholm, Sweden, unless otherwise indicated below.

Name	Ordinary Shares		Beneficiary Certificates ⁽⁹⁾		Percentage of Total Voting Power	Number of Shares being Registered
	Number	Percent	Number	Percent		
Daniel Ek ⁽¹⁾						
Martin Lorentzon ⁽²⁾						
Barry McCarthy ⁽³⁾						
Katarina Berg						
Alex Norström						
Gustav Söderström						
Christopher Marshall						
Shishir Mehrotra						
Ted Sarandos						
Cristina Stenbeck						
Padmasree Warrior						
Thomas Staggs ⁽⁴⁾						
Entities affiliated with TCV ⁽⁵⁾						
Tiger Global ⁽⁶⁾						
All Other Employees ⁽⁷⁾						
All Other Registered Shareholders ⁽⁸⁾						

* Represents beneficial ownership of less than 1% of total ordinary shares outstanding.

- (1) Includes ordinary shares held of record by Tiger, ordinary shares held of record by TME Hong Kong, and ordinary shares held of record by Image Frame. Mr. Ek exercises voting power over the ordinary shares held of record by Tiger, TME Hong Kong, and Image Frame through his indirect ownership of D.G.E. Investments, which holds an irrevocable proxy with regard to these ordinary shares. As such, Mr. Ek may be deemed to share beneficial ownership of the ordinary shares held of record by Tiger, TME Hong Kong, and Image Frame. Also includes ordinary shares held of record by D.G.E. Investments. Mr. Ek is the sole shareholder of D.G.E. Holding, which is the sole shareholder of D.G.E. Investments. As such, each of D.G.E. Holdings and Mr. Ek may be deemed to share beneficial ownership of the ordinary shares held of record by D.G.E. Investments. The business address of D.G.E. Holding is 4, V. Dimech Street, Floriana FRN 1504, Malta. The business address of D.G.E. Investments is Office 101, Omega Business Center, 18 Stratigou Temagia Avenue, 6047 Larnaca, Cyprus.
- (2) These ordinary shares are held of record by Rosello. Mr. Lorentzon is the sole shareholder of Amaltea, which is the sole shareholder of Rosello. As such, each of Amaltea and Mr. Lorentzon may be deemed to share beneficial ownership of the shares held of record by Rosello. The business address of Rosello is 22 Stasikratous Street, Office 001, 1065 Nicosia, Cyprus.
- (3) These ordinary shares are held of record by Rivers Cross Trust, an entity wholly owned by Mr. McCarthy. The business address of Rivers Cross Trust is 3875 Woodside Rd, Woodside, CA 94062.
- (4) These ordinary shares are held of record by the Staggs Trust, a revocable inter-vivos trust established by Mr. Staggs and his spouse. The business address of the Staggs Trust is 9665 Wilshire Blvd., Suite 525, Beverly Hills, CA 90212.
- (5) Includes: (i) ordinary shares held of record by TCV VII, L.P. (“TCV VII”); (ii) ordinary shares held of record by TCV VII (A), L.P. (“TCV VII (A)”); (iii) ordinary shares held of record by TCV VIII, L.P. (“TCV VIII”); (iv) 868,440 ordinary shares held of record by TCV VIII (A), L.P. (“TCV VIII (A)”); (v) ordinary shares held of record by TCV VIII (B), L.P. (“TCV VIII (B)”); and (vi) ordinary shares held of record by TCV Member Fund, L.P. (“Member Fund” and, together with TCV VII, L.P., TCV VIII, L.P., TCV VII (A), L.P., TCV VIII (A), L.P., and TCV VIII (B), L.P., the “TCV Holders”). Technology Crossover Management VII, Ltd. (“Management VII”) is the general partner of Technology Crossover Management VII, L.P. (“TCM VII”), which is the general partner of TCV VII and TCV VII (A). Technology Crossover Management VIII, Ltd. (“Management VIII”) is the general partner of Technology Crossover Management VIII, L.P. (“TCM VIII”), which is the general partner of TCV VIII, TCV VIII (A), and TCV VIII (B). Management VII and Management VIII are also general partners of Member Fund. The directors of Management VII and Management VIII include Christopher P. Marshall and over ten other individuals. The business address for each of the aforementioned individuals and entities is c/o Technology Crossover Ventures, 528 Ramona Street, Palo Alto, CA 94301.
- (6) Includes ordinary shares held of record by Tiger. Tiger is majority owned by Tiger Global Private Investment Partners IX, L.P. (“PIP IX”). PIP IX is controlled by its general partner, Tiger Global PIP Performance IX, L.P., which is in turn controlled by its general partner, Tiger Global PIP Management IX, Ltd. PIP IX is also controlled by its investment advisor, Tiger Global Management, LLC (“TGM”). TGM is controlled by Chase Coleman, Lee Fixel and Scott Shleifer. The business address for each of these entities and individuals is c/o Tiger Global Management, LLC, 9 West 57th Street, 35th Floor, New York, NY 10019.

[Table of Contents](#)

- (7) Represents ordinary shares and ordinary shares issuable pursuant to options that are exercisable within 60 days of February 22, 2018 held by certain of our employees not listed above who, as a group, own % of our total outstanding ordinary shares, with no single holder owning more than 1% of our total outstanding ordinary shares.
- (8) Represents ordinary shares and ordinary shares issuable pursuant to options that are exercisable within 60 days of February 22, 2018 held by Registered Shareholders not listed above who, as a group, own less than 1% of our total outstanding ordinary shares.
- (9) After giving effect to the Share Split, our shareholders have authorized the issuance of up to 1,400,000,000 beneficiary certificates to shareholders of the Company without reserving to our existing shareholders a preemptive right to subscribe for the beneficiary certificates issued in the future. Our beneficiary certificates may be issued at a ratio of between one and 20 beneficiary certificates per ordinary share as determined by our board of directors or its delegate at the time of issuance. We have issued ten beneficiary certificates per ordinary share held of record to entities beneficially owned by our founders, Daniel Ek and Martin Lorentzon, for a total of beneficiary certificates. The beneficiary certificates carry no economic rights and are issued to provide the holders of such certificates additional voting rights. Each beneficiary certificate entitles its holder to one vote. The beneficiary certificates, subject to certain exceptions, are non-transferable and shall be automatically canceled for no consideration in the case of sale or transfer of the ordinary share to which they are linked. See “Description of Share Capital and Articles of Association.”

PRINCIPAL SHAREHOLDERS

The following table sets forth, as of February 22, 2018, the number of our ordinary shares and beneficiary certificates held by each person we know to be the beneficial owner more than 5% of our ordinary shares and beneficiary certificates, respectively, and the percentage of total votes held by each such person. The voting rights of our major shareholders are the same as the voting rights of holders of our ordinary shares and beneficiary certificates who are not our major shareholders. As of February 22, 2018, the registrar and transfer agent for our Company reported that 41,684,840 of our ordinary shares were held by 560 record holders in the United States and none of our beneficiary certificates were held by record holders in the United States.

In accordance with the rules of the SEC, beneficial ownership includes voting or investment power with respect to securities and includes the ordinary shares issuable pursuant to options, warrants, and RSUs that are exercisable or settled within 60 days of February 22, 2018. Ordinary shares issuable pursuant to options, warrants, and RSUs are deemed outstanding for computing the percentage of the class beneficially owned by the person holding such options, warrants, and RSUs but are not deemed outstanding for computing the percentage of the class beneficially owned by any other person. The percentage of beneficial ownership for the following table is based on 176,976,280 total ordinary shares and 379,201,200 total beneficiary certificates outstanding as of February 22, 2018.

<u>Name</u>	<u>Ordinary Shares</u>		<u>Beneficiary Certificates (7)</u>		<u>Percent of Total Voting Power</u>
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	
Daniel Ek (1) (5)(6)	46,792,520	25.7%	162,274,000	42.8%	37.3%
Martin Lorentzon (2)	23,612,720	13.2%	216,927,200	57.2%	43.1%
Sony Music Entertainment International Ltd (3)	10,164,560	5.7%	—	—	1.8%
Entities affiliated with TCV (4)	9,616,720	5.4%	—	—	1.7%
Tiger Global (5)	12,183,440	6.9%	—	—	2.2%
Tencent (6)	13,352,440	7.5%	—	—	2.4%

- (1) Includes 16,227,400 ordinary shares and 4,800,000 ordinary shares issuable pursuant to warrants and 229,240 ordinary shares issuable pursuant to options that, in each case, are exercisable or settled within 60 days of February 22, 2018 that are held of record by D.G.E. Investments. Mr. Ek is the sole shareholder of D.G.E. Holding, which is the sole shareholder of D.G.E. Investments. Mr. Ek exercises voting power over the ordinary shares held of record by Tiger, TME Hong Kong, and Image Frame through his indirect ownership of D.G.E. Investments, which holds an irrevocable proxy with regard to these ordinary shares. As such, Mr. Ek may be deemed to share beneficial ownership of the ordinary shares held of record by Tiger, TME Hong Kong, and Image Frame. Additionally, each of D.G.E. Holding and Mr. Ek may be deemed to share beneficial ownership of the ordinary shares held of record by D.G.E. Investments. The business address of D.G.E. Holding is 4, V. Dimech Street, Floriana FRN 1504, Malta. The business address of D.G.E. Investments is Office 101, Omega Business Center, 18 Stratigou Temagia Avenue, 6047 Larnaca, Cyprus. The business address of Mr. Ek is c/o Spotify AB Regeringsgatan 19, 111 53 Stockholm, Sweden.
- (2) Includes 21,692,720 ordinary shares and 1,920,000 ordinary shares issuable pursuant to warrants that are exercisable or settled within 60 days of February 22, 2018 that are held of record by Rosello. Mr. Lorentzon is the sole shareholder of Amaltea, which is the sole shareholder of Rosello. As such, each of Amaltea and Mr. Lorentzon may be deemed to share beneficial ownership of the shares held of record by Rosello. The business address of Rosello is 22 Stasikratous Street, Office 001, 1065 Nicosia, Cyprus.
- (3) The business address of Sony Music Entertainment International Ltd. is 9 Derry Street, London, W8 5HY, United Kingdom.
- (4) Includes: (i) 3,332,040 ordinary shares held of record by TCV VII; (ii) 1,730,360 ordinary shares held of record by TCV VII (A); (iii) 3,220,240 ordinary shares held of record by TCV VIII; (iv) 868,440 ordinary shares held of record by TCV VIII (A); (v) 199,960 ordinary shares held of record by TCV VIII (B); and (vi) 265,680 ordinary shares held of record by Member Fund. Management VII is the general partner of TCM VII, which is the general partner of TCV VII and TCV VII (A). Management VIII is the general partner of TCM VIII, which is the general partner of TCV VIII, TCV VIII (A), and TCV VIII (B). Management VII and Management VIII are also general partners of Member Fund. The directors of Management VII and Management VIII include Christopher P. Marshall and over ten other individuals. The business address for each of the aforementioned individuals and entities is c/o Technology Crossover Ventures, 528 Ramona Street, Palo Alto, CA 94301.
- (5) Includes 12,183,440 ordinary shares held of record by Tiger. Tiger is majority owned by PIP IX. PIP IX is controlled by its general partner, Tiger Global PIP Performance IX, L.P., which is in turn controlled by its general partner, Tiger Global PIP Management IX, Ltd. PIP IX is also controlled by its investment advisor, TGM. TGM is controlled by Chase Coleman, Lee Fixel and Scott Shleifer. The business address for each of these entities and individuals is c/o Tiger Global Management, LLC, 9 West 57th Street, 35th Floor, New York, NY 10019.

[Table of Contents](#)

- (6) Includes 4,276,200 ordinary shares held of record by TME Hong Kong and 9,076,240 ordinary shares held of record by Image Frame. Tencent is also the majority equity holder of TME, which is the sole shareholder of TME Hong Kong. Image Frame is wholly owned by Tencent. As such, Tencent may be deemed to share beneficial ownership of the ordinary shares held of record by each of TME Hong Kong and Image Frame. The address for Tencent is Level 29, Three Pacific Place, 1 Queen's Road East, Wanchai, Hong Kong.
- (7) After giving effect to the Share Split, our shareholders have authorized the issuance of up to 1,400,000,000 beneficiary certificates to shareholders of the Company without reserving to our existing shareholders a preemptive right to subscribe for the beneficiary certificates issued in the future. Our beneficiary certificates may be issued at a ratio of between one and 20 beneficiary certificates per ordinary share as determined by our board of directors or its delegate at the time of issuance. We have issued ten beneficiary certificates per ordinary share held of record to entities beneficially owned by our founders, Daniel Ek and Martin Lorentzon, for a total of 379,201,200 beneficiary certificates. The beneficiary certificates carry no economic rights and are issued to provide the holders of such certificates additional voting rights. Each beneficiary certificate entitles its holder to one vote. The beneficiary certificates, subject to certain exceptions, are non-transferable and shall be automatically canceled for no consideration in the case of sale or transfer of the ordinary share to which they are linked. See "Description of Share Capital and Articles of Association."

Change in Control Arrangements

None applicable.

RELATED PARTY TRANSACTIONS

Luxembourg law prescribes certain procedures for related party transactions with directors, and our articles of association will mandate that directors with a direct or indirect personal interest in any transaction that conflicts with the Company's interest shall make that interest known and recorded in the board minutes and shall not participate in discussing and voting on such transaction. In addition, our articles of association will provide that any such conflict of interest must be reported to the next general meeting of shareholders of the Company prior to any resolution taking place at such meeting. Below is a summary of other related-party transactions.

On March 24, 2016, we entered into a convertible note purchase agreement, pursuant to which, on April 1, 2016, we issued and sold Convertible Notes to, among others, Rivers Cross Trust, an entity wholly owned by Mr. McCarthy. The original principal amount purchased by Rivers Cross Trust was \$174,952.66. In January 2018, we entered into an exchange agreement with, among others, Rivers Cross Trust, pursuant to which we exchanged the aggregate remaining Convertible Notes, plus accrued interest, for ordinary shares. Pursuant to this exchange agreement, subject to certain conditions, if we fail to list our ordinary shares on or prior to July 2, 2018, we have agreed to offer to each noteholder, including Rivers Cross Trust, the option to unwind the transaction such that we purchase back the ordinary shares that were issued to such noteholder pursuant to the exchange and we will issue such noteholder a new note that is materially identical to its note prior to the exchange. The Convertible Notes are described in further detail under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness—Description of Convertible Notes."

During the year ended December 31, 2016, Messrs. Ek and Lorentzon purchased, through D.G.E. Investments and Rosello, respectively, entities indirectly wholly owned by them, 3,200,000 and 1,920,000 warrants, respectively, in the Company pursuant to subscription agreements. Each warrant was purchased for \$5.76. Additionally, on July 13, 2017, Mr. Ek purchased, through D.G.E. Investments, 1,600,000 warrants in the Company pursuant to a subscription agreement. Each warrant was purchased for \$6.23. The warrants are subject to adjustment upon certain corporate events. The warrants are described in further detail under "Management—Board of Directors Practices—Warrants."

On December 15, 2017, pursuant to the Tencent Transactions, D.G.E. Investments, an entity indirectly wholly owned by Mr. Ek, entered into an Investor Agreement with Spotify Technology S.A., TME, TME Hong Kong, Tencent, and Image Frame (collectively, the "Tencent Investors"). Pursuant to this agreement, D.G.E. Investments shall have the sole and exclusive right to vote, in its sole and absolute discretion, any of our securities beneficially owned by the Tencent Investors or their controlled affiliates on all proposals, resolutions, and other matters for which a vote, consent, or other approval (including by written consent) of the holders of our securities is sought or upon which such holders are otherwise entitled to vote or consent.

After giving effect to the Share Split, our shareholders have authorized the issuance of up to 1,400,000,000 beneficiary certificates to shareholders of the Company without reserving to our existing shareholders a preemptive right to subscribe for the beneficiary certificates issued in the future. Our beneficiary certificates may be issued at a ratio of between one and 20 beneficiary certificates per ordinary share as determined by our board of directors or its delegate at the time of issuance. We have issued ten beneficiary certificates per ordinary share held of record (excluding warrants, options, and RSUs, as applicable) to entities beneficially owned by our founders, Daniel Ek and Martin Lorentzon, for a total of 379,201,200 beneficiary certificates. The beneficiary certificates carry no economic rights and are issued to provide the holders of such certificates additional voting rights. Each beneficiary certificate entitles its holder to one vote. The beneficiary certificates, subject to certain exceptions, are non-transferable and shall be automatically canceled for no consideration in the case of sale or transfer of the ordinary share to which they are linked. See "Description of Share Capital and Articles of Association."

On or prior to the effectiveness of the Registration Statement, we intend to enter into an indemnification agreement with each of our directors and senior management. The indemnification agreements and our articles of association will require us to indemnify our directors and officers to the fullest extent permitted by Luxembourg law.

In addition, in the ordinary course of business, from time to time, we carry out other transactions and enter into other arrangements with other related parties, none of which are considered to be material. See Note 24 to our consolidated financial statements included elsewhere in this prospectus for additional information regarding related party transactions.

DESCRIPTION OF SHARE CAPITAL AND ARTICLES OF ASSOCIATION

The following is a summary of some of the terms of our ordinary shares, based on our articles of association as they will become effective upon their amendment prior to the effectiveness of this Registration Statement and Luxembourg law. In this section, we refer to our articles of association as amended and in effect upon the completion of this registration as our “articles of association.” The following summary is not complete and is subject to, and is qualified in its entirety by reference to, the provisions of our articles of association, the form of which has been filed as an exhibit to the Registration Statement. You may obtain copies of our articles of association as described under “Where You Can Find More Information” in this prospectus. Further, unless otherwise indicated, all ordinary share amounts in this section give effect to the Share Split.

Share Capital

As of December 31, 2017, our issued share capital amounted to €104,536.50, represented by 167,258,400 ordinary shares with a nominal value of €0.000625 per share. All issued shares are fully paid. A shareholder in a Luxembourg *société anonyme* holding fully paid shares is not liable, solely because of his or her or its shareholder status, for additional payments to us or our creditors.

As of December 31, 2017, our authorized share capital, excluding the issued share capital, amounted to €147,339.600, represented by 235,743,360 ordinary shares with a nominal value of €0.000625 per share. As of February 22, 2018, our authorized share capital, excluding the issued share capital, amounted to €141,285.150, represented by 226,056,240 ordinary shares with a nominal value of €0.000625 per share. Upon our listing, no persons have preferential subscription rights for such authorized capital. See “—Articles of Association—Issuance of Ordinary Shares and Preemptive Rights” for additional information on our authorized share capital and preemptive rights.

At February 22, 2018, our issued share capital amounted to €110,610.175, represented by 176,976,280 ordinary shares with a nominal value of €0.000625 per share. All issued shares are fully paid and subscribed for.

As of December 31, 2017 and February 22, 2018, we held no treasury shares.

Below is a reconciliation of the number of shares outstanding from January 1, 2017 through December 31, 2017:

	<u>Actual</u>
Ordinary shares outstanding at January 1	149,924,000
Issuance of shares upon the exercise of stock options and RSUs	1,723,080
Issuance of shares and restricted share awards related to business combinations	503,920
Issuance of shares upon exchange of Convertible Notes	6,554,960
Issuance of shares in exchange for long term investment	8,552,440
Ordinary shares outstanding at December 31	<u>167,258,400</u>

History of Share Capital

On March 20, 2009, the date of our conversion into a Luxembourg public limited liability company, our share capital was represented by 78,261,240 ordinary shares with a nominal value of €0.000625. Since then, we have increased our share capital multiple times and, in particular, the following changes have been made since February 2015 when our share capital amounted to €84,900.275 and was represented by 135,840,440 ordinary shares with a nominal value of €0.000625:

- in February 2015, the share capital increased by €13.525 through a contribution in cash of an aggregate amount of €198,948.47 and 21,640 new ordinary shares with a nominal value of €0.000625 were issued;

[Table of Contents](#)

- in March 2015, the share capital increased by €43.925 through a contribution in cash of an aggregate amount of €192,098.96 and 70,280 new ordinary shares with a nominal value of €0.000625 were issued;
- in April 2015, the share capital increased by €3,647.575 through a contribution in cash of an aggregate amount of €297,340,781.30 and 5,836,120 new ordinary shares with a nominal value of €0.000625 were issued;
- in June 2015, the share capital increased by €2,331.80 through a contribution in cash of an aggregate amount of €180,602,923.28 and 3,730,880 new ordinary shares with a nominal value of €0.000625 were issued;
- in July 2015, the share capital increased by €41.475 through a contribution in cash of an aggregate amount of €2,319,917.64 and 66,360 new ordinary shares with a nominal value of €0.000625 were issued;
- in August 2015, the share capital increased by €41.225 through a contribution in cash of an aggregate amount of €782.01 and 65,960 new ordinary shares with a nominal value of €0.000625 were issued;
- in October 2015, the share capital increased by €266.875 through a contribution in cash of an aggregate amount of €3,789,656.61 and 427,000 new ordinary shares with a nominal value of €0.000625 were issued;
- in December 2015, January 2016, and February 2016, the share capital increased by €303.95 through a contribution in cash of an aggregate amount of €3,761,432.22 and 486,320 new ordinary shares with a nominal value of €0.000625 were issued;
- in March 2016, the share capital increased by €339.55 through a contribution in cash of an aggregate amount of €4,586,467.09 and 543,280 new ordinary shares with a nominal value of €0.000625 were issued;
- in April 2016 the share capital increased by €16.225 through a contribution in cash of an aggregate amount of €250,912.51 and 25,960 new ordinary shares with a nominal value of €0.000625 were issued;
- in May 2016 and June 2016, the share capital increased by €1,512.425 through a contribution in cash of an aggregate amount of €21,268,957.11 and 2,419,880 new ordinary shares with a nominal value of €0.000625 were issued;
- in June 2016 and July 2016, the share capital increased by €42.275 through a contribution in cash of an aggregate amount of €828,983.25 and 67,640 new ordinary shares with a nominal value of €0.000625 were issued;
- in August 2016, the share capital increased by €84.225 through a contribution in cash of an aggregate amount of €46,289.59 and 134,760 new ordinary shares with a nominal value of €0.000625 were issued;
- in September 2016 and October 2016, the share capital increased by €41.60 through a contribution in cash of an aggregate amount of €855,695.12 and 66,560 new ordinary shares with a nominal value of €0.000625 were issued;
- in October 2016, the share capital increased by €15.375 through a contribution in cash of an aggregate amount of €132,200.99 and 24,600 new ordinary shares with a nominal value of €0.000625 were issued;
- in November 2016, the share capital increased by €5.15 through a contribution in cash of an aggregate amount of €33,746.50 and 8,240 new ordinary shares with a nominal value of €0.000625 were issued;
- in December 2016 and January 2017, the share capital increased by €154.30 through a contribution in cash of an aggregate amount of €5,942,541.34 and 246,880 new ordinary shares with a nominal value of €0.000625 were issued;

[Table of Contents](#)

- in February 2017, the share capital increased by €63.90 through a contribution in cash of an aggregate amount of €1,117,151.87 and 102,240 new ordinary shares with a nominal value of €0.000625 were issued;
- in March 2017, the share capital increased by €462.725 through a contribution in cash of an aggregate amount of €11,757,398.63 and 740,360 new ordinary shares with a nominal value of €0.000625 were issued;
- in April 2017, the share capital increased by €22.925 through a contribution in cash of an aggregate amount of €696,887.47 and 36,680 new ordinary shares with a nominal value of €0.000625 were issued;
- in May 2017, the share capital increased by €111.60 through a contribution in cash of an aggregate amount of €555,724.87 and a contribution in kind consisting of 34,947 shares of Niland S.A. and 178,560 new ordinary shares with a nominal value of €0.000625 were issued;
- in June 2017, the share capital increased by €37.10 through a contribution in cash of an aggregate amount of €1,705,383.94 and 59,360 new ordinary shares with a nominal value of €0.000625 were issued;
- in July 2017, the share capital increased by €38.925 through a contribution in cash of an aggregate amount of €1,043,405.50 and 62,280 new ordinary shares with a nominal value of €0.000625 were issued;
- in August 2017, the share capital increased by €20.75 through a contribution in cash of an aggregate amount of €759,441.06 and 33,200 new ordinary shares with a nominal value of €0.000625 were issued;
- in September 2017, the share capital increased by €106.825 through a contribution in cash of an aggregate amount of €824,832.04 and 170,920 new ordinary shares with a nominal value of €0.000625 were issued;
- in October 2017, the share capital increased by €38.125 through a contribution in cash of an aggregate amount of €1,848,400.30 and 61,000 new ordinary shares with a nominal value of €0.000625 were issued;
- in November 2017, the share capital increased by €341.150 through a contribution in cash of an aggregate amount of €1,978,269.38 and a contribution in kind consisting of 97,728 shares of Soundtrap AB and 545,840 new ordinary shares with a nominal value of €0.000625 were issued;
- in December 2017, the share capital increased by €9,490.725 through a contribution in cash of an aggregate amount of €1,352,673,115.80 and a non-controlling equity interest in TME pursuant to the Tencent Transactions, and 15,185,160 ordinary shares with a nominal value of €0.000625 were issued;
- in January 2018, the share capital increased by €6,028.10 through a contribution in cash of an aggregate amount of €527,199,826.19 and 9,644,960 ordinary shares with a nominal value of €0.000625 were issued; and
- through February 22, 2018, the share capital increased by €45.575 through a contribution in cash of an aggregate amount of €1,763,550.45 and 72,920 ordinary shares with a nominal value of €0.000625 were issued.

With the exception of the Tencent Transactions, in the case of each change in issued share capital described above, no consideration other than cash was paid, and no additional voting rights were granted. For accounting purposes, the Tencent Transactions were treated as share exchanges. See “Summary—Recent Developments—Tencent Transactions.”

On October 3, 2017, after giving effect to the Share Split, our shareholders authorized the issuance of up to 1,400,000,000 beneficiary certificates to shareholders of the Company without reserving to our existing shareholders a preemptive right to subscribe for the beneficiary certificates issued in the future. Our beneficiary certificates may be issued at a ratio of between one and 20 beneficiary certificates per ordinary share as determined by our board of directors or its delegate at the time of issuance. We have issued ten beneficiary certificates per ordinary share held of record (excluding warrants, options, and RSUs, as applicable) to entities beneficially owned by our founders, Daniel Ek and Martin Lorentzon, for a total of 379,201,200 beneficiary certificates. The beneficiary certificates carry no economic rights and are issued to provide the holders of such certificates additional voting rights. Each beneficiary certificate entitles its holder to one vote. The beneficiary certificates, subject to certain exceptions, are non-transferable and shall be automatically canceled for no consideration in the case of sale or transfer of the ordinary share to which they are linked. Additionally, our articles of association state that all the beneficiary certificates shall be automatically canceled if the number of ordinary shares held by our founders, in the aggregate, falls under 7,564,400 ordinary shares.

Articles of Association

We are registered with the Luxembourg Trade and Companies' Register under number B.123.052. Our corporate purpose, as stated in Article 3 of our articles of association, is the acquisition and holding of direct or indirect interests in Luxembourg and/or in foreign undertakings, as well as the administration, development, and management of our holdings. We may provide any financial assistance to subsidiaries, affiliated companies, or other companies forming part of the group of which we belong, including, but not limited to, the providing of loans and the granting of guarantees or securities in any kind or form. We also may use our funds to invest in real estate, intellectual property rights, or any other movable or immovable assets in any kind or form. We may borrow in any kind or form and privately issue bonds or notes. In general, we may carry out any commercial, industrial, or financial operation that we may deem useful in the accomplishment and development of our purposes.

Issuance of Ordinary Shares and Preemptive Rights

Pursuant to Luxembourg law, the issuance of our ordinary shares requires approval by a quorum of the general meeting of shareholders, and a majority is required for the amendment of articles of association. The general meeting of shareholders may approve an authorized share capital and authorize the board of directors to issue ordinary shares up to the maximum amount of such authorized share capital for a maximum period of five years after the date that the minutes of the relevant general meeting approving such authorization are published in the Luxembourg official gazette (*Mémorial C, Recueil des Sociétés et Associations*, or *Recueil électronique des Sociétés et Associations*, as applicable). The general meeting may amend, renew, or extend such authorized share capital and such authorization to the board of directors to issue ordinary shares. Our articles of association will provide that no fractional ordinary shares shall be issued.

The board of directors resolve on the issuance of ordinary shares out of the authorized share capital (*capital autorisé*) in accordance with the quorum and voting thresholds set forth in the articles of association. The board of directors also resolve on the applicable procedures and timelines to which such issuance will be subjected. If the proposal of the board of directors to issue new ordinary shares exceeds the limits of our authorized share capital, the board of directors must then convene the shareholders to an extraordinary general meeting to be held in the presence of a Luxembourg notary for the purpose of increasing the issued share capital. Such meeting will be subject to the quorum and majority requirements required for amending the articles of association. If the capital call proposed by the board of directors consists of an increase in the shareholders' commitments, the board of directors must convene the shareholders to an extraordinary general meeting to be held in the presence of a Luxembourg notary for such purpose. Such meeting will be subject to the unanimous consent of the shareholders.

Under Luxembourg law, existing shareholders benefit from a preemptive subscription right on the issuance of ordinary shares for cash consideration. However, our shareholders have, in accordance with Luxembourg law,

authorized the board of directors to suppress, waive, or limit any preemptive subscription rights of shareholders provided by law to the extent that the board of directors deems such suppression, waiver, or limitation advisable for any issuance or issuances of ordinary shares within the scope of our authorized share capital. The general meeting of shareholders duly convened to consider an amendment to the articles of association also may, by two-thirds majority vote, limit, waive, or cancel such preemptive rights or renew, amend, or extend them, in each case for a period not to exceed five years. Such ordinary shares may be issued above, at, or below market value, but in any event not below the nominal value or below the accounting par value per ordinary share. The ordinary shares also may be issued by way of incorporation of available reserves, including share premium.

Repurchase of Ordinary Shares

Spotify Technology S.A. cannot subscribe for its own ordinary shares. Spotify Technology S.A. may, however, repurchase issued ordinary shares or have another person repurchase issued ordinary shares for its account, subject to the following conditions:

- prior authorization by a simple majority vote at an ordinary general meeting of shareholders, which authorization sets forth:
 - the terms and conditions of the proposed repurchase and in particular the maximum number of ordinary shares to be repurchased;
 - the duration of the period for which the authorization is given, which may not exceed five years; and
 - in the case of repurchase for consideration, the minimum and maximum consideration per share, provided that the prior authorization shall not apply in the case of ordinary shares acquired by either Spotify Technology S.A., or by a person acting in his or her own name on its behalf, for the distribution thereof to its staff or to the staff of a company with which it is in a control relationship;
- only fully paid-up ordinary shares may be repurchased;
- the voting and dividend rights attached to the repurchased shares will be suspended as long as the repurchased ordinary shares are held by Spotify Technology S.A.; and
- the acquisition offer must be made on the same terms and conditions to all the shareholders who are in the same position, except for acquisitions which were unanimously decided by a general meeting at which all the shareholders were present or represented. In addition, listed companies may repurchase their own shares on the stock exchange without an acquisition offer having to be made to our shareholders.

The authorization will be valid for a period ending on the earlier of five years from the date of such shareholder authorization and the date of its renewal by a subsequent general meeting of shareholders. Pursuant to such authorization, the board of directors is authorized to acquire and sell Spotify Technology S.A.'s ordinary shares under the conditions set forth in Article 49-2 of the Luxembourg Company Law. Such purchases and sales may be carried out for any authorized purpose or any purpose that is authorized by the laws and regulations in force. The purchase price per ordinary share to be determined by the board of directors or its delegate shall represent (i) not less than the par value, and (ii) not more than the fair market value of such ordinary share.

In addition, pursuant to Luxembourg law, Spotify Technology S.A. may directly or indirectly repurchase ordinary shares by resolution of its board of directors without the prior approval of the general meeting of shareholders if such repurchase is deemed by the board of directors to be necessary to prevent serious and imminent harm to Spotify Technology S.A., or if the acquisition of ordinary shares has been made with the intent of distribution to its employees and/or the employees of any entity having a controlling relationship with it (i.e., its subsidiaries or controlling shareholder).

Form and Transfer of Ordinary Shares

Our ordinary shares are issued in registered form only and are freely transferable under Luxembourg law and our articles of association. Our board of directors may, however, impose transfer restrictions for ordinary shares that are registered, listed, quoted, dealt in, or that have been placed in certain jurisdictions in compliance with the requirements applicable therein. Luxembourg law does not impose any limitations on the rights of Luxembourg or non-Luxembourg residents to hold or vote our ordinary shares.

Under Luxembourg law, the ownership of registered ordinary shares is prima facie established by the inscription of the name of the shareholder and the number of ordinary shares held by him or her in the shareholders' register.

Without prejudice to the conditions for transfer by book entry where ordinary shares are recorded in the shareholders' register on behalf of one or more persons in the name of a depository, each transfer of ordinary shares shall be effected by written declaration of transfer to be recorded in the shareholders' register, with such declaration to be dated and signed by the transferor and the transferee or by their duly appointed agents. We may accept and enter into the shareholders' register any transfer effected pursuant to an agreement or agreements between the transferor and the transferee, true and complete copies of which have been delivered to us.

Our articles of association will provide that we may appoint registrars in different jurisdictions, each of whom may maintain a separate register for the ordinary shares entered in such register, and that the holders of ordinary shares shall be entered into one of the registers. Shareholders may elect to be entered into one of these registers and to transfer their ordinary shares to another register so maintained. Entries in these registers will be reflected in the shareholders' register maintained at our registered office.

When any of our ordinary shares become listed on the NYSE or on any other stock exchange operating in the United States, the laws of the State of New York shall apply to the property law aspects of the ordinary shares reflected in the register administered by our transfer agent.

If our ordinary shares are not listed on a stock exchange in the United States, a shareholders' register will be maintained by us at our registered office in Luxembourg. Transfer of record ownership of ordinary shares is effected by a written deed of transfer acknowledged by us or by our transfer agent and registrar acting as our agent on our behalf.

Liquidation Rights and Dissolution

In the event of our dissolution, liquidation, or winding-up, any surplus of the assets remaining after allowing for the payment of all of our liabilities will be paid out to the shareholders pro rata according to their respective shareholdings. The decisions to dissolve, liquidate, or wind-up require approval by an extraordinary general meeting of our shareholders.

Merger and De-Merger

A merger by absorption whereby one Luxembourg company, after its dissolution without liquidation, transfers all of its assets and liabilities to another company in exchange for the issuance of ordinary shares in the acquiring company to the shareholders of the company being acquired, or a merger effected by transfer of assets to a newly incorporated company, must, in principle, be approved at an extraordinary general meeting of shareholders of the Luxembourg company, enacted in front of a Luxembourg notary. Similarly, a de-merger of a subsidiary of a Luxembourg company is generally subject to the approval by an extraordinary general meeting of shareholders, enacted in front of a Luxembourg notary.

No Appraisal Rights

Neither Luxembourg law nor our articles of association provide for appraisal rights of dissenting shareholders.

General Meeting of Shareholders

Any regularly constituted general meeting of shareholders represents the entire body of our shareholders.

Any holder of our share capital is entitled to attend our general meeting of shareholders, either in person or by proxy, to address the general meeting of shareholders and to exercise voting rights, subject to the provisions of our articles of association. Each ordinary share entitles the holder to one vote at a general meeting of shareholders, unless such holder has a beneficiary certificate. Our articles of association provide that our board of directors may determine all other conditions that must be fulfilled in order to take part in the general meeting of shareholders.

When convening a general meeting of shareholders, we will send a convening notice by registered mail to the registered address of each shareholder at least eight days before the meeting. The convening notices for every general meeting shall contain the agenda and shall take the form of announcements filed with the register of commerce and companies, published on the Luxembourg official gazette (*Recueil Electronique des Sociétés et Associations*), and published in a Luxembourg newspaper at least 15 days before the meeting. No proof is required that this formality has been complied with.

Our articles of association will provide that if our ordinary shares are listed on a regulated market, the general meeting also will be convened in accordance with the publicity requirements of such regulated market applicable to us.

A shareholder may participate in general meetings of shareholders by appointing another person as his or her proxy, the appointment of which shall be in writing. Our articles of association also will provide that, in the case of ordinary shares held through the operator of a securities settlement system or depository, a holder of such ordinary shares wishing to attend a general meeting of shareholders should receive from such operator or depository a certificate certifying the number of ordinary shares recorded in the relevant account on the record date. Such certificates, as well as any proxy forms, should be submitted to us no later than three business days before the date of the general meeting unless our board of directors provides for a different period.

The annual general shareholder meeting must be held within six months from the end of the respective financial year at our registered office or in any other place in Luxembourg as notified to the shareholders.

Luxembourg law provides that the board of directors is obliged to convene a general meeting of shareholders if shareholders representing, in the aggregate, 10% of the issued share capital so request in writing with an indication of the meeting agenda. In such case, the general meeting of shareholders must be held within one month of the request. If the requested general meeting of shareholders is not held within one month, shareholders representing, in the aggregate, 10% of the issued share capital may petition the competent president of the district court in Luxembourg to have a court appointee convene the meeting. Luxembourg law provides that shareholders representing, in the aggregate, 10% of the issued share capital may request that additional items be added to the agenda of a general meeting of shareholders. That request must be made by registered mail sent to our registered office at least five days before the general meeting of shareholders.

Voting Rights

Each ordinary share entitles the holder thereof to one vote. Additionally, each beneficiary certificate entitles its holder to one vote. The beneficiary certificates carry no economic rights and are issued to provide the holders of such beneficiary certificates additional voting rights. The beneficiary certificates, subject to certain exceptions, are non-transferable and shall automatically be canceled for no consideration in case of sale or transfer of the ordinary share to which they are linked. Additionally, our articles of association state that all the beneficiary certificates shall be automatically canceled if the number of ordinary shares held by our founders, in the aggregate, falls under 7,564,400 ordinary shares.

Neither Luxembourg law nor our articles of association contain any restrictions as to the voting of our ordinary shares by non-Luxembourg residents.

As described further below, Luxembourg law distinguishes general meetings of shareholders and extraordinary general meetings of shareholders with respect to voting rights.

Ordinary General Meeting . At an ordinary general meeting, there is no quorum requirement and resolutions are adopted by a simple majority of validly cast votes. Abstentions are not considered “votes.”

Extraordinary General Meeting . Extraordinary resolutions are required for any of the following matters, among others: (i) an increase or decrease of the authorized or issued capital, (ii) a limitation or exclusion of preemptive rights, (iii) approval of a statutory merger or de-merger (*scission*), (iv) our dissolution and liquidation, and (v) any and all amendments to our articles of association. Pursuant to our articles of association, for any resolutions to be considered at an extraordinary general meeting of shareholders, the quorum shall be at least one half (50%) of our issued share capital unless otherwise mandatorily required by law. If the said quorum is not present, a second meeting may be convened, for which Luxembourg law does not prescribe a quorum. Any extraordinary resolution shall be adopted at a quorate general meeting, except otherwise provided by law, by at least a two-thirds majority of the votes validly cast on such resolution by shareholders and holders of beneficiary certificates. When the resolution of the general meeting of shareholders changes the respective rights attached to the beneficiary certificates, the resolution must, in order to be valid, fulfill the above-mentioned conditions as to attendance and majority with respect to the holders of beneficiary certificates. Abstentions are not considered “votes.”

Minority Action Right . Luxembourg law provides for a provision whereby the shareholders and/or holders of the beneficiary certificates holding, in the aggregate, 10% of the securities who have a right to vote at the general meeting may act on our behalf to discharge the members of the board of directors for misconduct against our interests, a violation of the law, or a violation of the articles of association.

Dividend Rights

In case of a dividend payment, each shareholder is entitled to receive a dividend right pro rata according to his or her respective shareholding. The dividend entitlement lapses upon the expiration of a five-year prescription period from the date of the dividend distribution. The unclaimed dividends return to our accounts. Holders of beneficiary certificates shall not be entitled to receive any dividend payments with respect to such beneficiary certificate.

Board of Directors

The board of directors will be composed of Class A directors and Class B directors who need not be shareholders. Our Class A directors are Daniel Ek, Martin Lorentzon, and Shishir Mehrotra. Our Class B directors are Christopher Marshall, Ted Sarandos, Thomas Staggs, Padmasree Warrior, Cristina Stenbeck, and Heidi O’Neill. The board of directors may appoint a chairman from among its members. It also may appoint a secretary, who need not be a director and who will be responsible for keeping the minutes of the meetings of the board of directors and of the shareholders. The board of directors will meet upon call by the chairman. A meeting must be convened if any of two directors so require. The chairman will preside at all meetings of the board of directors and, if required, of the shareholders, except that in his or her absence the board of directors may appoint another director as chairman and the general meeting of shareholders may appoint another person as chairman, in each case *pro tempore* by vote of the majority present or represented at such meeting.

A quorum of the board of directors shall be either one Class A director and one Class B director present at the meeting or three directors holding office, and resolutions are adopted by the simple majority vote of members of the board of directors present or represented. No valid decision of the board of directors may be taken if the

necessary quorum has not been reached. In case of an equality of votes, the chairman shall have the right to cast the deciding vote. Such casting vote shall be personal to the appointed chairman and will not transfer to any other director acting as chairman of a meeting of the board of directors in the absence of the appointed chairman. The board of directors also may take decisions by means of resolutions in writing signed by all directors. Each director has one vote.

The general shareholders' meeting elects directors and decides their respective terms. Under Luxembourg law, directors may be reelected, but the term of their office may not exceed six years. The general shareholders' meeting may dismiss one or more directors at any time, with or without cause, by a simple majority of votes cast at a general meeting of shareholders. If the board of directors has a vacancy, the remaining directors have the right to fill such vacancy on a temporary basis pursuant to the affirmative vote of a majority of the remaining directors. The term of a temporary director elected to fill a vacancy expires at the end of the term of office of the replaced director, provided, however, that the next general shareholders' meeting shall be requested definitively to elect any temporary director.

Within the limits provided for by Luxembourg law, our board of directors may delegate our daily management and the authority to represent us to one or more persons. The delegation to a member of the board of directors shall entail the obligation for the board of directors to report each year to the ordinary general meeting on the salary, fees, and any advantages granted to the delegate. In addition, once granted an authorization from the general meeting of shareholders, our board of directors may set up an executive committee and entrust the latter with any powers of the board of directors, with the exception of (i) our general strategic direction, and (ii) those acts reserved to the board of directors by Luxembourg law.

No director, solely as a result of being a director, shall be prevented from contracting with us with regard to his tenure in any office or place of profit, or as vendor, purchaser, or in any other manner whatsoever. No contract in which any director is in any way interested shall be voided solely on account of his position as director and no director who is so interested shall account to us or the shareholders for any remuneration, profit, or other benefit realized by the contract solely by reason of the director holding that office or of the fiduciary relationship thereby established.

Any director having a direct or indirect financial interest in a transaction submitted for approval to the board of directors may not participate in the deliberations and vote thereon, unless the transaction is not in the ordinary course of our business and conflicts with our interest, in which case the director shall be obliged to advise the board of directors thereof and to cause a record of his statement to be included in the minutes of the meeting. He or she may not take part in these deliberations or vote on such a transaction. At the next general meeting, before any other resolution is put to a vote, a special report shall be made on any transactions in which any of the directors may have had an interest that conflicts with our interest.

Our articles of association will provide that directors and officers, past and present, will be entitled to indemnification from us to the fullest extent permitted by Luxembourg law against liability and all expenses reasonably incurred or paid by him or her in connection with any claim, action, suit, or proceeding in which he or she would be involved by virtue of his or her being or having been a director or officer and against amounts paid or incurred by him or her in the settlement thereof. However, no indemnification will be provided against any liability to our directors or officers (i) by reason of willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties of a director or officer, (ii) with respect to any matter as to which any director or officer shall have been finally adjudicated to have acted in bad faith and not in our interest, or (iii) in the event of a settlement, unless approved by a court or the board of directors.

There is no mandatory retirement age for directors under Luxembourg law and no minimum shareholding requirement for directors.

Amendment of Articles of Association

Shareholder Approval Requirements . Luxembourg law requires an extraordinary general meeting of shareholders to resolve upon an amendment of the articles of association to be made by extraordinary resolution. The agenda of the extraordinary general meeting of shareholders must indicate the proposed amendments to the articles of association. An extraordinary general meeting of shareholders convened for the purposes of amending the articles of association must have a quorum of at least 50% of our issued share capital. If the said quorum is not present, a second meeting may be convened at which Luxembourg law does not prescribe a quorum. Irrespective of whether the proposed amendments will be subject to a vote at any duly convened extraordinary general shareholders' meeting, the amendment is subject to the approval of at least two-thirds of the votes cast at such extraordinary general meeting of shareholders by shareholders and holders of beneficiary certificates. When the resolution of the general meeting of shareholders is to change the respective rights attached to the beneficiary certificates, the resolution must, in order to be valid, fulfill the above-mentioned conditions as to attendance and majority with respect to the holders of beneficiary certificates.

Formalities . Any resolutions to amend our articles of association must be taken before a Luxembourg notary, and such amendments must be published in accordance with Luxembourg law.

Differences in Corporate Law

We are incorporated under the laws of Luxembourg. The following discussion summarizes certain material differences between the rights of holders of our ordinary shares and the rights of holders of the ordinary shares of a typical corporation incorporated under the laws of the state of Delaware, which result from differences in governing documents and the laws of Luxembourg and Delaware.

<u>Luxembourg:</u>	<u>Board of Directors</u>	<u>Delaware:</u>
<p>Pursuant to Luxembourg law, our board of directors must be composed of at least three directors. They are appointed by the general meeting of shareholders (by proposal of the board of directors, the shareholders, or a spontaneous candidacy) by a simple majority of the votes cast. Directors may be reelected, but the term of their office may not exceed six years.</p> <p>Pursuant to our articles of association, directors are elected by a simple majority vote at a general meeting. Abstentions are not considered "votes."</p> <p>Our articles of association will provide that in case of a vacancy the remaining members of the board of directors may elect a director to fill the vacancy, on a temporary basis and for a period of time not exceeding the initial mandate of the replaced member of the board of directors, until the next general meeting of shareholders, which shall resolve on the permanent appointment in compliance with the applicable legal provisions and the articles of association.</p> <p>Under Luxembourg law, our articles of association may provide for different classes of directors. Our articles of association provide for different classes of directors, and each director has one vote.</p> <p>Our articles of association will provide that the board of directors may set up committees and determine their composition, powers, and rules.</p>		<p>A typical certificate of incorporation and bylaws would provide that the number of directors on the board of directors will be fixed from time to time by a vote of the majority of the authorized directors. Under Delaware law, a board of directors can be divided into classes, and cumulative voting in the election of directors is only permitted if expressly authorized in a corporation's certificate of incorporation.</p>

Interested Shareholders

Luxembourg:

Under Luxembourg law, no restriction exists as to the transactions that a shareholder may engage in with us. The transaction must, however, be in our corporate interest and be made on arm's length terms.

Delaware:

Section 203 of the Delaware General Corporation Law generally prohibits a Delaware corporation from engaging in specified corporate transactions (such as mergers, stock and asset sales, and loans) with an "interested shareholder" for three years following the time that the shareholder becomes an interested shareholder. Subject to specified exceptions, an "interested shareholder" is a person or group that owns 15% or more of the corporation's outstanding voting stock (including any rights to acquire stock pursuant to an option, warrant, agreement, arrangement, or understanding, or upon the exercise of conversion or exchange rights, and stock with respect to which the person has voting rights only), or is an affiliate or associate of the corporation and was the owner of 15% or more of the voting stock at any time within the previous three years.

A Delaware corporation may elect to "opt out" of, and not be governed by, Section 203 of the Delaware General Corporation Law through a provision in either its original certificate of incorporation, or an amendment to its original certificate or bylaws that was approved by majority shareholder vote. With a limited exception, this amendment would not become effective until 12 months following its adoption.

Amendment of Governing Documents

Luxembourg:

Under Luxembourg law, amendments to our articles of association require an extraordinary general meeting of shareholders held in front of a public notary at which at least one half (50%) of the share capital is represented. The notice of the extraordinary general meeting shall set out the proposed amendments to the articles of association.

If the aforementioned quorum is not reached, a second meeting may be convened by means of a notice published in the Luxembourg official electronic gazette (*Mémorial C, Recueil des Sociétés et Associations*, or *Recueil Electronique des Sociétés et Associations*, as applicable) and in a Luxembourg newspaper 15 days before the meeting. The second meeting shall be validly constituted regardless of the proportion of the share capital represented.

At both meetings, resolutions will be adopted if approved by at least two-thirds of the votes cast by shareholders and holders of beneficiary certificates (unless otherwise required by Luxembourg law or the

Delaware:

Under the Delaware General Corporation Law, amendments to a corporation's certificate of incorporation require the approval of shareholders holding a majority of the outstanding shares entitled to vote on the amendment. If a class vote on the amendment is required by the Delaware General Corporation Law a majority of the outstanding stock of such class is required, unless a greater proportion is specified in the certificate of incorporation or by other provisions of the Delaware General Corporation Law. Under the Delaware General Corporation Law, the board of directors may amend bylaws if so authorized in the charter. The shareholders of a Delaware corporation also have the power to amend bylaws.

Amendment of Governing Documents

Luxembourg:

articles of association). Where classes of shares exist and the resolution to be adopted by the general meeting of shareholders changes the respective rights attaching to such shares, the resolution will be adopted only if the conditions as to quorum and majority set out above are fulfilled with respect to each class of shares. This also applies with respect to the beneficiary certificates. An increase of the commitments of its shareholders require, however, the unanimous consent of the shareholders and bondholders, if any.

Our articles of association provide that for any extraordinary resolutions to be considered at a general meeting, the quorum shall be at least one-half of our issued share capital. If the said quorum is not present, a second meeting may be convened at which Luxembourg law does not prescribe a quorum. Any extraordinary resolution shall be adopted at a quorate general meeting (save as otherwise provided by mandatory law) by a two-thirds majority of the votes validly cast on such resolution by shareholders and holders of beneficiary certificates. Abstentions are not considered "votes."

In very limited circumstances, the board of directors may be authorized by the shareholders to amend the articles of association, albeit always within the limits set forth by the shareholders at a duly convened shareholders' meeting. This is the case in the context of our authorized share capital within which the board of directors is authorized to issue further ordinary shares or in the context of a share capital reduction and cancellation of ordinary shares. The board of directors is then authorized to appear in front of a notary public to record the capital increase or decrease and to amend the share capital set forth in the articles of association. The above also applies in case of the transfer of our registered office outside the current municipality.

Delaware:

Meetings of Shareholders

Luxembourg:

Annual and Special Meetings:

Pursuant to Luxembourg law, at least one general meeting of shareholders must be held each year within six months as from the close of the financial year. The purpose of such annual general meeting is to approve the annual accounts, allocate the results, proceed to statutory appointments, and grant discharge to the directors. The annual general meeting must be held within six months of the end of each financial year.

Delaware:

Typical bylaws provide that annual meetings of shareholders are to be held on a date and at a time fixed by the board of directors. Under the Delaware General Corporation Law, a special meeting of shareholders may be called by the board of directors or by any other person authorized to do so in the certificate of incorporation or the bylaws.

Meetings of Shareholders

Luxembourg:

Delaware:

Other meetings of shareholders may be convened.

Pursuant to Luxembourg law, the board of directors is obliged to convene a general meeting so that it is held within a period of one month of the receipt of a written request of shareholders representing one-tenth of the issued capital. Such request must be in writing and indicate the agenda of the meeting.

Quorum Requirements:

Luxembourg law distinguishes ordinary resolutions and extraordinary resolutions.

Extraordinary resolutions relate to proposed amendments to the articles of association and certain other limited matters. All other resolutions are ordinary resolutions.

Ordinary Resolutions:

Pursuant to Luxembourg law, there is no requirement of a quorum for any ordinary resolutions to be considered at a general meeting and such ordinary resolutions shall be adopted by a simple majority of votes validly cast on such resolution. Abstentions are not considered “votes.”

Extraordinary Resolutions:

Extraordinary resolutions are required for any of the following matters, among others: (i) an increase or decrease of the authorized or issued capital, (ii) a limitation or exclusion of preemptive rights, (iii) approval of a statutory merger or de-merger (*scission*), (iv) dissolution, and (v) an amendment of the articles of association.

Pursuant to Luxembourg law for any extraordinary resolutions to be considered at a general meeting, the quorum shall generally be at least one half (50%) of the issued share capital. If the said quorum is not present, a second meeting may be convened at which Luxembourg law does not prescribe a quorum. Any extraordinary resolution shall be adopted at a quorate general meeting (except as otherwise provided by mandatory law) by a two-thirds majority of the votes validly cast on such resolution by shareholders and holders of beneficiary certificates. Abstentions are not considered “votes.”

Under the Delaware General Corporation Law, a corporation’s certificate of incorporation or bylaws can specify the number of shares that constitute the quorum required to conduct business at a meeting, provided that in no event shall a quorum consist of less than one-third of the shares entitled to vote at a meeting.

Shareholder Approval of Business Combinations

Luxembourg:

Under Luxembourg law and our articles of association, the board of directors has the widest power to take any action necessary or useful to achieve the corporate objective. The board of directors' powers are limited only by law and our articles of association.

Any type of business combination that would require an amendment to the articles of association, such as a merger, de-merger, consolidation, dissolution, or voluntary liquidation, requires an extraordinary resolution of a general meeting of shareholders.

Transactions such as a sale, lease, or exchange of substantial company assets require only the approval of the board of directors. Neither Luxembourg law nor our articles of association contain any provision specifically requiring the board of directors to obtain shareholder approval of the sale, lease, or exchange of substantial assets of ours.

Delaware:

Generally, under the Delaware General Corporation Law, completion of a merger, consolidation, dissolution, or the sale, lease, or exchange of substantially all of a corporation's assets requires approval by the board of directors and by a majority (unless the certificate of incorporation requires a higher percentage) of outstanding stock of the corporation entitled to vote.

The Delaware General Corporation Law also requires a special vote of shareholders in connection with a business combination with an "interested shareholder" as defined in section 203 of the Delaware General Corporation Law. See "—Interested Shareholders" above.

Shareholder Action Without a Meeting

Luxembourg:

A shareholder meeting must always be called if the matter to be considered requires a shareholder resolution under Luxembourg law or our articles of association.

Pursuant to Luxembourg law, shareholders of a public limited liability company may not take actions by written consent. All shareholder actions must be approved at an actual meeting of shareholders held before a notary public or under private seal, depending on the nature of the matter. Shareholders may vote by proxy.

Delaware:

Under the Delaware General Corporation Law, unless otherwise provided in a corporation's certificate of incorporation, any action that may be taken at a meeting of shareholders may be taken without a meeting, without prior notice, and without a vote if the holders of outstanding stock, having not less than the minimum number of votes that would be necessary to authorize such action, consent in writing. It is not uncommon for a corporation's certificate of incorporation to prohibit such action.

Repurchases and Redemptions

Luxembourg:

Pursuant to Luxembourg law, we (or any party acting on our behalf) may repurchase our own ordinary shares and hold them in treasury, provided that:

- the shareholders at a general meeting have previously authorized the board of directors to acquire our ordinary shares. The general meeting shall determine the terms and conditions of the proposed acquisition and in particular the maximum number of shares to be acquired, the period for which the authorization is given (which may not exceed five years), and, in the case of acquisition for value, the maximum and minimum consideration, provided that the prior

Delaware:

Under the Delaware General Corporation Law, any corporation may purchase or redeem its own shares, except that generally it may not purchase or redeem these shares if the capital of the corporation is impaired at the time or would become impaired as a result of the redemption. A corporation may, however, purchase or redeem out of capital shares that are entitled upon any distribution of its assets to a preference over another class or series of its shares if the shares are to be retired and the capital reduced.

Repurchases and Redemptions

Luxembourg:

Delaware:

authorization shall not apply in the case of ordinary shares acquired by either us or by a person acting in his or her own name but on our behalf for the distribution thereof to our staff or to the staff of a company with which we are in a control relationship;

- the acquisitions, including ordinary shares previously acquired by us and held by us and shares acquired by a person acting in his or her own name but on our behalf, may not have the effect of reducing the net assets below the amount of the issued share capital plus the reserves (which may not be distributed by law or under the articles of association);
- the ordinary shares repurchased are fully paid-up; and
- the acquisition offer must be made on the same terms and conditions to all the shareholders who are in the same position, except for acquisitions which were unanimously decided by a general meeting at which all the shareholders were present or represented. In addition, listed companies may repurchase their own shares on the stock exchange without an acquisition offer having to be made to our shareholders.

No prior authorization by shareholders is required (i) if the acquisition is made to prevent serious and imminent harm to us, provided that the board of directors informs the next general meeting of the reasons for and the purpose of the acquisitions made, the number and nominal values or the accounting value of the ordinary shares acquired, the proportion of the subscribed capital which they represent, and the consideration paid for them, and (ii) in the case of ordinary shares acquired by either us or by a person acting on our behalf with a view to redistributing the ordinary shares to our staff or our controlled subsidiaries, provided that the distribution of such shares is made within 12 months from their acquisition.

Luxembourg law provides for further situations in which the above conditions do not apply, including the acquisition of shares pursuant to a decision to reduce our capital or the acquisition of shares issued as redeemable shares. Such acquisitions may not have the effect of reducing net assets below the aggregate of subscribed capital and reserves (which may not be distributed by

Repurchases and Redemptions

Luxembourg:

law and are subject to specific provisions on reductions in capital and redeemable shares under Luxembourg law).

Any ordinary shares acquired in contravention of the above provisions must be resold within a period of one year after the acquisition or be cancelled at the expiration of the one-year period.

As long as ordinary shares are held in treasury, the voting rights attached thereto are suspended. Further, to the extent the treasury shares are reflected as assets on our balance sheet a non-distributable reserve of the same amount must be reflected as a liability. Our articles of association provide that ordinary shares may be acquired in accordance with the law.

Delaware:

Transactions with Officers or Directors

Luxembourg:

There are no rules under Luxembourg law preventing a director from entering into contracts or transactions with us to the extent that the contract or the transaction is in our corporate interest.

Luxembourg law prohibits a director from participating in deliberations and voting on a transaction if (i) such director has a direct or indirect financial interest therein, and (ii) the interests of such director or conflict with our interests. The relevant director must disclose his or her personal financial interest to the board of directors and abstain from voting. The transaction and the director's interest therein shall be reported to the next succeeding general meeting of shareholders.

Our articles of association may require that certain transactions between a director and us be submitted for the approval of our board of directors and/or shareholders. No director, solely as a result of being a director, shall have any duty to refrain from any decision or action to enforce his or her rights under any agreement or contract with us. A director who has an interest in a transaction carried out other than in the ordinary course of business that conflicts with our interests must advise the board of directors accordingly and have the statement recorded in the minutes of the meeting. The director concerned may not take part in the deliberations concerning that transaction. A special report on the relevant transaction is submitted to the shareholders at the next General Meeting, before any vote on the matter.

Delaware:

Under the Delaware General Corporation Law, some contracts or transactions in which one or more of a corporation's directors has an interest are not void or voidable because of such interest, provided that some conditions, such as obtaining the required approval and fulfilling the requirements of good faith and full disclosure, are met. Under the Delaware General Corporation Law, either (i) the shareholders or the board of directors must approve in good faith any such contract or transaction after full disclosure of the material facts, or (ii) the contract or transaction must have been "fair" as to the corporation at the time it was approved. If the board of directors' approval is sought, the contract or transaction must be approved in good faith by a majority of disinterested directors after full disclosure of material facts, even though less than a majority of a quorum.

Dissenters' Rights

Luxembourg:

Neither Luxembourg law nor our articles of association provide for appraisal rights.

Delaware:

Under the Delaware General Corporation Law, a shareholder of a corporation participating in some types of major corporate transactions may, under varying circumstances, be entitled to appraisal rights pursuant to which the shareholder may receive cash in the amount of the fair market value of his or her shares in lieu of the consideration he or she would otherwise receive in the transaction.

Cumulative Voting

Luxembourg:

Not applicable.

Delaware:

Under the Delaware General Corporation Law, a corporation may adopt in its bylaws that its directors shall be elected by cumulative voting. When directors are elected by cumulative voting, a shareholder has a number of votes equal to the number of shares held by such shareholder times the number of directors nominated for election. The shareholder may cast all of such votes for one director or among the directors in any proportion.

Anti-Takeover Measures

Luxembourg:

Pursuant to Luxembourg law, it is possible to create an authorized share capital from which the board of directors is authorized by the shareholders to issue further ordinary shares and, under certain conditions, to limit, restrict, or waive preferential subscription rights of existing shareholders. The rights attached to the ordinary shares issued within the authorized share capital will be equal to those attached to existing ordinary shares and set forth in our articles of association.

The authority of the board of directors to issue additional ordinary shares is valid for a period of up to five years starting from the date of the publication of the minutes of the extraordinary general meeting resolving upon such authorization in the Luxembourg official gazette (*Mémorial C, Recueil des Sociétés et Associations*, or *Recueil Electronique des Sociétés et Associations*, as applicable), unless renewed by vote of the holders of at least two-thirds of the votes cast at a shareholders meeting by shareholders and holders of beneficiary certificates.

Our articles of association authorize our board of directors to issue ordinary shares within the limits of the authorized share capital at such times and on such terms as our board of directors or its delegates may decide for a period ending five years after the date of the publication of the minutes of the extraordinary general meeting resolving upon such authorization in the Luxembourg official gazette (*Mémorial C, Recueil des Sociétés et Associations*, or *Recueil Electronique des Sociétés et Associations*, as applicable), unless such period is extended, amended or renewed. Accordingly, our board of directors will be authorized to issue ordinary shares up to the limits of authorized share capital until such date. We currently intend to seek renewals and/or extensions as required from time to time.

Delaware:

Under the Delaware General Corporation Law, the certificate of incorporation of a corporation may give the board of directors the right to issue new classes of preferred shares with voting, conversion, dividend distribution, and other rights to be determined by the board of directors at the time of issuance, which could prevent a takeover attempt and thereby preclude shareholders from realizing a potential premium over the market value of their shares.

In addition, Delaware law does not prohibit a corporation from adopting a shareholder rights plan, or “poison pill,” which could prevent a takeover attempt and also preclude shareholders from realizing a potential premium over the market value of their shares.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to the listing of our ordinary shares on the NYSE, there has been no public market for our ordinary shares. Sales of substantial amounts of our ordinary shares in the public market following our listing on the NYSE, or the perception that such sales could occur, could adversely affect the public price of our ordinary shares and may make it more difficult for you to sell your ordinary shares at a time and price that you deem appropriate. We will have no input if and when any Registered Shareholder may, or may not, elect to sell their ordinary shares or the prices at which any such sales may occur.

Upon our registration, a total of _____ ordinary shares will be outstanding, all of which will be “restricted securities,” as that term is defined in Rule 144 under the Securities Act. These restricted securities are eligible for public sale only if they are registered under the Securities Act, including the _____ ordinary shares registered hereunder, or if they qualify for an exemption from registration, including under Rules 144 or 701 under the Securities Act, which are summarized below. Restricted securities also may be sold outside of the United States to non-U.S. persons in accordance with Rule 904 of Regulation S. Substantially all of our ordinary shares may be sold after our initial listing on the NYSE, either by the Registered Shareholders pursuant to this prospectus or by our other existing shareholders in accordance with Rule 144 of the Securities Act.

As further described below, until we have been a reporting company for at least 90 days, only non-affiliates who have beneficially owned their ordinary shares for a period of at least one year will be able to sell their ordinary shares under Rule 144, which is expected to include approximately _____ ordinary shares immediately after our registration.

Rule 144

In general, under Rule 144 as currently in effect, once we have been subject to and in compliance with public company reporting requirements of Section 13 or Section 15(d) of the Exchange Act for at least 90 days, an eligible shareholder is entitled to sell such shares without complying with the manner of sale, volume limitation, or notice provisions of Rule 144, subject to compliance with the public information requirements of Rule 144. To be an eligible shareholder under Rule 144, such shareholder must not be deemed to have been one of our affiliates for purposes of the Securities Act at any time during the 90 days preceding a sale and who has beneficially owned the ordinary shares proposed to be sold for at least six months, including the holding period of any prior owner other than our affiliates. If such a person has beneficially owned the ordinary shares proposed to be sold for at least one year, including the holding period of any prior owner other than our affiliates, then such person is entitled to sell such shares without complying with any of the requirements of Rule 144.

In general, under Rule 144, as currently in effect, our affiliates or persons selling ordinary shares on behalf of our affiliates are entitled to sell shares 90 days after we become a reporting company. Within any three-month period, such shareholders may sell a number of ordinary shares that does not exceed the greater of:

- 1% of the number of ordinary shares then outstanding, which will equal approximately _____ shares immediately after our registration; or
- the average weekly trading volume of our ordinary shares during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales under Rule 144 by our affiliates or persons selling ordinary shares on behalf of our affiliates also are subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

Rule 701

Rule 701 generally allows a shareholder who was issued shares under a written compensatory plan or contract and who is not deemed to have been an affiliate of our Company during the immediately preceding 90 days, to sell these shares in reliance on Rule 144, but without being required to comply with the public information, holding period, volume limitation, or notice provisions of Rule 144. Rule 701 also permits affiliates of our Company to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. All holders of Rule 701 shares, however, are required by that rule to wait until 90 days after we become a reporting company before selling those shares under Rule 701. As of February 22, 2018, the holders of options exercisable for approximately 5,677,155 ordinary shares will be eligible to sell their shares pursuant to Rule 701.

Following the completion of this registration, we intend to file a registration statement on Form S-8 under the Securities Act to register up to ordinary shares, in the aggregate, (i) issuable under our 2018 stock option and RSU programs and (ii) subject to outstanding stock options. The registration statement on Form S-8 will become effective automatically upon filing. Ordinary shares issued upon exercise of a share option or settlement of a RSU and registered pursuant to the Form S-8 registration statement will, subject to vesting provisions and Rule 144 volume limitations applicable to our affiliates, be available for sale in the open market immediately.

SALE PRICE HISTORY OF ORDINARY SHARES

We have applied to list our ordinary shares on the New York Stock Exchange. Prior to the initial listing, no public market existed for our ordinary shares. However, our ordinary shares have a history of trading in private transactions. The table below shows the high and low sales prices in U.S. dollars for our ordinary shares in private transactions by our shareholders, excluding intercompany transfers made in connection with the Tencent Transactions, for the indicated periods based on information available to us. This information may, however, have little or no relation to broader market demand for our ordinary shares and thus the opening public price and subsequent public price of our ordinary shares on the NYSE. As a result, you should not place undue reliance on these historical sales prices as they may differ materially from the opening public price and subsequent public price of our ordinary shares on the NYSE. See “Risk Factors—Risks Related to Owning Our Ordinary Shares—The public price of our ordinary shares, upon listing on the NYSE, may have little or no relationship to the historical sales prices of our ordinary shares in private transactions.”

	Per Share Sale Price (in U.S. dollars)		Number of Ordinary Shares Sold in the Period	Number of Ordinary Shares Outstanding (Period End)
	High	Low		
Annual				
Year ended December 31, 2017	\$125.00	\$37.50	12,795,440	167,258,400
Year ended December 31, 2018 (through February 22, 2018)	\$132.50	\$90.00	2,774,760	176,976,280
Quarterly				
Year ended December 31, 2017				
First Quarter	\$ 56.25	\$37.50	1,265,360	150,925,400
Second Quarter	\$ 85.00	\$46.25	2,067,600	151,200,000
Third Quarter	\$ 95.00	\$65.50	2,482,040	151,466,400
Fourth Quarter	\$125.00	\$81.50	6,980,440	167,258,400
Year ended December 31, 2018				
First Quarter (through February 22, 2018)	\$132.50	\$90.00	2,774,760	176,976,280
Monthly				
Year Ended December 31, 2017				
June	\$ 85.00	\$57.50	1,869,920	151,200,000
July	\$ 85.00	\$71.25	1,590,680	151,262,280
August	\$ 88.63	\$65.50	861,440	151,295,480
September	\$ 95.00	\$75.00	29,920	151,466,400
October	\$100.00	\$81.50	1,598,040	151,527,400
November	\$102.50	\$85.00	506,280	152,073,240
December	\$125.00	\$87.50	4,876,120	167,258,400
Year ended December 31, 2018 (through February 22, 2018)				
January	\$132.50	\$90.00	600,000	176,903,360
February	\$127.50	\$95.00	2,174,760	176,976,280

CERTAIN TAXATION CONSIDERATIONS

Luxembourg Tax Considerations

The following is an overview of certain material Luxembourg tax consequences of purchasing, owning, and disposing of the ordinary shares issued by us. It does not purport to be a complete analysis of all possible tax situations that may be relevant to a decision to purchase, own, or deposit our ordinary shares. It is included herein solely for preliminary information purposes and is not intended to be, nor should it construed to be, legal or tax advice. Prospective purchasers of our ordinary shares should consult their own tax advisers as to the applicable tax consequences of the ownership of our ordinary shares, based on their particular circumstances. The following description of Luxembourg tax law is based upon Luxembourg law and regulations as in effect and as interpreted by the Luxembourg tax authorities as of the date of this annual report and is subject to any amendments in law (or in interpretation) later introduced, whether or not on a retroactive basis. Please be aware that the residence concept used under the respective headings below applies for Luxembourg tax assessment purposes only. Any reference in this section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax laws and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*) and personal income tax (*impôt sur le revenu*) generally. Corporate taxpayers may further be subject to net worth tax (*impôt sur la fortune*), as well as other duties, levies or taxes. Corporate income tax, municipal business tax, as well as the solidarity surcharge invariably applies to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and to the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Taxation of the Company

Income Tax

As the Company is a fully-taxable Luxembourg company, its net taxable profit is as a rule subject to corporate income tax (“CIT”) and municipal business tax (“MBT”) at ordinary rates in Luxembourg.

The taxable profit as determined for CIT purposes is applicable, with minor adjustments, for MBT purposes. CIT is levied at an effective maximum rate of 20.33% in 2017 and 19.26% as from 2018 (inclusive of the 7% surcharge for the employment fund). MBT is levied at a variable rate according to the municipality in which the Company is located (6.75% in the City of Luxembourg in 2017). The maximum aggregate CIT and MBT rate consequently amounts to 27.08% in 2017 and 26.01% as from 2018 for companies located in the City of Luxembourg.

Dividends and other payments derived from ordinary shares by the Company are subject to income taxes, unless the conditions of the participation exemption regime, as described below, are satisfied. A tax credit is generally granted for withholding taxes levied at source within the limit of the tax payable in Luxembourg on such income, whereby any excess withholding tax is not refundable.

Under the participation exemption regime (subject to the relevant anti-abuse rules), dividends derived from ordinary shares may be exempt from income tax if (i) the distributing company is a qualified subsidiary (“Qualified Subsidiary”), and (ii) at the time the dividend is put at the company’s disposal, the company has held or commits itself to hold for an uninterrupted period of at least 12 months’ shares representing a direct participation in the share capital of the Qualified Subsidiary (a) of at least 10%, or (b) of an acquisition price of at least €1.2 million (or an equivalent amount in another currency). A Qualified Subsidiary means (i) a Luxembourg resident fully-taxable company limited by share capital (*société de capitaux*), (ii) a company covered by Article 2 of the Council Directive 2011/96/EU of November 30, 2011 (the “EU Parent-Subsidiary Directive”), or (iii) a non-resident company limited by share capital (*société de capitaux*) liable to a tax corresponding to Luxembourg CIT.

Liquidation proceeds are assimilated to a received dividend and may be exempt under the same conditions. If the conditions of the participation exemption regime are not met, dividends derived by the Company from Qualified Subsidiaries may be exempt for 50% of their gross amount.

Capital gains realized by the Company on shares are subject to CIT and MBT at ordinary rates, unless the conditions of the participation exemption regime, as described below, are satisfied. Under the participation exemption regime, capital gains realized on shares of a Qualified Subsidiary may be exempt from CIT and MBT at the level of the Company if at the time the capital gain is realized, the Company has held or commits itself to hold for an uninterrupted period of at least 12 months' shares representing a direct participation in the share capital of the Qualified Subsidiary (i) of at least 10%, or (ii) of an acquisition price of at least €6 million (or an equivalent amount in another currency). Taxable gains are defined as the difference between the price for which shares have been disposed of and the lower of their cost or book value.

Withholding Tax

Dividends paid by us to the holders of our ordinary shares are as a rule subject to a 15% withholding tax in Luxembourg, unless a reduced withholding tax rate applies pursuant to an applicable double tax treaty or an exemption pursuant to the application of the participation exemption, and, to the extent withholding tax applies, we are responsible for withholding amounts corresponding to such taxation at its source.

If the Company and a U.S. relevant holder are eligible for the benefits of the tax treaty concluded between the United States and Luxembourg (the "Treaty"), the rate of withholding on distributions shall not exceed 15%, or 5% if the U.S. relevant holder is a qualified resident company as defined in Article 24 of the Treaty that owns at least 10% of our Company's voting stock.

A withholding tax exemption may apply under the participation exemption (subject to the relevant anti-abuse rules) if cumulatively (i) the holder of our ordinary shares is an eligible parent (an "Eligible Parent"), and (ii) at the time the income is made available, the holder of our ordinary shares has held or commits itself to hold for an uninterrupted period of at least 12 months a direct participation of at least 10% of our share capital or a direct participation of an acquisition price of at least €1.2 million (or an equivalent amount in another currency). Holding a participation through an entity treated as tax transparent from a Luxembourg income tax perspective is deemed to be a direct participation in proportion to the net assets held in this entity. An Eligible Parent includes (i) a company covered by Article 2 of the EU Parent-Subsidiary Directive or a Luxembourg permanent establishment thereof, (ii) a company resident in a State having a double tax treaty with Luxembourg and subject to a tax corresponding to Luxembourg CIT or a Luxembourg permanent establishment thereof, (iii) a company limited by share capital (*société de capitaux*) or a cooperative society (*société coopérative*) resident in the European Economic Area other than an EU member state and liable to a tax corresponding to Luxembourg CIT or a Luxembourg permanent establishment thereof, or (iv) a Swiss company limited by share capital (*société de capitaux*) which is effectively subject to corporate income tax in Switzerland without benefiting from an exemption.

No withholding tax is levied on capital gains and liquidation proceeds.

Net Wealth Tax

The Company is as a rule subject to Luxembourg net wealth tax ("NWT") on its net assets as determined for net wealth tax purposes. NWT is levied at the rate of 0.5% on net assets not exceeding €500 million and at the rate of 0.05% on the portion of the net assets exceeding €500 million. Net worth is referred to as the unitary value (*valeur unitaire*), as determined at January 1 of each year. The unitary value is in principle calculated as the difference between (i) assets estimated at their fair market value (*valeur estimée de réalisation*), and (ii) liabilities vis-à-vis third parties.

Under the participation exemption regime, a qualified shareholding held by the Company in a Qualified Subsidiary is exempt for net wealth tax purposes.

As from January 1, 2016, a minimum net wealth tax (“MNWT”) is levied on companies having their statutory seat or central administration in Luxembourg. For entities for which the sum of fixed financial assets, receivables against related companies, transferable securities and cash at bank exceeds 90% of their total balance sheet and €350,000, the MNWT is set at €4,815. For all other companies having their statutory seat or central administration in Luxembourg which do not fall within the scope of the €4,815 MNWT, the MNWT ranges from €535 to €32,100, depending on the Company’s total balance sheet.

Other Taxes

The issuance of our ordinary shares and any other amendment of our articles of association are currently subject to a €75 fixed registration duty. The disposal of our ordinary shares is not subject to a Luxembourg registration tax or stamp duty, unless recorded in a Luxembourg notarial deed or otherwise registered in Luxembourg.

Taxation of the Holders of Ordinary Shares

Luxembourg Tax Residency of the Holders of Our Ordinary Shares

A holder of our ordinary shares will not become resident, nor be deemed to be resident, in Luxembourg by reason only of the holding and/or disposing of our ordinary shares or the execution, performance, or enforcement of his/her rights thereunder.

Income Tax—Luxembourg Resident Holders

Luxembourg Individual Residents. Dividends and other payments derived from our ordinary shares by resident individual holders of our ordinary shares, who act in the course of the management of either their private wealth or their professional or business activity, are subject to income tax at the ordinary progressive rates. A tax credit is generally granted for withholding taxes levied at source within the limit of the tax payable in Luxembourg on such income, whereby any excess withholding tax is not refundable. 50% of the gross amount of dividends received from the Company by resident individual holders of our ordinary shares are exempt from income tax.

Capital gains realized on the disposal of our ordinary shares by resident individual holders of our ordinary shares, who act in the course of the management of their private wealth, are not subject to income tax, unless said capital gains qualify either as speculative gains or as gains on a substantial participation. Capital gains are deemed to be speculative and are subject to income tax at ordinary rates if our ordinary shares are disposed of within six months after their acquisition or if their disposal precedes their acquisition. Speculative gains are subject to income tax as miscellaneous income at ordinary rates. A participation is deemed to be substantial where a resident individual holder of our ordinary shares holds or has held, either alone or together with his/her spouse or partner and/or minor children, directly or indirectly at any time within the five years preceding the disposal, more than 10% of the share capital of the Company whose ordinary shares are being disposed of. A holder of our ordinary shares also is deemed to alienate a substantial participation if he acquired free of charge, within the five years preceding the transfer, a participation that was constituting a substantial participation in the hands of the alienator (or the alienators in case of successive transfers free of charge within the same five-year period). Capital gains realized on a substantial participation more than six months after the acquisition thereof are taxed according to the half-global rate method, (i.e., the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realized on the substantial participation). A disposal may include a sale, an exchange, a contribution or any other kind of alienation of the participation.

Capital gains realized on the disposal of our ordinary shares by resident individual holders of our ordinary shares, who act in the course of their professional or business activity, are subject to income tax at ordinary rates. Taxable gains are determined as the difference between the price for which our ordinary shares have been disposed of and the lower of their cost or book value.

Luxembourg Fully-taxable Corporate Residents . Dividends and other payments derived from our ordinary shares by Luxembourg resident fully-taxable companies are subject to CIT and MBT, unless the conditions of the participation exemption regime, as described below, are satisfied. A tax credit is generally granted for withholding taxes levied at source within the limit of the tax payable in Luxembourg on such income, whereby any excess withholding tax is not refundable. If the conditions of the participation exemption regime are not met, 50% of the gross amount of dividends received by Luxembourg resident, fully-taxable companies from our ordinary shares are exempt from CIT and MBT.

Under the participation exemption regime (subject to the relevant anti-abuse rules), dividends derived from our ordinary shares may be exempt from CIT and MBT at the level of the holder of our ordinary shares if cumulatively (i) the holder of our ordinary shares is an Eligible Parent, and (ii) at the time the dividend is put at the holder of our ordinary shares' disposal, the holder of our ordinary shares has held or commits itself to hold for an uninterrupted period of at least 12 months a qualified shareholding ("Qualified Shareholding"). A Qualified Shareholding means ordinary shares representing a direct participation of at least 10% in the share capital of the Company or a direct participation in the Company of an acquisition price of at least €1.2 million (or an equivalent amount in another currency). Liquidation proceeds are assimilated to a received dividend and may be exempt under the same conditions. If the conditions of the participation exemption regime are not met, dividends derived by the Company from Qualified Subsidiaries may be exempt for 50% of their gross amount. Ordinary shares held through a tax-transparent entity are considered as being a direct participation proportionally to the percentage held in the net assets of the transparent entity.

Capital gains realized by a Luxembourg resident fully-taxable company on our ordinary shares are subject to CIT and MBT at ordinary rates, unless the conditions of the participation exemption regime, as described below, are satisfied. Under the participation exemption regime, capital gains realized on our ordinary shares may be exempt from CIT and MBT at the level of the holder of our ordinary shares if cumulatively (i) the holder of our ordinary shares is an Eligible Parent, and (ii) at the time the capital gain is realized, the holder of our ordinary shares has held or commits itself to hold for an uninterrupted period of at least 12 months our ordinary shares representing a direct participation in the share capital of the Company of at least 10% or a direct participation in the Company of an acquisition price of at least €6 million (or an equivalent amount in another currency). Taxable gains are determined as the difference between the price for which our ordinary shares have been disposed of and the lower of their cost or book value.

Luxembourg Residents Benefiting from a Special Tax Regime . Holders of our ordinary shares who are either (i) an undertaking for collective investment governed by the amended law of December 17, 2010, (ii) a specialized investment fund governed by the amended law of February 13, 2007, (iii) a family wealth management company governed by the amended law of May 11, 2007, or (iv) a reserved alternative investment fund treated as a specialized investment fund for Luxembourg tax purposes governed by the law of July 23, 2016, are exempt from income tax in Luxembourg. Dividends derived from and capital gains realized on our ordinary shares are thus not subject to Luxembourg income tax in their hands.

Income Tax—Luxembourg Non-Resident Holders

Non-resident holders of our ordinary shares who have neither a permanent establishment nor a permanent representative in Luxembourg to which or whom our ordinary shares are attributable, are not liable to any Luxembourg income tax on income and gains derived from our ordinary shares except capital gains realized on (i) a substantial participation before the acquisition or within the first six months of the acquisition thereof, or (ii) a substantial participation more than six months after the acquisition thereof by a holder of our ordinary

shares who has been a former Luxembourg resident for more than 15 years and has become a non-resident, at the time of transfer, less than five years ago. A participation is deemed to be substantial where a shareholder holds or has held, either alone or, in case of an individual shareholder, together with his/her spouse or partner and/or minor children, directly or indirectly at any time within the five years preceding the disposal, more than 10% of the share capital of the Company whose ordinary shares are being disposed of. A shareholder also is deemed to alienate a substantial participation if he acquired free of charge, within the five years preceding the transfer, a participation that was constituting a substantial participation in the hands of the alienator (or the alienators in case of successive transfers free of charge within the same five-year period).

If the Company and a U.S. relevant holder are eligible for the benefits of the Treaty, such U.S. relevant holder generally should not be subject to Luxembourg tax on the gain from the disposal of such ordinary shares unless such gain is attributable to a permanent establishment of such U.S. relevant holder in Luxembourg.

Non-resident holders of our ordinary shares which have a permanent establishment or a permanent representative in Luxembourg to which or whom our ordinary shares are attributable, must include any income received, as well as any gain realized, on the sale, disposal or redemption of our ordinary shares, in their taxable income for Luxembourg tax assessment purposes, unless the conditions of the participation exemption regime, as described below, are satisfied. If the conditions of the participation exemption regime are not fulfilled, 50% of the gross amount of dividends received by a Luxembourg permanent establishment or permanent representative may be, however, exempt from income tax. Taxable gains are determined as the difference between the price for which the ordinary shares have been disposed of and the lower of their cost or book value.

Under the participation exemption regime (subject to relevant anti-abuse rules), dividends derived from our ordinary shares may be exempt from income tax if cumulatively (i) our ordinary shares are attributable to a qualified permanent establishment (“Qualified Permanent Establishment”), and (ii) at the time the dividend is put at the disposal of the Qualified Permanent Establishment, it has held or commits itself to hold a Qualified Shareholding for an uninterrupted period of at least 12 months. A Qualified Permanent Establishment means (i) a Luxembourg permanent establishment of a company covered by Article 2 of the EU Parent-Subsidiary Directive, (ii) a Luxembourg permanent establishment of a company limited by share capital (*société de capitaux*) resident in a State having a tax treaty with Luxembourg, and (iii) a Luxembourg permanent establishment of a company limited by share capital (*société de capitaux*) or a cooperative society (*société coopérative*) resident in the European Economic Area other than a EU member state. Liquidation proceeds are assimilated to a received dividend and may be exempt under the same conditions. Ordinary shares held through a tax transparent entity are considered as being a direct participation proportionally to the percentage held in the net assets of the transparent entity.

Under the participation exemption regime, capital gains realized on our ordinary shares may be exempt from income tax if (i) our ordinary shares are attributable to a Qualified Permanent Establishment, and (ii) at the time the capital gain is realized, the Qualified Permanent Establishment has held or commits itself to hold, for an uninterrupted period of at least 12 months, our ordinary shares representing a direct participation in the share capital of the Company of at least 10% or a direct participation in the Company of an acquisition price of at least €6 million (or an equivalent amount in another currency). Taxable gains are determined as the difference between the price for which our ordinary shares have been disposed of and the lower of their cost or book value.

Net Wealth Tax

Luxembourg resident holders of our ordinary shares, as well as non-resident holders of our ordinary shares who have a permanent establishment or a permanent representative in Luxembourg to which or whom our ordinary shares are attributable, are subject to Luxembourg NWT on our ordinary shares, except if the holder is (i) a resident or non-resident individual taxpayer, (ii) a securitization company governed by the amended law of March 22, 2004 on securitization, (iii) a company governed by the amended law of June 15, 2004 on venture capital vehicles, (iv) a professional pension institution governed by the amended law of July 13, 2005, (v) a

specialized investment fund governed by the amended law of February 13, 2007, (vi) a family wealth management company governed by the amended law of May 11, 2007, (vii) an undertaking for collective investment governed by the amended law of December 17, 2010, or (viii) a reserved alternative investment fund governed by the law of July 23, 2016. However, (i) a securitization company governed by the amended law of March 22, 2004 on securitization, (ii) a company governed by the amended law of June 15, 2004 on venture capital vehicles, (iii) a professional pension institution governed by the amended law of July 13, 2005, and (iv) a reserved alternative investment fund treated as a venture capital vehicle for Luxembourg tax purposes and governed by the law of July 23, 2016, remain subject to MNWT.

Under the participation exemption, a Qualified Shareholding held in the Company by an Eligible Parent or attributable to a Qualified Permanent Establishment may be exempt. The net wealth tax exemption for a Qualified Shareholding does not require the completion of the 12-month holding period.

Other Taxes

Under Luxembourg tax law, where an individual holder of our ordinary shares is a resident of Luxembourg for inheritance tax purposes at the time of his or her death, our ordinary shares are included in his or her taxable basis for inheritance tax purposes. On the contrary, no inheritance tax is levied on the transfer of our ordinary shares upon the death of an individual holder in cases where the deceased was not a resident of Luxembourg for inheritance purposes.

Gift tax may be due on a gift or donation of our ordinary shares, if the gift is recorded in a Luxembourg notarial deed or otherwise registered in Luxembourg.

U.S. Federal Income Tax Considerations

The following summary describes certain U.S. federal income tax considerations generally applicable to U.S. Holders (as defined below) of our ordinary shares. This summary deals only with our ordinary shares held as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”). This summary also does not address the tax consequences that may be relevant to holders in special tax situations including, without limitation, dealers in securities, traders that elect to use a mark-to-market method of accounting, holders that own our ordinary shares as part of a “straddle,” “hedge,” “conversion transaction,” or other integrated investment, banks or other financial institutions, individual retirement accounts and other tax-deferred accounts, insurance companies, tax-exempt organizations, U.S. expatriates, holders whose functional currency is not the U.S. dollar, holders subject to the alternative minimum tax, holders that acquired our ordinary shares in a compensatory transaction, holders subject to special tax accounting rules as a result of any item of gross income with respect to the ordinary shares being taken into account in an applicable financial statement, or holders that actually or constructively own 10% or more of the total voting power or value of our ordinary shares.

This summary is based upon the Internal Revenue Code, applicable U.S. Treasury regulations, administrative pronouncements and judicial decisions, in each case as in effect on the date hereof, all of which are subject to change (possibly with retroactive effect). No ruling will be requested from the Internal Revenue Service (the “IRS”) regarding the tax consequences of the initial listing, and there can be no assurance that the IRS will agree with the discussion set out below. This summary does not address any U.S. federal tax consequences other than U.S. federal income tax consequences (such as the estate and gift tax or the Medicare tax on net investment income).

As used herein, the term “U.S. Holder” means a beneficial owner of our ordinary shares that is, for U.S. federal income tax purposes, (i) a citizen or resident of the United States, (ii) a corporation or other entity taxable as a corporation created or organized under the laws of the United States or any state thereof or therein or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of

its source, or (iv) a trust (a) that is subject to the supervision of a court within the United States and the control of one or more United States persons as described in Internal Revenue Code Section 7701(a)(30), or (b) that has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person.

If an entity or other arrangement treated as a partnership for U.S. federal income tax purposes acquires our ordinary shares, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. Partners of a partnership considering an investment in our ordinary shares should consult their tax advisers regarding the U.S. federal income tax consequences of acquiring, owning, and disposing of our ordinary shares.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE INVESTORS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING OUR ORDINARY SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL AND NON-U.S. TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Dividends

Subject to the discussion below under “—Passive Foreign Investment Company,” the amount of dividends paid to a U.S. Holder with respect to our ordinary shares generally will be included in the U.S. Holder’s gross income as ordinary income from foreign sources to the extent paid out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes). Distributions in excess of earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder’s adjusted tax basis in our ordinary shares and thereafter as capital gain. However, we do not intend to calculate our earnings and profits under U.S. federal income tax principles. Therefore, U.S. Holders should expect that a distribution will generally be treated as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above. The amount of any distribution paid in foreign currency will be equal to the U.S. dollar value of such currency, translated at the spot rate of exchange on the date such distribution is received, regardless of whether the payment is in fact converted into U.S. dollars at that time.

Foreign withholding tax (if any) paid on dividends on our ordinary shares at the rate applicable to a U.S. Holder (taking into account any applicable income tax treaty) will, subject to limitations and conditions, be treated as foreign income tax eligible for credit against such holder’s U.S. federal income tax liability or, at such holder’s election, eligible for deduction in computing such holder’s U.S. federal taxable income. Dividends paid on our ordinary shares generally will constitute “passive category income” for purposes of the foreign tax credit. However, if we are a “United States-owned foreign corporation,” solely for foreign tax credit purposes, a portion of the dividends allocable to our U.S. source earnings and profits may be recharacterized as U.S. source. A “United States-owned foreign corporation” is any foreign corporation in which United States persons own, directly or indirectly, 50% or more (by vote or by value) of the stock. In general, United States-owned foreign corporations with less than 10% of earnings and profits attributable to sources within the United States are excepted from these rules. Although we don’t believe we are currently a “United States-owned foreign corporation,” we may become one in the future. In such case, if 10% or more of our earnings and profits are attributable to sources within the United States, a portion of the dividends paid on our ordinary shares allocable to our U.S. source earnings and profits will be treated as U.S. source, and, as such, a U.S. Holder may not offset any foreign tax withheld as a credit against U.S. federal income tax imposed on that portion of dividends. The rules governing the treatment of foreign taxes imposed on a U.S. Holder and foreign tax credits are complex, and U.S. Holders should consult their tax advisors about the impact of these rules in their particular situations.

Dividends paid to a non-corporate U.S. Holder by a “qualified foreign corporation” may be subject to reduced rates of taxation if certain holding period and other requirements are met. “Qualified foreign corporation” generally includes a foreign corporation (other than a foreign corporation that is a PFIC (as defined below) with respect to the relevant U.S. Holder for the taxable year in which the dividends are paid or for the

preceding taxable year) (i) whose ordinary shares are readily tradable on an established securities market in the United States, or (ii) which is eligible for benefits under a comprehensive U.S. income tax treaty that includes an exchange of information program and which the U.S. Treasury Department has determined is satisfactory for these purposes. Our ordinary shares are expected to be readily tradable on the New York Stock Exchange, an established securities market. U.S. Holders should consult their own tax advisors regarding the availability of the reduced tax rate on dividends in light of their particular circumstances. The dividends will not be eligible for the dividends received deduction available to corporations in respect of dividends received from other U.S. corporations.

Disposition of Our Ordinary Shares

Subject to the discussion below under “—Passive Foreign Investment Company,” a U.S. Holder generally will recognize capital gain or loss for U.S. federal income tax purposes on the sale or other taxable disposition of our ordinary shares equal to the difference, if any, between the amount realized and the U.S. Holder’s adjusted tax basis in shares. In general, capital gains recognized by a non-corporate U.S. Holder, including an individual, are subject to a lower rate under current law if such U.S. Holder held shares for more than one year. The deductibility of capital losses is subject to limitations. Any such gain or loss generally will be treated as U.S. source income or loss for purposes of the foreign tax credit. A U.S. Holder’s initial tax basis in shares generally will equal the cost of such shares.

If the consideration received upon the sale or other taxable disposition of our ordinary shares is paid in foreign currency, the amount realized will be the U.S. dollar value of the payment received, translated at the spot rate of exchange on the date of taxable disposition. If our ordinary shares are treated as traded on an established securities market, a cash basis U.S. Holder and an accrual basis U.S. Holder who has made a special election (which must be applied consistently from year to year and cannot be changed without the consent of the IRS) will determine the U.S. dollar value of the amount realized in foreign currency by translating the amount received at the spot rate of exchange on the settlement date of the sale. An accrual basis U.S. Holder that does not make the special election will recognize exchange gain or loss to the extent attributable to the difference between the exchange rates on the sale date and the settlement date, and such exchange gain or loss generally will constitute ordinary income or loss.

Passive Foreign Investment Company

In general, a non-U.S. corporation will be classified as a PFIC for any taxable year if at least (i) 75% of its gross income is classified as “passive income,” or (ii) 50% of its assets (determined on the basis of a quarterly average) produce or are held for the production of passive income. For these purposes, cash is considered a passive asset. In making this determination, the non-U.S. corporation is treated as earning its proportionate share of any income and owning its proportionate share of any assets of any corporation in which it holds a 25% or greater interest. Based on our historic and expected operations, composition of assets and market capitalization, we do not expect to be classified as a PFIC for the current table year or for the foreseeable future. However, the determination of whether we are a PFIC is made annually. Moreover, the value of our assets for purposes of the PFIC determination will generally be determined by reference to the public price of our ordinary shares, which may fluctuate significantly. Therefore, there is no assurance that we would not be classified as a PFIC in the future due to, for example, changes in the composition of our assets or income, as well as changes in our market capitalization. Under the PFIC rules, if we were considered a PFIC at any time that a U.S. Holder holds our ordinary shares, we would continue to be treated as a PFIC with respect to such holder’s investment unless (i) we cease to be a PFIC, and (ii) the U.S. Holder has made a “deemed sale” election under the PFIC rules.

If we are considered a PFIC for any taxable year that a U.S. Holder holds our ordinary shares, any gain recognized by the U.S. Holder on a sale or other disposition of our ordinary shares would be allocated pro-rata over the U.S. Holder’s holding period for the ordinary shares. The amounts allocated to the taxable year of the sale or other disposition and to any year before we became a PFIC would be taxed as ordinary income. The

amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed. Further, to the extent that any distribution received by a U.S. Holder on our ordinary shares exceeds 125% of the average of the annual distributions on the ordinary shares received during the preceding three years or the U.S. Holder's holding period, whichever is shorter, that distribution would be subject to taxation in the same manner as gain on the sale or other disposition of ordinary shares if we were a PFIC, described above. Certain elections may be available that would result in alternative treatments (such as mark-to-market treatment) of the ordinary shares. If we are treated as a PFIC with respect to a U.S. Holder for any taxable year, the U.S. Holder will be deemed to own shares in any of our subsidiaries that also are PFICs. A timely election to treat us as a qualified electing fund under the Internal Revenue Code would result in an alternative treatment. However, we do not intend to prepare or provide the information that would enable U.S. Holders to make a qualified electing fund election. If we are considered a PFIC, a U.S. Holder also will be subject to annual information reporting requirements. U.S. Holders should consult their own tax adviser about the potential application of the PFIC rules to an investment in the ordinary shares.

Information Reporting and Backup Withholding

Dividend payments and proceeds paid from the sale or other taxable disposition of ordinary shares may be subject to information reporting to the IRS. In addition, a U.S. Holder (other than exempt holders who establish their exempt status if required) may be subject to backup withholding on cash payments received in connection with dividend payments and proceeds from the sale or other taxable disposition of our ordinary shares made within the United States or through certain U.S.-related financial intermediaries.

Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number, makes other required certification and otherwise complies with the applicable requirements of the backup withholding rules. Backup withholding is not an additional tax. Rather, any amount withheld under the backup withholding rules will be creditable or refundable against the U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Foreign Financial Asset Reporting

Certain U.S. Holders are required to report their holdings of certain foreign financial assets, including equity of foreign entities, if the aggregate value of all of these assets exceeds certain threshold amounts. The ordinary shares are expected to constitute foreign financial assets subject to these requirements unless the ordinary shares are held in an account at certain financial institutions. U.S. Holders should consult their tax advisors regarding the application of these reporting requirements.

FATCA

Provisions under Sections 1471 through 1474 of the Internal Revenue Code and applicable U.S. Treasury regulations commonly referred to as "FATCA" generally impose 30% withholding on certain "withholdable payments" and, in the future, may impose such withholding on "foreign passthru payments" made by a "foreign financial institution" (each as defined in the Internal Revenue Code) that has entered into an agreement with the IRS to perform certain diligence and reporting obligations with respect to the foreign financial institution's U.S.-owned accounts. The United States has entered into an intergovernmental agreement, or IGA, with Luxembourg, which modifies the FATCA withholding regime described above. It is not yet clear how foreign passthru payments will be addressed under FATCA. Prospective investors should consult their tax advisors regarding the potential impact of FATCA, the Luxembourg IGA and any non-U.S. legislation implementing FATCA on the investment in our ordinary shares.

PLAN OF DISTRIBUTION

The Registered Shareholders may sell their ordinary shares covered hereby pursuant to brokerage transactions on the NYSE at prevailing market prices at any time after the ordinary shares are listed for trading thereon. We are not party to any arrangement with any Registered Shareholder or any broker-dealer with respect to sales of the ordinary shares by the Registered Shareholders. As such, the Company will have no input if and when any Registered Shareholder may, or may not, elect to sell their ordinary shares or the prices at which any such sales may occur, and there can be no assurance that any Registered Shareholders will sell any or all of the ordinary shares covered by this prospectus.

We will not receive any proceeds from the sale of ordinary shares by the Registered Shareholders. We expect to recognize certain non-recurring costs as part of our transition to a publicly traded company, consisting of professional fees and other expenses. As part of our direct listing, these fees will be expensed in the period incurred and not deducted from net proceeds to the issuer as they would be in an initial public offering.

The DMM acting pursuant to its obligations under the rules of the NYSE, is responsible for facilitating an orderly market for our ordinary shares. Based on information provided by the NYSE, the opening public price of our ordinary shares on the NYSE will be determined by buy and sell orders collected by the NYSE from various broker-dealers and will be set based on the DMM's determination of where buy orders can be matched with sell orders at a single price. On the NYSE, buy orders priced equal to or higher than the opening public price and sell orders priced lower than or equal to the opening public price will participate in that opening trade. In accordance with NYSE rules because there has not been a recent sustained history of trading in our ordinary shares in a private placement market prior to listing, the DMM will consult with Morgan Stanley & Co. LLC, as our financial advisor ("Morgan Stanley"), in order for the DMM to effect a fair and orderly opening of our ordinary shares on the NYSE, without coordination with us, consistent with the federal securities laws in connection with our direct listing. Pursuant to such NYSE rules, and based upon information known to it at that time, Morgan Stanley is expected to provide input to the DMM regarding Morgan Stanley's understanding of the ownership of our outstanding ordinary shares and pre-listing selling and buying interest in our ordinary shares that it becomes aware of from potential investors and holders of our ordinary shares, in each case, without coordination with us.

Similar to how a security being offered in an underwritten initial public offering would open on the first day of trading, before the opening public price of our ordinary shares is determined, the DMM may publish one or more pre-opening indications, which provides the market with a price range of where the DMM anticipates the opening public price will be, based on the buy and sell orders entered on the NYSE. The pre-opening indications will be available on the consolidated tape and NYSE market data feeds. As part of this opening process, the DMM will continue to update the pre-opening indication until the buy and sell orders reach equilibrium and can be priced by offsetting one another to determine the opening public price of our ordinary shares.

In connection with the process described above, unlike in an underwritten initial public offering, a DMM in a direct listing may have less information available to it to determine the opening public price of our ordinary shares than a DMM would in an underwritten initial public offering. For example, because Morgan Stanley is not acting as an underwriter, it will not have engaged in a book building process, and as a result, it will not be able to provide input to the DMM that is based on or informed by that process. Moreover, prior to the opening trade, there will not be a price at which underwriters initially sold ordinary shares to the public as there would be in an underwritten initial public offering. This lack of an initial public offering price could impact the range of buy and sell orders collected by the NYSE from various broker-dealers. Consequently, the public price of our ordinary shares may be more volatile than in an underwritten initial public offering and could, upon listing on the NYSE, decline significantly and rapidly. See "Risk Factors—Risks Related to Owning Our Ordinary Shares—Our listing differs significantly from an underwritten initial public offering," "Risk Factors—Risks Related to Owning Our Ordinary Shares—The public price of our ordinary shares, upon listing on the NYSE, may have little or no relationship to the historical sales prices of our ordinary shares in private transactions," "Risk Factors—Risks Related to Owning Our Ordinary Shares—The public price of our ordinary shares may be volatile, and could,

[Table of Contents](#)

upon listing on the NYSE, decline significantly and rapidly,” and “Risk Factors—Risks Related to Owning Our Ordinary Shares—An active, liquid, and orderly market for our ordinary shares may not develop or be sustained. You may be unable to sell your ordinary shares at or above the price you bought them for.”

In addition to sales made pursuant to this prospectus, the ordinary shares covered by this prospectus may be sold by the Registered Shareholders in private transactions exempt from the registration requirements of the Securities Act.

Under the securities laws of some states, the ordinary shares may be sold in such states only through registered or licensed brokers or dealers.

If the Registered Shareholders utilize a broker-dealer in the sale of the ordinary shares being offered by this prospectus, such broker-dealer may receive commissions in the form of discounts, concessions, or commissions from the Registered Shareholders or commissions from purchasers of the ordinary shares for whom they may act as agent or to whom they may sell as principal (which discounts, concessions, or commissions as to particular broker-dealers may be in excess of those customary in the types of transactions involved).

We have engaged Goldman Sachs & Co. LLC, Morgan Stanley, and Allen & Company LLC as our financial advisors to advise and assist the Company with respect to certain matters relating to our listing. However, the financial advisors have not been engaged to participate in investor meetings or to otherwise facilitate or coordinate price discover activities or sales of our ordinary shares in consultation with us, except as described herein with respect to consultation with the DMM on the opening public price in accordance with NYSE rules.

Unless otherwise indicated, all information in this prospectus reflects the Share Split. The purpose of the Share Split is to reduce the per share price of our ordinary shares to a more customary level for a newly listed company on the NYSE. No financial advisor is advising us on a per share price of our ordinary shares for the Share Split.

EXPENSES OF THE REGISTRATION

The following table sets forth all expenses payable by us in connection with this registration. All the amounts shown are estimates except for the SEC registration fee and the listing fee.

SEC registration fee	\$ 124,500
Listing fee	*
Printing costs	*
Auditors' fees	*
Legal fees and expenses	*
Transfer agent and registrar fees	*
Other advisers' fees	*
Miscellaneous fees and expenses	*
Total	<u>\$ *</u>

* To be included by amendment.

ENFORCEMENT OF CIVIL LIABILITIES

We are a public limited liability company (*société anonyme* or S.A.) organized under the laws of the Grand Duchy of Luxembourg. Most of the members of our board of directors, our senior management and the experts named in this prospectus reside outside the United States and a substantial portion of their assets are located outside the United States. As a result, it may not be possible for you to effect service of process within the United States upon these individuals or upon us or to enforce judgments obtained in U.S. courts based on the civil liability provisions of the U.S. securities laws against us in the United States. Awards of punitive damages in actions brought in the United States or elsewhere are generally not enforceable in Luxembourg and penalty clauses and similar clauses on damages or liquidated damages are allowed to the extent that they provide for a reasonable level of damages and the courts of Luxembourg have the right to reduce or increase the amount thereof if it is unreasonably high or low.

As there is no treaty in force on the reciprocal recognition and enforcement of judgments in civil and commercial matters between the United States and the Grand Duchy of Luxembourg, courts in Luxembourg will not automatically recognize and enforce a final judgment rendered by a U.S. court. A valid judgment obtained from a court of competent jurisdiction in the United States may be entered and enforced through a court of competent jurisdiction in Luxembourg, subject to compliance with the enforcement procedures (*exequatur*). The enforceability in Luxembourg courts of judgments rendered by U.S. courts will be subject, prior to any enforcement in Luxembourg, to the procedure and the conditions set forth in the Luxembourg procedural code, which conditions may include that as of the date of this prospectus (which may change):

- the judgment of the U.S. court is final and enforceable (*exécutoire*) in the United States;
- the U.S. court had jurisdiction over the subject matter leading to the judgment (that is, its jurisdiction was in compliance both with Luxembourg private international law rules and with the applicable domestic U.S. federal or state jurisdictional rules);
- the U.S. court has applied to the dispute the substantive law that would have been applied by Luxembourg courts. Based on recent case law and legal doctrine, it is not certain that this condition would still be required for an *exequatur* to be granted by a Luxembourg court;
- the judgment was granted following proceedings where the counterparty had the opportunity to appear and, if it appeared, to present a defense, and the decision of the foreign court must not have been obtained by fraud, but in compliance with the rights of the defendant;
- the U.S. court has acted in accordance with its own procedural laws; and
- the decisions and the considerations of the U.S. court must not be contrary to Luxembourg international public policy rules or have been given in proceedings of a tax or criminal nature or rendered subsequent to an evasion of Luxembourg law (*fraude a la loi*). It cannot be excluded that awards of damages made under civil liabilities provisions of the U.S. federal securities laws, or other laws, which are classified by Luxembourg courts as being of a penal or punitive nature (for example, fines or punitive damages, would not be recognized by Luxembourg courts). Ordinarily an award of monetary damages would not be considered as a penalty, but if the monetary damages include punitive damages such punitive damages may be considered as a penalty.

In addition, actions brought in a Luxembourg court against us or the members of our board of directors, our other officers and the experts named herein to enforce liabilities based on U.S. federal securities laws may be subject to certain restrictions. In particular, Luxembourg courts do generally not award punitive damages. Litigation in Luxembourg also is subject to rules of procedure that differ from the U.S. rules, including with respect to the taking and admissibility of evidence, the conduct of the proceedings and the allocation of costs. Proceedings in Luxembourg would have to be conducted in the French or German language, and all documents submitted to the court would, in principle, have to be translated into French or German.

[Table of Contents](#)

There exists no published case law in Luxembourg in relation to the recognition of limited recourse provisions by which a party agrees to limit its recourse against the other party to the assets available at any given point in time with such other party and there exists no published case law in Luxembourg in relation to the recognition of foreign law governed subordination provisions whereby a party agrees to subordinate its claims of another party. If a Luxembourg court had to analyze the enforceability of such provisions, it is in our view likely that it would consider the position taken by Belgian and Luxembourg legal scholars according to which limited recourse provisions are enforceable against the parties thereto but not against third parties.

A contractual provision allowing the service of process against a party to a service agent could be overridden by Luxembourg statutory provisions allowing the valid serving of process against a party subject to and in accordance with the laws of the country where such party is domiciled.

For these reasons, it may be difficult for a U.S. investor to bring an original action in a Luxembourg court predicated upon the civil liability provisions of the U.S. federal securities laws against us, the members of our board of directors and other Executive Officers and the experts named in this prospectus. In addition, even if a judgment against our Company, the non-U.S. members of our board of directors, senior management, or the experts named in this prospectus based on the civil liability provisions of the U.S. federal securities laws is obtained, a U.S. investor may not be able to enforce it in U.S. or Luxembourg courts.

LEGAL MATTERS

Our principal legal advisers in the United States are Latham & Watkins LLP, located at 885 Third Avenue, New York, New York 10022. Our principal legal advisers in Luxembourg are Arendt & Medernach SA, located at 41A, avenue J.F. Kennedy L-2082 Luxembourg. Our principal legal advisers in Sweden are Mannheimer Swartling Advokatbyrå AB, located at Norrlandsgatan 21, 111 43 Stockholm, Sweden.

EXPERTS

The consolidated financial statements of Spotify Technology S.A. at January 1, 2016 and at December 31, 2016 and 2017 and for each of the three years in the period ended December 31, 2017 appearing in this prospectus and Registration Statement have been audited by Ernst & Young AB, an independent registered public accounting firm, with offices at Jakobsbergsgatan 24, 103 99 Stockholm, Sweden, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

This prospectus, which is part of the Registration Statement, does not contain all of the information set forth in the Registration Statement and the exhibits and schedules to the Registration Statement. For further information, we refer you to the Registration Statement and the exhibits and schedules filed as part of the Registration Statement. If a document has been filed as an exhibit to the Registration Statement, we refer you to the copy of the document that has been filed. Each statement in this prospectus relating to a document filed as an exhibit is qualified in all respects by the filed exhibit.

Immediately upon completion of this listing, we will become subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Accordingly, we will be required to file reports, including annual reports on Form 20-F, and other information with the SEC. We are allowed four months to file our annual report with the SEC instead of approximately three, and we are not required to disclose certain detailed information regarding executive compensation that is required from U.S. domestic issuers. In addition, we will not be required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently as companies that are not foreign private issuers whose securities are registered under the Exchange Act. Also, as a foreign private issuer, we are exempt from the rules of the Exchange Act prescribing the furnishing of proxy statements to shareholders, and our senior management, directors and principal shareholders are exempt from the reporting and “short-swing” profit recovery provisions contained in Section 16 of the Exchange Act.

As a foreign private issuer, we also are exempt from the requirements of Regulation FD (Fair Disclosure) which, generally, are meant to ensure that select groups of investors are not privy to specific information about an issuer before other investors. We are still subject to the anti-fraud and anti-manipulation rules of the SEC, such as Rule 10b-5. Since many of the disclosure obligations required of us as a foreign private issuer are different than those required by other U.S. domestic reporting companies, our shareholders, potential shareholders and the investing public in general should not expect to receive information about us in the same amount, and at the same time, as information is received from, or provided by, other U.S. domestic reporting companies. We are liable for violations of the rules and regulations of the SEC which do apply to us as a foreign private issuer.

You may review and copy the Registration Statement, reports and other information we file at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, DC 20549. You also may request copies of these documents upon payment of a duplicating fee by writing to the SEC. For further information on the Public Reference Room, please call the SEC at 1-800-SEC-0330. Our SEC filings, including the Registration Statement, also are available to you on the SEC’s website at <http://www.sec.gov>. This site contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. The information on that website is not part of this prospectus.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	<u>Page</u>
Report of Independent Registered Public Accounting Firm	F-2
Consolidated statement of operations for the years ended December 31, 2015, 2016, and 2017	F-3
Consolidated statement of comprehensive loss for the years ended December 31, 2015, 2016, and 2017	F-4
Consolidated statement of financial position as of January 1, 2016 and December 31, 2016 and 2017	F-5
Consolidated statement of changes in equity/(deficit) for the years ended December 31, 2015, 2016, and 2017	F-6
Consolidated statement of cash flows for the years ended December 31, 2015, 2016, and 2017	F-7
Notes to consolidated financial statements for the year ended December 31, 2017	F-8

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Spotify Technology S.A.

Opinion on the Financial Statements

We have audited the accompanying consolidated statement of financial positions of Spotify Technology S.A. (the “Company”) and its subsidiaries (together with the Company, the “Group”) as of January 1, 2016, and as of December 31, 2016 and 2017 and the related consolidated statements of operations, comprehensive loss, changes in equity/(deficit) and cash flows for each of the three years in the period ended December 31, 2017, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the Group at January 1, 2016, and as of December 31, 2016 and 2017 and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These financial statements are the responsibility of the Group’s management. Our responsibility is to express an opinion on the Group’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Group in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Group is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Ernst & Young AB

We have served as the Company’s auditor since 2015.

Stockholm, Sweden

, 2018

The foregoing report is in the form that will be signed upon shareholder approval of the share split of the Company’s ordinary shares.

/s/ Ernst & Young AB

Stockholm, Sweden
February 28, 2018

Consolidated statement of operations**for the year ended December 31***(in € millions, except share and per share data)*

	Note	2015	2016	2017
Revenue	4	1,940	2,952	4,090
Cost of revenue		1,714	2,551	3,241
Gross profit		226	401	849
Research and development		136	207	396
Sales and marketing		219	368	567
General and administrative		106	175	264
		461	750	1,227
Operating loss		(235)	(349)	(378)
Finance income	9	36	152	118
Finance costs	9	(26)	(336)	(974)
Share in (losses)/earnings of associates and joint ventures		—	(2)	1
Finance income/(costs) - net		10	(186)	(855)
Loss before tax		(225)	(535)	(1,233)
Income tax expense	10	5	4	2
Net loss attributable to owners of the parent		(230)	(539)	(1,235)
Net loss per share attributable to owners of the parent				
Basic and diluted	11	(1.62)	(3.63)	(8.14)
Weighted-average ordinary shares outstanding				
Basic and diluted	11	141,946,600	148,368,720	151,668,769
Pro forma net loss per share attributable to owners of the parent (unaudited)				
Basic and diluted	11			(4.28)
Pro forma weighted-average ordinary shares outstanding (unaudited)				
Basic and diluted	11			166,146,849

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive loss

for the year ended December 31

(in € millions)

	<u>Note</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Net loss attributable to owners of the parent		(230)	(539)	(1,235)
Other comprehensive loss:				
<i>Items that may be subsequently reclassified to consolidated statement of operations (net of tax):</i>				
Loss in the fair value of available for sale financial assets	22	—	(4)	(12)
Exchange differences on translation of foreign operations		—	(12)	(3)
Other comprehensive loss for the year (net of tax)		—	(16)	(15)
Total comprehensive loss for the year attributable to owners of the parent		<u>(230)</u>	<u>(555)</u>	<u>(1,250)</u>

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of financial position**As at December 31***(in € millions)*

	Note	As at January 1, 2016	2016	2017	Pro forma 2017 (unaudited)
Assets					
Non-current assets					
Property and equipment	12	81	85	73	
Intangible assets including goodwill	13	73	80	162	
Investment in associates and joint ventures	25	1	—	1	
Long term investment	22	—	—	910	
Restricted cash and other non-current assets	14	21	23	54	
Deferred tax assets	10	4	3	9	
		<u>180</u>	<u>191</u>	<u>1,209</u>	
Current assets					
Trade and other receivables	15	244	300	360	
Income tax receivable	10	3	6	—	
Short term investments	22	—	830	1,032	
Cash and cash equivalents	22	597	755	477	
Other current assets		27	18	29	
		<u>871</u>	<u>1,909</u>	<u>1,898</u>	
Total assets		<u><u>1,051</u></u>	<u><u>2,100</u></u>	<u><u>3,107</u></u>	
Equity/(Deficit) and liabilities					
Equity/(Deficit)					
Share capital	16	—	—	—	—
Other paid in capital	16	797	830	2,488	3,432
Other reserves	16	85	122	177	177
Accumulated deficit		(653)	(1,192)	(2,427)	(2,427)
Equity/(Deficit) attributable to owners of the parent		<u>229</u>	<u>(240)</u>	<u>238</u>	<u>1,182</u>
Non-current liabilities					
Convertible notes	18, 22	—	1,106	944	—
Accrued expenses and other liabilities	20	16	10	56	56
Provisions	21	8	4	6	6
Deferred tax liabilities	10	—	—	3	3
		<u>24</u>	<u>1,120</u>	<u>1,009</u>	<u>65</u>
Current liabilities					
Trade and other payables	19	119	201	341	341
Income tax payable	10	5	6	9	9
Deferred revenue	4	92	149	216	216
Accrued expenses and other liabilities	20	485	673	881	881
Provisions	21	15	57	59	59
Derivative liabilities	22	82	134	354	354
		<u>798</u>	<u>1,220</u>	<u>1,860</u>	<u>1,860</u>
Total liabilities		<u>822</u>	<u>2,340</u>	<u>2,869</u>	<u>1,925</u>
Total equity/(deficit) and liabilities		<u><u>1,051</u></u>	<u><u>2,100</u></u>	<u><u>3,107</u></u>	<u><u>3,107</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity/(deficit)

(in € millions, except share data)

	Note	Number of ordinary shares	Share capital	Other paid in capital	Other reserves	Accumulated deficit	Equity/ (Deficit) attributable to owners of the parent
Balance at January 1, 2015		<u>135,792,600</u>	<u>—</u>	<u>404</u>	<u>55</u>	<u>(423)</u>	<u>36</u>
Loss for the year			—	—	—	(230)	(230)
Issuance of shares upon exercise of stock options and restricted stock units	16	822,960	—	6	—	—	6
Issuance of shares, net of costs	16	9,484,880	—	387	—	—	387
Share-based payments	17		—	—	29	—	29
Income tax impact associated with share-based payments	10		—	—	1	—	1
Balance at December 31, 2015		<u>146,100,440</u>	<u>—</u>	<u>797</u>	<u>85</u>	<u>(653)</u>	<u>229</u>
Loss for the year			—	—	—	(539)	(539)
Other comprehensive loss			—	—	(16)	—	(16)
Issuance of shares upon exercise of stock options and restricted stock units	16	3,823,560	—	33	—	—	33
Share-based payments	17		—	—	53	—	53
Balance at December 31, 2016		<u>149,924,000</u>	<u>—</u>	<u>830</u>	<u>122</u>	<u>(1,192)</u>	<u>(240)</u>
Loss for the year			—	—	—	(1,235)	(1,235)
Other comprehensive loss			—	—	(15)	—	(15)
Issuance of shares upon exercise of stock options and restricted stock units	16	1,723,080	—	29	—	—	29
Issuance of shares related to business combinations	5	442,040	—	33	—	—	33
Issuance of restricted share awards related to business combination	5	61,880	—	—	—	—	—
Issuance of shares upon exchange of Convertible Notes	22	6,554,960	—	686	—	—	686
Issuance of shares in exchange for long term investment	22	8,552,440	—	910	—	—	910
Share-based payments	17		—	—	67	—	67
Income tax impact associated with share-based payments	10		—	—	3	—	3
Balance at December 31, 2017		<u>167,258,400</u>	<u>—</u>	<u>2,488</u>	<u>177</u>	<u>(2,427)</u>	<u>238</u>

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

for the year ended December 31

(in € millions)

	<u>Note</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Operating activities				
Net loss		(230)	(539)	(1,235)
Adjustments to reconcile net loss to net cash flows				
Depreciation of property and equipment	12	26	32	46
Amortization of intangible assets	13	4	6	8
Share-based payments expense	17	28	53	65
Impairment loss on trade receivables	15	—	15	—
Finance income	9	(36)	(152)	(118)
Finance costs	9	26	336	974
Income tax expense	10	5	4	2
Share in losses/(earnings) of associates and joint ventures		—	2	(1)
Net foreign exchange (gains)/losses		(33)	43	(3)
Changes in working capital:				
Increase in trade receivables and other assets		(121)	(60)	(112)
Increase in trade and other liabilities		251	245	447
Increase in deferred revenue		25	77	77
Increase in provisions		20	38	8
Interest received		2	5	19
Interest paid		(1)	—	—
Income tax (received)/paid		(4)	(4)	2
Net cash flows (used in)/from operating activities		<u>(38)</u>	<u>101</u>	<u>179</u>
Investing activities				
Business combinations, net of cash acquired	5	(7)	(7)	(49)
Investment in associates and joint ventures	25	(1)	(1)	—
Purchases of property and equipment	12	(44)	(27)	(36)
Purchases of intangibles	13	(5)	(3)	(10)
Purchases of short term investments	22	—	(1,397)	(1,386)
Sales and maturities of short term investments	22	—	609	1,080
Change in restricted cash	14	(10)	(1)	(34)
Net cash flows used in investing activities		<u>(67)</u>	<u>(827)</u>	<u>(435)</u>
Financing activities				
Finance lease payments		(4)	(5)	(4)
Proceeds from issuance of Convertible Notes, net of costs	18	—	861	—
Proceeds from issuance of new shares, net of costs	16	474	—	—
Proceeds from issuance of warrants	16	—	27	9
Proceeds from exercise of share options	17	6	33	29
Net cash flows from financing activities		<u>476</u>	<u>916</u>	<u>34</u>
Net increase/(decrease) in cash and cash equivalents		<u>371</u>	<u>190</u>	<u>(222)</u>
Cash and cash equivalents at January 1	22	206	597	755
Net foreign exchange gains/(losses) on cash and cash equivalents		20	(32)	(56)
Cash and cash equivalents at December 31	<u>22</u>	<u>597</u>	<u>755</u>	<u>477</u>
Supplemental disclosure of cash flow information				
Non-cash investing and financing activities				
Issuance of shares for business combinations	5	—	—	33
Purchases of property and equipment in trade and other payables	12	1	1	5
Non-cash share-based payments related to internal development costs	13	1	—	2
Issuance of shares upon exchange of Convertible Notes	22	—	—	686
Issuance of shares in exchange for long term investment	22	—	—	910

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the 2017 consolidated financial statements

1. Corporate information

Spotify Technology S.A. (the “Company”) is a private limited company incorporated and domiciled in Luxembourg. The Company’s registered office is 42-44 avenue de la Gare, L1610, Luxembourg.

The principal activity of the Company and its subsidiaries (the “Group”) is music streaming. The Group’s premium service (“Premium Service”) provides users with unlimited online and offline high-quality streaming access to its catalog. The Premium Service offers a commercial-free music experience. The Group’s ad-supported service (“Ad-Supported Service,” and together with its Premium Service, its “Service”) has no subscription fees and provides users with limited on-demand online access to the catalog. The Group depends on securing content licenses from a number of major and minor content owners and other rights holders in order to provide its service.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of Spotify Technology S.A. comply with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and have been prepared on a historical cost basis, except for securities, long term investment, convertible senior notes (“Convertible Notes”), and derivative financial instruments, which have been measured at fair value.

The consolidated financial statements have been prepared on the basis of a full retrospective application of IFRS 15, *Revenue from Contracts with Customers*, with an adoption date as of January 1, 2017.

The preparation of the consolidated financial statements in conformity with IFRS requires the application of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a greater degree of judgment or complexity, or areas in which assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

The consolidated financial statements provide comparative information in respect of the previous periods.

(b) Unaudited pro forma equity and net loss per share

In January 2018, the Group entered into an exchange agreement with holders of outstanding Convertible Notes, pursuant to which the Group exchanged the Convertible Notes, plus accrued interest, for ordinary shares. Due to the terms and conditions of the exchange agreement the ordinary shares are recorded as a liability until a direct listing is completed. Upon a direct listing the fair value of the shares will be reclassified to equity. The unaudited pro forma consolidated statement of financial position as of December 31, 2017 has been prepared assuming the exchange agreement and a direct listing were consummated as of December 31, 2017.

The unaudited pro forma basic and diluted net loss per share assumes the exchange agreement and direct listing were consummated as of the beginning of the period and therefore assumes the shares issued upon conversion of the Convertible Notes were outstanding from January 1, 2017. The unaudited pro forma basic and diluted net loss per share also has been computed to give effect to the shares issued upon conversion of the Convertible Notes on December 15, 2017 and December 27, 2017 disclosed in Note 18 as if they were outstanding from January 1, 2017.

The numerator in the pro forma basic and diluted net loss per share calculation has been adjusted to eliminate the losses resulting from the fair value movements on Convertible Notes (see Note 9) as they were assumed to have converted upon a direct listing at the beginning of the period. See Note 11.

Notes to the 2017 consolidated financial statements

(c) Basis of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(d) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence but not control or joint control.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group accounts for its investments in associates and joint ventures using the equity method whereby the investment is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associates and joint ventures since the acquisition date.

The Group determines, at each reporting date, whether there is objective evidence that the investment in its associated companies or joint ventures is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount and the carrying amount of the investment. Any gain or loss resulting from the dilution of the Group's interest in associates and joint ventures where significant influence and joint control, respectively, is retained is recognized in the consolidated statement of operations in "Share in earnings of associates and joint ventures."

(e) Foreign currency translation

Functional and reporting currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Euro, which is the Group's reporting currency.

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 of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in the consolidated statement of operations within finance income or finance costs.

Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into Euro as follows:

- Assets and liabilities are translated at the closing rate at the reporting date;
- Income and expenses for each statement of operation are translated at average exchange rates; and
- All resulting exchange differences are recognized in other comprehensive income/(loss).

Notes to the 2017 consolidated financial statements

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the operation and translated at the closing rate at each reporting date.

(f) Revenue recognition

Accounting policies for the Group's revenues are explained in Note 4.

(g) Advertising credits

Advertising credits are issued to certain rights holders that are not transferable and that allow them to include advertisement on the Ad-Supported Service that promote their artists and the Spotify service, such as the availability of a new single or album on Spotify. These are issued in conjunction with the Group's royalty arrangements for nil consideration. There is no revenue recognized as the advertising credits are mutually beneficial to both the rights holders and the Group and do not meet the definition of a revenue contract under IFRS 15, *Revenue from Contracts with Customers*.

(h) Business combinations

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities assumed are measured initially at their fair values at the acquisition date. The excess of the consideration transferred, and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognized as goodwill.

Acquisition-related costs, other than those incurred for the issuance of debt or equity instruments, are charged to the consolidated statement of operations as they are incurred.

(i) Cost of revenue

Cost of revenue consists predominately of royalty and distribution costs related to content streaming. The Group incurs royalty costs paid to certain music record labels, music publishers, and other rights holders for the right to stream music to the Group's users. Royalties are typically calculated using negotiated rates in accordance with license agreements and are based on either subscription and advertising revenue earned, user/usage measures, or a combination of these. The determination of the amount of the rights holders' liability is complex and subject to a number of variables, including the revenue recognized, the type of content streamed and the country in which it is streamed, the service tier such content is streamed on, identification of the appropriate license holder, size of user base, ratio of Ad-Supported Users to Premium Subscribers, and any applicable advertising fees and discounts, among other variables. Some rights holders have allowed the use of their content on the platform while negotiations of the terms and conditions are ongoing. In such situations, royalties are calculated using estimated rates. In certain jurisdictions, rights holders have several years to claim royalties for musical compositions and therefore estimates of the royalties payable are made until payments are made. The Group has certain arrangements whereby royalty costs are paid in advance or are subject to minimum guaranteed amounts. An accrual is established when actual royalty costs to be incurred during a contractual period are expected to fall short of the minimum guaranteed amounts. For minimum guarantee arrangements for which the Group cannot reliably predict the underlying expense, the Group will expense the minimum guarantee on a straight-line basis over the term of the arrangement. The Group also has certain royalty arrangements where the Group would have to make additional payments if the royalty rates were below those paid to other similar licensors (most favored nation clauses). For rights holders with this clause, a comparison is done of royalties incurred to date plus estimated royalties payable for the remainder of the period to estimates of the royalties payables to other appropriate rights holders, and the shortfall, if any, is recognized on a straight-line basis over the period of the applicable most favored nation clause. An accrual and expense is recognized when it is probable that the Group

Notes to the 2017 consolidated financial statements

will make additional royalty payments under these terms. The expense related to these accruals is recognized in cost of revenue. Cost of revenue also includes credit card and payment processing fees for subscription revenue, customer service, certain employee compensation and benefits, cloud computing, streaming, facility, and equipment costs, as well as amounts incurred to produce content for the service.

(j) Research and development expenses

Research and development expenses are primarily comprised of costs incurred for development of products related to the Group's platform and service, as well as new advertising products and improvements to the Group's mobile app, desktop, and streaming services. The costs incurred include related employee compensation and benefits, facility costs, and consulting costs.

(k) Sales and marketing expenses

Sales and marketing expenses are primarily comprised of employee compensation and benefits, events and trade shows, public relations, branding, consulting expenses, customer acquisition costs, advertising, the cost of working with record labels and artists to promote the availability of new releases on the Group's platform, and the costs of providing free trials of the Premium Service. Expenses included in the costs of providing free trials are primarily derived from per user royalty fees determined in accordance with the rights holder agreements.

(l) General and administrative expenses

General and administrative expenses are comprised primarily of employee compensation and benefits for functions such as finance, accounting, analytics, legal, human resources, consulting fees, and other costs including facility and equipment costs.

(m) Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated statement of operations except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

(ii) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates, and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary differences, and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Notes to the 2017 consolidated financial statements

Deferred tax assets are recognized for unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available, against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(iii) *Uncertain tax positions*

In determining the amount of current and deferred income tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes, interest or penalties may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities. Such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(n) Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes any expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Group.

The Group adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item if the replacement part is expected to provide incremental future benefits to the Group. All repairs and maintenance are charged to the consolidated statement of operations during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method as follows:

- Property and equipment: 3 to 5 years
- Leasehold improvements: shorter of the lease term or useful life

The assets' residual values, useful lives, and depreciation methods are reviewed annually and adjusted prospectively if there is an indication of a significant change. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the consolidated statement of operations when the asset is derecognized.

(o) Intangible assets

Acquired intangible assets other than goodwill comprise acquired developed technology and patents. At initial recognition, intangible assets acquired in a business combination are recognized at their fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses.

Notes to the 2017 consolidated financial statements

The Group recognizes internal development costs as intangible assets only when the following criteria are met: the technical feasibility of completing the intangible asset exists, there is an intent to complete and an ability to use or sell the intangible asset, the intangible asset will generate probable future economic benefits, there are adequate resources available to complete the development and to use or sell the intangible asset, and there is the ability to reliably measure the expenditure attributable to the intangible asset during its development.

Intangible assets with finite lives are amortized on a straight-line basis over their estimated useful lives, typically 2 to 5 years and are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset are reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization of intangible assets is recognized in the consolidated statement of operations in the expense category consistent with the function of the intangible assets.

(p) Goodwill

Goodwill is the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. Goodwill is tested annually for impairment, or more regularly if certain indicators are present. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the operating segments that are expected to benefit from the synergies of the combination and represent the lowest level at which the goodwill is monitored for internal management purposes. Goodwill is evaluated for impairment by comparing the recoverable amount of the Group's operating segments to the carrying amount of the operating segments to which the goodwill relates. If the recoverable amount is less than the carrying amount an impairment charge is determined.

The recoverable amount of the operating segments is based on fair value less costs of disposal. The Group believes reasonable estimates and judgments have been used in assessing the recoverable amounts.

(q) Impairment of non-financial assets

Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized in the consolidated statement of operations consistent with the function of the assets, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows. Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal each reporting period.

(r) Financial instruments

(i) Financial assets

Initial recognition and measurement

The Group's financial assets are comprised of cash and cash equivalents, short term investments, trade and other receivables, a long term investment, restricted cash, and other non-current assets. All financial assets are recognized initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Purchases and sales of financial assets are recognized on the settlement date; the date that the Group receives or delivers the asset. The Group classifies its financial assets primarily as cash and cash equivalents, receivables and available for sale financial assets. Receivables are non-derivative financial assets, other than short term and long term investments described below, with fixed or determinable payments that are not quoted in an active market. They are included in current assets except for those with maturities greater than 12 months after the reporting period.

Notes to the 2017 consolidated financial statements

For more information on receivables, refer to Note 15.

Short term investments classified as available for sale financial assets are those that are neither classified as held for trading nor designated at fair value through the consolidated statement of operations. The securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions (therefore not recognized at amortized cost). These are classified as current assets.

Long term investments classified as available for sale financial assets are those that are neither classified as held for trading nor designated at fair value through the consolidated statement of operations. The security within this category is intended to be held for an indefinite period of time and for strategic investment purposes. It is classified as a non-current asset.

Subsequent measurement

After initial measurement, available for sale financial assets are measured at fair value with unrealized gains or losses recognized in other comprehensive income and credited in other reserves within equity until the investment is derecognized, at which time, the cumulative gain or loss is recognized in finance income/ costs, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available for sale reserve to the consolidated statement of operations in finance costs. Interest earned whilst holding available for sale financial assets is reported as interest income using the effective interest method.

Derecognition

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

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flow of that asset. Evidence of impairment include that debtors, individually or collectively, default in payments or other indications that they experience significant financial difficulty, including the probability of entering bankruptcy or other financial reorganization, or a significant or prolonged decline in the fair value of an investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If there is evidence of impairment for any of the Group's financial assets carried at amortized cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the asset's original effective interest rate. 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.

In the case of investments classified as available for sale, the impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the consolidated statement of operations.

Notes to the 2017 consolidated financial statements

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income.

For impairment losses recognized, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the consolidated statement of operations.

(ii) *Financial liabilities*

Initial recognition and measurement

The Group's financial liabilities are comprised of trade and other payables, other liabilities (borrowings and finance lease payments), Convertible Notes, and derivative liabilities (contingent options and warrants). All financial liabilities are recognized initially at fair value and, in the case of Convertible Notes and borrowings, net of directly attributable transaction costs.

The Group accounts for the Convertible Notes in accordance with IAS 39, *Financial Instruments: Recognition and Measurement*, 'fair value option'. Under this approach, the Convertible Notes are accounted for in their entirety at fair value, with any change in fair value after initial measurement being recorded in the consolidated statement of operations and the transaction costs were effectively immediately expensed.

The Group accounts for the warrants as a financial liability at fair value. In accordance with IAS 32, *Financial Instruments: Presentation*, the Group determined that the warrants were precluded from equity classification, because while they contain no contractual obligation to deliver cash or other financial instruments to the holders other than the Company's own shares, the exercise prices of the warrants are in US\$ and not the Company's functional currency. Therefore, the warrants do not meet the requirements that they be settled by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Subsequent measurements

Other financial liabilities

After initial recognition, payables and borrowings are subsequently measured at amortized cost using the effective interest method. The effective interest method amortization is included in finance costs in the consolidated statement of operations. Gains and losses are recognized in the consolidated statement of operations when the liabilities are derecognized.

Payables and borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Fees paid to secure loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. The fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as pre-payment for liquidity services and amortized over the period of the facility.

Financial liabilities at fair value through profit or loss

Notes to the 2017 consolidated financial statements

After initial recognition, financial liabilities at fair value through the profit or loss are subsequently remeasured at fair value at the end of each reporting period with changes in fair value recognized in finance income or finance costs in the consolidated statement of operations.

Derecognition

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

(iii) Fair value measurements

For financial assets and liabilities measured at fair value on a recurring basis, fair value is the price the Group would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. In the absence of active markets for identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Group's market assumptions. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which inputs are based on quoted prices for identical or similar instruments in markets that are not active, quoted prices for similar instruments in active markets, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the asset or liability
- Level 3: techniques which use inputs that have a significant effect on the recognized fair value that require the Group to use its own assumptions about market participant assumptions

The Group maintains policies and procedures to determine the fair value of financial assets and liabilities using what it considers to be the most relevant and reliable market participant data available. It is the Group's policy to maximize the use of observable inputs in the measurement of its Level 3 fair value measurements. To the extent observable inputs are not available, the Group utilizes unobservable inputs based upon the assumptions market participants would use in valuing the asset or liability. In determining the fair value of financial assets and liabilities employing Level 3 inputs, the Group considers such factors as the current interest rate, equity market, currency and credit environments, expected future cash flows, the probability of certain future events occurring, and other published data. The Group performs a variety of procedures to assess the reasonableness of its fair value determinations including the use of third parties.

(iv) Foreign exchange forward contracts

Beginning in 2017, the Group began entering into multiple foreign exchange forward contracts. The Group designated certain foreign exchange forward contracts as cash flow hedges when all the requirements in IAS 39 *Financial Instruments* are met. The Group recognizes the activities from these cash flow hedges as either assets or liabilities on the statement of financial position and are measured at fair value at each reporting period. The Group reflects the gain or loss on the effective portion of a cash flow hedge as a component of equity and subsequently reclassifies cumulative gains and losses to revenues or cost of

Notes to the 2017 consolidated financial statements

revenues, depending on the risk hedged, when the hedged transactions are settled. If the hedged transactions become probable of not occurring, the corresponding amounts in other reserves are immediately reclassified to finance income or costs. Foreign exchange forward contracts that do not meet the requirements in IAS 39 *Financial Instruments* to be designated as a cash flow hedge, are classified as derivative instruments not designated for hedging. The Group measures these instruments at fair value with changes in fair value recognized in finance income or costs. Refer to Note 22.

(s) Cash and cash equivalents

Cash and cash equivalents comprise cash on deposit at banks and on hand and short term deposits with a maturity of three months or less from the date of purchase that are not subject to restrictions. Cash deposits that have restrictions governing their use are classified as restricted cash, current or non-current, based on the remaining length of the restriction.

The Group classifies highly liquid investments with maturities of three months or less at the date of purchase as cash equivalents.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short term deposits as defined above.

(t) Short term investments

The Group invests in a variety of instruments, such as commercial paper, money market funds, corporate debt securities, collateralized reverse purchase agreements, and government and government agency debt securities. Part of these investments are held in short duration fixed income portfolios. The average duration of these portfolios is two years. All investments are governed by an investment policy and are held in highly-rated counterparties. Separate credit limits are assigned to each counterparty in order to minimize risk concentration.

These investments are classified as available for sale securities and are carried at fair value with the unrealized gains and losses reported as a component of equity. Management determines the appropriate classification of investments at the time of purchase and reevaluates the available for sale designations as of each reporting date. The available for sale debt securities with maturities greater than twelve months are classified as short term when they are intended for use in current operations. The cost basis for investments sold is based upon the specific identification method.

(u) Long term investment

Long term investment consists of a non-controlling equity interest in a private company. The investment is classified as an available for sale financial asset and carried at fair value through other comprehensive income. Refer to Note 22.

(v) Share capital

Ordinary shares are classified as equity.

Equity instruments are initially measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

For the years ended December 31, 2012, 2013, and 2015, the Group issued equity instruments that were part of a compound transaction whereby additional shares would be issued to the shareholders upon the occurrence of

Notes to the 2017 consolidated financial statements

certain events (see Note 16). The embedded derivatives were separated from the host contract and the resulting derivative liabilities were initially measured at fair value. The derivative liabilities are remeasured at fair value through the consolidated statement of operations at each reporting period. The difference between the consideration received for the equity instruments and the fair value of the embedded derivatives represents the equity components of the transaction. Transaction costs are allocated to the liability derivatives and equity components in proportion to their initial carrying amounts.

(w) Share-based payments

Employees of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services in consideration for equity instruments.

The cost of equity-settled transactions with employees is determined by the fair value at the date of grant using an appropriate valuation model. The cost is recognized in the consolidated statement of operations, together with a corresponding credit to other reserves in equity, over the period in which the performance and service conditions are fulfilled. The cost of equity-settled transactions with non-employees for which services are rendered over a vesting period is determined by the average fair value over the period the services are received.

The cumulative expense recognized for equity-settled transactions with employees at each reporting date until the vesting date reflects the Group's best estimate of the number of equity instruments that will ultimately vest. The expense for a period represents the movement in cumulative expense recognized at the beginning and end of that period, and is recognized in employee share-based payments. When the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for modifications that increase the total fair value of the share-based payment transaction or are otherwise beneficial to the grantee as measured at the date of modification. There have been no material modifications to any share-based payment transactions during 2015, 2016, and 2017.

Social costs are payroll taxes associated with employee salaries and benefits, including share-based compensation. Social costs in connection with granted options and restricted stock units are accrued over the vesting period based on the intrinsic value of the award that has been earned at the end of each reporting period. The amount of the liability reflects the amortization of the award and the impact of expected forfeitures. The social cost rate at which the accrual is made generally follows the tax domicile within which other compensation charges for a grantee are recognized.

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 17.

(x) Employee benefits

The Group provides defined contribution plans to its employees. The Group pays contributions to publicly and privately administered pension insurance plans on a mandatory or contractual basis. The Group has no further payment obligations once the contributions have been paid. Contributions to defined contribution plans are expensed when employees provide services. The Group's post-employment schemes do not include any defined benefit plans.

(y) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Notes to the 2017 consolidated financial statements

(z) Leases

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease. The Group leases certain items of property and equipment. Leases in which substantially all the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of operations on a straight-line basis over the period of the leases.

Leases of property and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the repayment of the liability and finance charges. The corresponding lease obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to the consolidated statement of operations over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

New and amended standards and interpretations adopted by the Group

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, which establishes principles for reporting information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, *Revenue*, and IAS 11, *Construction Contracts*, and related interpretations. The Group adopted IFRS 15, and all related amendments, on January 1, 2017 on a full retrospective basis. The 2015 and 2016 comparatives, in respect of IFRS 15, have been presented on a full retrospective basis as required. For further discussion of the Group's adoption of IFRS 15, see Note 4.

In January 2016, the IASB issued *Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)* which amended IAS 12, *Income Taxes*. The amendments primarily were issued to clarify the recognition of deferred tax assets for unrealized losses related to debt instruments measured at fair value. The Group adopted these amendments on January 1, 2017 and it did not have a material impact on the consolidated financial statements.

In January 2016, the IASB issued *Disclosure Initiative (Amendments to IAS 7)* which amended IAS 7, *Statement of Cash Flows*. The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The Group adopted these amendments on January 1, 2017 and it did not have a material impact on the consolidated financial statements. The enhanced presentation requirements under the amendments are disclosed in Note 22.

New standards and interpretations issued not yet effective

Recently issued new or revised/amended standards and interpretations effective for the Group on or after January 1, 2018, are as follows:

In July 2014, the IASB published the final version of IFRS 9, *Financial Instruments*, which reflects all phases of the financial instruments project and replaces IAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of IFRS 9, *Financial Instruments*. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but

Notes to the 2017 consolidated financial statements

restatement of comparative information may only be done if possible without the use of hindsight. Upon adoption, the Group will designate its long term investment as an equity instrument measured at fair value through other comprehensive income with gains and losses remaining in other comprehensive income without recycling to profit or loss upon derecognition. Upon adoption on January 1, 2018, the Group does not expect *IFRS 9, Financial Instruments* to have any additional material impact on the consolidated financial statements.

In January 2016, the IASB published IFRS 16, *Leases*, its new leasing standard, which will replace the current guidance in IAS 17, *Leases*, and related interpretations IFRIC 4, SIC-15 and SIC-27. The new standard requires lessees to recognize a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The standard applies to annual periods beginning on or after January 1, 2019, with earlier application permitted. The Group expects the valuation of right-of-use assets and lease liabilities, previously described as operating leases, to be the present value of its forecasted future lease commitments. The Group will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Since the Group has a significant amount of minimum lease commitments (see Note 23), the new standard is expected to have a material impact on the consolidated statement of financial position upon adoption. The Group is continuing to assess the impact of the new standard.

In June 2016, the IASB issued three amendments to IFRS 2, *Share-based Payment*, in relation to the classification and measurement share-based payment transactions. The amendments are intended to eliminate diversity in practice in three main areas: (i) the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction, (ii) the classification of a share-based payment transaction with net settlement features for withholding tax obligations, and (iii) the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments are effective for accounting periods beginning on or after January 1, 2018. The amendments are required to be applied without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The Group does not expect the amendments to IFRS 2, *Share-based Payment*, to have any material impact on the consolidated financial statements.

There are no other IFRS or IFRIC interpretations that are not effective that are expected to have a material impact.

3. Critical accounting estimates and judgments

The preparation of the consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, and equity in the consolidated financial statements and the accompanying disclosures. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The areas where assumptions and estimates are significant to the consolidated financial statements are:

- (i) The Group measures the cost of equity-settled transactions with employees and non-employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is estimated using a model which requires the determination of the appropriate inputs. The assumptions and models used for estimating the fair value of share-based payment transactions are disclosed in Note 17.
- (ii) The fair value of the Group's Convertible Notes, warrants, contingent options, and long term investment are estimated using valuation techniques using inputs based on management's judgment

Notes to the 2017 consolidated financial statements

and conditions that existed at each reporting date. The assumptions and models used for estimating the fair value of the instruments are disclosed in Note 22.

- (iii) The Group has fiscal loss carry-forwards. At period end, the Group investigates the possibility of recognizing deferred tax assets with regard to the loss carry-forwards. Deferred tax assets related to loss carry-forwards are recognized only in those cases where it is probable and there is convincing evidence that the Group will generate future taxable income to which the loss carry-forward can be utilized. See Note 10.
- (iv) In business combinations, the Group allocates the fair value of purchase consideration to the tangible assets acquired, liabilities assumed, and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets. See Note 5.
- (v) In accordance with the accounting policy described in Note 2, the Group annually performs an impairment test regarding goodwill. The fair value of the operating segments is estimated using valuation techniques using inputs based on management's judgment and conditions that existed at the testing date. The assumptions and models used for estimating the fair value are disclosed in Note 13.
- (vi) The Group's agreements and arrangements with rights holders for the content used on its platform are complex. Some rights holders have allowed the use of their content on the platform while negotiations of the terms and conditions are ongoing. In certain jurisdictions, rights holders have several years to claim royalties for musical composition and therefore estimates of the royalty accruals are based on available information and historical trends. The determination of royalty accruals involves significant judgements, assumptions, and estimates of the amounts to be paid. See Note 20.
- (vii) Management makes significant estimates and assumptions when determining the amounts to record for provision for legal contingencies. See Note 21.

The areas requiring a higher degree of judgment in applying accounting principles or complexity are:

- (i) The Group determined that three of its equity arrangements included embedded derivatives due to the existence of a downside protection clause. The evaluation of the embedded derivatives for separation from the equity instrument required significant judgment and the consideration of whether the embedded derivative was closely related to the host contract. See Notes 16 and 22.

4. Revenue recognition

Adoption of IFRS 15, *Revenue from Contracts with Customers*

On January 1, 2017, the Group adopted IFRS 15, and all related amendments, using the full retrospective transition method. The standard establishes principles for reporting information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

The main change in accounting policies as a result of the application of IFRS 15 is explained below. Such a change is made in accordance with the transitional provisions of IFRS 15.

The Group provides discounted trial periods for Premium Services where the cost of providing the service exceeds the amount received from the customer. Under IFRS 15, these arrangements meet the definition of a contract with a customer and therefore consideration received for discounted trial periods is recognized in revenue and the related costs are recognized as costs of revenue. Previously, the net loss relating to discounted trial periods was included in sales and marketing and no revenue or cost of revenue was recorded. The loss relating to free trials continues to be classified in sales and marketing.

Notes to the 2017 consolidated financial statements

The following tables summarize the adjustments posted in the Group's consolidated financial statements due to the retrospective application of IFRS 15.

Impact on consolidated statement of operations

	Impact of IFRS 15		
	2015 Pre-adoption	Adjustments (in € millions)	2015 Post-adoption
Revenue	1,929	11	1,940
Cost of revenue	1,664	50	1,714
Gross profit	265	(39)	226
Sales and marketing	259	(40)	219
Operating loss	(236)	1	(235)
Loss before tax	(226)	1	(225)
Income tax expense	5	—	5
Net loss attributable to owners of the parent	(231)	1	(230)

	Impact of IFRS 15		
	2016 Pre-adoption	Adjustments (in € millions)	2016 Post-adoption
Revenue	2,933	19	2,952
Cost of revenue	2,483	68	2,551
Gross profit	450	(49)	401
Sales and marketing	418	(50)	368
Operating loss	(350)	1	(349)
Loss before tax	(536)	1	(535)
Income tax expense	4	—	4
Net loss attributable to owners of the parent	(540)	1	(539)

Notes to the 2017 consolidated financial statements

	Impact of IFRS 15		
	2017 Pre-adoption	Adjustments (in € millions)	2017 Post-adoption
Revenue	4,066	24	4,090
Cost of revenue	3,163	78	3,241
Gross profit	903	(54)	849
Sales and marketing	621	(54)	567
Operating loss	(378)	—	(378)
Loss before tax	(1,233)	—	(1,233)
Income tax expense	2	—	2
Net loss attributable to owners of the parent	(1,235)	—	(1,235)

The impact to the opening equity attributable to owners of the parent is not material.

Revenue from contracts with customers*(i) Disaggregated revenue*

The Group discloses revenue by reportable segment and geographic area in Note 6.

*(ii) Performance obligations***Subscription revenue**

The Group generates subscription revenue from the sale of the Premium Service in which customers can listen on-demand and offline. Premium Services are sold directly to end users and through partners who are generally telecommunications companies that bundle the subscription with their own services or collect payment for the stand-alone subscriptions from their end customers. The Group satisfies its performance obligation, and revenue from these services is recognized, on a straight-line basis over the subscription period. Typically, Premium Services are paid in advance.

Premium partner services are based on a per-subscriber rate in a negotiated partner agreement and may include minimum guarantees for the number of subscriptions that will be purchased from the Group. Under these arrangements, a premium partner may bundle the Premium Service with its existing product offerings or offer the Premium Service as an add-on. Payment is remitted to the Group through the premium partner. When a minimum guarantee is within an agreement and the partner is not expected to meet the commitment, management has concluded the revenue is constrained to the revenue amounts for the actual subscriptions sold in a given period. The Group therefore only recognizes the associated revenue when it is highly probable that this will not result in a significant reversal of revenue when the uncertainty is resolved. The Group assesses the facts and circumstances, including whether the partner is acting as a principal or agent, of all partner revenue arrangements and then recognizes revenues either gross or net. Premium partner services, whether recognized gross or net, have one material performance obligation being the delivery of the Premium Service.

Advertising revenue

The Group's advertising revenue is primarily generated through display, audio, and video advertising delivered through advertising impressions. The Group enters into arrangements with advertising agencies that purchase advertising on its platform on behalf of the agencies' clients. These advertising arrangements are typically sold

Notes to the 2017 consolidated financial statements

on a cost-per-thousand basis and are evidenced by an Insertion Order (“IO”) that specifies the terms of the arrangement such as the type of ad product, pricing, insertion dates, and number of impressions in a stated period. Revenue is recognized over time based on the number of impressions delivered. IOs may include multiple performance obligations as they generally contain several different advertising products that each represent a separately identifiable promise within the contract. For such arrangements, the Group allocates revenue to each performance obligation on a relative stand-alone selling price basis. The Group determines stand-alone selling prices based on the prices charged to customers. The Group also may offer cash rebates to advertising agencies based on the volume of advertising inventory purchased. These rebates are estimated based on expected performance and historical data and result in a reduction of revenue recognized.

Additionally, the Group generates revenue through arrangements with certain suppliers to distribute advertising inventory on their ad exchange platforms for purchase on a cost-per-thousand basis. Revenue is recognized over time when impressions are delivered on the platform.

(iii) Contract liabilities

The following table provides information about contract liabilities from contracts with customers.

	January 1, 2015	December 31, 2015	December 31, 2016	December 31, 2017
	(in € millions)			
Contract liabilities				
Deferred advertising revenue	1	2	1	1
Deferred subscription revenue	62	90	148	215
	<u>63</u>	<u>92</u>	<u>149</u>	<u>216</u>

Deferred revenue is mainly comprised of subscription fees collected for services not yet performed and therefore revenue has not been recognized. Revenue is recognized over time as the services are performed. The increase in deferred revenue in 2016 and 2017 is a result of an increase in the number of Premium Subscribers. This balance will be recognized as revenue as the services are performed, which is generally expected to occur over a period up to a year.

Revenue recognized that was included in the contract liability balance at the beginning of the years ended December 31, 2016 and 2017 is €92 million and €149 million, respectively.

As permitted under IFRS 15, the Group does not disclose unsatisfied (or partially unsatisfied) performance obligations when the related contract has a duration of one year or less. The Group also applies the practical expedient under the transitional provisions of IFRS 15 and does not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Group expects to recognize that amount as revenue for the year ended December 31, 2016.

5. Business combinations

Acquisition in 2015

During 2015, the Group acquired the operations of one business. The acquisition is accounted for under the acquisition method. The total purchase consideration is €7 million, all of which was recorded in goodwill. The acquisition did not have a material impact on the Group’s total revenue or net loss for the year ended December 31, 2015.

Notes to the 2017 consolidated financial statements

Included in the arrangements are payments that are contingent on continued employment. The payments are remuneration for post-combination services and are automatically forfeited if employment terminates. A total of €2 million of post-combination cash pay-outs will be recorded as compensation expense over the service period of three years.

Acquisitions in 2016

During 2016, the Group acquired the operations of three separate businesses. The acquisitions were accounted for under the acquisition method. The total purchase consideration was €8 million, of which €7 million was recorded to goodwill, and €1 million to acquired intangibles assets.

Included in the arrangements are payments that are contingent on continued employment. The payments are recognized as remuneration for post-combination services and are automatically forfeited if employment terminates. A total of €3 million of post-combination cash pay-outs will be recorded as compensation expense over the service periods of up to three years.

The results of operations for each of the acquisitions have been included in the Group's consolidated statements of operations since the respective dates of acquisitions. Actual and pro forma revenue and results of operations for the acquisitions have not been presented because they do not have a material impact to the consolidated revenue and results of operations, either individually or in aggregate.

Acquisitions in 2017

During 2017, the Group acquired the operations of five separate businesses. The acquisitions were accounted for under the acquisition method. The total purchase consideration paid was €85 million, of which €52 million was in cash and €33 million in equity. Of the total purchase consideration, €71 million has been recorded to goodwill, €17 million to acquired intangible assets, €4 million to deferred tax liabilities, and €1 million to tangible assets.

The goodwill of €71 million represents the future economic benefits expected to arise from other intangible assets acquired that do not qualify for separate recognition, including an experienced workforce and expected future synergies.

Included in the arrangements are payments that are contingent on continued employment. The payments are recognized as remuneration for post-combination services and are automatically forfeited if employment terminates. A total of up to €22 million of post-combination cash pay-outs will be recorded as compensation expense over service periods of up to three years.

Included in one of the arrangements are 61,880 restricted stock awards that are contingent on continued employment and are accounted for as equity-settled share-based payment transactions. A total of €6 million of post-combination expense will be recorded over the service period of two and three-years from the acquisition date if not forfeited by the employees (see Note 17).

The results of operations for each of the acquisitions have been included in the consolidated statements of operations since the respective acquisition dates. Actual and pro forma revenue and results of operations for the acquisitions have not been presented because they do not have a material impact to the consolidated revenue and results of operations, either individually or in aggregate.

6. Segment information

The Group has two reportable segments: Premium and Ad-Supported. The Premium Service is a paid service in which customers can listen on-demand and offline. Revenue is generated through subscription fees. The Ad-

Notes to the 2017 consolidated financial statements

Supported Service is free to the user. Revenue is generated through the sale of advertising. Royalty costs are primarily recorded in each segment based on specific rates for each segment agreed with rights holders. The remaining royalties which are not specifically associated to either of the segments are allocated based on user activity or the revenue recognized in each segment. No operating segments have been aggregated to form the reportable segments.

Key financial performance measures of the segments including revenue, cost of revenue, and gross profit are as follows:

	<u>2015</u>	<u>2016</u>	<u>2017</u>
	(in € millions)		
Premium			
Revenue	1,744	2,657	3,674
Cost of revenue	<u>1,487</u>	<u>2,221</u>	<u>2,868</u>
Gross profit	<u><u>257</u></u>	<u><u>436</u></u>	<u><u>806</u></u>
Ad-Supported			
Revenue	196	295	416
Cost of revenue	<u>227</u>	<u>330</u>	<u>373</u>
Gross (loss)/profit	<u><u>(31)</u></u>	<u><u>(35)</u></u>	<u><u>43</u></u>
Consolidated			
Revenue	1,940	2,952	4,090
Cost of revenue	<u>1,714</u>	<u>2,551</u>	<u>3,241</u>
Gross profit	<u><u>226</u></u>	<u><u>401</u></u>	<u><u>849</u></u>

Reconciliation of gross profit

General expenditures, finance income, finance costs, taxes, and share in (losses)/earnings of associates and joint ventures are not allocated to individual segments as these are managed on an overall group basis. The reconciliation between reportable segment gross profit and loss to consolidated loss before tax is as follows:

	<u>2015</u>	<u>2016</u>	<u>2017</u>
	(in € millions)		
Segment gross profit	<u>226</u>	<u>401</u>	<u>849</u>
Research and development	(136)	(207)	(396)
Sales and marketing	(219)	(368)	(567)
General and administrative	(106)	(175)	(264)
Finance income	36	152	118
Finance costs	(26)	(336)	(974)
Share in (losses)/earnings of associates and joint ventures	—	(2)	1
Loss before tax	<u><u>(225)</u></u>	<u><u>(535)</u></u>	<u><u>(1,233)</u></u>

Notes to the 2017 consolidated financial statements

Revenue by country

	<u>2015</u>	<u>2016</u>	<u>2017</u>
	(in € millions)		
United States	741	1,173	1,577
United Kingdom	268	342	444
Luxembourg	1	1	3
Other countries	930	1,436	2,066
	<u>1,940</u>	<u>2,952</u>	<u>4,090</u>

Premium revenues are attributed to a country based on where the membership originates. Advertising revenues are attributed to a country based on where the campaign is viewed. There are no countries that make up greater than 10% of total revenue included in “Other countries”.

Non-current assets by country

Non-current assets for this purpose consists of property and equipment.

	<u>2016</u>	<u>2017</u>
	(in € millions)	
Sweden	12	32
United States	50	28
United Kingdom	19	6
Other countries	4	7
	<u>85</u>	<u>73</u>

As of December 31, 2016 and 2017, the Group held no property and equipment in Luxembourg.

7. Personnel expenses

	<u>2015</u>	<u>2016</u>	<u>2017</u>
	(in € millions, except employee data)		
Wages and salaries	163	231	348
Social costs	45	38	136
Contributions to retirement plans	7	12	17
Share-based payments	28	53	65
Other employee benefits	16	39	48
	<u>259</u>	<u>373</u>	<u>614</u>
Average full-time employees	<u>1,534</u>	<u>2,084</u>	<u>2,960</u>

8. Auditor remuneration

	<u>2015</u>	<u>2016</u>	<u>2017</u>
	(in € millions)		
Audit and audit related fees	3	4	5

Notes to the 2017 consolidated financial statements

9. Finance income and costs

	2015	2016	2017
	(in € millions)		
Finance income			
Fair value movements on derivative liabilities (Note 22)	26	23	97
Interest income	2	5	19
Other financial income	—	—	2
Foreign exchange gains	8	124	—
	<u>36</u>	<u>152</u>	<u>118</u>
Finance costs			
Fair value movements on derivative liabilities (Note 22)	(14)	(48)	(303)
Fair value movements on Convertible Notes (Note 22)	—	(245)	(524)
Interest, bank fees and other costs	(1)	(5)	(4)
Foreign exchange losses	(11)	(38)	(143)
	<u>(26)</u>	<u>(336)</u>	<u>(974)</u>

10. Income tax

	2015	2016	2017
	(in € millions)		
Current tax expense/(benefit)			
Current year	5	5	6
Changes in estimates in respect to prior year	(1)	(1)	1
	<u>4</u>	<u>4</u>	<u>7</u>
Deferred tax expense/(benefit)			
Temporary differences	—	(1)	(5)
Change in recognition of deferred tax	1	—	—
Change in tax rates	—	1	—
	<u>1</u>	<u>—</u>	<u>(5)</u>
Income tax expense	<u>5</u>	<u>4</u>	<u>2</u>

There is no income tax related to components of other comprehensive loss for any of the periods presented.

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

In 2017, the Group had recognized no current income tax expense for provisions and have cumulatively recorded liabilities of €6 million for income tax provisions at December 31, 2017, of which €5 million is reasonably expected to be resolved within twelve months.

Notes to the 2017 consolidated financial statements

A reconciliation between the reported tax expense for the year, and the theoretical tax expense that would arise when applying the statutory tax rate in Luxembourg of 29.22%, 29.22%, and 27.08% on the consolidated loss before taxes for the years ended December 31, 2015, 2016, and 2017, respectively, is shown in the table below:

	<u>2015</u>	<u>2016</u>	<u>2017</u>
	(in € millions)		
Loss before tax	(225)	(535)	(1,233)
Tax using the Luxembourg tax rate	(66)	(156)	(334)
Effect of tax rates in foreign jurisdictions	10	15	(10)
Permanent differences	8	12	15
Change in unrecognized deferred taxes	52	132	329
Other	1	1	2
Income tax expense	<u>5</u>	<u>4</u>	<u>2</u>

The major components of deferred tax assets and liabilities are comprised of the following:

	<u>2016</u>	<u>2017</u>
	(in € millions)	
Intangible assets	—	(4)
Share-based compensation	1	4
Tax losses carried forward	—	3
Property and equipment	1	3
Other	1	—
Net Tax	<u>3</u>	<u>6</u>

A reconciliation of net deferred tax is shown in the table below:

	<u>2016</u>	<u>2017</u>
	(in € millions)	
At January 1	4	3
Movement recognized in consolidated statement of operations	1	5
Movement recognized in consolidated statement of changes in equity	(2)	2
Movement due to acquisition	—	(4)
At December 31	<u>3</u>	<u>6</u>

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Reconciliation to balance sheet	<u>2016</u>	<u>2017</u>
	(in € millions)	
Deferred tax assets	3	9
Deferred tax liabilities	—	3

Notes to the 2017 consolidated financial statements

Deferred tax assets have not been recognized in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits.

	<u>2016</u>	<u>2017</u>
	(in € millions)	
Intangible assets	41	74
Share-based compensation	2	115
Tax losses carried forward	197	258
Unrealized losses	18	114
Property and equipment	6	4
Foreign tax credits	4	4
Other	4	12
	<u>272</u>	<u>581</u>

At December 31, 2017, no deferred tax liability has been recognized on investments in subsidiaries. The Company has concluded it has the ability and intention to control the timing of any distribution from its subsidiaries and will only do so in a tax advantageous manner. It is not practicable to calculate the unrecognized deferred tax liability on investments in subsidiaries.

Tax loss carry-forwards as at December 31, 2017, were expected to expire as follows:

<u>Expected expiry</u>	<u>2018-2026</u>	<u>2027 and onwards</u>	<u>Unlimited</u>	<u>Total</u>
	(in € millions)			
Tax loss carry-forwards	—	439	912	1,351
Foreign Tax Credits	4	—	—	4

The Group has significant net operating loss carry-forwards in the United States, Luxembourg, and Sweden. In certain jurisdictions, if the Group is unable to earn sufficient income or profits to utilize such carry-forwards before they expire, they will no longer be available to offset future income or profits.

In Sweden, utilization of these net operating loss carry-forwards may be subject to a substantial annual limitation if there is an ownership change within the meaning of Chapter 40, paragraphs 10-14, of the Swedish Income Tax Act (the “Swedish Income Tax Act”). In general, an ownership change, as defined by the Income Tax Act results from a transaction or series of transactions over a five-year period resulting in an ownership change of more than 50% of the outstanding stock of a company by certain categories or individuals, businesses or organizations.

In addition, in the United States, utilization of these net operating loss carry-forwards may be subject to a substantial annual limitation if there is an ownership change within the meaning of Section 382 of the Internal Revenue Code (“Section 382”). In general, an ownership change, as defined by Section 382, results from a transaction or series of transactions over a three-year period resulting in an ownership change of more than 50% of the outstanding stock of a company by certain stockholders or public groups. Since the Group formation, the Group has raised capital through the issuance of capital stock on several occasions, and the Group may continue to do so, which, combined with current or future shareholders’ disposition of ordinary shares, may or may not have resulted in such an ownership change. Such an ownership change may limit the amount of net operating loss carry-forwards that can be utilized to offset future taxable income.

The Group’s most significant tax jurisdictions are Sweden and the U.S. (both at the federal level and in various state jurisdictions). Because of its tax loss and tax credit carry-forwards, substantially all of the Group’s tax years remain open to federal, state, and foreign tax examination. Certain of the Group’s subsidiaries are currently under examination by the Swedish, U.S. and other foreign tax authorities for tax years from 2008-2016. These examinations may lead to adjustments to the Group’s taxes.

Notes to the 2017 consolidated financial statements

11. Loss per share

Basic loss per share is computed using the weighted-average number of outstanding ordinary shares during the period. Diluted loss per share is computed using the weighted-average number of outstanding ordinary shares and excludes all potential ordinary shares outstanding during the period, as their inclusion would be anti-dilutive. The Group's potential ordinary shares consist of incremental shares issuable upon the assumed exercise of stock options and warrants, and the incremental shares issuable upon the assumed vesting of unvested restricted stock units and restricted stock awards. The computation of loss per share is as follows:

	2015	2016	2017
	(in € millions, except share and per share data)		
Basic and diluted			
Net loss attributable to owners of the parent	(230)	(539)	(1,235)
<i>Shares used in computation:</i>			
Weighted-average ordinary shares outstanding	141,946,600	148,368,720	151,668,769
Basic and diluted net loss per share attributable to owners of the parent	(1.62)	(3.63)	(8.14)

Potential dilutive securities that are not included in the diluted per share calculations because they would be anti-dilutive are as follows:

	2015	2016	2017
Employee options	9,192,120	10,976,480	14,646,720
Restricted stock units	627,480	501,480	195,937
Restricted stock awards	79,360	—	61,880
Warrants	—	5,120,000	6,720,000

The potential ordinary shares issuable relating to the contingent options and Convertible Notes are issuable only upon specified contingent events. As the specified contingent events have not occurred, these contingently dilutive shares are not considered in the calculation of dilutive EPS. For further details, see Notes 16 and 18.

Unaudited pro forma net loss per share

The unaudited pro forma basic and diluted loss per share assumes the exchange agreement and direct listing was consummated as of the beginning of the period and therefore assumes the shares issued upon exchange of the Convertible Notes were outstanding from January 1, 2017. The unaudited pro forma basic and diluted net loss per share also has been computed to give effect to the shares issued upon exchange of the Convertible Notes on December 15, 2017 and December 27, 2017 disclosed in Note 18 as if they were outstanding from January 1, 2017.

Notes to the 2017 consolidated financial statements

The numerator in the pro forma basic and diluted net loss per share calculation has been adjusted to reverse the losses resulting from the fair value movements on Convertible Notes (see Note 9) as they were assumed to have been exchanged on January 1, 2017. The computation of pro forma net loss per share is as follows (in € millions, except share and per share data):

	<u>2017</u>
Basic and diluted	
Net loss attributable to owners of the parent	(1,235)
<i>Pro forma adjustment for:</i>	
Fair value movements on Convertible Notes (Note 9)	<u>524</u>
Pro forma net loss attributable to owners of the parent	<u>(711)</u>
Weighted-average ordinary shares outstanding used in computing basic net loss per share	151,668,769
<i>Pro forma adjustment for:</i>	
Assumed exchange of Convertible Notes to ordinary shares	<u>14,478,080</u>
Pro forma weighted-average ordinary shares outstanding	<u>166,146,849</u>
Pro forma basic and diluted net loss per share attributable to owners of the parent	<u><u>(4.28)</u></u>

12. Property and equipment

	Property and equipment	Leasehold improvements	Total
	<i>(in € millions)</i>		
Cost			
At January 1, 2016	96	41	137
Additions	28	10	38
Disposals	(10)	(1)	(11)
Exchange differences	(3)	1	(2)
At December 31, 2016	<u>111</u>	<u>51</u>	<u>162</u>
Additions	10	29	39
Disposals	(11)	(2)	(13)
Exchange differences	(5)	(5)	(10)
At December 31, 2017	<u>105</u>	<u>73</u>	<u>178</u>

Notes to the 2017 consolidated financial statements

	Property and equipment	Leasehold improvements (in € millions)	Total
Accumulated depreciation			
At January 1, 2016	(47)	(9)	(56)
Depreciation charge	(26)	(6)	(32)
Disposals	10	1	11
Exchange differences	1	(1)	—
At December 31, 2016	<u>(62)</u>	<u>(15)</u>	<u>(77)</u>
Depreciation charge	(37)	(9)	(46)
Disposals	11	2	13
Exchange differences	4	1	5
At December 31, 2017	<u>(84)</u>	<u>(21)</u>	<u>(105)</u>
Cost, net accumulated depreciation			
At December 31, 2016	<u>49</u>	<u>36</u>	<u>85</u>
At December 31, 2017	<u>21</u>	<u>52</u>	<u>73</u>

In 2017, the Group shortened the useful life of certain equipment due to a planned transition to the cloud and recorded accelerated depreciation of €11 million. The Group had no such charges in 2016 and 2015.

The Group leases various equipment under non-cancellable finance lease agreements over a lease term of 3 years. Property and equipment includes the following amounts where the Group is a lessee under a finance lease:

	2016 (in € millions)	2017
Finance leases	15	15
Accumulated depreciation	(10)	(14)
	<u>5</u>	<u>1</u>

Notes to the 2017 consolidated financial statements
13. Intangible assets including goodwill

	Internal development costs and patents	Acquired intangible assets	Total	Goodwill	Total
	(in € millions)				
Cost					
At January 1, 2016	5	12	17	65	82
Additions	3	—	3	—	3
Acquisitions, business combination (Note 5)	—	1	1	7	8
Write off of fully amortized intangibles	—	(1)	(1)	—	(1)
Exchange differences	—	—	—	1	1
At December 31, 2016	8	12	20	73	93
Additions	12	—	12	—	12
Acquisition, business combination (Note 5)	—	17	17	71	88
Write off of fully amortized intangibles	(2)	(11)	(13)	—	(13)
Exchange differences	—	(1)	(1)	(9)	(10)
At December 31, 2017	18	17	35	135	170
Accumulated amortization					
At January 1, 2016	(1)	(8)	(9)	—	(9)
Amortization charge	(2)	(4)	(6)	—	(6)
Write off of fully amortized intangibles	—	1	1	—	1
Exchange differences	—	1	1	—	1
At December 31, 2016	(3)	(10)	(13)	—	(13)
Amortization charge	(5)	(3)	(8)	—	(8)
Write off of fully amortized intangibles	2	11	13	—	13
Exchange differences	—	—	—	—	—
At December 31, 2017	(6)	(2)	(8)	—	(8)
Cost, net accumulated amortization					
At December 31, 2016	5	2	7	73	80
At December 31, 2017	12	15	27	135	162

Amortization of €4 million, €5 million and €8 million in 2015, 2016, and 2017, respectively, is included in research and development in the consolidated statement of operations. Research and development costs that are not eligible for capitalization have been expensed in the period incurred.

Goodwill is tested for impairment on an annual basis or when there are indications the carrying amount may be impaired. In 2015, the Group had only one operating segment. In 2016, given the Group's focus on the differentiation between Premium and Ad-Supported as distinct businesses, as well as the evolution of these services as distinct products and experiences that appeal to different customers, the combined revenue organization was separated into two businesses. For the purpose of 2016 and 2017 impairment testing, goodwill is allocated to the Group's two operating segments, Premium and Ad-Supported, based on the units that are expected to benefit from the business combination. The Group monitors goodwill at the operating segment level

Notes to the 2017 consolidated financial statements

for internal purposes, consistent with the way it assesses performance and allocates resources. The carrying amount of goodwill allocated to each of the operating segments is as follows:

	<u>Premium</u> 2016	<u>Ad- Supported</u> 2016	<u>Premium</u> 2017	<u>Ad- Supported</u> 2017
	(in € millions)			
Goodwill	64	9	119	16

Valuation methodology

The Group performed its annual impairment test in the fourth quarter of 2016. The recoverable amount of the Premium and Ad-Supported operating segments is determined by the Probability Weighted Expected Return Method (“PWERM”). The PWERM represents fair value less costs of disposal (“FVLCD”), which is classified as Level 3 under the fair value hierarchy. FVLCD is calculated using the projected revenue of the business and applying a multiple based on historical revenue multiples of comparable publicly traded companies. The PWERM method quantifies the underlying enterprise value by probability weighting the indicated equity values of potential discrete future outcomes (or “scenarios”). The weighting and key assumptions used to estimate the fair value using the PWERM were the same for both operating segments. As a result of the analysis, the FVLCD for the Premium and Ad-Supported operating segments was determined to be in excess of their carrying amounts. No impairment was recorded in 2015 and 2016.

Key assumptions used in the FVLCD calculations at the impairment testing date

The valuation models weighted the different scenarios as follows:

	<u>2016</u>
Market Approach – High Case Public Company	20%
Market Approach – Low Case Public Company	40%
Market Approach – High Case Transaction	4%
Market Approach – Low Case Transaction	6%
Private Case – Income and Market Approaches	3%

The key assumptions used to estimate the fair value of the operating segments using the PWERM are as follows:

	<u>2016</u>
Revenue multiple used to estimate enterprise value	2.0 – 3.5
Discount rate (%)	19.0

The calculation of the FVLCD is most sensitive to the revenue multiple and discount rate assumptions. Revenue multiples were selected based on the relative growth prospects, margin, and risks of comparable companies, versus the Group, as well as an assumption of market conditions at exit. The indicated value in the public company and transaction cases were discounted back to the valuation date using a rate consistent with the Group’s weighted-average cost of capital (“WACC”). There are no reasonably possible changes in the key assumptions that would result in the operating segments’ carrying amounts exceeding their recoverable amounts.

Notes to the 2017 consolidated financial statements

The Group performed its annual impairment test in the fourth quarter of 2017, and concluded that goodwill was not impaired as the fair value of the operating segments significantly exceeded their carrying amounts.

14. Restricted cash and other non-current assets

	<u>2016</u>	<u>2017</u>
	<u>(in € millions)</u>	
Restricted cash		
Lease deposits	20	41
Other	1	1
Other non-current assets	<u>2</u>	<u>12</u>
	<u><u>23</u></u>	<u><u>54</u></u>

15. Trade and other receivables

	<u>2016</u>	<u>2017</u>
	<u>(in € millions)</u>	
Trade receivables	249	295
Less: provision for impairment of trade receivables	<u>(26)</u>	<u>(23)</u>
Trade receivables – net	223	272
Other	<u>77</u>	<u>88</u>
	<u><u>300</u></u>	<u><u>360</u></u>

Trade receivables are non-interest bearing and generally have 30-day payment terms. Due to their comparatively short maturities, the carrying value of trade and other receivables approximate their fair value. The Group establishes an accrual against advances made to rights holders not expected to be recovered.

The aging of the Group's trade receivables that are not impaired is as follows:

	<u>2016</u>	<u>2017</u>
	<u>(in € millions)</u>	
Current	127	153
Overdue 1 – 30 days	45	69
Overdue 31 – 60 days	21	13
Overdue 60 – 90 days	13	11
Overdue more than 90 days	<u>17</u>	<u>26</u>
	<u><u>223</u></u>	<u><u>272</u></u>

With respect to trade receivables that are neither impaired nor past due, there are no indications at the reporting date that the debtors will not meet their payment obligations. The trade receivables past due relate to a number of customers for whom there is no recent history of default or other indicators of impairment.

Notes to the 2017 consolidated financial statements

The movements in the Group's provision for bad debts are as follows:

	<u>2016</u>	<u>2017</u>
	(in € millions)	
At January 1	6	18
Provision for receivables impairment	19	12
Receivables written off	(3)	(3)
Reversal of unutilized provisions	(4)	(12)
At December 31	<u>18</u>	<u>15</u>

The Group maintains a provision for impairment of a portion of trade receivables when collection becomes doubtful. The Group estimates anticipated losses from doubtful accounts based upon the expected collectability of all accounts receivables, which takes into account the number of days past due, collection history, identification of specific customer exposure, and current economic trends. An impairment loss on trade receivables is calculated as the difference between the carrying amount and the present value of the estimated future cash flow. Impairment losses are charged to general and administrative expense in the consolidated statement of operations. Receivables for which an impairment provision was recognized are written off against the provision when it is deemed uncollectible.

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

16. Issued share capital and other reserves

As at December 31, 2016 and 2017, the authorized and subscribed share capital was comprised of 403,001,760 shares at a par value €0.000625 each.

The Group has incentive stock option plans under which options to subscribe to the Company's share capital have been granted to executives and certain employees. Options exercised under these plans have been settled via the issuance of new shares.

On November 13, 2012, the Group entered into an equity financing agreement with new and existing shareholders for the issuance of 4,204,120 ordinary shares for total gross proceeds of €79 million and incurred transaction costs of €3 million in addition to the shares received, the new investors also received contingent options that provided downside protection (meaning that the new investors are eligible to receive additional shares at certain valuations in the event of certain triggering events such as a trade sale, public listing, or liquidation). The contingent options were determined to be embedded derivatives which required separation from the equity issuance. The contingent options recognized as a derivative liability upon issuance were valued at €39 million at December 31, 2012. Refer to Note 22.

On November 20, 2013, the Group entered into an equity financing agreement with new investors for the issuance of 8,233,160 shares. On December 19, 2013, the first closing occurred and the Group issued 5,584,160 shares for total gross proceeds of €123 million and incurred transaction costs of €2 million. The second closing occurred on January 17, 2014, whereby 2,649,000 ordinary shares were issued for total gross proceeds of €58 million. In addition to the shares received in December 2013, the new investors also received contingent options that provided downside protection (meaning that the new investors are eligible to receive additional shares at certain valuations in the event of certain triggering events such as a trade sale, public listing, or liquidation). The contingent options were determined to be embedded derivatives, which required separation from the equity issuance. The contingent options recognized as a derivative liability upon issuance were valued at €31 million at December 31, 2013. Refer to Note 22.

Notes to the 2017 consolidated financial statements

On April 17, June 9, and July 15, 2015, the Group entered into an equity financing agreement with new and existing shareholders for the issuance of 9,484,880 ordinary shares for total gross proceeds of €479 million and incurred transaction costs of €5 million. In addition to the shares received, the new investors also received contingent options that provided downside protection (meaning that the new investors are eligible to receive additional shares at certain valuations in the event of certain triggering events such as a trade sale, public listing, or liquidation). The contingent options were determined to be embedded derivatives, which required separation from the equity issuance. The contingent options are recognized as a derivative liability and were valued at €87 million upon issuance. For further details, please see Note 22.

On October 17, 2016, the Group issued, for €27 million in cash, warrants to acquire 5,120,000 ordinary shares to certain members of key management. The exercise price of each warrant is US\$50.61, which was equal to 1.2 times the fair market value of ordinary shares on the date of issuance. The warrants are exercisable at any time through October 17, 2019. For further details, please see Note 22.

On July 13, 2017, the Group issued, for €9 million in cash, a warrant to acquire 1,600,000 ordinary shares to a holder that is an employee and a member of management of the Group. The exercise price of each warrant is US\$89.73, which was equal to 1.3 times the fair market value of ordinary shares on the date of issuance. The warrants are exercisable at any time through July 2020. For further details, please see Note 22.

On December 15, 2017, the Group issued 8,552,440 ordinary shares in exchange for a non-controlling equity interest in Tencent Music Entertainment Group (“TME”) valued at €910 million. For further details, please see Note 22. The ordinary shares issued are subject to certain transfer restrictions for a period of up to three years from December 15, 2017, subject to limited exceptions, including transfers with the Group’s prior consent; transfers to certain permitted transferees; transfers pursuant to a tender offer or exchange offer recommended by the Group’s board of directors for a majority of the Group’s issued and outstanding securities; transfers pursuant to mergers, consolidations, or other business combination transactions approved by the Group’s board of directors; transfers to the Group or any of its subsidiaries; or transfers that are necessary to avoid regulation as an “investment company” under the U.S. Investment Company Act of 1940, as amended.

On December 15 and 29, 2017, the Group entered into exchange agreements with holders of a portion of its Convertible Notes, pursuant to which the Group exchanged an aggregate of US\$411 million in principal of Convertible Notes, plus accrued interest of US\$37 million, for an aggregate of 6,554,960 ordinary shares. For further details, please see Note 22.

No dividends were paid during the year or are proposed. All shares have equal rights to vote at general meetings.

Notes to the 2017 consolidated financial statements

Other reserves

	<u>2015</u>	<u>2016</u>	<u>2017</u>
	(in € millions)		
Currency translation			
At January 1	8	8	(4)
Currency translation	—	(12)	(3)
At December 31	<u>8</u>	<u>(4)</u>	<u>(7)</u>
Available for sale financial assets			
At January 1	—	—	(4)
Losses on fair value	—	(4)	(13)
Losses reclassified to consolidated statement of operations	—	—	1
At December 31	<u>—</u>	<u>(4)</u>	<u>(16)</u>
Share-based payments			
At January 1	47	77	130
Share-based payments (Note 17)	29	53	67
Income tax impact associated with share-based payments (Note 10)	1	—	3
At December 31	<u>77</u>	<u>130</u>	<u>200</u>
At December 31	<u>85</u>	<u>122</u>	<u>177</u>

Currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations into the reporting currency.

Available for sale financial assets reserve recognizes the unrealized fair value gains and losses on current asset investments held as available for sale.

Share-based payments reserve recognizes the grant date fair value of equity-settled awards provided to employees as part of their remuneration. For further details, please see Note 17.

17. Share-based payments

Employee Share Option Plans

Under the Employee Share Option Plans (“ESOP”), share options of the Company are granted to executives and certain employees of the Group. For options granted prior to January 1, 2016, the exercise price is equal to the fair value of the shares on grant date for employees in the United States and for U.S. citizens and fair value less 30% for the rest of the world. The value of the discount is included in the grant date fair value of the award. For options granted thereafter, the exercise price of the options is equal to the fair value of the shares on grant date for all employees. Generally, the first vesting period (13.5% – 25% of the initial grant) is up to one year from the grant date and subsequently vests at a rate of 6.25% each quarter until fully vested. The exercise price for options is payable in the EUR value of a fixed USD amount; therefore, the Group considers these awards to be USD-denominated. The options are generally granted with a term of 5 years.

In connection with the Group’s acquisition of Echo Nest in March of 2014, the Group assumed Echo Nest’s equity incentive plan and issued replacement awards, the Group issued 458,160 stock options at a weighted-average exercise price of US\$7.05 to replace previously held Echo Nest equity awards.

Notes to the 2017 consolidated financial statements

Restricted Stock Awards

In connection with the Group's acquisition of Echo Nest in March of 2014, the Group issued 158,720 restricted stock awards (RSAs) to certain Echo Nest employees. Vesting of the RSAs is contingent on continued employment of these employees. The awards are accounted for as equity-settled share-based payment transactions. The RSAs vested annually over a two-year period from the acquisition date.

In connection with an acquisition during 2017, the Group issued 61,880 RSAs to certain employees of the acquiree. Vesting of the RSAs is contingent on continued employment of these employees. The awards are accounted for as equity-settled share-based payment transactions. The RSAs vest over a two- and three-year period from the acquisition date.

During 2015, 2016, and 2017, the Group recorded share-based compensation expense related to RSAs of €1 million, €0 million, and €0 million, respectively. The valuation of the RSAs was consistent with the fair value of the ordinary shares further described in Note 22.

Restricted Stock Unit Program

During 2014, the Company implemented Restricted Stock Unit (RSUs) program accounted for as equity-settled share-based payment transaction. RSUs are measured based on the fair market value of the underlying stock on the date of grant. The RSUs granted to participants under the Program generally vest over three to five years. The vesting of certain RSUs could accelerate in the event of an IPO or other change in control event.

In June 2017, the shareholders approved the Director Restricted Stock Unit plan for the Company to issue awards specifically to members of its Board of Directors. During 2017, a total of 35,520 RSUs have been awarded under this plan.

During 2015, 2016 and 2017, the Group recorded share-based compensation expense related to restricted stock units of €8 million, €5 million, and €6 million, respectively. The valuation of the RSUs was consistent with the fair value of the ordinary shares further described in Note 22.

Notes to the 2017 consolidated financial statements

Activity in the RSUs and RSAs outstanding and related information is as follows:

	RSU		RSA	
	Number of RSUs	Weighted average grant date fair value US\$	Number of RSAs	Weighted average grant date fair value US\$
Outstanding at January 1, 2015	849,520	30.38	158,720	23.90
Granted	118,440	43.15	—	—
Forfeited	(228,920)	30.38	—	—
Vested	(111,560)	30.38	(79,360)	23.90
Outstanding at December 31, 2015	627,480	32.78	79,360	23.90
Granted	176,080	41.85	—	—
Forfeited	(140,000)	30.38	—	—
Released	(162,080)	32.53	(79,360)	23.90
Outstanding at December 31, 2016	501,480	36.73	—	—
Granted	80,920	59.63	61,880	90.65
Forfeited	(85,903)	37.43	—	—
Released	(300,560)	38.95	—	—
Outstanding at December 31, 2017	195,937	42.46	61,880	90.65

Activity in the share options outstanding and related information is as follows:

	ESOP		Non-employee options	
	Number of options	Weighted average exercise price US\$	Number of options	Weighted average exercise price €
Outstanding at January 1, 2015	6,972,760	12.75	4,069,600	2.43
Granted	3,347,640	40.38	—	—
Forfeited	(316,880)	20.03	(4,069,600)	(2.43)
Exercised	(711,400)	9.43	—	—
Expired	(100,000)	15.23	—	—
Outstanding at December 31, 2015	9,192,120	22.80	—	—
Granted	6,020,360	41.90	—	—
Forfeited	(512,560)	36.03	—	—
Exercised	(3,661,480)	10.15	—	—
Expired	(61,960)	20.93	—	—
Outstanding at December 31, 2016	10,976,480	36.88	—	—
Granted	5,819,520	64.11	—	—
Forfeited	(659,000)	46.34	—	—
Exercised	(1,422,520)	22.23	—	—
Expired	(67,760)	28.49	—	—
Outstanding at December 31, 2017	14,646,720	48.73	—	—
Exercisable at December 31, 2015	4,927,200	13.18	—	—
Exercisable at December 31, 2016	3,765,000	29.98	—	—
Exercisable at December 31, 2017	5,822,400	39.62	—	—

Notes to the 2017 consolidated financial statements

The weighted-average contractual life for the share options outstanding at December 31, 2015, 2016, and 2017 is 2.5 years, 3.4 years, and 3.3 years, respectively. The weighted-average share price at exercise for options exercised during 2015, 2016, and 2017 was US\$43.60, US\$42.05, and US\$57.53, respectively. The weighted-average fair value of options granted during the year ended December 31, 2015, 2016, and 2017 was US\$15.58 per option, US\$13.10 per option, and US\$18.05 per option, respectively.

The share options outstanding are comprised of the following:

	2015		2016		2017	
	Number of options	Weighted average remaining contractual life (years)	Number of options	Weighted average remaining contractual life (years)	Number of options	Weighted average remaining contractual life (years)
Range of exercise prices (US\$)						
Below 40.00	6,610,400	1.9	2,731,080	2.0	1,545,440	1.4
40.00 – 42.50	1,268,160	4.3	6,320,120	4.0	5,734,920	2.7
Above 42.50	1,313,560	4.3	1,925,280	3.6	7,366,360	3.8
	9,192,120	2.5	10,976,480	3.4	14,646,720	3.3

In determining the fair value of the employee share-based awards, the Group uses the Black-Scholes option-pricing model. The Company does not anticipate paying any cash dividends in the near future and therefore uses an expected dividend yield of zero in the option valuation model. The expected volatility is based on the historical volatility of public companies that are comparable to the Group over the expected term of the award. The risk-free rate is based on U.S. Treasury zero-coupon rates as the exercise price is based on a fixed USD amount. The expected life of the share options is based on historical data and current expectations.

The following table lists the inputs to the Black-Scholes option-pricing models used for employee share-based payments for the years ended December 31, 2015, 2016, and 2017:

	2015	2016	2017
Expected volatility (%)	39.4 – 55.9	37.9 – 45.8	32.0 – 43.5
Risk-free interest rate (%)	0.9 – 1.6	0.8 – 1.8	1.4 – 2.0
Expected life of share options (years)	2.8 – 5.2	2.5 – 5.0	2.4 – 4.4
Weighted-average share price (US\$)	36.20 – 46.50	41.20 – 44.40	50.70 – 90.65

Valuation assumptions are determined at each grant date and, as a result, are likely to change for share-based awards granted in future periods. Changes to the input assumptions could materially affect the estimated fair value of share-based payment awards.

Notes to the 2017 consolidated financial statements

The sensitivity analysis below shows the impact of increasing and decreasing expected volatility by 10% as well as the impact of increasing and decreasing the expected life by one year. This analysis was performed on stock options granted in 2017. The following table shows the impact of these changes on stock option expense for the options granted in 2017:

	<u>2017</u> <u>(in € millions)</u>
Actual stock option expense	31
Stock option expense increase (decrease) under the following assumption changes	
Volatility decreased by 10%	(8)
Volatility increase by 10%	7
Expected life decrease by 1 year	(5)
Expected life increase by 1 year	4

The expense recognized in the consolidated statement of operations for employee share-based payments is as follows:

	<u>2015</u>	<u>2016</u>	<u>2017</u>
	<u>(in € millions)</u>		
Cost of revenue	1	1	2
Research and development	11	16	21
Sales and marketing	6	10	15
General and administrative	10	26	27
	<u>28</u>	<u>53</u>	<u>65</u>

18. Convertible notes and borrowings

Convertible Notes

On April 1, 2016, the Group issued US\$1,000 million principal amount of Convertible Notes due in 2021. The notes were issued at par and bear interest of 5.0% payment-in-kind interest increasing by 100 basis points every six months after two years. Upon a specified conversion event occurring, the Convertible Notes will convert into ordinary shares at a conversion rate reflecting a conversion price equal to the lesser of a price cap per share or a discount of 20.0% to the per share price of the Company's ordinary shares. If a specified conversion event has not occurred within twelve months, the discount will increase by 250 basis points and then again, every six months thereafter until a specified conversion event has occurred. A direct listing is not considered a specified conversion event. The terms also include change of control clauses where the notes holders have the option to convert into ordinary shares. At maturity, if the notes have not yet been converted or repaid, note holders will receive cash in an amount equal to the original principal amount plus 10% annualized return.

The Group accounts for the Convertible Notes in accordance with IAS 39, *Financial Instruments: Recognition and Measurement*, 'fair value option'. Under this approach, the Convertible Notes are accounted for in its entirety at fair value through profit or loss (initial recognition). The transaction costs of approximately US\$20 million were effectively immediately expensed in finance costs.

The Convertible Note agreements include certain affirmative covenants, including the delivery of audited consolidated financial statements to the holders.

On December 15, 2017, holders of a portion of the Group's Convertible Notes exchanged US\$301 million in principal of Convertible Notes, plus accrued interest of US\$27 million, for 4,800,000 ordinary shares. The

Notes to the 2017 consolidated financial statements

Convertible Notes were recorded at fair value on the date of exchange, which was reclassified to equity upon issuance of the ordinary shares. The fair value at exchange was based on secondary market transactions of US\$600 million between note holders and a third party.

On December 27, 2017, the Group entered into an exchange agreement with holders of a portion of its Convertible Notes, pursuant to which the Group exchanged an aggregate of US\$110 million in principal of Convertible Notes, plus accrued interest of US\$10 million, for an aggregate of 1,754,960 ordinary shares as of December 29, 2017. The Convertible Notes were recorded at fair value on the date of exchange, which was reclassified to equity upon issuance of the ordinary shares. The fair value at exchange of US\$211 million was based on the ordinary share fair value as at December 31, 2017. See Note 22.

In January 2018, the Group entered into an exchange agreement with holders of the remaining balance of its Convertible Notes, pursuant to which the Group exchanged the remaining of \$628 million of Convertible Notes, plus accrued interest, for 9,431,960 ordinary shares. Pursuant to this exchange agreement, subject to certain conditions, if the Company fails to list its ordinary shares on or prior to July 2, 2018, the Group has agreed to offer to each noteholder the option to unwind the transaction such that the Group purchases back the shares that were issued to such noteholder pursuant to the exchange and will issue such noteholder a new note that is materially identical to its note prior to the exchange. The option to unwind the exchange if a listing does not occur by July 2, 2018 meets the definition of a contingent settlement event, and results in the issued equity shares (“Converted Notes”) being classified as a financial liability in the statement of financial position until the option to unwind expires due to a direct listing or the passage of time. The Group accounts for the Converted Notes in accordance with IAS 39, Financial Instruments: Recognition and Measurement, ‘fair value option’. Under this approach, the Converted Notes are accounted for in its entirety at fair value through profit or loss. We will continue to fair value the issued shares and recognize changes in fair value within finance costs in the consolidated statement of operations until the option to unwind expires due to a direct listing or the passage of time.

Finance lease liabilities

Total borrowings include finance lease liabilities. Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

	<u>2016</u>	<u>2017</u>
	<u>(in € millions)</u>	
Gross finance lease liabilities – minimum lease payments:		
Not later than one year	5	1
Later than one year but not more than 5 years	<u>1</u>	<u>—</u>
	6	1
Future finance charges on finance lease liabilities	<u>—</u>	<u>—</u>
Present value of finance lease liabilities	<u>6</u>	<u>1</u>

The present value of finance lease liabilities is as follows:

	<u>2016</u>	<u>2017</u>
	<u>(in € millions)</u>	
No later than 1 year	5	1
Later than 1 year and no later than 5 years	<u>1</u>	<u>—</u>
	<u>6</u>	<u>1</u>

Notes to the 2017 consolidated financial statements

Undrawn borrowing facilities

On December 23, 2013, the Group signed a Revolving Credit Facility with a group of lenders. The facility provided for maximum borrowings, of US\$200 million. The total facility was available for issuance under a revolving loan and US\$20 million was available for a swingline loan. The interest rates per annum under the facility were based on floating rates of interest measured by reference to an adjusted Prime rate, Federal Funds rate, London inter-bank offered rate (LIBOR), or Euro inter-bank offered rate (EURIBOR). The Group incurred loan origination fees of approximately US\$2 million, which were deferred and amortized to finance costs over the term of the facility.

The Revolving Credit Facility was terminated on April 7, 2016. The Group had no borrowings under the senior revolving credit facility at the time of its termination. No early termination penalties were incurred by the Group as a result of the termination.

The Group incurred financing costs and commitment fees, of €1 million in 2016, inclusive of loan origination amortization and unused commitment fees. Upon termination of the facility, the Group wrote off the remaining unamortized loan origination costs.

19. Trade and other payables

	<u>2016</u>	<u>2017</u>
	<u>(in € millions)</u>	
Trade payables	139	242
Value added tax and sales taxes payable	50	91
Other current liabilities	<u>12</u>	<u>8</u>
	<u>201</u>	<u>341</u>

Trade payables generally have a 30-day term and are recognized and carried at their invoiced value, inclusive of any value added tax that may be applicable.

20. Accrued expenses and other liabilities

	<u>2016</u>	<u>2017</u>
	<u>(in € millions)</u>	
<i>Non-current</i>		
Deferred rent	9	55
Borrowings (Note 18)	1	—
Other accrued liabilities	<u>—</u>	<u>1</u>
	<u>10</u>	<u>56</u>
<i>Current</i>		
Accrued fees to rights holders	562	639
Accrued salaries, vacation, and related taxes	20	34
Accrued social costs for options and RSUs	11	87
Borrowings (Note 18)	5	1
Other accrued expenses	<u>75</u>	<u>120</u>
	<u>673</u>	<u>881</u>
	<u>683</u>	<u>937</u>

Notes to the 2017 consolidated financial statements
21. Provisions

The changes in the Group's provisions were as follows:

	Legal contingencies	Onerous contracts (in € millions)	Other	Total
Carrying amount at January 1, 2016	8	6	9	23
Charged/(credited) to the consolidated statement of operations:				
Additional provisions	46	5	2	53
Reversal of unutilized amounts	—	—	—	—
Utilized	(5)	(6)	(4)	(15)
Carrying amount at December 31, 2016	49	5	7	61
Charged/(credited) to the consolidated statement of operations:				
Additional provisions	60	5	2	67
Reversal of unutilized amounts	—	—	(1)	(1)
Exchange differences	(11)	—	—	(11)
Utilized	(45)	(4)	(2)	(51)
Carrying amount at December 31, 2017	53	6	6	65
As at December 31, 2016:				
Current portion	49	4	4	57
Non-current portion	—	1	3	4
As at December 31, 2017:				
Current portion	53	4	2	59
Non-current portion	—	2	4	6

Provision for legal contingencies

Various legal actions, proceedings, and claims are pending or may be instituted or asserted against the Group. The results of such legal proceedings are difficult to predict and the extent of the Group's financial exposure is difficult to estimate. The Group records a provision for contingent losses when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

Between December 2015 and January 2016, two putative class action lawsuits were filed against Spotify USA Inc. in the U.S. District Court for the Central District of California, alleging that the Group unlawfully reproduced and distributed musical compositions without obtaining licenses. These cases were subsequently consolidated in May 2016 and transferred to the U.S. District Court for the Southern District of New York in October 2016, as *Ferrick et al. v. Spotify USA Inc.*, No. 1:16-cv-8412-AJN (S.D.N.Y). In May 2017, the parties reached a signed class action settlement agreement which the court has preliminarily approved, pursuant to which the Group will be responsible for (i) a \$43 million cash payment to a fund for the class, (ii) all settlement administration and notice costs, expected to be between \$1 million to \$2 million, (iii) a direct payment of class counsel's attorneys' fees of up to \$5 million dollars, (iv) future royalties for any tracks identified by claimants, as well as other class members who provide proof of ownership following the settlement, and (v) reserving future royalties for unmatched tracks. The final approval hearing was held on December 1, 2017 and the court has not yet issued a ruling.

Even if the settlement is finally approved, the Group may still be subject to claims of copyright infringement by rights holders who have purported to opt out of the settlement or who may not otherwise be covered by its terms.

Notes to the 2017 consolidated financial statements

Provision for onerous contracts

At December 31, 2016, onerous contracts principally represent a specific partner contract where the unavoidable cost of meeting the obligations exceeds the expected revenue. The costs associated with the provisions are recognized as cost of revenue.

At December 31, 2017, onerous contracts principally represent vacant leasehold property for which the Group has substantially ceased to use and the Group estimates a sub-tenant would be at a significantly reduced rental. In this case, the unavoidable costs of meeting the obligations under the lease exceed the economic benefits expected to be received. As such, the Group has recorded a provision for the estimated cash flows related to the property within operating expenses. The Group expects the provision to be consumed over the remaining lease term, being nine years.

Other

The Group has obligations under lease agreements to return the leased assets to their original condition. An obligation to return the leased asset to their original condition upon expiration of the lease is accounted for as asset retirement obligations. The obligations are expected to be settled at the end of the lease terms.

Indirect tax provisions relate primarily to potential non-income tax obligations in various jurisdictions. The Group recognizes provisions for claims or indirect taxes when it determines that an unfavorable outcome is probable and the amount of loss can be reasonably estimated. These provisions are recognized as general and administrative expenses.

22. Financial risk management and financial instruments

Financial risk management

The Group's 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, the Group has established guidelines in the form of a treasury policy that serves as a framework for the daily financial operations. The treasury policy stipulates the rules and limitations for the management of financial risks.

Financial risk management is centralized within Treasury who are responsible for the management of financing and financial risks. Treasury manages and executes the financial management activities, including monitoring the exposure of financial risks, cash management, and maintaining a liquidity reserve, and it provides certain financial services to the Group's entities. Treasury operates within the limits and policies authorized by the Board of Directors.

Capital management

The Group's objectives when managing capital (cash and cash equivalents, short term investments, equity, and Convertible Notes) is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's capital structure and dividend policy is decided by the Board of Directors. Treasury continuously reviews the Group's capital structure considering, amongst other things, market conditions, financial flexibility, business risk, and growth rate.

The Group is not subject to any externally imposed capital requirements.

Notes to the 2017 consolidated financial statements

Credit risk management

Financial assets carry an element of risk that counterparties may be unable to fulfill their obligations. This exposure arises from the investments in liquid funds of banks and other counterparties. The Group mitigates this risk by adopting a risk adverse approach in relation to the investment of surplus cash. The main objectives for investments are first, to preserve principal and secondarily, to maximize return given the rules and limitations of the treasury policy. Surplus cash is invested in counterparties and instruments considered to carry low credit risk. Investments are subject to credit rating thresholds and at the time of investment, no more than 10% of surplus cash can be invested in any one issuer (excluding certain government bonds and investments in cash management banks). The weighted-average maturity of the portfolio shall not be greater than 2 years, and the final maturity of any investment is not to exceed 5 years. The Group shall maintain the ability to liquidate the majority of all short term investments within 90 days. At December 31, 2016 and 2017, the financial credit risk was equal to the consolidated statement of financial position value of cash and cash equivalents and short term investments of €1,585 million and €1,509 million, respectively. No credit losses were incurred during 2016 or 2017 on investments.

The credit risk with respect to the Group's trade receivables is diversified geographically and among a large number of customers, private individuals as well as companies in various industries, both public and private. The majority of the Group's revenue is paid in advance significantly lowering the credit risk incurred for these specific counterparties. Solvency information is generally required for credit sales within the Ad sales and Partner subscription business to minimize the risk of bad debt losses and is based on information provided by credit and business information from external sources.

Liquidity risk management

Liquidity risk is the Group's risk of not being able to meet the short term payment obligations due to insufficient funds. The Group has internal control processes and contingency plans for managing liquidity risk. A centralized cash pooling process enables the Group to manage liquidity surpluses and deficits according to the actual needs at the group and subsidiary level. The liquidity management takes into account the maturities of financial assets and financial liabilities and estimates of cash flows from operations.

The Group's policy is to have a strong liquidity position in terms of available cash and cash equivalents, and short term investments.

	<u>2016</u>	<u>2017</u>
	<u>(in € millions)</u>	
Liquidity		
Short term investments	830	1,032
Short term deposits	373	122
Cash at bank and on hand	382	355
Total surplus liquidity	<u>1,585</u>	<u>1,509</u>
Liquidity position	<u>1,585</u>	<u>1,509</u>

Currency risk management

Transaction exposure relates to business transactions denominated in foreign currency required by operations (purchasing and selling) and/or financing (interest and amortization). The Group's general policy is to hedge transaction exposure on a case-by-case basis. During 2016, the Group had not entered into any hedging transactions. In 2017, the Group began entering into multiple foreign exchange forward contracts. The Group

Notes to the 2017 consolidated financial statements

strives, as far as possible, to mitigate its currency exposure in the USD denominated Convertible Notes by matching the balance with USD denominated cash and cash equivalents and short term investments creating a natural hedge. Translation exposure relates to net investments in foreign operations. The Group does not conduct translation risk hedging.

(i) Transaction exposure sensitivity

In most cases, the Group's customers are billed in their respective local currency. Major payments, such as salaries, consultancy fees, and rental fees are settled in local currencies. Royalty payments are primarily in EUR and USD. Hence, the operational need to net purchase foreign currency is primarily due to a deficit from such settlements.

The table below shows the immediate impact on net loss before tax of a 10% strengthening in the closing exchange rate of significant currencies to which the Group had exposure, at December 31, 2016 and 2017. The sensitivity associated with a 10% weakening of a particular currency would be equal and opposite. This assumes that each currency moves in isolation.

2016	SEK	AUD	EUR	GBP	USD
	(in € millions)				
(Increase)/decrease in loss before tax	(20)	6	(36)	(22)	(31)

2017	SEK	AUD	EUR	GBP	USD
	(in € millions)				
(Increase)/decrease in loss before tax	1	5	2	(2)	9

For the notional amount of the Group's foreign exchange forward contracts not designated for hedging, the immediate impact on net loss before tax of a 10% strengthening in the closing exchange rate of the USD would be a negative impact of €26 million as of December 31, 2017.

(ii) Translation exposure sensitivity

The positive impact on the Group's equity would be approximately €40 million and €27 million if the EUR weakened by 10% against all translation exposure currencies, based on the exposure at December 31, 2016 and 2017, respectively.

Interest rate risk management

Interest rate risk is the risk that changes in interest rates will have a negative impact on the Group's earnings and cash flow. The fair value of the Group's Convertible Notes is dependent on market interest rates, which may negatively impact earnings. The Convertible Notes are remeasured at each reporting date using valuation models using input data, which includes market interest rates. Changes in the fair value of the Convertible Notes are recognized in finance income or cost in the consolidated statement of operations. An increase in market interest rates will decrease the value of the Convertible Notes. The Group has not entered into any hedging arrangement to mitigate these fluctuations.

The Group's exposure to interest rate risk also is related to its interest-bearing assets, primarily its available for sale debt securities. Fluctuations in interest rates impact the yield of the investment. The sensitivity analysis considered the historical volatility of short term interest rates and determined that it was reasonably possible that a change of 100 basis points could be experienced in the near term. A hypothetical 100 basis points increase in interest rates would have impacted interest income by €6 million and €8 million for the years ended December 31, 2016 and 2017, respectively.

Notes to the 2017 consolidated financial statements

Financing risk management

The Group finances its operations through external borrowings, equity, and cash flow from operations. The funding strategy has been to diversify funding sources. Currently the external debt consists of the Convertible Notes and finance leases.

Share price risk management

Share price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in the fair value of the Company's ordinary share price. The Group's exposure to this risk relates primarily to the Convertible Notes and contingent options arising from financing activities and the outstanding warrants. At December 31, 2017, the Convertible Notes are valued at the assumed exchange to ordinary shares based on the fair value of the Company's ordinary share price. An increase of share price will increase the value of the Convertible Notes.

The contingent options and warrants are remeasured at each reporting date using valuation models using input data based on the Company's share price. Changes in the fair value of these instruments are recognized in finance income or cost. An increase of share price will decrease the value of the contingent options and an increase in the value of the warrants. The Group has not entered into any hedging arrangement to mitigate these fluctuations.

Management of insurable risks

Insurance coverage is governed by corporate guidelines and includes a common package of different property and liability insurance programs. The business is responsible for assessing the risks to decide the extent of actual coverage. Treasury manages the common Group insurance programs.

Financial instruments

Foreign exchange forward contracts

Beginning in 2017, the Group began entering into multiple foreign exchange forward contracts with financial institutions to reduce the risk that cash flows and earnings will be adversely affected by foreign currency exchange rate fluctuations. The Group does not enter into foreign exchange forward contracts for trading or speculative purposes. The Group's hedging policy is designed to mitigate the impact of foreign currency exchange rate movements on operating results. The Group principally executes its foreign exchange forward contracts in the retail market in an over-the-counter environment with a high level of price transparency. The market participants and the Group's counterparties are primarily large money center banks and regional banks.

Cash flow hedges

The Group designated certain foreign exchange forward contracts as cash flow hedges when all the requirements of IAS 39 *Financial Instruments* were met. The foreign exchange contracts protect the Group against the variability of forecasted foreign currency cash flows resulting from revenues, cost of revenues, and net asset or liability positions designated in currencies other than the Euro. All hedging relationships are formally documented, and the hedges are designed to offset changes to future cash flows on hedged transactions at the inception of the hedge. The maximum original duration of any contract allowable under the hedging policy is thirteen months. The Group's outstanding foreign exchange forward contracts designated as cash flow hedges have maturities of less than one year. The Group's primary currency pairs used for cash flow hedges are Euro / U.S. dollar, Euro / Australian dollar, Euro / British pound, and Euro / Swedish krona. The notional principal of the foreign exchange contracts was approximately €791 million as of December 31, 2017. The following table

Notes to the 2017 consolidated financial statements

summarizes the notional principal of the foreign currency exchange contracts by hedged line item in the condensed statement of operations as of December 31, 2017:

	Notional amount in foreign currency			
	Australian dollar (AUD)	British pound (GBP)	Swedish krona (SEK)	U.S. dollar (USD)
	(in millions)			
Hedged line item in consolidated statement of operations				
Revenue	130	219	1,159	16
Cost of revenue	102	156	779	11
Total	232	375	1,938	27

The Group recognizes the foreign exchange contracts from hedging activities as either assets or liabilities on the balance sheet and measures them at fair value. The Group reflects the gain or loss on the effective portion of a cash flow hedge as a component of other reserves and subsequently reclassifies cumulative gains and losses to revenues or cost of revenues, depending on the risk hedged, when the hedged transactions are recorded. If the hedged transactions become probable of not occurring, the corresponding amounts in other reserves would be immediately reclassified to finance costs. The Group evaluates hedge effectiveness at the inception of the hedge prospectively as well as retrospectively and records any ineffective portion of the hedge in finance costs in the consolidated statement of operations. Interest charges or “forward points” on the foreign exchange contracts are excluded from the assessment of hedge effectiveness and are recorded in finance costs in the consolidated statement of operations.

For the year ended December 31, 2017, no material amount of gains or losses were recognized in other comprehensive loss or the statement of operations.

The asset and liability positions of the foreign exchange forward contracts are included in other current assets and derivative liabilities on the consolidated statement of financial position, respectively.

Non designated hedges

Foreign exchange forward contracts that do not meet the requirements in IAS 39 *Financial Instruments* to be designated as a cash flow hedges are measured at fair value. The currency pair for the foreign exchange forward contracts not designated for hedging are Euro/U.S. dollar. The notional amounts of these instruments were approximately USD \$310 million and €25 million as of December 31, 2017. For the year ended December 31, 2017, the gain associated with the changes in fair value of these instruments, of €2 million, was recognized in finance income or costs.

The asset positions of the foreign exchange forward contracts not designated for hedging are included in other current assets on the consolidated statement of financial position.

Notes to the 2017 consolidated financial statements

Fair values

Set out below is a comparison of the carrying amounts and fair values of financial assets and liabilities. The carrying amounts of certain financial instruments, including cash and cash equivalents, trade and other receivables, restricted cash, trade and other payables, and accrued expenses approximate fair value due to their relatively short maturities.

	2016		2017	
	Carrying value	Fair value	Carrying value	Fair value
(in € millions)				
Financial assets				
Cash and cash equivalents	755	755	477	477
Trade and other receivables (Note 15)	300	300	360	360
Short term investments:				
Government securities	262	262	244	244
Agency securities	55	55	7	7
Corporate notes	323	323	330	330
Collateralized reverse purchase agreements	190	190	451	451
Derivatives (not designated for hedging)				
Foreign exchange forwards	—	—	2	2
Derivatives (designated for hedging)				
Foreign exchange forwards	—	—	6	6
Long term investment	—	—	910	910
Restricted cash (Note 14)	21	21	42	42
	<u>1,906</u>	<u>1,906</u>	<u>2,829</u>	<u>2,829</u>
Financial liabilities				
Fair value through profit or loss:				
Convertible Notes (Note 18)	1,106	1,106	944	944
Derivatives (not designated for hedging):				
Contingent options (Note 16)	100	100	3	3
Warrants (Note 16)	34	34	346	346
Derivatives (designated for hedging)				
Foreign exchange forwards	—	—	5	5
Trade and other payables (Note 19)	201	201	341	341
Accrued expenses and other liabilities (Note 20)	674	674	881	881
	<u>2,115</u>	<u>2,115</u>	<u>2,520</u>	<u>2,520</u>

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined in Note 2.

Notes to the 2017 consolidated financial statements

As at December 31, 2016, the Group held the following classes of financial instruments measured at fair value:

Financial assets and liabilities by fair value hierarchy level	Level 1	Level 2	Level 3	2016
	(in € millions)			
Financial assets at fair value				
Available for sale financial assets				
Short term investments:				
Government securities	248	14	—	262
Agency securities	—	55	—	55
Corporate notes	—	323	—	323
Collateralized reverse purchase agreements	—	190	—	190
Total financial assets at fair value by level	248	582	—	830
Financial liabilities at fair value				
Fair value through profit or loss:				
Convertible Notes	—	—	1,106	1,106
Derivatives (not designated for hedging):				
Contingent options	—	—	100	100
Warrants	—	—	34	34
Total financial liabilities at fair value by level	—	—	1,240	1,240

As at December 31, 2017, the Group held the following classes of financial instruments measured at fair value:

Financial assets and liabilities by fair value hierarchy level	Level 1	Level 2	Level 3	2017
	(in € millions)			
Financial assets at fair value				
Available for sale financial assets				
Short term investments:				
Government securities	206	38	—	244
Agency securities	—	7	—	7
Corporate notes	—	330	—	330
Collateralized reverse purchase agreements	—	451	—	451
Derivatives (not designated for hedging):				
Foreign exchange forwards	—	2	—	2
Derivatives (designated for hedging):				
Foreign exchange forwards	—	6	—	6
Long term investment	—	—	910	910
Total financial assets at fair value by level	206	834	910	1,950
Financial liabilities at fair value				
Fair value through profit or loss:				
Convertible Notes	—	—	944	944
Derivatives (not designated for hedging):				
Contingent options	—	—	3	3
Warrants	—	—	346	346
Derivatives (designated for hedging):				
Foreign exchange forwards	—	5	—	5
Total financial liabilities at fair value by level	—	5	1,293	1,298

Notes to the 2017 consolidated financial statements

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels at the end of the reporting period.

During the years ended December 31, 2016 and 2017 there were no transfers between levels in the fair value hierarchy.

Recurring fair value measurements

The following sections describe the valuation methodologies the Group uses to measure the Level 3 financial instruments at fair value on a recurring basis.

Long term investment

Long term investment consists of a non-controlling equity interest of approximately 9% in Tencent Music Entertainment Group ("TME"), a private company that provides digital music services to users including streaming, online live broadcasts, and karaoke services. In connection with the investment the Group agreed not to transfer its shares of TME for a period of three years from December 15, 2017, subject to limited exceptions, including transfers with TME's prior consent; transfers to certain permitted transferees; transfers pursuant to a tender offer or exchange offer recommended by TME's board of directors for a majority of TME's issued and outstanding securities; transfers pursuant to mergers, consolidations, or other business combination transactions approved by TME's board of directors; transfers to TME or any of its subsidiaries; or transfers that are necessary to avoid regulation as an "investment company" under the U.S. Investment Company Act of 1940, as amended. The investment is classified as an available-for-sale financial asset and carried at fair value through other comprehensive income. The fair value of unquoted ordinary shares has been estimated using unquoted market transactions with close proximity of December 31, 2017, net of transaction costs of €11M which is reflected as a reduction of other reserves within equity.

The fair value of the long term investment will vary over time and is subject to a variety of risks including: company performance, macro-economic, regulatory, industry, and systemic risks of the equity markets overall.

The table below presents the changes in the long term investment as at December 31:

	(in € millions)
At January 1, 2017	—
Equity issued in exchange for long term investment	910
Changes in fair value recorded in other comprehensive loss	—
At December 31, 2017	910

The impact on the fair value of the investment in TME using reasonably possible alternative assumptions with an increase or a decrease of TME's share price of 10% results in a range of €819 million to €1,001 million at December 31, 2017.

Fair value of ordinary shares

The valuation of certain items in the consolidated financial statements is consistent with the Group's use of the Probability Weighted Expected Return Method ("PWERM") to value its own shares.

The fair value of the ordinary shares is determined using recent secondary market transactions in our ordinary shares and the PWERM, which is one of the recommended valuation methods to measure fair value in privately

Notes to the 2017 consolidated financial statements

held companies with complex equity structures in the American Institute of Certified Public Accountants Practice Guide, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*. Under this method, discrete future outcomes, including as a public company, non-public company scenarios, and a merger or sale, are weighted based on estimates of the probability of each scenario. In the Group’s application of this method, five different future scenarios are identified (high and low case public company, high and low case transaction, and private company). For each scenario, an equity value is calculated based on revenue multiples, derived from listed peer companies, which are applied on different (scenario-dependent) forecasted revenues. For the private company scenario, a discounted cash flow method also is considered in determining the equity value. Ordinary share values are weighted by the probability of each scenario in the valuation model. In addition, an appropriate discount adjustment is incorporated to recognize the lack of marketability due to being a closely held entity. Finally, the impact on the share value of recent financing and secondary trading are considered.

The following weightings were applied to each valuation method:

	<u>2016</u>	<u>2017</u>
PWERM	80 –	50 –
	100%	80%
Secondary market transactions	0 –	20 –
	20%	50%

The PWERM valuations weighted the different scenarios as follows:

	<u>2016</u>	<u>2017</u>
Market Approach – High Case Public Company	20 –	25 –
	25%	40%
Market Approach – Low Case Public Company	35 –	
	40%	35%
Market Approach – High Case Transaction		4 –
	4%	6%
Market Approach – Low Case Transaction		4 –
	6%	6%
Private Case – Income and Market Approaches		5 –
	30%	30%

The key assumptions used to estimate the fair value of the ordinary shares and contingent options using the PWERM are as follows:

	<u>2016</u>	<u>2017</u>
Revenue multiple used to estimate enterprise value	2.0 – 3.5	2.2 – 4.6
Discount rate (%)	14.0 – 19.5	13.0 – 19.5
Volatility (%)	35.0 – 47.5	30.0 – 37.5

Contingent options

The Group’s derivatives include contingent options that provide investors associated with the equity financings with downside protection.

The contingent options are measured on a recurring basis in the consolidated statement of financial position and are Level 3 financial instruments recognized at fair value through the consolidated statement of operations. The contingent options are valued using the models that include the value of the Company’s ordinary shares, including the assumptions for probability scenarios and PWERM as determined above. The key assumptions used to estimate the fair value of the options using the PWERM are consistent with those noted above.

Under each scenario, the Group computed the difference between a) the value of the new shares, valued with the embedded contingent options and b) the ordinary shares, valued without the embedded contingent options (“Ordinary Shares”) to derive an indication of the value of the contingent options for each scenario. The

Notes to the 2017 consolidated financial statements

differential between new shares and the Ordinary Shares were discounted, where appropriate, to present value to arrive at an indication of the value of the contingent options for each scenario at the valuation date. Finally, the indicated values under each scenario were weighted based on the weightings noted above to determine the indicated value of the contingent options.

The impact on the fair value of the contingent options of using reasonably possible alternative assumptions with an increase or a decrease of share price of 10% results in a range of €2 million to €4 million (2016: €80 million to €122 million) at December 31, 2017.

The table below presents the changes in the contingent options liability as at December 31:

	<u>2015</u>	<u>2016</u>	<u>2017</u>
	(in € millions)		
At January 1	7	82	100
Equity financing transactions – contingent options	87	—	—
(Gain)/loss recognized in profit or loss	<u>(12)</u>	<u>18</u>	<u>(97)</u>
At December 31	<u>82</u>	<u>100</u>	<u>3</u>

The contingent options liability is included in derivative liabilities on the consolidated statement of financial position. The change in estimated fair value is recognized within finance income or costs in the consolidated statement of operations.

Warrants

On October 17, 2016, the Company sold, for €27 million, warrants to acquire 5,120,000 ordinary shares to certain holders that are employees and management of the Group. The exercise price of each warrant is US\$50.61, which was equal to 1.2 times the fair market value of ordinary shares on the date of issuance. The warrants are exercisable at any time through October 17, 2019.

On July 13, 2017, the Company sold, for €9 million, a warrant to acquire 1,600,000 ordinary shares to certain holders that are employees and management of the Group. The exercise price of each warrant is US\$89.73, which was equal to 1.3 times the fair market value of ordinary shares on date of issuance. The warrants are exercisable at any time through July 2020. The warrants are measured on a recurring basis in the consolidated statement of financial position and are Level 3 financial instruments recognized at fair value through the consolidated statement of operations. The warrants are valued using a Black-Scholes option-pricing model, which includes inputs determined from models that include the value of the Company's ordinary shares, as determined above and additional assumptions used to estimate the fair value of the warrants in the option pricing model as follows:

	<u>2016</u>	<u>2017</u>
Expected term (years)	1.85 – 2.09	0.9 – 1.6
Risk free rate (%)	0.77 – 1.14	1.17 – 1.76
Volatility (%)	35.0 – 37.5	30.0 – 37.5
Share price (US\$)	42.18 – 44.40	50.70 – 120.50

Notes to the 2017 consolidated financial statements

The table below presents the changes in the warrants liability as at December 31:

	(in € millions)
At January 1, 2016	—
Issuance of warrants for cash	27
Loss recognized in profit or loss	7
At December 31, 2016	34
Issuance of warrant for cash	9
<i>Non cash changes in profit or loss</i>	
Changes in fair value	313
Effect of changes in foreign exchange rates	(10)
At December 31, 2017	346

The warrants liability is included in derivative liabilities on the consolidated statement of financial position. The change in estimated fair value is recognized within finance costs in the consolidated statement of operations.

The sensitivity analysis below calculates the impact of increasing and decreasing expected volatility by 10% as well as the impact of increasing or decreasing the expected term by half a year. The following table shows the impact of these changes on finance costs.

	2016	2017
	(in € millions)	
Actual change in fair value recognized within finance costs	7	303
Warrants fair value adjustments increase (decrease) under the following assumption changes		
Volatility decreased by 10%	(4)	—
Volatility increase by 10%	4	—
Expected term decrease by 0.5 year	(7)	(4)
Expected term increase by 0.5 year	6	3

The impact on the fair value of the warrants of using reasonably possible alternative assumptions with an increase or a decrease of share price of 10% results in a range of €21 million to €43 million at December 31, 2016 and €333 million to €361 million at December 31, 2017. Expected volatility did not significantly impact the value of the warrants at December 31, 2017.

Convertible Notes

The Convertible Notes are measured on a recurring basis in the consolidated statement of financial position and are Level 3 financial instruments recognized at fair value through the consolidated statement of operations. At December 31, 2016, the fair value of the debt was determined based on consideration and weighting of two future scenarios, a Near Term Exit (where the debt is convertible into ordinary shares in the case of a qualifying event), and a Private Company Case. All components of the debt under the Near Term Exit and Private Company Case, with the exception of the share cap, which assumes a risk-free discount rate, were discounted at the implied rate on the date of issuance plus the chosen benchmark rate. The calculation under the Private Company Case, assumes the debt is repaid at maturity.

Notes to the 2017 consolidated financial statements

A binomial option pricing model was used to assess the value of the Price Cap Derivative. The key assumptions, including the weighting of the different scenarios and those used in valuing the Price Cap Derivative, were as follows:

	2016
Case – Near Term Exit	70%
Case – Private Company Case	30%
	2016
Risk-free rate (%)	0.6 – 0.7
Discount rate (%)	14.4 – 17.0
Benchmark interest rate (%)	9.4 – 12.0
Volatility (%)	35.0 – 42.5

At December 31, 2017, the Convertible Notes are valued at the assumed exchange to ordinary shares based on the fair value of the Company's ordinary share price. The key assumptions to the fair value of ordinary shares has been discussed above.

The table below presents the changes in the Convertible Notes as at December 31:

	(in € millions)
At January 1, 2016	—
Loan financing transaction – Convertible Notes	861
Loss recognized in profit or loss	245
At December 31, 2016	1,106
<i>Non cash changes recognized in profit or loss</i>	
Changes in fair value	666
Effect of changes in foreign exchange rates	(142)
Issuance of shares upon exchange of Convertible Notes	(686)
At December 31, 2017	944

The change in estimated fair value is recognized within finance costs in the consolidated statement of operations.

The sensitivity analysis below calculates the impact of increasing or decreasing the expected underlying interest rate by 100 basis points at December 2016. The following table shows the impact of this change on finance costs.

	2016
	(in € millions)
Actual change in fair value recognized within finance costs	245
Convertible Notes fair value adjustments increase (decrease) under the following assumption changes	
Discount rate decreased by 100 basis points	16
Discount rate increased by 100 basis points	(15)

Notes to the 2017 consolidated financial statements

The impact on the fair value of the Convertible Notes of using reasonably possible alternative assumptions with an increase or decrease in share price of 10% results in a range of €1,115 million to €1,101 million at December 31, 2016 and €1,038 million to €849 million at December 31, 2017.

23. Commitments and contingencies

Obligations under leases

The Group leases certain properties under non-cancellable operating lease agreements. The lease terms are between one and seventeen years, and the majority of the lease agreements are renewable at the end of the lease period.

The future minimum lease payments under non-cancellable operating leases as at December 31 are as follows:

	<u>2016</u>	<u>2017</u>
	(in € millions)	
Not later than one year	25	47
Later than one year but not more than 5 years	97	244
More than 5 years	90	478
	<u>212</u>	<u>769</u>

Total lease expenses were €14 million, €19 million, and €52 million for the years ended December 31, 2015, 2016, and 2017, respectively.

The Group also has finance leases for various items of equipment. The obligations under finance leases are secured by the lessor's title to the leased assets. Future minimum lease payments under finance leases and hire purchase contracts, together with the present value of the net minimum lease payments, are disclosed in Note 18.

Commitments

The Group is subject to the following minimum royalty payments associated with its license agreements as at December 31.

	<u>2016</u>	<u>2017</u>
	(in € millions)	
Not later than one year	26	1,060
Later than one year but not more than 5 years	14	635
	<u>40</u>	<u>1,695</u>

Contingencies

Various legal actions, proceedings, and claims are pending or may be instituted or asserted against the Group. These may include but are not limited to matters arising out of alleged infringement of intellectual property; alleged violations of consumer regulations; employment-related matters; and disputes arising out of supplier and other contractual relationships. As a general matter, the music and other content made available on the Group's service are licensed to the Group by various third parties. Many of these licenses allow rights holders to audit the Group's royalty payments, and any such audit could result in disputes over whether the Group has paid the proper royalties. If such a dispute were to occur, the Group could be required to pay additional royalties, and the amounts involved could be material. The Group expenses legal fees as incurred. The Group records a provision

Notes to the 2017 consolidated financial statements

for contingent losses when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. An unfavorable outcome to any legal matter, if material, could have an adverse effect on the Group's operations or its financial position, liquidity, or results of operations.

Since July 2017, six lawsuits alleging unlawful reproduction and distribution of musical compositions have been filed against the Group in (i) the *U.S. District Court for the Middle District of Tennessee (Bluewater Music Services Corporation v. Spotify USA Inc.*, No. 3:17-cv-01051; *Gaudio et al. v. Spotify USA Inc.*, No. 3:17-cv-01052; *Robertson et al. v. Spotify USA Inc.*, No. 3:17-cv-01616; and *A4V Digital, Inc. et al. v. Spotify USA Inc.*, 3:17-cv-01256), (ii) in the *U.S. District Court for the Southern District of Florida (Watson Music Group, LLC v. Spotify USA Inc.*, No. 0:17-cv-62374), and (iii) the *U.S. District Court for the Central District of California (Wixen Music Publishing Inc. v. Spotify USA, Inc.*, 2:17-cv-09288) (alleging that Spotify has infringed the copyrights in over 10,000 musical compositions). The complaints seek an award of damages, including the maximum statutory damages allowed under U.S. copyright law of \$150,000 per work infringed. The Group intends to vigorously defend the claims.

24. Related party transactions

Key management compensation

Key management includes members of the Company's executive committee and the board of directors. The compensation paid or payable to key management for Board and employee services includes their participation in share-based compensation arrangements. The disclosure amounts are based on the expense recognized in the consolidated statement of operations in the respective year.

	<u>2015</u>	<u>2016</u>	<u>2017</u>
	(in € millions)		
Key management compensation			
Short term employee benefits	15	4	4
Share-based payments	10	18	17
Post-employment benefits	—	1	—
Termination benefits	—	1	1
	<u>25</u>	<u>24</u>	<u>22</u>

As noted in Note 16, the Company issued warrants to acquire ordinary shares to certain members of key management of the Group.

On April 1, 2016, the Group issued and sold the Convertible Notes to, among others, Rivers Cross Trust, an entity wholly owned by Mr. McCarthy, the Group's Chief Financial Officer. The original principal amount purchased by Rivers Cross Trust was approximately US\$0.2 million. In January 2018, the Convertible Notes, plus accrued interest, were exchanged for ordinary shares. Refer to Note 26.

The Group recognized partner revenues from its associate in Soundtrack Your Brand Sweden AB of €1 million, €2 million, and €3 million during years ended December 31, 2015, 2016 and 2017, respectively.

Notes to the 2017 consolidated financial statements**25. Group information**

The Company's principal subsidiaries as at December 31, 2017 are as follows:

Name	Principal activities	Proportion of voting rights and shares held (directly or indirectly)	Country of incorporation
Spotify AB	Main operating company	100%	Sweden
Spotify USA Inc.	USA operating company	100%	USA
Spotify Ltd	Sales, marketing, contract research and development, and customer support	100%	UK
Spotify Norway AS	Sales and marketing	100%	Norway
Spotify Spain S.L.	Sales and marketing	100%	Spain
Spotify GmbH	Sales and marketing	100%	Germany
Spotify France SAS	Sales and marketing	100%	France
Spotify Sweden AB	Sales and marketing	100%	Sweden
Spotify Netherlands B.V.	Sales and marketing	100%	Netherlands
Spotify Canada Inc.	Sales and marketing	100%	Canada
Spotify Australia Pty Ltd	Sales and marketing	100%	Australia
Spotify Brasil Serviços De Música LTDA	Sales and marketing	100%	Brazil
Spotify Japan K.K.	Sales and marketing	100%	Japan
Spotify Singapore Pte Ltd.	Marketing	100%	Singapore

There are no restrictions on the net assets of the Group companies.

Information about associates and joint ventures

The Group holds an equity interest in Soundtrack Your Brand Sweden AB of 17.5%, this interest was diluted in February 2017 from 26.5% resulting from a financing round in which the Group did not participate. The total assets and net assets of Soundtrack Your Brand Sweden AB are not material to the Group.

The Group co-founded a joint arrangement, Symposium Stockholm AB (Symposium), in 2015. In December 2016, the Group divested its interest in Symposium to its joint arrangement partner. This did not have a material impact on the Group's consolidated financial statements.

26. Events after the reporting period

In January 2018, the Group entered into an exchange agreement with holders of the remaining balance of its Convertible Notes, pursuant to which the Group exchanged the remaining US\$628 million of Convertible Notes, plus accrued interest of US\$16 million, for an aggregate of 9,431,960 ordinary shares. Pursuant to this exchange agreement, subject to certain conditions, if the Company fails to list its ordinary shares on or prior to July 2, 2018, the Group has agreed to offer to each noteholder the option to unwind the transaction such that the Group purchases back the shares that were issued to such noteholder pursuant to the exchange and will issue such noteholder a new note that is materially identical to its note prior to the exchange.

On February 28, 2018, the Board of Directors of the Company approved a 40-to-one share split of the Company's ordinary shares which will become effective upon approval by the Company's shareholders. All share and per share information included in the accompanying financial statements has been adjusted to reflect this share split.

Notes to the 2017 consolidated financial statements

On February 16, 2018, the Company issued ten beneficiary certificates per ordinary share held of record to entities beneficially owned by the Group's founders, Daniel Ek and Martin Lorentzon, for a total of 379,201,200 beneficiary certificates. The Company's shareholders have authorized the issuance of up to 1,400,000,000 beneficiary certificates to shareholders of the Company without reserving to the Company's existing shareholders a preemptive right to subscribe for the beneficiary certificates issued in the future. Our beneficiary certificates may be issued at a ratio of between one and 20 beneficiary certificates per ordinary share as determined by the Company's board of directors at the time of issuance. Each beneficiary certificate entitles its holder to one vote. The beneficiary certificates carry no economic rights and are issued to provide the holders of such beneficiary certificates with additional voting rights. The beneficiary certificates, subject to certain exceptions, are non-transferable and shall be automatically canceled for no consideration in the case of sale or transfer of the ordinary share to which they are linked.

Spotify Technology S.A.

Ordinary Shares



Prospectus

Through and including _____, 2018 (the 25th day after the listing date of our ordinary shares), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus.

_____, 2018

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 6. Indemnification of Directors and Officers

The registrant will indemnify its directors and officers, to the fullest possible extent permitted under Luxembourg law, from and against any liabilities arising out of or in connection with their services.

The registrant will provide directors' and officers' liability insurance for its directors and officers against certain liabilities, which they may incur in connection with their activities on behalf of the registrant. The registrant intends to expand their insurance coverage against such liabilities, including by providing for coverage against liabilities under the Securities Act.

However, no indemnification will be provided against any liability to the registrant's directors or officers (i) by reason of willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties of a director or officer, (ii) with respect to any matter as to which any director or officer shall have been finally adjudicated to have acted in bad faith and not in the interest of the registrant, or (iii) in the event of a settlement, unless approved by a court or the board of directors.

Item 7. Recent Sales Of Unregistered Securities

Since January 1, 2015, we have made the following sales of unregistered securities:

Plan-Related Issuances

- From January 1, 2015 through December 31, 2015, we granted to our officers and employees options to purchase 3,347,640 ordinary shares with per share exercise prices ranging from \$25.34 to \$46.50 under our 2015 employee stock option program.
- From January 1, 2015 through December 31, 2015, we issued to our officers and employees an aggregate of 711,400 ordinary shares at per share purchase prices ranging from \$1.55 to \$36.20 pursuant to exercises of options granted under our various employee stock option programs.
- From January 1, 2015 through December 31, 2015, we granted to our directors, officers and employees an aggregate of 118,440 RSUs to be settled in ordinary shares under our various RSU plans.
- From January 1, 2015 through December 31, 2015, we issued to our directors, officers and employees an aggregate of 111,560 ordinary shares at par value pursuant to vested RSUs under our various RSU plans.
- From January 1, 2016 through December 31, 2016, we granted to our officers and employees options to purchase 6,020,360 ordinary shares with per share exercise prices ranging from \$41.20 to \$44.40 under our 2016 employee stock option program.
- From January 1, 2016 through December 31, 2016, we issued to our officers and employees an aggregate of 3,661,480 ordinary shares at per share purchase prices ranging from \$1.64 to \$46.50 pursuant to exercises of options granted under our various employee stock option programs.
- From January 1, 2016 through December 31, 2016, we granted to our directors, officers and employees an aggregate of 176,080 RSUs to be settled in ordinary shares under our various RSU plans.
- From January 1, 2016 through December 31, 2016, we issued to our directors, officers and employees an aggregate of 162,080 ordinary shares at par value pursuant to vested RSUs under our various RSU plans.

[Table of Contents](#)

- From January 1, 2017 through December 31, 2017, we granted to our officers and employees options to purchase 5,819,520 ordinary shares with per share exercise prices ranging from \$50.70 to \$90.65 under our 2017 employee stock option program.
- From January 1, 2017 through December 31, 2017, we issued to our officers and employees an aggregate of 1,422,520 ordinary shares at per share purchase prices ranging from \$1.55 to \$65.50 pursuant to exercises of options granted under our various employee stock option programs.
- From January 1, 2017 through December 31, 2017, we granted to our directors, officers and employees an aggregate of 80,920 RSUs to be settled in ordinary shares under our various RSU plans.
- From January 1, 2017 through December 31, 2017, we issued to our directors an aggregate of 300,560 ordinary shares at par value pursuant to vested RSUs under our various RSU plans.
- From January 1, 2018 through February 22, 2018, we issued to our officers and employees an aggregate of 249,000 ordinary shares at per share purchase prices ranging from \$1.64 to \$65.50 pursuant to exercises of options granted under our various employee stock option programs.

Acquisition-Related Issuances

- On May 4, 2017, we issued to three individuals an aggregate of 32,480 ordinary shares in connection with our acquisition of all the outstanding shares of a company.
- On November 16, 2017, we issued to 14 individuals and 37 entities an aggregate of 471,440 ordinary shares in connection with our acquisition of all the outstanding shares of a company.

Other Issuances

- On April 28, 2015, June 10, 2015, June 24, 2015, and July 15, 2015, we issued to three individuals and 29 entities an aggregate of 9,484,880 ordinary shares at per share purchase prices ranging from €49.05 to €51.30 in connection with a private placement.
- On March 24, 2016, we entered into a convertible note purchase agreement, pursuant to which, on April 1, 2016, we issued and sold to various accredited investors \$1,000 million aggregate principal amount of Convertible Notes, as further described in “Part I—Management’s Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness—Description of Convertible Notes.”
- On December 14, 2017, pursuant to the Tencent Exchange, we issued to seven entities an aggregate of 4,800,000 ordinary shares in exchange for an aggregate of \$301 million of Convertible Notes, plus accrued interest.
- On December 15, 2017, pursuant to the Tencent Transactions, we issued to an affiliate of TME an aggregate of 8,552,440 ordinary shares in exchange for a non-controlling equity interest in TME valued at €910 million.
- On December 27, 2017, pursuant to the December Exchange, we issued to five accredited investors in our Convertible Notes an aggregate of 1,754,960 ordinary shares in exchange for an aggregate of \$110 million of Convertible Notes, plus accrued interest.
- On January 11, 2018, we issued to an existing shareholder an aggregate of 36,920 ordinary shares for \$5 million in cash pursuant to the Tencent Transactions.
- On January 31, 2018, pursuant to the January Exchange, we issued to 34 accredited investors in our Convertible Notes an aggregate of 9,431,960 ordinary shares in exchange for an aggregate of \$628 million of Convertible Notes, plus accrued interest.
- On February 16, 2018, we issued an aggregate of 379,201,200 beneficiary certificates to entities beneficially owned by our founders, Daniel Ek and Martin Lorentzon.

[Table of Contents](#)

Unless otherwise stated, the sales of the above securities were deemed to be exempt from registration under the Securities Act in reliance upon Section 4(a)(2) of the Securities Act (or Regulation D or Regulation S promulgated thereunder), or Rule 701 promulgated under Section 3(b) of the Securities Act as transactions by an issuer not involving any public offering or pursuant to benefit plans and contracts relating to compensation as provided under Rule 701.

Item 8. Exhibits And Financial Statement Schedules

(a) Exhibits

The following are filed as exhibits hereto:

<u>Exhibit No.</u>	<u>Description</u>
3.1	Amended and Restated Articles of Association of Spotify Technology S.A. (English Translation), as currently in effect.
3.2*	Amended and Restated Articles of Association of Spotify Technology S.A. (English Translation), as in effect prior to the effectiveness of the registration statement.
4.1*	Voting Agreement among Spotify Technology S.A., MH1 LLC, and D.G.E. Investments Limited, dated February 2, 2017.
5.1	Opinion of Arendt & Medernach SA.
8.1	Opinion of Arendt & Medernach SA as to Luxembourg tax matters.
10.1	Form of Terms and Conditions for Warrants 2016 in Spotify Technology S.A.
10.2	Form of Terms and Conditions for Warrants 2017 in Spotify Technology S.A.
10.3	Terms and Conditions Governing Employee Stock Options 2018/2023 in Spotify Technology S.A., dated January 1, 2018.
10.4	Terms and Conditions Governing Employee Stock Options 2017/2022 in Spotify Technology S.A., dated December 2, 2016.
10.5	Terms and Conditions Governing Employee Stock Options 2016/2021 in Spotify Technology S.A., dated January 1, 2016.
10.6	Terms and Conditions Governing Employee Stock Options 2015/2020 in Spotify Technology S.A., dated March 1, 2015.
10.7	Terms and Conditions Governing Employee Stock Options 2014/2019 in Spotify Technology S.A., dated March 1, 2014.
10.8	Terms and Conditions Governing Restricted Stock Units 2018/2023 in Spotify Technology S.A., dated January 1, 2018.
10.9	Terms and Conditions Governing Restricted Stock Units 2017/2022 in Spotify Technology S.A., dated June 1, 2017.
10.10	Terms and Conditions Governing Restricted Stock Units 2016/2021 in Spotify Technology S.A., dated June 1, 2016.
10.11	Terms and Conditions Governing Restricted Stock Units 2015/2020 in Spotify Technology S.A., dated June 1, 2015.
10.12	Terms and Conditions Governing Restricted Stock Units 2014/2019 in Spotify Technology S.A., dated October 1, 2014.

[Table of Contents](#)

Exhibit No.	Description
10.13	Terms and Conditions Governing Director Restricted Stock Units 2018/2022 in Spotify Technology S.A., dated February 28, 2018.
10.14	Terms and Conditions Governing Director Restricted Stock Units 2017/2021 in Spotify Technology S.A., dated June 30, 2017.
10.15	Terms and Conditions Governing Director Restricted Stock Units 2016/2020 in Spotify Technology S.A., dated September 30, 2016.
10.16	The Echo Nest Corporation 2007 Stock Option and Grant Plan.
10.17	Form of Incentive Stock Option Agreement under The Echo Nest Corporation 2007 Stock Option and Grant Plan, by and between The Echo Nest Corporation and optionees.
10.18	Form of Notice of Conversion of Echo Nest Stock Options, by and between Spotify Technology S.A. and certain employees.
10.19	Form of Restricted Consideration Agreement, by and between Spotify Technology S.A. and restricted sellers.
10.20	Subscription Agreement by and among Tencent Music Entertainment Group, Tencent Music Entertainment Hong Kong Limited, Spotify Technology S.A. and Spotify AB, dated as of December 8, 2017.
10.21	Investor Agreement by and among Spotify Technology S.A., Tencent Music Entertainment Group, Tencent Music Entertainment Hong Kong Limited, Tencent Holdings Limited, Image Frame Investment (HK) Limited and with respect to certain sections only, D.G.E. Investments Limited and Rosello Company Limited, dated as of December 15, 2017.
10.22	Exchange Agreement by and among Spotify Technology S.A. and the noteholders party thereto, dated as of December 8, 2017.
10.23	Exchange Agreement by and among Spotify Technology S.A. and the noteholders party thereto, dated as of December 27, 2017.
10.24	Exchange Agreement by and among Spotify Technology S.A. and the noteholders party thereto, dated as of January 29, 2018.
10.25†	Digital Distribution Agreement by and between Sony Music Entertainment and Spotify AB, effective as of April 1, 2017.
10.26†	Amendment to Digital Distribution Agreement by and between Sony Music Entertainment and Spotify AB, effective as of April 11, 2017.
10.27†	Second Amendment to Digital Distribution Agreement by and between Sony Music Entertainment and Spotify AB, effective as of April 1, 2017.
21.1	List of Subsidiaries.
23.1	Consents of Arendt & Medernach SA (included in Exhibit 5.1 and in Exhibit 8.1).
23.2	Consent of Ernst & Young AB.

† Confidential treatment requested as to certain portions, which portions have been omitted and filed separately with the SEC.

* To be filed by amendment.

(b) Financial Statement Schedules

All schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

Item 9. Undertakings

The undersigned hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to the registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement.

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) To file a post-effective amendment to the registration statement to include any financial statements required by Item 8.A. of Form 20-F at the start of any delayed offering or throughout a continuous offering. Financial statements and information otherwise required by Section 10(a)(3) of the Securities Act need not be furnished, provided that the registrant includes in the prospectus, by means of a post-effective amendment, financial statements required pursuant to this paragraph (4) and other information necessary to ensure that all other information in the prospectus is at least as current as the date of those financial statements.

(5) That, for the purpose of determining liability under the Securities Act to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use;

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused the registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York on February 28, 2018.

Spotify Technology S.A.

By: /s/ Barry McCarthy

Name: Barry McCarthy

Title: Chief Financial Officer

II-6

POWER OF ATTORNEY

Each of the undersigned officers and directors of Spotify Technology S.A. hereby constitutes and appoints Daniel Ek and Barry McCarthy, and each of them any of whom may act without joinder of the other, the individual's true and lawful attorneys-in-fact and agents, each with full power of substitution and resubstitution, for the person and in his or her name, place and stead, in any and all capacities, to sign this registration statement of Spotify Technology S.A. on Form F-1, and any other registration statement relating to the same offering (including any registration statement, or amendment thereto, that is to become effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, as amended), and any and all amendments thereto (including post-effective amendments to the registration statement), and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their substitute or substitutes, may lawfully do or cause

Pursuant to the requirements of the Securities Act of 1933, the registration statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Daniel Ek</u> Daniel Ek	Chief Executive Officer, Chairman, and Director (Principal Executive Officer)	February 28, 2018
<u>/s/ Barry McCarthy</u> Barry McCarthy	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	February 28, 2018
<u>/s/ Martin Lorentzon</u> Martin Lorentzon	Director	February 28, 2018
<u>/s/ Christopher Marshall</u> Christopher Marshall	Director	February 28, 2018
<u>/s/ Shishir Mehrotra</u> Shishir Mehrotra	Director	February 28, 2018
<u>/s/ Heidi O'Neill</u> Heidi O'Neill	Director	February 28, 2018
<u>/s/ Ted Sarandos</u> Ted Sarandos	Director	February 28, 2018
<u>/s/ Thomas Staggs</u> Thomas Staggs	Director	February 28, 2018
<u>/s/ Cristina Stenbeck</u> Cristina Stenbeck	Director	February 28, 2018
<u>/s/ Padmasree Warrior</u> Padmasree Warrior	Director	February 28, 2018

AUTHORIZED REPRESENTATIVE

Pursuant to the requirements of the Securities Act of 1933, the registrant's duly authorized representative has signed the registration statement on Form F-1, in the City of New York, State of New York on February 28, 2018.

By: /s/ Barry McCarthy
Name: Barry McCarthy
Title: Authorized Representative in the
United States

« SPOTIFY TECHNOLOGY S.A. »

société anonyme

L-1610 Luxembourg, 42-44 Avenue de la Gare

R.C.S. Luxembourg, section B numéro 123 052

STATUTS COORDONNES à la date du 17 janvier 2018

PAGE 1

CHAPTER I. FORM, NAME, REGISTERED OFFICE, OBJECT, DURATION

Article 1.- Form, Name

There is hereby established a company (the “**Company**”) in the form of a “*société anonyme*” which will be governed by the laws of the Grand Duchy of Luxembourg, especially the law of August 10th, 1915 on commercial companies, as amended, by article 1832 of the Civil Code and by the present articles of incorporation (The “**Articles of Incorporation**”).

The Company will exist under the name of “**SPOTIFY TECHNOLOGY S.A.**”.

Article 2.- Registered Office

The Company will have its registered office in the City of Luxembourg.

The registered office may be transferred to any other place within the City of Luxembourg by a resolution of the Board of Directors.

Branches or other offices may be established either in the Grand Duchy of Luxembourg or abroad by resolution of the Board of Directors.

In the event that in the view of the Board of Directors extraordinary political, economic or social developments occur or are imminent that would interfere with the normal activities of the Company at its registered office or with the ease of communications with such office or between such office and persons abroad, it may temporarily transfer the registered office abroad, until the complete cessation of these abnormal circumstances. Such temporary measures will have no effect on the nationality of the Company, which, notwithstanding the temporary transfer of the registered office, will remain a company governed by the laws of the Grand Duchy of Luxembourg. Such temporary measures will be taken and notified to any interested parties by one of the bodies or persons entrusted with the daily management of the Company.

Article 3.- Object

The object of the Company is the acquisition and holding of direct or indirect interests in Luxembourg and/or in foreign undertakings, as well as the administration, development and management of its holdings.

The Company may provide any financial assistance to subsidiaries, affiliated companies or other companies forming part of the group of which the Company belongs, such as, among others, the providing of loans and the granting of guarantees or securities in any kind or form.

The Company may also use its funds to invest in real estate, in intellectual property rights or any other movable or immovable assets in any kind or form.

The Company may borrow in any kind or form and privately issue bonds or notes.

In a general fashion the Company may carry out any commercial, industrial or financial operation, which it may deem useful in the accomplishment and development of its purposes.

Article 4.- Duration

The Company is established for an unlimited duration.

It may be dissolved by a decision of the sole shareholder or by a general meeting voting with the quorum and majority rules provided by law.

CHAPTER II. CAPITAL, SHARES

Article 5.- Capital

The corporate subscribed share capital is set at **one hundred and four thousand five hundred and thirty-six point five hundred euro (104,536.500 EUR)** divided into **four million one hundred and eighty-one thousand four hundred and sixty (4,181,460) shares** having a nominal value of **zero point zero twenty-five Euro (0.025 EUR) each**, fully paid up.

The Company's authorized share capital is fixed at one hundred and forty-seven thousand three hundred and thirty-nine point six hundred (147,339.600 EUR) divided into five million eight hundred and ninety-three thousand five hundred and eight-four (5,893,584) shares with a par value of zero point zero twenty-five Euro (0,025 EUR) each.

The Board of Directors is authorized to sub-delegate to one of the Company's Directors or officer of the Company or to any other duly authorized person, during a period ending five (5) years after the date of publication of the minutes of the extraordinary general meeting of shareholders held on 21 April 2016, in the Mémorial C, Recueil des Sociétés et Associations, (i) realise any increase of the corporate capital within the limits of the authorised capital in one or several successive tranches, by the issue of new shares, with or without share premium, in consideration for a payment in cash or in kind (a) following the exercise of subscription rights and/or (b) following the exercise of conversion rights granted by the Board of Directors under the terms of warrants (which may be separate or attached to shares, notes or similar instruments), convertible notes or similar instruments issued from time to time by the Company, (c) by conversion of Claims or (d) in any other manner; (ii) determine the place and date of the issue, the issue price, the terms and conditions of the subscription and the payment of the newly issued shares; and (iii) withdraw or restrict the preferential subscription right of the shareholders in case the new shares are subscribed for in cash.

The authorized and the subscribed capital of the Company may be increased or reduced by a decision of the general meeting of shareholders voting with the same quorum as for the amendment of the articles of incorporation..

Article 6.- Shares

The shares will be in the form of registered shares only.

A shareholders' register which may be examined by any shareholder will be kept at the registered office. The register will contain the precise designation of each shareholder and the indication of the number of shares held, the indication of the payments made on the shares as well as the transfers of shares and the dates thereof.

Each shareholder will notify to the Company by registered letter its address and any change thereof. The Company will be entitled to rely on the last address thus communicated.

Ownership of the registered share will result from the recordings in the shareholders' register.

The transfers of shares will be carried out by a declaration of transfer entered into the shareholders' register, dated and signed by the transferor and the transferee or by their representative(s). The transfers of shares may also be carried out in accordance with the rules on the transfer

of claims laid down in article 1690 of the Luxembourg Civil Code. Furthermore, the Company may accept and enter into the shareholders' register any transfer referred to in any correspondence or other document showing the consent of the transferor and the transferee.

Certificates reflecting the recordings in the shareholders' register will be delivered to the shareholders.

The Company may issue multiple share certificates.

Shares may be held in trust by one or several shareholders.

Article 7.- Increase and Reduction of Capital

The authorized capital and the subscribed capital of the Company may be increased or reduced in one or several times by a resolution of the shareholders voting with the quorum and majority rules set by these Articles of Incorporation or, as the case may be, by the law for any amendment of these Articles of Incorporation.

The subscribed capital of the Company may also be increased in one or several times by a resolution of the Board of Directors within the limits of the authorized capital.

The new shares to be subscribed for by contribution in cash will be offered by preference to the existing shareholders in proportion to the part of the capital which those shareholders are holding. The Board of Directors shall determine the period within which the preferred subscription right shall be exercised. This period may not be less than thirty days.

Notwithstanding the above, the general meeting, voting with the quorum and majority rules required for any amendment of the Articles of Incorporation, may limit or withdraw the preferential subscription right or authorize the Board of Directors to do so.

Article 8.- Acquisition of own shares

The Company may acquire its own shares.

The acquisition and holding of its own shares will be in compliance with the conditions and limits established by the law.

CHAPTER III. BOARD OF DIRECTORS, STATUTORY AUDITORS

Article 9.- Beneficiary Certificates

The Company may issue, from time to time, beneficiary certificates ("parts bénéficiaires") having the rights set forth in these Articles of Incorporation (the "**Beneficiary Certificates**"). The Board of Directors is hereby authorized to issue up to 35,000,000 Beneficiary Certificates without reserving to the existing shareholders a pre-emptive right to subscribe for the Beneficiary Certificates issued. The Beneficiary Certificates may only be issued to shareholders of the Company. The Board of Directors shall determine, in its absolute discretion, to which shareholders such Beneficiary Certificates shall be issued. At the time of their issuance, the Board of Directors shall link the Beneficiary Certificates to one or more shares of the Company held by the shareholder(s) to whom they are being issued based on a specific ratio applicable to such shareholder as determined by the Board of Directors at time of issuance, with such ratio expected to be between 1:1 and 20:1 of Beneficiary Certificates to shares.

In the event that the Board of Directors proceeds to an issue of Beneficiary Certificates in accordance with the provisions of this Article 9, it shall take, or cause to be taken, all steps necessary to amend the Articles of Incorporation to reflect such issuance.

The Beneficiary Certificates shall be issued in registered form only and the ownership of each Beneficiary Certificate shall be established by an entry in a register of Beneficiary Certificates (the “ **BC Register** ”). The BC Register shall constitute evidence of ownership of the Beneficiary Certificates and the person whose name appears in the BC Register as a holder shall be treated as the owner of the Beneficiary Certificates registered in his name.

The BC Register may be maintained by the Company at its registered office or may be entrusted by the Company to a transfer agent. The BC Register shall contain the identity of the holders, the number of Beneficiary Certificates held by each of them as well as their address and the date of entry. In case of transfer, redemption or cancellation in accordance with the provisions of these Articles of Incorporation, appropriate entries shall be made.

The Company shall recognize only one single owner per Beneficiary Certificate. If one or more Beneficiary Certificates are jointly owned, or if fractions of a Beneficiary Certificate are held by several holders or if the ownership of such Beneficiary Certificate(s) is disputed, all persons claiming a right to such Beneficiary Certificate(s), or holding a fraction of a Beneficiary Certificate respectively, have to appoint one single attorney to represent such Beneficiary Certificate(s) towards the Company. The failure to appoint such attorney implies a suspension of the voting right(s) attached to such Beneficiary Certificate(s).

The Beneficiary Certificates shall not carry any right to participate in any dividend, share premium repayment or any other kind of distributions, including the distribution of any liquidation proceeds, made by the Company.

Each Beneficiary Certificate shall carry one (1) vote at any general meeting of the Company and each Beneficiary Certificate will be taken into consideration for the calculation of quorum and majority required for any such general meeting of the Company. Unless the context or the terms of the present Article otherwise require, any reference to the shareholders made in the present Articles of Incorporation shall also include the holders of the Beneficiary Certificates.

The Beneficiary Certificates may not be transferred and shall automatically be cancelled in case of sale or transfer of the share(s) to which they are linked, provided that exceptions to transfers of Beneficiary Certificates or to their cancellation upon sale or transfer of the respective underlying shares to which they are linked may be made by the Board of Directors on a case-by-case basis and in its absolute discretion, at which time the Board may also recalculate the ratio and, if applicable, re-allocate any such non-cancelled Beneficiary Certificates to the remaining applicable shares (which are already linked to other Beneficiary Certificates) on a pro rata basis. In case of any permitted recalculation of shares as a result of a share split, bonus issue of shares, subdivision or split of shares or a combination of shares through a reverse split or similar actions, the Beneficiary Certificates shall be treated in the same manner as the shares to which they are linked.

In the same manner, all the Beneficiary Certificates shall automatically be cancelled in case the number of shares held by Rosello Company Limited and D.G.E Investments Ltd, including their respective successors, in the aggregate, falls under 189,115.

Any amendment to the rights of the holders of Beneficiary Certificates set out in the Articles of Incorporation shall require a decision of the general meeting of shareholders adopted with the quorum and majority required for an amendment to the Articles of Incorporation. In addition, the same quorum and majority shall also be reached in a meeting of the holders of Beneficiary Certificates as if the same were voting as a separate class.

Article 10.- Board of Directors

The Company will be managed and administered by a board of directors (the “Board of Directors”) composed of class A directors (the “A Directors”) and B Directors (the “B Directors”) who need not be shareholders (the “Directors”).

The Directors will be elected by the shareholders’ meeting which will determine the duration of their mandate, and they will hold office until their successors are elected. They are re eligible, but they may be removed at any time, with or without cause, by a resolution of the shareholders’ meeting.

Article 11.- Meetings of the Board of Directors

The Board of Directors will appoint from among its members a chairman (the “**Chairman**”). It may also appoint a secretary, who need not be a Director and who will be responsible for keeping the minutes of the meetings of the Board of Directors and of the shareholders.

The Board of Directors will meet upon call by the Chairman. A meeting of the Board of Directors must be convened if any of two Directors so require.

The Chairman will preside at all meetings of the Board of Directors and of the shareholders (if required), except that in his absence the Board of Directors may appoint another Director and the general meeting of shareholders may appoint any other person as chairman pro tempore by vote of the majority present or represented at such meeting.

Except in cases of urgency or with the prior consent of all those entitled to attend, at least twenty-four hours’ written notice of board meetings shall be given in writing, by fax, by telegram or by e-mail. Any such notice shall specify the time and place of the meeting as well as the agenda and the nature of the business to be transacted. The notice may be waived by the consent in writing, by fax, by telegram or by e-mail of each Director. No separate notice is required for meetings held at times and places specified in a schedule previously adopted by resolution of the Board of Directors.

Every Board meeting shall be held in Luxembourg or such other place as the Board of Directors may from time to time determine.

Any Director may act at any meeting of the Board of Directors by appointing in writing, by fax or by telegram another Director as his proxy.

A quorum of the Board of Directors shall be one (1) A Director and one (1) B Director present at the meeting or three (3) Directors holding office.

All business arising at any meeting of the Board of Directors shall be determined by resolution passed by a majority of votes cast provided at least one (1) A Director and one (1) B Director (in each case, whether in person or by proxy) votes in favour of the resolution. In the case of an equality of votes, the Chairman shall have the right to cast the deciding vote (the “**Casting Vote**”). The Casting Vote shall be personal to the Chairman and will not transfer to any other director acting as a chairman of a meeting of the Board of Directors in the Chairman’s absence.

One or more Directors may participate in a meeting by means of a conference call, by videoconference or by any similar means of communication enabling thus several persons participating therein to simultaneously communicate with each other. Such participation shall be deemed equivalent to a physical presence at the meeting.

In case of urgency, a written decision, signed by all the Directors, is proper and valid as though it had been adopted at a meeting of the Board of Directors which was duly convened and held. Such a decision can be documented in a single document or in several separate documents having the same content and each of them signed by one or several Directors.

Article 12.- Minutes of Meetings of the Board of Directors

The minutes of any meeting of the Board of Directors will be signed by the Chairman of the meeting and by the secretary (if any). Any proxies will remain attached thereto.

Copies or extracts of such minutes which may be produced in judicial proceedings or otherwise will be signed by the Chairman and by the secretary (if any) or by any two members of the Board of Directors.

Article 13.- Powers of the Board of Directors

The Board of Directors is vested with the broadest powers (except for those powers which are expressly reserved by law to the sole shareholder or the general meeting of shareholders) to perform all acts necessary or useful for accomplishing the Company’s object. All powers not expressly reserved by law or by the Articles of Incorporation to the sole shareholder or the general meeting of shareholders are in the competence of the Board of Directors.

Article 14.- Delegation of Powers

According to article 60 of the Law, the daily management of the Company as well as the representation of the Company in relation with this management may be delegated to one or more directors (the “**Managing Director(s)**”), officers, managers or other agents, associate or not, acting alone or jointly. Their nomination, revocation and powers shall be settled by a resolution of the board of directors. The delegation to a member of the board of directors shall entail the obligation for the board of directors to report each year to the ordinary general meeting on the salary, fees and any advantages granted to the delegate. The Company may also grant special powers by authentic proxy or power of attorney by private instrument.

Article 15.- Conflict of Interests

No contract or other transaction between the Company and any other company or firm shall be affected or invalidated by the fact that any

one or more of the Directors or any officer of the Company has a personal interest in, or is a director, associate, member, officer or employee of such other company or firm. Except as otherwise provided for hereafter, any Director or officer of the Company who serves as a director, associate, officer or employee of any company or firm with which the Company shall contract or otherwise engage in business shall not, by reason of such affiliation with such other company or firm, be automatically prevented from considering and voting or acting upon any matters with respect to such contract or other business.

Notwithstanding the above, in the event that any Director of the Company may have any personal interest in any transaction of the Company, he shall make known to the Board of Directors such personal interest and shall not consider or vote on any such transaction, and such transaction and such Director's interest therein shall be reported to the sole shareholder or to the next general meeting of shareholders.

The Company shall indemnify any Director or officer and his heirs, executors and administrators, against expenses reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a director or officer of the Company, or, at the request of the Company, of any other company of which the Company is the shareholder or creditor and by which he is not entitled to be indemnified, except in relation to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or misconduct; in the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Company is advised by its legal counsel that the person to be indemnified did not commit such a breach of duty. The foregoing right of indemnification shall not exclude other rights to which he may be entitled.

Article 16.- Representation of the Company

The Company will be bound towards third parties by the joint signature of any A Director and any B Director or by the sole signature of the person to whom the daily management of the Company has been delegated, within such daily management or by the joint signatures or sole signature of any persons to whom such signatory power has been delegated by the Board of Directors, but only within the limits of such power.

Article 17.- Statutory Auditors

The supervision of the operations of the Company is entrusted to one or more auditors who need not be shareholders.

The auditors will be elected by the sole shareholder or by the general meeting of shareholders, which will determine the number of such auditors, for a period not exceeding six years, and they will hold office until their successors are elected. At the end of their term as auditors, they shall be eligible for re-election, but they may be removed at any time, with or without cause, by a resolution of the sole shareholder or the general meeting of shareholders.

CHAPTER IV. MEETING OF SHAREHOLDERS

Article 18.- Powers of the Meeting of Shareholders

The sole shareholder or any regularly constituted meeting of shareholders of the Company represents the entire body of shareholders.

It has the powers conferred upon it by law.

Article 19.- Annual General Meeting

The annual general meeting will be held at the registered office of the Company or at such other place as may be specified in the notice convening the meeting on the last working day in the month of June of each year, at 03.00 p.m..

If such day is a public holiday, the meeting will be held on the next following business day.

Article 20.- Other General Meetings

The Board of Directors may convene other general meetings. Such meetings must be convened if shareholders representing at least ten percent (10%) of the Company's capital so require.

Shareholders' meetings, including the annual general meeting, may be held abroad if, in judgment of the Board of Directors, which is final, circumstances of *force majeure* so require.

Article 21.- Procedure, Vote

Shareholders will meet upon call by the Board of Directors or the auditor(s) made in compliance with Luxembourg law. The notice sent to the shareholders in accordance with the law will specify the time and place of the meeting as well as the agenda and the nature of the business to be transacted.

If all the shareholders are present or represented at a shareholders' meeting and if they state that they have been informed of the agenda of the meeting, the meeting may be held without prior notice.

A shareholder may act at any meeting of the shareholders by appointing in writing, by fax or telegram as his proxy another person who need not be a shareholder.

The Board of Directors may determine all other conditions that must be fulfilled in order to take part in shareholders' meeting.

Except as otherwise required by law or by the present Articles of Incorporation, resolutions will be taken by a simple majority of votes irrespective of the number of shares present or represented at the meeting.

One vote is attached to each share.

Copies of extracts of the minutes of the meeting to be produced in judicial proceedings or otherwise will be signed by any two members of the Board of Directors or by the Chairman of the Board of Directors.

CHAPTER V. FINANCIAL YEAR, DISTRIBUTION OF PROFITS

Article 22.- Financial Year

The Company's financial year begins on the first day of January and ends on the last day of December in every year.

The Board of Directors shall prepare annual accounts in accordance with the requirements of Luxembourg law and accounting practice.

Article 23.- Appropriation of Profits

From the annual net profits of the Company, five per cent (5%) shall be allocated to the reserve required by law. That allocation will cease to be required as soon and as long as such reserve amounts to ten per cent (10%) of the subscribed capital of the Company.

The sole shareholder or the general meeting of shareholders shall determine how the remainder of the annual net profits will be disposed of. It may decide to allocate the whole or part of the remainder to a reserve or to

a provision reserve, to carry it forward to the next following financial year or to distribute it to the shareholders as dividend.

Subject to the conditions fixed by law, the Board of Directors may pay out an advance payment on dividendes. The Board of Directors fixes the amount and the date of payment of any such advance payment.

The Company may repurchase its own shares in compliance with the law.

CHAPTER VI. DISSOLUTION, LIQUIDATION

Article 24.- Dissolution, Liquidation

The Company may be dissolved by a decision of the general meeting voting with the same quorum and majority as for the amendment of these Articles of Incorporation, unless otherwise provided by law.

Should the Company be dissolved, the liquidation will be carried out by one or more liquidators appointed by the general meeting of shareholders, which will determine their powers and their compensation.

After payment of all the debts of and charges against the Company and of the expenses of liquidation, the net assets shall be distributed equally to the holders of the shares pro rata to the number of the shares held by them.

CHAPTER VII. AMENDMENT OF THE ARTICLES OF INCORPORATION

Article 25. These articles of incorporation may be amended by a resolution of the general meeting of shareholders adopted under the conditions of quorum and majority provided for in article 67-1 of the Law.

CHAPTER VIII. APPLICABLE LAW

Article 26.- Applicable Law

All matters not governed by these articles of incorporation shall be determined in accordance with the Law. Where any matter contained in these articles of incorporation conflicts with the provisions of the Shareholders' Agreement, the Shareholders' Agreement shall prevail *inter partes* and to the extent permitted by Luxembourg law.

Suit la traduction en français du texte qui précède:

CHAPITRE 1er.- FORME, DÉNOMINATION, SIÈGE, OBJET, DURÉE

Article 1 er. Forme, Dénomination

Il est formé par les présents une société (la « **Société** ») sous la forme d'une 'société anonyme' qui sera régie par les lois du Grand-Duché de Luxembourg (la « **Loi** ») et notamment la loi du 10 aout 1915 sur les sociétés commerciales comme modifiée, l'article 1382 du Code civil et par les présents statuts (les « **Statuts** »).

La Société adopte la dénomination « **SPOTIFY TECHNOLOGY S.A.** »

Article 2. Siège social

Le siège social est établi à Luxembourg-Ville.

Le siège social peut être transféré à tout autre endroit de la Ville de Luxembourg par décision du Conseil d'Administration,

Des succursales ou autres bureaux peuvent être établis soit au Grand-Duché de Luxembourg, soit à l'étranger par une décision du Conseil d'Administration,

Si le Conseil d'Administration, estime que des événements extraordinaires d'ordre politique, économique ou social compromettent l'activité normale de la Société à son siège social ou la communication aisée avec ce siège ou entre ce siège et l'étranger ou que de tels événements sont imminents, le siège social pourra être transféré temporairement à l'étranger jusqu'à la cessation complète de ces circonstances anormales. Ces mesures provisoires n'auront aucun effet sur la nationalité de la Société, laquelle, nonobstant ce transfert provisoire du siège, restera régie par la Loi. Ces mesures provisoires seront prises et portées à la connaissance de tout intéressé par le Conseil d'Administration ou l'Administrateur unique, selon le cas.

Article 3. Objet

La Société a pour objet la prise de participations et la détention de participations directes ou indirectes dans des entreprises luxembourgeoises et/ou étrangères ainsi que l'administration, la gestion et la mise en valeur de ces participations.

La Société peut accorder toute assistance financière à des filiales, des sociétés affiliées ou à d'autres sociétés appartenant au même groupe de sociétés que la Société, notamment des prêts, garanties ou sûretés sous quelque forme que ce soit.

La Société peut employer ses fonds en investissant dans l'immobilier ou les droits de propriété intellectuelle ou tout autre actif mobilier ou immobilier sous quelque forme que ce soit.

La Société peut emprunter sous toutes formes et procéder à l'émission d'obligations.

D'une manière générale, elle peut effectuer toute opération commerciale, industrielle ou financière qu'elle jugera utile à l'accomplissement et au développement de son objet social.

Article 4. Durée

La Société est établie pour une durée illimitée.

La Société peut être dissoute par décision de l'associé unique ou par une assemblée générale votant avec le quorum et la majorité prévus par la loi.

CHAPITRE II.- CAPITAL, ACTIONS

Article 5. Capital social

Le capital social souscrit émis est fixé à **cent quatre mille cinq cent trente-six virgule cinq cents euros (104'536,500 EUR)** divisé en **quatre millions cent quatre-vingt-un mille quatre cent soixante (4'181'460) actions** d'une valeur nominale de **zéro virgule zéro vingt-cinq euros (0,025 EUR)**, toutes entièrement libérées.

Le capital autorisé de la société est fixé à cent quarante-sept mille trois cent trente-neuf virgule six cents euros (147'339,600 EUR) divisé en six cinq millions huit cent quatre-vingt-treize mille cinq cent quatre-vingt-quatre (5'893'584) actions ayant chacune une valeur nominale de zéro virgule zéro vingt-cinq euros (0,025 EUR).

Le conseil d'administration de la Société est autorisé de sous-déléguer à un des administrateurs de la Société, fondé de pouvoir de la Société, ou toute autre personne dûment autorisée, pendant une période se terminant cinq (5) ans après la date de publication du procès-verbal de l'assemblée générale extraordinaire des actionnaires tenue le 21 avril 2016, au Mémorial C, Recueil des Sociétés et Association, de (i) réaliser

toute augmentation du capital social dans les limites du capital autorisé en une ou plusieurs tranches successives par l'émission de nouvelles actions avec ou sans prime d'émission, en contrepartie d'un paiement en espèces ou en nature, (a) suivant l'exercice des droits de souscription et/ou (b) suivant l'exercice des droits de conversion accordés par le conseil d'administration sous les conditions de bons de souscription (pouvant être attachés ou séparés d'actions, d'obligations ou autres instruments similaires), d'obligations convertibles ou d'autres instruments similaires émis de temps en temps par la Société, (c) par la conversion de créances ou (d) de toute autre manière, (ii) déterminer le lieu et la date d'émission, le prix d'émission, les conditions générales de souscription et de libération des nouvelles actions et (ii) supprimer ou limiter le droit préférentiel de souscription des actionnaires lors de la souscription de nouvelles actions contre paiement en espèces.

Le capital autorisé et le capital souscrit de la société peuvent être augmentés ou réduits par décision de l'assemblée générale des actionnaires statuant comme en matière de modification des statuts..

Article 6. Actions

Les actions seront émises uniquement sous forme nominative.

Un registre des actionnaires sera tenu au siège social et tout actionnaire pourra en prendre connaissance. Ce registre contiendra la désignation précise de chaque actionnaire et l'indication du nombre de ses actions, l'indication des paiements effectués sur ses actions ainsi que les transferts des actions avec leur date.

Chaque actionnaire notifiera son adresse et tout changement de celle-ci à la Société par lettre recommandée. La Société sera en droit de se fier pour toutes fins à la dernière adresse communiquée.

La propriété des actions nominatives résultera de l'inscription dans le registre des actionnaires.

Toute cession d'actions nominatives sera inscrite dans le registre des actionnaires par une déclaration de cession, datée et signée par le cédant et le cessionnaire ou par leur(s) fondé(s) de pouvoir ainsi que suivant les règles sur le transport des créances établies par l'article 1690 du Code civil luxembourgeois sur le transport des créances. De plus, la Société peut accepter et inscrire dans le registre des actionnaires toute cession mentionnée dans toute correspondance ou autre document établissant l'accord du cessionnaire et du cédant.

Des certificats reflétant les inscriptions dans le registre des actionnaires seront délivrés aux actionnaires. La Société peut émettre des certificats d'actions nominatives multiples

La Société peut émettre de certificats d'actionnaires multiples.

Les actions peuvent être détenues en fiducie par un ou plusieurs actionnaires.

Article 7. Augmentation et réduction du capital social

Le capital émis et/ou autorisé peut être augmenté ou réduit, en une ou en plusieurs fois, par une résolution de l'assemblée générale des actionnaires ou de l'associé unique, selon le cas, adoptée aux conditions de quorum et de majorité exigées par les présents Statuts ou, le cas échéant, par la Loi pour toute modification des Statuts.

Le capital souscrit de la société peut également être augmenté à une ou plusieurs reprises par une résolution du Conseil d'Administration, dans les limites du capital autorisé.

Les nouvelles actions à souscrire par apport en numéraire seront offertes par préférence aux actionnaires existants proportionnellement à la part du capital qu'ils détiennent. Le Conseil d'Administration fixera le délai pendant lequel le droit préférentiel de souscription devra être exercé. Ce délai ne pourra pas être inférieur à trente jours.

Par dérogation à ce que est dit ci-dessus, l'assemblée générale, délibérant aux mêmes conditions de quorum et de majorité que celles exigées par les présents Statuts ou, le cas échéant, par la Loi pour toute modification des Statuts, peut limiter ou supprimer le droit préférentiel de souscription ou autoriser le Conseil d'Administration, à le faire.

Article 8. Rachat d'actions

La Société peut racheter ses propres actions.

L'acquisition et la détention de ses actions propres se fera conformément aux conditions et dans les limites fixées par la Loi.

CHAPITRE III.- ADMINISTRATEURS, COMMISSAIRE AUX COMPTES

Article 9. Parts Bénéficiaires

La Société peut émettre à tout moment des parts bénéficiaires disposant de droits fixés par les Statuts (les "**Parts Bénéficiaires**"). Le Conseil d'Administration est autorisé à émettre jusqu'à 35.000.000 Parts Bénéficiaires sans qu'un droit préférentiel de souscription soit réservé aux actionnaires existants pour les Parts Bénéficiaires émises. Les Parts Bénéficiaires ne pourront être émises qu'aux actionnaires de la Société. La décision d'émettre des Parts Bénéficiaires à un actionnaire relève de l'entière discrétion du Conseil d'Administration. Au moment de leur émission, le Conseil d'Administration devra lier les Parts Bénéficiaires à une ou plusieurs actions de la Société détenues par l' (les) actionnaire(s) en faveur duquel (desquels) elles ont été émises, sur base d'un ratio applicable à cet actionnaire tel que fixé par le Conseil d'Administration au moment de l'émission, ce ratio devant se situer entre 1:1 et 20:1 des Parts Bénéficiaires aux actions.

Dans l'hypothèse où le Conseil d'Administration procède à une émission des Parts Bénéficiaires conformément aux dispositions du présent article 9, il prend, ou fait prendre, tous les étapes nécessaires à la modification des Statuts afin qu'ils reflètent cette émission.

Les Parts Bénéficiaires seront émises uniquement sous forme nominative et la propriété de chaque Part Bénéficiaire s'établit par inscription au registre des Parts Bénéficiaires (le "**Registre PB**"). Le Registre PB constitue la preuve de la propriété des Parts Bénéficiaires et toute personne dont le nom figure au Registre PB comme titulaire est considérée propriétaire des Parts Bénéficiaires enregistrées à son nom.

Le Registre PB pourra être tenu par la Société à son siège social ou pourra être confié par la Société à un agent de transfert. Le Registre PB doit contenir l'identité des titulaires, le nombre des Parts Bénéficiaires détenues par chacun d'eux ainsi que leur adresse et date d'entrée. En cas de transfert, rachat ou annulation effectués conformément aux dispositions des Statuts, les écritures correspondantes devront être inscrites au registre.

La Société ne reconnaît qu'un seul propriétaire par Part Bénéficiaire. Si la propriété de la Part Bénéficiaire est indivise, ou si des fractions d'une Part Bénéficiaire sont détenues par plusieurs titulaires ou si la propriété de ces Parts Bénéficiaires est contestée, l'ensemble des personnes invoquant un droit sur cette (ces) Part(s) Bénéficiaire(s), ou disposant d'une fraction d'une Part Bénéficiaire respectivement, doivent nommer un mandataire spécial pour représenter cette (ces) Part(s) Bénéficiaire(s) envers la Société. Le manquement à cette obligation de nomination pourra entraîner la suspension du (des) droit(s) de vote rattaché(s) à de telle(s) Part(s) Bénéficiaire(s).

Les Parts Bénéficiaires ne donnent pas le droit aux dividendes, remboursement de primes d'émission ou à des distributions de quelque type que ce soit, y compris la distribution du boni de liquidation réalisée par la Société.

Chaque Part Bénéficiaire donne droit à une (1) voix à toute assemblée générale des actionnaires de la Société et chaque Part Bénéficiaire sera prise en considération dans le calcul du quorum et de la majorité requis pour les assemblées générales de la Société. Sauf indication contraire du contexte ou des termes du présent article, toute référence aux actionnaires dans les Statuts inclut les titulaires des Parts Bénéficiaires.

Les Parts Bénéficiaires ne peuvent pas être transférées et devront être automatiquement annulées en cas de cession ou de transfert de(s) l'action(s) à laquelle (auxquelles) elles sont liées, étant donné que les exceptions aux transferts des Parts Bénéficiaires ou à leur annulation lors de la cession ou du transfert des actions sous-jacentes auxquelles elles sont liées seront décidées par le Conseil d'Administration au cas par cas et relèveront de son entière discrétion, à cette occasion, le Conseil pourra aussi recalculer le ratio et, le cas échéant, répartir les Parts Bénéficiaires non annulées aux actions éligibles restantes (déjà liées à d'autres Parts Bénéficiaires) au prorata. En cas d'un calcul autorisé d'actions résultant d'un fractionnement d'actions, d'attribution d'actions gratuites, d'une subdivision ou division des actions ou combinaison d'actions à travers une consolidation ou action similaire, les Parts Bénéficiaires sont traitées de la même manière que les actions auxquelles elles sont liées.

De la même façon, toutes les Parts Bénéficiaires seront automatiquement annulées dans l'hypothèse où le nombre d'actions total détenu par Rosello Company Limited et D.G.E Investments Ltd, et leurs successeurs, descendrait en dessous de 189,115.

Toute modification affectant les droits des détenteurs des Parts Bénéficiaires fixés dans les Statuts requiert une décision de l'assemblée-générale des actionnaires prise aux conditions de quorum et de majorité requises pour une modification des Statuts. En outre, les mêmes quorum et majorité devront également être atteints à une assemblée des titulaires des Parts Bénéficiaires comme s'ils votaient en tant que catégorie distincte.

Article 10. Conseil d'Administration

La Société est gérée et administrée par un conseil d'administration (ci-après le "Conseil d'Administration") composé de membres de catégorie A (les "Administrateurs A") et de membres de catégorie B (les "Administrateurs B"), associés ou non (ci-après les "Administrateurs").

Les Administrateurs seront nommés par l'assemblée générale qui détermine la durée de leur mandat, et ils resteront en fonction jusqu'à ce que leurs successeurs soient élus. Ils sont rééligibles et ils peuvent être révoqués à tout moment, avec ou sans motif par décision de l'assemblée générale.

Article 11. Réunions du Conseil d'Administration

Le conseil d'Administration pourra choisir parmi ses membres un président (le « Président »). Il pourra également nommer un secrétaire qui n'a pas besoin d'être membre du Conseil d'Administration et qui sera responsable de la tenue des procès-verbaux des réunions du Conseil d'Administration (« le Secrétaire ») et des actionnaires.

Le Conseil d'Administration se réunira sur convocation du Président. Une réunion du Conseil d'Administration doit être convoquée si deux de ses membres le demandent.

Le Président présidera toutes les réunions du Conseil d'Administration, mais en son absence le Conseil d'Administration désignera un autre membre du Conseil d'Administration comme président pro tempore à la majorité des membres présents.

Sauf en cas d'urgence ou avec l'accord écrit préalable de tous ceux qui ont le droit d'y assister, une convocation écrite de toute réunion du Conseil d'Administration devra être transmise, vingt-quatre heures au moins avant la date prévue pour la réunion, par fax ou par télégramme permettant la transmission d'un texte écrit. La convocation indiquera la date, l'heure et le lieu de la réunion ainsi que l'ordre du jour et la nature des affaires à traiter. Il pourra être passé outre cette convocation avec l'accord écrit de chaque membre du conseil d'Administration, transmis par tout moyen de communication permettant la transmission d'un texte écrit. Une convocation spéciale ne sera pas requise pour les réunions se tenant à une date et à un endroit déterminés dans une résolution préalablement adoptée par le Conseil d'Administration.

Toute assemblée du Conseil d'Administration se tiendra à Luxembourg ou tout autre endroit que le Conseil d'Administration pourra déterminer d'un temps à l'autre. Tout membre du Conseil d'Administration pourra se faire représenter aux réunions du Conseil d'Administration en désignant par écrit par fax ou télégramme un autre membre du Conseil d'Administration comme son mandataire.

Le quorum du Conseil d'Administration est d'un (1) Administrateur A et d'un (1) Administrateur B présent à la réunion ou trois (3) administrateurs en fonction.

Toutes les affaires à l'ordre du jour de toute réunion du Conseil d'Administration seront déterminées par une résolution passée à la majorité des voix sous condition qu'au moins un (1) Administrateur A et un (1) Administrateur B (à chaque fois, soit en personne soit par procuration) votent en faveur de la résolution. Dans le cas d'une égalité de voix, le Président aura une voix prépondérante (la « **Voix Prépondérante** »). La Voix Prépondérante sera personnelle au Président et ne pourra être transférée à un administrateur agissant comme président de la réunion du Conseil d'Administration, en l'absence du Président.

Un ou plusieurs membres du Conseil d'Administration peuvent participer à une réunion par conférence téléphonique, visioconférence ou par tout autre moyen de communication similaire permettant ainsi à

plusieurs personnes y participant de communiquer simultanément l'une avec l'autre. Une telle participation sera considérée équivalente à une présence physique à la réunion.

En cas d'urgence, une décision écrite signée par tous les membres du Conseil d'Administration est régulière et valable comme si elle avait été adoptée à une réunion du Conseil d'Administration, dûment convoquée et tenue. Une telle décision pourra être consignée dans un seul ou plusieurs écrits séparés ayant le même contenu et signé par un ou plusieurs membres du Conseil d'Administration.

Article 12. Procès-verbaux des réunions du Conseil d'Administration

Les procès-verbaux de toute réunion du Conseil d'Administration seront signés par le Président de la réunion et par le secrétaire (s'il y a un). Les procurations resteront annexées aux procès-verbaux.

Les copies ou extraits de ces procès-verbaux, destinés à servir en justice ou ailleurs, seront signés par le Président et le Secrétaire (s'il y en a) ou par deux membres du Conseil d'Administration.

Article 13. Pouvoirs du Conseil d'Administration

Le Conseil d'Administration est investi de tous les pouvoirs (à l'exception de ceux qui sont expressément réservés par la loi à l'associé unique ou à l'assemblée générale des actionnaires) pour accomplir tout acte nécessaire pour accomplir l'objet social de la Société.

Tous pouvoirs qui ne sont pas expressément réservés par la loi ou les statuts de la société à l'associé unique ou à l'assemblée générale des actionnaires sont dans la compétence du Conseil d'Administration.

Article 14. Délégation de pouvoirs - Représentation de la Société

La gestion journalière de la Société ainsi que la représentation de la Société en ce qui concerne cette gestion pourront, conformément à l'article 60 de la Loi, être déléguées à un ou plusieurs administrateurs (le(s) « **Administrateur(s) Délégué(s)** », directeurs, gérants et autres agents, associés ou non, agissant seuls ou conjointement. Leur nomination, leur révocation et leurs attributions seront réglées par une décision du conseil d'administration. La délégation à un membre du conseil d'administration impose au conseil l'obligation de rendre annuellement compte à l'assemblée générale ordinaire des traitements, émoluments et avantages quelconques alloués au délégué. La Société peut également conférer tous mandats spéciaux par procuration authentique ou sous seing privé.

Article 15. Conflit d'Intérêts

Aucun contrat ni autre transaction entre la Société et d'autres sociétés ou entreprises ne sera affecté ou invalidé par le fait qu'un ou plusieurs membres du Conseil d'Administration, fondés de pouvoirs de la Société ont un intérêt personnel dans telle autre société ou entreprise, ou en sont administrateur, associé, fondé de pouvoirs ou employé. Toute personne liée, de la manière décrite ci-dessus, à une société ou entreprise, avec laquelle la Société contractera ou entrera autrement en relations d'affaires, ne devra pas être empêchée de délibérer, de voter ou d'agir autrement sur une opération relative à de tels contrats ou transactions au seul motif de ce lien avec cette autre société ou entreprise.

Nonobstant ce qui précède, au cas où un Administrateur aurait un intérêt personnel dans une transaction de la Société devra le faire savoir

au Conseil d'Administration et ne devra pas délibérer ou voter à cette transaction. Le membre du Conseil d'Administration qui a un intérêt personnel dans la transaction proposée ne pourra ni prendre part aux délibérations ni émettre un vote au sujet de cette transaction.

Cette transaction ainsi que l'intérêt personnel de l'Administrateur devront être portés à la connaissance de la prochaine assemblée générale des actionnaires/ seule actionnaire.

La Société indemnisera tous administrateurs, fondés de pouvoirs de la Société et, le cas échéant, leurs héritiers, pour tous dommages qu'ils ont à payer et tous frais raisonnables qu'ils auront encourus par suite de leur comparution en tant que défendeurs dans des actions en justice, des procès ou des poursuites judiciaires qui leur auront été intentés de par leurs fonctions actuelles ou anciennes d'administrateur, de fondé de pouvoirs ou d'employé de la Société, ou à la demande de la Société, de toute autre société dans laquelle la Société est actionnaire ou créancier et dans laquelle ils n'ont pas droit à indemnisation, exception faite des cas où leur responsabilité est engagée pour négligence grave ou mauvaise gestion.

En cas d'arrangement transactionnel, l'indemnisation ne portera que sur les questions couvertes par l'arrangement transactionnel et dans ce cas seulement si la Société reçoit confirmation par son conseiller juridique que la personne à indemniser n'est pas coupable de négligence grave ou mauvaise gestion. Ce droit à indemnisation n'est pas exclusif d'autres droits auxquels les personnes susnommées pourraient prétendre en vertu des présents Statuts.

Article 16. Représentation de la société

Vis-à-vis des tiers, la Société sera engagée par la signature conjointe d'un Administrateur A et d'un Administrateur B, ou par la signature conjointe ou par la signature individuelle de toutes personnes à qui un tel pouvoir de signature aura été délégué par le Conseil d'Administration, mais seulement dans les limites de ce pouvoir.

Article 17. Commissaires aux comptes

Les affaires de la Société et sa situation financière, devront être contrôlés par un ou plusieurs commissaires aux comptes, qui ne doivent pas être actionnaires.

Le ou les commissaires aux comptes seront nommés par l'assemblée générale des actionnaires ou l'associé unique, selon le cas, qui déterminera leur nombre, pour une durée qui ne peut dépasser six ans, et ils resteront en fonction jusqu'à la nomination de leurs successeurs. Ils sont rééligibles et ils peuvent être révoqués, à tout moment, avec ou sans motif, par l'assemblée générale des actionnaires ou l'associé unique, selon le cas.

CHAPITRE IV.- ASSEMBLÉE GÉNÉRALE DES ACTIONNAIRES

Article 18. Pouvoirs de l'assemblée générale des actionnaires

Toute assemblée générale des actionnaires de la Société régulièrement constituée représente l'ensemble des actionnaires.

Lorsque la Société compte un associé unique, il exerce les pouvoirs dévolus à l'assemblée générale.

L'assemblée générale des actionnaires a tous les pouvoirs qui lui sont réservés par les présents Statuts et par la Loi.

Article 19. Assemblée générale annuelle

L'assemblée générale annuelle se réunit au siège social de la Société ou à tout autre endroit indiqué dans les convocations le dernier jour ouvrable du mois de juin de chaque année à 15.00 heures.

Si ce jour est un jour férié légal, l'assemblée se tiendra le premier jour ouvrable suivant.

Article 20. Autres assemblées générales

Le Conseil d'Administration peut convoquer autres assemblées générales. De telles assemblées doivent être convoquées si des actionnaires représentant au moins dix pour cent (10%) du capital social le demandent.

Les assemblées générales des actionnaires, y compris l'assemblée générale annuelle, peuvent se tenir à l'étranger chaque fois que des circonstances de force majeure, appréciées souverainement par le Conseil d'Administration, le requièrent.

Article 21. Procédure, vote

Les actionnaires se réunissent après convocation du Conseil d'Administration ou des commissaires aux comptes, conformément aux conditions fixées par la Loi. La convocation envoyée aux actionnaires indiquera la date, l'heure et le lieu de l'assemblée générale ainsi que l'ordre du jour et la nature des affaires à traiter lors de l'assemblée générale des actionnaires.

Si tous les actionnaires sont présents ou représentés et déclarent avoir eu connaissance de l'ordre du jour de l'assemblée, celle-ci peut se tenir sans convocation préalable.

Un actionnaire peut agir à toute assemblée des actionnaires en désignant par écrit par fax ou télégramme un mandataire qui ne doit pas être actionnaire.

Le Conseil d'Administration peut déterminer toute autre condition qui doit être remplie pour prendre part à l'assemblée des actionnaires.

Si d'autres conditions ne sont pas requises par la loi ou les présents statuts, les résolutions seront prises par une majorité simple des votes sans tenir compte du nombre des actions présentes ou représentées à l'assemblée.

Un vote est attaché à une action.

Des copies des procès verbaux des assemblées à produire dans les instances judiciaires doivent être signées par deux membres du Conseil d'Administration ou par le Président du Conseil d'Administration.

CHAPITRE V.- ANNÉE SOCIALE, RÉPARTITION DES BÉNÉFICES

Article 22. Année sociale

L'année sociale de la Société commence le premier janvier de chaque année et finit le trente et un décembre de la même année.

Le Conseil d'Administration doit préparer les comptes annuels de la société conformément à la loi luxembourgeoise et à la pratique comptable.

Article 23. Répartition des bénéfices

Sur les bénéfices nets de la Société il sera prélevé cinq pour cent (5 %) pour la formation d'un fonds de réserve légale. Ce prélèvement cesse d'être obligatoire lorsque et aussi longtemps que la Réserve Légale atteindra dix pour cent (10%) du capital émis.

L'assemblée générale des actionnaires ou l'associé unique, décide de l'affectation du solde des bénéfices annuels nets. Elle peut décider de verser la totalité ou une partie du solde à un compte de réserve ou de provision, de le reporter à nouveau ou de le distribuer aux actionnaires comme dividendes.

Dans les conditions établies par la loi, le Conseil d'Administration peut payer un avance sur les dividendes. Le Conseil d'Administration détermine la date et le montant de tout paiement d'acompte sur dividendes.

La société peut racheter ses propres actions en conformité avec la loi.

CHAPITRE VI.- DISSOLUTION, LIQUIDATION

Article 24. Dissolution, liquidation

La Société peut être dissoute par une résolution de l'assemblée générale des actionnaires ou par l'associé unique, selon le cas, délibérant aux mêmes conditions de quorum et de majorité que celles exigées par les présents Statuts ou, le cas échéant, par la Loi pour toute modification des Statuts.

Lors de la dissolution de la Société, la liquidation s'effectuera par les soins du Conseil d'Administration ou par l'Administrateur unique, selon le cas, ou par toute autre personne (qui peut être une personne physique ou une personne morale), nommés par l'assemblée générale des actionnaires qui déterminera leurs pouvoirs et leurs émoluments.

CHAPITRE VII. MODIFICATION DES STATUTS

Article 25. Les présents statuts pourront être modifiés par une décision de l'assemblée générale des actionnaires statuant aux conditions de quorum et de majorité prévues par l'article 67-1 de la Loi.

CHAPITRE VIII.- LOI APPLICABLE

Article 26. Loi applicable

Pour tout ce qui n'est pas réglé par les présents statuts, les parties se réfèrent aux dispositions de la Loi. Au cas où l'une des dispositions des présents statuts ne serait pas en accord avec les dispositions du Pacte d'Actionnaires, le Pacte d'Actionnaires prévaudra *inter partes* et dans la mesure permise par la loi luxembourgeoise.

STATUTS COORDONNES, délivrés à la société sur sa demande.

Belvaux, le 17 janvier 2018



To the Board of Directors
of Spotify Technology S.A.
42-44, avenue de la Gare,
L-1610 Luxembourg
Grand Duchy of Luxembourg

Luxembourg, [***] 2018

Your ref. : /
Our ref. : 49797/ 23298511v2
guy.harles@arendt.com
Tel. : (352) 40 78 78-253
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SPOTIFY TECHNOLOGY S.A. – F-1 Registration Statement

Ladies and Gentlemen,

We are acting as Luxembourg counsel for Spotify Technology S.A., a Luxembourg *société anonyme*, having its registered office at 42-44, avenue de la Gare, L-1610 Luxembourg, Grand Duchy of Luxembourg, registered with the *Registre de Commerce et des Sociétés de Luxembourg* under number B 123.052, (the “**Company**”) in connection with the Registration Statement on Form F-1 (the “**Registration Statement**”) filed with the U.S. Securities and Exchange Commission under the U.S. Securities Act of 1933, as amended, relating to the resale by the Registered Shareholders (as this term is defined in the Registration Statement) of up to [***] ordinary shares of the Company (the “**Proposed Shares**”), each with a nominal value of zero point zero zero zero six hundred twenty-five euro (€ 0.000625) per share.

We have reviewed, and relied on, (i) the consolidated articles of association of the Company as at [***] 2018, (ii) the resolutions of the Board of Directors of the Company of 28 February 2018 on *inter alia* the Registration Statement, (iii) the notarial deed recording the minutes of the general meeting of shareholders of the Company held on [14] March 2018 (which *inter alia* resolved on a stock split whereby the nominal value of the Company’s ordinary shares was changed from zero point zero twenty-five euro (€ 0.025) to zero point zero zero zero six hundred twenty-five euro (€ 0.000625) and fully restated the articles of association of the Company) as well as such corporate records as have been disclosed to us and such certifications made to us, which we deemed necessary and appropriate as a basis for the opinions hereinafter expressed.

We express no opinion as to any laws other than the laws of the Grand Duchy of Luxembourg and this opinion is to be construed under Luxembourg law and is subject to the exclusive jurisdiction of the courts of Luxembourg.

Based on the foregoing, and having regard for such legal considerations as we have deemed relevant, we are of the opinion that:

1. The Company is a validly existing *société anonyme* under the laws of the Grand Duchy of Luxembourg.
2. The Proposed Shares being proposed for resale by the Registered Shareholders have been validly issued, fully paid and non-assessable (within the meaning that the holder of such shares shall not be liable, solely because of his or her or its shareholder status, for additional payments to the Company or the Company's creditors).

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to use of our name under the heading "Legal Matters" and "Certain Taxation Considerations" as regards the Grand Duchy of Luxembourg in the prospectus contained therein. In giving such consent we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the U.S. Securities Act of 1933, as amended.

This Opinion is issued by and signed on behalf of Arendt & Medernach SA, admitted to practice in the Grand-Duchy of Luxembourg and registered on the list V of lawyers of the Luxembourg Bar.

Yours faithfully,

By and on behalf of Arendt & Medernach SA

Guy Harles

Partner

To the Board of Directors
of Spotify Technology S.A.
42-44, avenue de la Gare,
L-1610 Luxembourg
Grand Duchy of Luxembourg

Luxembourg, [***] 2018

Our ref. : 49797/ 23314755v1
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SPOTIFY TECHNOLOGY S.A. – F-1 Registration Statement

Ladies and Gentlemen,

We are acting as Luxembourg counsel for Spotify Technology S.A., a Luxembourg *société anonyme*, having its registered office at 42-44, avenue de la Gare, L-1610 Luxembourg, Grand Duchy of Luxembourg, registered with the *Registre de Commerce et des Sociétés de Luxembourg* under number B 123.052, (the “**Company**”) in connection with the Registration Statement on Form F-1 (the “**Registration Statement**”) filed with the U.S. Securities and Exchange Commission under the U.S. Securities Act of 1933, as amended, relating to the resale by the Registered Shareholders (as this term is defined in the Registration Statement) of up to [***] ordinary shares of the Company, each with a nominal value of zero point zero zero zero six hundred twenty-five euro (€ 0.000625) per share.

We hereby confirm that the discussion set forth under the caption “Certain Taxation Considerations – Luxembourg Tax Considerations”, in the prospectus of the Company with respect to the ordinary shares of the Company, which is part of the Company’s Registration Statement filed on this date, is our opinion.

For the purpose of this confirmation, we have assumed that the Company is exclusively tax resident in Luxembourg at the date hereof.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of our name under the heading “Legal Matters” as regards the Grand Duchy of Luxembourg in the prospectus contained therein. In giving such consent we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the U.S. Securities Act of 1933, as amended.

We express no opinion as to any laws other than the laws of the Grand Duchy of Luxembourg and this opinion is to be construed under Luxembourg law and is subject to the exclusive jurisdiction of the courts of Luxembourg.

This opinion is issued by and signed on behalf of Arendt & Medernach SA, admitted to practice in the Grand-Duchy of Luxembourg and registered on the list V of lawyers of the Luxembourg Bar.

Very truly yours,

By and on behalf of Arendt & Medernach SA

Thierry Lesage

Partner

TERMS AND CONDITIONS FOR WARRANTS 2016/2019 IN SPOTIFY TECHNOLOGY S.A.

§ 1 Definitions

The following terms shall have the following meaning when used herein:

“Board of Directors”	the board of directors of the Company;
“Companies’ Law”	the Luxembourg law dated 10 August 1915 on commercial companies, as amended;
“Company”	Spotify Technology S.A., a Luxembourg <i>société anonyme</i> , with registered address at 42-44 avenue de la Gare, L-1610 Luxembourg, registered with the Luxembourg Trade and Companies Register under number B 123.052;
“Directed Share Issue”	share issue whereby shares are not offered to all shareholders of the Company in accordance article 32-3 of the Companies’ Law;
“Early Exercise Period”	the period when a Warrant may be exercised, occurring earlier than the Exercise Period, as determined by the Board of Directors in accordance with Section 4;
“Exercise Period”	period when a Warrant may be exercised in accordance with Section 3;
“Exit”	Trade Sale or Listing;
“Group”	the group of companies to which the Company belongs and which are, directly or indirectly, controlled by the same person or entity, or is under common control with, such person or entity. For the purpose of this definition, “control” and the correlative meanings of the terms “controlled by” and “under common control with” means (i) the right to appoint and/or remove a majority of managers or directors of an entity, or (ii) the ownership of shares carrying more than fifty percent (50%) of the voting rights exercisable at a general meeting and/or at resolutions of an entity, as applicable, or (iii) the control, alone or jointly with other persons or entities by virtue of an agreement, of a majority of voting rights exercisable at a general meeting and/or at resolutions of an entity, as applicable;
“Listing”	listing of the Shares on a stock exchange or other recognised exchange for the public trading in shares;
“Main SHA”	shall have the meaning set out in Section 15;

“Share”	a share in the share capital of the Company;
“Subscription”	subscription for new Shares, through exercise of a Warrant in accordance with these terms and conditions and the Companies’ Law;
“Subscription Price”	the price at which Subscription for new Shares may occur;
“Trade Sale”	an event in which (a) all or substantially all of the Company’s or the Group’s assets are sold to a party which is not, directly or indirectly, a subsidiary of the Company; or (b) Shares that represent fifty percent (50%) or more of the issued share capital in the Company have been transferred to a new owner provided that such new owner will not have substantially the same shareholding as the Company immediately following the relevant transaction, or a bona fide firm offer from an unaffiliated third party for at least fifty percent (50) of all Shares then outstanding, and provided that the shareholders who are parties to the main shareholders’ agreement relating to the Company accept such offer (or are required to accept the offer pursuant to such shareholders’ agreement);
“Warrant”	a right to subscribe for new Shares in the Company against payment in cash in accordance with these terms and conditions; and
“Warrant Holder”	holder of a Warrant.

Save where the context otherwise requires, definitions in singular includes the plural and vice versa.

§ 2 Warrants

The number of Warrants amounts to 128,000.

The Warrants shall, as soon as practically possible following issuance, be registered with the register of Warrant Holders held at the registered office of the Company.

§ 3 Subscription for new Shares

During the period from the date of issuance of the Warrants up to and including October 17, 2019 (the “Exercise Period”), or the earlier date set forth in Section 4 or Section 9 below, Warrant Holders are entitled to subscribe for one (1) new Share in the Company for each Warrant held at a Subscription Price corresponding to \$2,024.4. As stated in Section 9 below, recalculation may take place of both the Subscription Price and the number of new Shares that each Warrant entitles the Warrant Holder to subscribe for, the Subscription Price can however not fall under the nominal value of the Shares.

The Warrant Holder may, on one or several occasions, subscribe for not more than the total number of Shares that his Warrants entitle him to. The Company is obliged to issue the number of Shares specified in the notification of Subscription if the Warrant Holder so calls for it during the above mentioned period and provided the Warrant Holder has paid the Subscription Price in accordance with Section 6.

§ 4 Exit

In the event of an Exit, the Board of Directors, in its sole discretion, may resolve that Subscription of Shares shall be made not later than a date that occurs earlier than the end of the Exercise Period (the “Early Exercise Period”). If so, the Company shall notify the Warrant Holder in writing of the Early Exercise Period within reasonable time prior to the anticipated date of an Exit. The Subscription shall in such case be conditional upon an Exit being consummated and the allotment of Shares shall only be made in immediate conjunction with the consummation of the Exit.

§ 5 Application for Subscription

In order for any Subscription to be executed, the Warrant Holder shall submit to the Company a written notification indicating the number of Shares that the Warrant Holder wishes to subscribe for. Notifications of Subscription are binding and may not be revoked.

When exercising the Warrants, the Warrant Holder must subscribe for the entire number of whole Shares that the Warrants the Warrant Holder wishes to exercise at the same occasion entitles him to. No fraction of Shares shall be issued. In case of fraction, the number of Shares issued shall be rounded to the lower amount and any fraction of Shares will be considered void. No remuneration shall be paid for fractions of Shares.

Where a notification of Subscription is not filed within the period set forth in Section 3, any and all rights pursuant to the Warrants shall expire.

A Subscription will be effected through the payment of the Subscription Price, the issuance of new Shares and the registration of the new Shares in the share register of the Company.

§ 6 Payment

Payment for the new Shares shall be made in cash immediately following Subscription and prior to the issuance of the new Shares. Payment shall be made to an account designated by the Company. If the Board of Directors decides on an Early Exercise Period in accordance with Section 4, the Company shall return to the Warrant Holder the Subscription Price that the Warrant Holder paid to the Company when applying for Subscription in case an Exit is not consummated within 90 calendar days of payment.

§ 7 Registration of Shares

Once the new Shares have been issued, the new Shares shall immediately be registered in the Company’s share register.

§ 8 Dividends in respect of new Shares

Shares issued upon Subscription shall entitle the holder to dividend from the date registered in the Company's share register.

§ 9 Adjustment of Subscription Price and of number of Shares conferred by the Warrants

If exercise of Warrants is not requested at such a time that the Shares the Warrant Holder would thereby receive carries an entitlement to participate in the actions described in this Section 9 as set out below, the Subscription Price and the number of Shares each Warrant entitles to shall be recalculated as set forth below, the Subscription Price being however at all times at least equal to the nominal value of the Shares.

(a) Bonus issue

Where the Company carries out a bonus issue of shares, or a share split or a reverse share split (a "Bonus Issue"), a corresponding recalculation shall be made of the Subscription Price and/or of the number of Shares that each Warrant entitles the Warrant Holder to subscribe for. The recalculations, which shall be made by the Company, shall be made in the following manner.

(recalculated Subscription Price) = (previous Subscription Price) x (the number of Shares in the Company prior to the Bonus Issue) / (the number of Shares in the Company after the Bonus Issue)

(recalculated number of Shares that each Warrant confers right to subscribe for) = (the previous number of Shares that each Warrant confers right to subscribe for) x (the number of Shares in the Company after the Bonus Issue) / (the number of Shares in the Company prior to the Bonus Issue)

When recalculation shall be made as mentioned in the above table, the recalculated Subscription Price and the recalculated number of Shares that each Warrant confers the right to subscribe for shall be fixed by the Company two banking days at the latest after the Bonus Issue resolution.

If a Warrants Holder has not requested exercise of Warrants at such a time that the Shares the Warrant Holder would receive upon exercise of the relevant Warrants would carry an entitlement to participate in the Bonus Issue, the exercise of the relevant Warrants will not be effective until three banking days after the date the recalculations has been fixed.

(b) Issue of shares

Where the Company carries out a new issue of shares ("Issue of Shares") in accordance with the principles of preferential rights with respect to shares in accordance with article 32-3 of the Companies' Law, an independent appraiser retained by the Company or the Company's auditor, as determined by the Company in its sole discretion, shall decide on how the recalculation shall be made, whereby the recalculation shall aim at maintaining the value of the Warrants. A decision by the independent appraiser or the Company's auditor, as applicable, shall be binding for both the Company and the Warrant Holder. The cost for engaging the independent appraiser or auditor shall be borne by the Company.

In case the Company carries out an Issue of Shares with preferential rights as set out in the first paragraph above, the Company shall be entitled to offer the Warrant Holders the same preferential rights as the shareholders of the Company under the authorized share capital of the Company. Each Warrant Holder shall be deemed to have the number of Shares that he/she would have had, had he/she exercised all his/her Warrants. No recalculation as set out in the first paragraph above shall be made in case the Company decides to give the Warrant Holders preferential rights in accordance with this paragraph.

If, at the time of the resolution to carry out an Issue of Shares with preferential right as described in the first paragraph above, the Shares are listed on a stock exchange or other recognised exchange for the public trading in shares, the following recalculation formula shall apply instead of what has been described in the previous paragraphs.

(recalculated Subscription Price) = (previous Subscription Price) x (the average market price of the Share during the subscription period fixed pursuant to the Issue of Shares resolution ("the average Share price")) / ((the average Share price) + (the theoretical value of the subscription right ("the value of the subscription right")))

(recalculated number of Shares that each Warrant confers right to subscribe for) = (the previous number of Shares that each Warrant confers right to subscribe for) x ((the average price of the Share) + (the value of the subscription right)) / (the average Share price)

The average Share price shall be deemed to equal the average of the mean of the highest and lowest prices paid for the Share each trading day during the subscription period fixed pursuant to the issue resolution according to the exchange list on which the Share is primarily quoted. In the absence of quoted price paid, the quoted bid price shall be included in the calculation instead. If neither paid price nor bid price is quoted on a given day, that day shall be excluded from the calculation.

The value of the subscription right shall be calculated in accordance with the following formula, provided that the value of the subscription right shall be deemed to be zero if the resulting value is negative:

(the value of the subscription right) = (the maximum number of new Shares that can be issued according to the Issue of Shares resolution) x ((the average Share price) – (the subscription price for each new Share)) / (the number of Shares in the Company prior to the new issue)

When recalculation shall be made as mentioned above, the recalculated Subscription Price and the recalculated number of Shares that each Warrant confers right to subscribe for shall be fixed by the Company two banking days at the latest after the Issue of Shares resolution.

If a Warrant Holder has not requested exercise of Warrants at such a time that the Shares the Warrant Holder would receive upon exercise of the relevant Warrants would carry an entitlement to participate in the Issue of Shares, the exercise of the relevant Warrants will not be effective until three banking days after the date the recalculations has been fixed.

What has been stated in this section shall not apply in case the Company carries out Directed Share Issue. In such case, no recalculation shall be made with respect to the Subscription Price and/or of the number of Shares that each Warrant entitles the Warrant Holder to subscribe for.

(c) Certain other offers to the shareholders

Where the Company in other cases than those described in Section (a)-(b) above (i) carries out an offer to the shareholders in accordance with the principles of preferential rights with respect to Shares in article 32-3 and with respects of convertible bonds or similar instruments in article 32-4 of the Companies' Law, to subscribe any securities or rights from the Company, or (ii) distributes to the shareholders, pursuant to such preferential right, any such securities or rights with no consideration in return other than the nominal value of the relevant Shares (in both cases the "Offer" and the "Purchase Rights") an independent appraiser retained by the Company or the Company's auditor, as determined by the Company in its sole discretion, shall decide on how the recalculation shall be made, whereby the recalculation shall aim at maintaining the value of the Warrants. A decision by the independent appraiser or the Company's auditor, as applicable, shall be binding for both the Company and the Warrant Holder. The cost for engaging the independent appraiser or auditor shall be borne by the Company.

In case the Company carries out an Offer as set out in the first paragraph above, the Company shall be entitled to offer the Warrant Holders the same preferential rights as the shareholders of the Company. Each Warrant Holder shall be deemed to have the number of Shares that he/she would have had, had he/she exercised all his/her Warrants. No recalculation as set out in the first paragraph above shall be made in case the Company decides to give the Warrant Holders preferential rights in accordance with this paragraph.

If, at the time of the resolution to carry out an Offer with preferential right as described in the first paragraph above, the Shares are listed on a stock exchange or other recognised exchange for the public trading in shares, the following recalculation formula shall apply instead of what has been described in the previous paragraphs.

(recalculated Subscription Price) = (previous Subscription Price) x (the average market price of the Share during the acceptance period of the offer or, in case of distribution, during the period of 25 trading days starting on the day on which the Share is quoted without right to any part of the distribution ("the average Share price")) / ((the average Share price) + (the theoretical value of the right to participate in the offer ("the value of the Purchase Right")))

(recalculated number of Shares that each Warrant confers right to subscribe for) = (the previous number of Shares that each Warrant confers right to subscribe for) x ((the average Share price) + (the value of the Purchase Right)) / (the average Share price)

The average Share price shall be calculated with analogous application of the provisions of Section 9.b above.

If the shareholders receive Purchase Rights and these are subject to market quotation, the value of the Purchase Right shall be deemed to equal the average of the mean of the highest and lowest prices paid for the Purchase Right each trading day during the acceptance period of the Offer according to the exchange list on which the Purchase Right is primarily quoted. In the absence of quoted price paid, the quoted bid price shall be included in the calculation instead. If neither paid price nor bid price is quoted on a given day, that day shall be excluded from the calculation.

If the shareholders do not receive any Purchase Rights, or if the Purchase Rights are not subject to market quotation, but the securities or rights being the subject of the Offer

either are already subject to market quotation or become subject to market quotation in connection with the Offer, the value of the Purchase Right shall be deemed to equal (i) if the securities or rights are already subject to market quotation, the average of the mean of the highest and lowest prices paid for such security or right each trading day during the acceptance period of the Offer or, in case of distribution, during the period of twenty-five (25) trading days starting on the day on which the share is quoted without right to any part of the distribution according to the exchange list on which the security or right is primarily quoted, less any consideration payable for them in connection with the Offer, or (ii) if the securities or rights become subject to market quotation in connection with the Offer, the average of the mean of the highest and lowest prices paid for such security or right each trading day during the period of twenty-five (25) trading days starting on the first day of such market quotation according to the exchange list on which the security or right is primarily quoted. In the absence of quoted price paid, the quoted bid price shall be included in the calculation instead. If neither paid price nor bid price is quoted on a given day, that day shall be excluded from the calculation. When the value of the Purchase Right shall be determined pursuant to (ii) of this paragraph, then in the recalculation of the Subscription Price and the number of Shares that each Warrant confers right to subscribe for in accordance with the above formulas the average Share price shall relate to the 25-trading day period mentioned in (ii) of this paragraph instead of the period mentioned in the above formulas.

If the shareholders do not receive any Purchase Rights, or if the Purchase Rights are not subject to market quotation, and the securities or rights being the subject of the Offer neither already are subject to market quotation nor become subject to market quotation in connection with the Offer, the value of the Purchase Right shall to the extent possible be determined based upon the change in the market value of the Company's Shares which, according to an independent appraiser retained by the Company or the Company's auditor, as determined by the Company in its sole discretion, may be deemed to have occurred as a consequence of the Offer. A decision by the independent appraiser or the Company's auditor, as applicable, shall be binding for both the Company and the Warrant Holder. The cost for engaging the independent appraiser or auditor shall be borne by the Company.

When recalculation shall be made as mentioned above, the recalculated Subscription Price and the recalculated number of Shares that each Warrant confers right to subscribe for shall be fixed by the Company two banking days after the expiry of the period during which the average Share price shall be calculated for the above recalculations at the latest (the "Period").

If a Warrants Holder has not requested exercise of Warrants at such a time that the Shares the Warrant Holder would receive upon exercise of the relevant Warrants would carry an entitlement to participate in the Offer, the exercise of the relevant Warrants will not be effective until three banking days after date the recalculations has been fixed.

(d) Dividend

If, at the time of the Board of Directors' announcement of its intention to submit a proposal to the general meeting regarding dividend (the "dividend"), the Shares are listed on a stock exchange or other recognised exchange for the public trading in shares, the following recalculation formula shall apply.

(recalculated Subscription Price) = (previous Subscription Price) x (the average market price of the Share during the period of 25 trading days starting on the day on which the share is quoted without right to the dividend ("the average Share price")) / ((the average Share price) + (the dividend paid per Share))

(recalculated number of Shares that each Warrant confers right to subscribe for) = (the previous number of Shares that each Warrant confers right to subscribe for) x ((the average Share price) + (the dividend paid per Share)) / (the average Share price)

The average share price shall be calculated with analogous application of the provisions of Section 9.b above.

When recalculation shall be made as above-mentioned, the recalculated Subscription Price and the recalculated number of Shares that each Warrant confers right to subscribe for shall be fixed by the Company two banking days after the expiry of the above-mentioned 25-trading day period at the latest.

In the event the Shares are not listed on a stock exchange or other recognised exchange for the public trading in shares, and a resolution is adopted regarding a dividend a corresponding recalculation shall take place. The Company's value shall in such case replace the average Share price in the above sections and formula. The value of the Company shall be determined by an independent appraiser appointed by the Company or the Company's auditor, as determined by the Company in its sole discretion. A decision by the independent appraiser or the Company's auditor, as applicable, shall be binding for both the Company and the Warrant Holder. The cost for engaging the independent appraiser or auditor shall be borne by the Company.

If a Warrant Holder has not requested exercise of Warrants at such a time that the Shares the Warrant Holder would receive upon exercise of the relevant Warrants would carry an entitlement to dividend, the exercise of the relevant Warrants will not be effective until three (3) banking days after the date the recalculations has been fixed.

(e) Reduction of share capital

What has been set out under the first paragraph of Section 9.b above shall apply mutatis mutandis in case the Company effects a compulsory reduction of its share capital with repayment to the Company's shareholders.

If, at the time of the resolution to carry out a compulsory reduction of the Company's share capital by way of repayment to the Company's shareholders, the Shares are listed on a stock exchange or other recognised exchange for the public trading in shares, the following recalculation formula shall apply instead of what has been described in the previous paragraphs.

(recalculated Subscription Price) = (previous Subscription Price) x (the average market price of the Share during the period of 25 trading days starting on the day on which the Share is quoted without right to repayment ("the average Share price")) / ((the average Share price) + (the actual amount repaid per Share))

(recalculated number of Shares that each Warrant confers right to subscribe for) = (the previous number of Shares that each Warrant confers right to subscribe for) x ((the average Share price) + (the actual amount repaid per Share)) / (the average Share price)

If the reduction is carried out through redemption of Shares, then instead of using the actual amount repaid per Share in the above-mentioned recalculation of the Subscription Price and the number of Shares each Warrant confers right to subscribe for, a calculated amount repaid per Share determined as follows shall be applied:

$$\text{(calculated amount repaid per Share)} = \frac{\text{(the actual amount repaid per Share)} - \text{(the average market price of the Share during the period of 25 trading days immediately preceding the day on which the Share is quoted without right to participate in the reduction ("the average Share price"))}{\text{(the number of Shares in the Company which entitle to the reduction of one Share)} - 1}$$

The average Share price shall be calculated with analogous application of the provisions of Section 9.b above.

When recalculation shall be made as above-mentioned, the recalculated Subscription Price and the recalculated number of Shares that each Warrant confers right to subscribe for shall be fixed by the Company two banking days after the expiry of the latest 25-trading days period applicable for the above recalculations to occur at the latest (the "Period")

If a Warrants Holder has not requested exercise of Warrants at such a time that the Shares the Warrant Holder would receive upon exercise of the relevant Warrants would carry an entitlement to participate in the Offer, the exercise of the relevant Warrants will not be effective until five (5) banking days after the Period.

If the Company effects (i) a reduction of its share capital with repayment to the shareholders through redemption of Shares, and such reduction is not compulsory, or (ii) a repurchase of Shares in the Company (without effecting a reduction of its share capital), and where, in the opinion of the Company, such reduction or repurchase due to its technical structure and financial effects is equivalent to a compulsory reduction, the above provisions in this section shall apply and a recalculation of the Subscription Price and the number of Shares to which each Warrant confers right to subscribe for shall be made, to the extent possible, in accordance with the principles set forth in this section.

(f) Adjustment of recalculation

If the Company carries out an action in accordance with (a) to (e) above and, in the Company's sole discretion, the above-mentioned procedures for recalculations would, due to its technical structure or otherwise, not be possible or if the compensation which the Warrant Holders would be entitled to would not be considered reasonable in comparison to the compensation received by the Company's shareholders, the Subscription Price and the number of Shares each Warrant entitles to shall be recalculated by the Company, an independent appraiser retained by the Company or the Company's auditor, as determined by the Company in its sole discretion, whereby the recalculation shall aim at achieving a reasonable result in relation to the Company's shareholders.

(g) Liquidation

If it is decided that the Company shall enter into liquidation pursuant to the Companies' Law, an application for Subscription may not be made thereafter, regardless of the liquidation grounds. The right to request Subscription ceases as a result of the decision to liquidate, notwithstanding the fact that the decision may not have gained legal force. The Warrant Holders shall be informed through written notice of the planned liquidation not later than two (2) months before the shareholders' meeting considers whether the Company should enter into voluntary liquidation. The notice shall include a reminder that an application for Subscription may not be made after the shareholders' meeting has resolved to liquidate. If the Company gives notice of a planned liquidation as stated above, Warrant Holders are – notwithstanding the provisions of Section 3 above regarding the time for Subscription – entitled to apply for Subscription until and including the tenth calendar day prior to the shareholders' meeting at which the issue of the Company's liquidation is to be considered.

(h) Merger plan in accordance with Section XIV of the Companies' Law

If the board of directors of the Company intends to publish a merger plan in accordance with Section XIV of the Companies' Law — whereby the Company shall become part of another company, application for Subscription may not be made thereafter. The Warrant Holders shall be informed of such merger plan in writing not later than five (5) weeks before the publication of the merger plan. The notice shall include a report on the principal terms of the proposed merger plan and the date of its publication and shall remind the Warrant Holders that Subscription may be applied for not later than ten (10) calendar days prior to the publication of the de-merger plan. Should the Company give notice of the planned merger as stated above, the Warrant Holders shall – notwithstanding the provisions of Section 3 above have the right to apply for Subscription until and including the tenth calendar day prior to the publication of the merger plan.

(i) De-merger plan in accordance with Section XV of the Companies' Law

If the board of directors of the Company intends to publish a de-merger plan in accordance with Section XV of the Companies' Law — whereby the Company shall be split up and some, or all, of the Company's assets and debts shall be overtaken by one or several other companies, application for Subscription may not be made thereafter. The Warrant Holders shall be informed of such de-merger plans in writing not later than five (5) weeks before the publication of the de-merger plan. The notice shall include a report on the principal terms of the proposed de-merger plan and the date of its publication and shall remind the Warrant Holders that Subscription may be applied for not later than ten (10) calendar days prior to the publication of the de-merger plan until the de-merger becomes effective. Should the Company give notice of the planned de-merger as stated above, the Warrant Holders shall – notwithstanding the provisions of Section 3 above - have the right to apply for Subscription until and including the tenth calendar day prior to the publication of the de-merger plan.

Notwithstanding the above provisions by virtue of which Subscription may not applied for following a decision to liquidate, following approval or signing of a merger plan or following approval or signing of a de-merger plan, the right to apply for Subscription will be reinstated where the liquidation is revoked, or the merger plan or the de-merger plan are not implemented.

(j) Bankruptcy

In the event the Company enters into bankruptcy, notification for Subscription may not thereafter take place. In the event the order regarding the Company's bankruptcy is annulled by a court of higher instance, Subscription may take place.

§ 10 Special undertaking by the Company

The Company agrees not to undertake any adjustment measure described in Section 9 above which would result in an adjustment of the Subscription Price to an amount which is less than the nominal value of the Shares in the Company.

§ 11 Re-domiciliation

Anything in this terms and conditions to the contrary notwithstanding, if the Board of Directors of the Company determines that it is in the best interests of the Company, e.g. in connection with a possible IPO, to re-domicile to a jurisdiction other than Luxembourg, whether by operation of law, through a share exchange, whereby the Shares are exchanged for shares of a different entity establishing a new holding company structure, or other re-domiciliation arrangements, the Company will strive to ensure that the Warrant Holders will be offered the corresponding rights in any new entity, and if so requested by the Company, the Warrant Holders shall take any and all actions reasonably required in order to accomplish such exchange of Warrants for warrants with equivalent rights in a new entity.

§ 12 Notifications

Notices concerning these Warrant terms and conditions shall be given to each Warrant Holder and each other right holders to the address mentioned in the Warrant register or to the address notified to the Company in writing.

§ 13 Limitation of the liability

The Company shall be relieved from liability for a failure to perform any obligation under these conditions due to circumstances such as changes in the laws of Luxembourg or foreign laws and regulations or the interpretation thereof, acts of Luxembourg or foreign authorities, war, strike, boycott, lock-out or other circumstances of similar importance. The reservation for strike, boycott and lock-out is valid even if the Company takes or is subject to such measures.

The Company shall, provided that the Company has not acted negligently, be relieved from liability for any damage. The Company is under no circumstances liable for any indirect damage.

If the Company is prevented from performing any obligation under these conditions, such as paying, due to any circumstance described in this section, paragraph 1, the performance may be postponed until the obstacle is removed. If the Company has undertaken to pay interest in the case of a postponed payment, the Company shall pay the interest rate in effect on the due date. If no such undertaking has been made, the Company is not obligated to pay any interest rate exceeding the official reference rate established by Sweden's central bank (*Sw. Riksbanken*) with an additional two percentage units.

If the Company is prevented from receiving payment due to any circumstance described in this, paragraph 1, the Company is only entitled to receive interest in accordance with the terms in effect on the due date.

§ 14 Miscellaneous

The Warrants are freely transferable, constitute securities and may be transferred or otherwise disposed of in accordance with these terms and conditions.

The Company shall be entitled to decide on changes in these terms insofar as such changes are required by legislation, court decisions or decisions by public authorities, applicable stock exchange regulations or rules of any other recognised exchange for the public trading in shares, or if in the opinion of the Company, such actions otherwise are appropriate or necessary for practical reasons and the rights of the Warrant Holders are not adversely affected in any respect.

§ 15 Confidentiality, governing law and disputes

Sections 14 (Confidentiality) and 20 (Governing law and dispute resolution) of the shareholders' agreement governing the ownership of securities in and governance of the Company between certain shareholders of the Company, dated 20 November 2013, as amended (the “**Main SHA**”), shall apply to these Warrant terms with the exception that the confidentiality undertaking in Section 20.8 shall not extend to information provided to other parties to the Main SHA.

TERMS AND CONDITIONS FOR WARRANTS 2017/2020 IN SPOTIFY TECHNOLOGY S.A.

§ 1 Definitions

The following terms shall have the following meaning when used herein:

“Board of Directors”	the board of directors of the Company;
“Beneficiary Certificates”	Luxembourg beneficiary certificates (<i>parts bénéficiaires</i>) that do not represent share capital of the Company;
“Companies’ Law”	the Luxembourg law dated 10 August 1915 on commercial companies, as amended;
“Company”	Spotify Technology S.A., a Luxembourg <i>société anonyme</i> , with registered address at 42-44 avenue de la Gare, L-1610 Luxembourg, registered with the Luxembourg Trade and Companies Register under number B 123.052;
“Directed Share Issue”	share issue whereby Shares are not offered to all shareholders of the Company in accordance article 32-3 of the Companies’ Law;
“Early Exercise Period”	the period when a Warrant may be exercised, occurring earlier than the Exercise Period, as determined by the Board of Directors in accordance with Section 4;
“Exercise Period”	period when a Warrant may be exercised in accordance with Section 3;
“Exit”	Trade Sale or Listing;
“Group”	the group of companies to which the Company belongs and which are, directly or indirectly, controlled by the same person or entity, or is under common control with, such person or entity. For the purpose of this definition, “control” and the correlative meanings of the terms “controlled by” and “under common control with” means (i) the right to appoint and/or remove a majority of managers or directors of an entity, or (ii) the ownership of shares carrying more than fifty percent (50%) of the voting rights exercisable at a general meeting and/or at resolutions of an entity, as applicable, or (iii) the control, alone or jointly with other persons or entities by virtue of an agreement, of a majority of voting rights exercisable at a general meeting and/or at resolutions of an entity, as applicable;

“Listing”	listing of the Shares on a stock exchange or other recognised exchange for the public trading in shares;
“Main SHA”	shall have the meaning set out in Section 15;
“Share”	a share in the share capital of the Company. For the avoidance of doubt, “Shares” does not include Beneficiary Certificates;
“Subscription”	subscription for new Shares, through exercise of a Warrant in accordance with these terms and conditions and the Companies’ Law;
“Subscription Price”	the price at which Subscription for new Shares may occur;
“Trade Sale”	an event in which (a) all or substantially all of the Company’s or the Group’s assets are sold to a party which is not, directly or indirectly, a subsidiary of the Company; or (b) Shares that represent fifty percent (50%) or more of the issued share capital in the Company have been transferred to a new owner provided that such new owner will not have substantially the same shareholding as the Company immediately following the relevant transaction, or a bona fide firm offer from an unaffiliated third party for at least fifty percent (50) of all Shares then outstanding, and provided that the shareholders who are parties to the main shareholders’ agreement relating to the Company accept such offer (or are required to accept the offer pursuant to such shareholders’ agreement);
“Warrant”	a right to subscribe for new Shares in the Company against payment in cash in accordance with these terms and conditions; and
“Warrant Holder”	holder of a Warrant.

Save where the context otherwise requires, definitions in singular includes the plural and vice versa.

§ 2 Warrants

The number of Warrants amounts to 40,000.

The Warrants shall, as soon as practically possible following issuance, be registered with the register of Warrant Holders held at the registered office of the Company.

§ 3 Subscription for new Shares

During the period from the date of issuance of the Warrants up to and including 13 July 2020 (the “Exercise Period”), or the earlier date set forth in Section 4 or Section 9 below,

Warrant Holders are entitled to subscribe for one (1) new Share in the Company for each Warrant held at a Subscription Price corresponding to \$3,589. As stated in Section 9 below, recalculation may take place of both the Subscription Price and the number of new Shares that each Warrant entitles the Warrant Holder to subscribe for, the Subscription Price can however not fall under the nominal value of the Shares.

The Warrant Holder may, on one or several occasions, subscribe for not more than the total number of Shares that his Warrants entitle him to. The Company is obliged to issue the number of Shares specified in the notification of Subscription if the Warrant Holder so calls for it during the above mentioned period and provided the Warrant Holder has paid the Subscription Price in accordance with Section 6.

§ 4 Exit

In the event of an Exit, the Board of Directors, in its sole discretion, may resolve that Subscription of Shares shall be made not later than a date that occurs earlier than the end of the Exercise Period (the “Early Exercise Period”). If so, the Company shall notify the Warrant Holder in writing of the Early Exercise Period within reasonable time prior to the anticipated date of an Exit. The Subscription shall in such case be conditional upon an Exit being consummated and the allotment of Shares shall only be made in immediate conjunction with the consummation of the Exit.

§ 5 Application for Subscription

In order for any Subscription to be executed, the Warrant Holder shall submit to the Company a written notification indicating the number of Shares that the Warrant Holder wishes to subscribe for. Notifications of Subscription are binding and may not be revoked.

When exercising the Warrants, the Warrant Holder must subscribe for the entire number of whole Shares that the Warrants the Warrant Holder wishes to exercise at the same occasion entitles him to. No fraction of Shares shall be issued. In case of fraction, the number of Shares issued shall be rounded to the lower amount and any fraction of Shares will be considered void. No remuneration shall be paid for fractions of Shares.

Where a notification of Subscription is not filed within the period set forth in Section 3, any and all rights pursuant to the Warrants shall expire.

A Subscription will be effected through the payment of the Subscription Price, the issuance of new Shares and the registration of the new Shares in the share register of the Company.

§ 6 Payment

Payment for the new Shares shall be made in cash immediately following Subscription and prior to the issuance of the new Shares. Payment shall be made to an account designated by the Company. If the Board of Directors decides on an Early Exercise Period in accordance with Section 4, the Company shall return to the Warrant Holder the Subscription Price that the Warrant Holder paid to the Company when applying for Subscription in case an Exit is not consummated within 90 calendar days of payment.

§ 7 Registration of Shares

Once the new Shares have been issued, the new Shares shall immediately be registered in the Company's share register.

§ 8 Dividends in respect of new Shares

Shares issued upon Subscription shall entitle the holder to dividend from the date registered in the Company's share register.

§ 9 Adjustment of Subscription Price and of number of Shares conferred by the Warrants

If exercise of Warrants is not requested at such a time that the Shares the Warrant Holder would thereby receive carries an entitlement to participate in the actions described in this Section 9 as set out below, the Subscription Price and the number of Shares each Warrant entitles to shall be recalculated as set forth below, the Subscription Price being however at all times at least equal to the nominal value of the Shares. For the avoidance of doubt, an issuance of Beneficiary Certificates by the Company shall not entitle to any recalculation of the Subscription Price and the number of Shares conferred by the Warrants under this Section 9.

(a) Bonus issue

Where the Company carries out a bonus issue of shares, or a share split or a reverse share split (a "Bonus Issue"), a corresponding recalculation shall be made of the Subscription Price and/or of the number of Shares that each Warrant entitles the Warrant Holder to subscribe for. The recalculations, which shall be made by the Company, shall be made in the following manner.

(recalculated Subscription Price) = (previous Subscription Price) x (the number of Shares in the Company prior to the Bonus Issue) / (the number of Shares in the Company after the Bonus Issue)

(recalculated number of Shares that each Warrant confers right to subscribe for) = (the previous number of Shares that each Warrant confers right to subscribe for) x (the number of Shares in the Company after the Bonus Issue) / (the number of Shares in the Company prior to the Bonus Issue)

When recalculation shall be made as mentioned in the above table, the recalculated Subscription Price and the recalculated number of Shares that each Warrant confers the right to subscribe for shall be fixed by the Company two banking days at the latest after the Bonus Issue resolution.

If a Warrants Holder has not requested exercise of Warrants at such a time that the Shares the Warrant Holder would receive upon exercise of the relevant Warrants would carry an entitlement to participate in the Bonus Issue, the exercise of the relevant Warrants will not be effective until three banking days after the date the recalculations has been fixed.

(b) Issue of shares

Where the Company carries out a new issue of shares (“Issue of Shares”) in accordance with the principles of preferential rights with respect to shares in accordance with article 32-3 of the Companies’ Law, an independent appraiser retained by the Company or the Company’s auditor, as determined by the Company in its sole discretion, shall decide on how the recalculation shall be made, whereby the recalculation shall aim at maintaining the value of the Warrants. A decision by the independent appraiser or the Company’s auditor, as applicable, shall be binding for both the Company and the Warrant Holder. The cost for engaging the independent appraiser or auditor shall be borne by the Company.

In case the Company carries out an Issue of Shares with preferential rights as set out in the first paragraph above, the Company shall be entitled to offer the Warrant Holders the same preferential rights as the shareholders of the Company under the authorized share capital of the Company. Each Warrant Holder shall be deemed to have the number of Shares that he/she would have had, had he/she exercised all his/her Warrants. No recalculation as set out in the first paragraph above shall be made in case the Company decides to give the Warrant Holders preferential rights in accordance with this paragraph.

If, at the time of the resolution to carry out an Issue of Shares with preferential right as described in the first paragraph above, the Shares are listed on a stock exchange or other recognised exchange for the public trading in shares, the following recalculation formula shall apply instead of what has been described in the previous paragraphs.

(recalculated Subscription Price) = (previous Subscription Price) x (the average market price of the Share during the subscription period fixed pursuant to the Issue of Shares resolution (“the average Share price”)) / ((the average Share price) + (the theoretical value of the subscription right (“the value of the subscription right”)))

(recalculated number of Shares that each Warrant confers right to subscribe for) = (the previous number of Shares that each Warrant confers right to subscribe for) x ((the average price of the Share) + (the value of the subscription right)) / (the average Share price)

The average Share price shall be deemed to equal the average of the mean of the highest and lowest prices paid for the Share each trading day during the subscription period fixed pursuant to the issue resolution according to the exchange list on which the Share is primarily quoted. In the absence of quoted price paid, the quoted bid price shall be included in the calculation instead. If neither paid price nor bid price is quoted on a given day, that day shall be excluded from the calculation.

The value of the subscription right shall be calculated in accordance with the following formula, provided that the value of the subscription right shall be deemed to be zero if the resulting value is negative:

(the value of the subscription right) = (the maximum number of new Shares that can be issued according to the Issue of Shares resolution) x ((the average Share price) – (the subscription price for each new Share)) / (the number of Shares in the Company prior to the new issue)

When recalculation shall be made as mentioned above, the recalculated Subscription Price and the recalculated number of Shares that each Warrant confers right to subscribe for shall be fixed by the Company two banking days at the latest after the Issue of Shares resolution.

If a Warrants Holder has not requested exercise of Warrants at such a time that the Shares the Warrant Holder would receive upon exercise of the relevant Warrants would carry an entitlement to participate in the Issue of Shares, the exercise of the relevant Warrants will not be effective until three banking days after the date the recalculations has been fixed.

What has been stated in this section shall not apply in case the Company carries out Directed Share Issue. In such case, no recalculation shall be made with respect to the Subscription Price and/or of the number of Shares that each Warrant entitles the Warrant Holder to subscribe for.

(c) Certain other offers to the shareholders

Where the Company in other cases than those described in Section (a)-(b) above (i) carries out an offer to the shareholders in accordance with the principles of preferential rights with respect to Shares in article 32-3 and with respects of convertible bonds or similar instruments in article 32-4 of the Companies' Law, to subscribe any securities or rights from the Company, or (ii) distributes to the shareholders, pursuant to such preferential right, any such securities or rights with no consideration in return other than the nominal value of the relevant Shares (in both cases the "Offer" and the "Purchase Rights") an independent appraiser retained by the Company or the Company's auditor, as determined by the Company in its sole discretion, shall decide on how the recalculation shall be made, whereby the recalculation shall aim at maintaining the value of the Warrants. A decision by the independent appraiser or the Company's auditor, as applicable, shall be binding for both the Company and the Warrant Holder. The cost for engaging the independent appraiser or auditor shall be borne by the Company.

In case the Company carries out an Offer as set out in the first paragraph above, the Company shall be entitled to offer the Warrant Holders the same preferential rights as the shareholders of the Company. Each Warrant Holder shall be deemed to have the number of Shares that he/she would have had, had he/she exercised all his/her Warrants. No recalculation as set out in the first paragraph above shall be made in case the Company decides to give the Warrant Holders preferential rights in accordance with this paragraph.

If, at the time of the resolution to carry out an Offer with preferential right as described in the first paragraph above, the Shares are listed on a stock exchange or other recognised exchange for the public trading in shares, the following recalculation formula shall apply instead of what has been described in the previous paragraphs.

(recalculated Subscription Price) = (previous Subscription Price) x (the average market price of the Share during the acceptance period of the offer or, in case of distribution, during the period of 25 trading days starting on the day on which the Share is quoted without right to any part of the distribution ("the average Share price")) / ((the average Share price) + (the theoretical value of the right to participate in the offer ("the value of the Purchase Right")))

(recalculated number of Shares that each Warrant confers right to subscribe for) = (the previous number of Shares that each Warrant confers right to subscribe for) x ((the average Share price) + (the value of the Purchase Right)) / (the average Share price)

The average Share price shall be calculated with analogous application of the provisions of Section 9.b above.

If the shareholders receive Purchase Rights and these are subject to market quotation, the value of the Purchase Right shall be deemed to equal the average of the mean of the highest and lowest prices paid for the Purchase Right each trading day during the acceptance period of the Offer according to the exchange list on which the Purchase Right is primarily quoted. In the absence of quoted price paid, the quoted bid price shall be included in the calculation instead. If neither paid price nor bid price is quoted on a given day, that day shall be excluded from the calculation.

If the shareholders do not receive any Purchase Rights, or if the Purchase Rights are not subject to market quotation, but the securities or rights being the subject of the Offer either are already subject to market quotation or become subject to market quotation in connection with the Offer, the value of the Purchase Right shall be deemed to equal (i) if the securities or rights are already subject to market quotation, the average of the mean of the highest and lowest prices paid for such security or right each trading day during the acceptance period of the Offer or, in case of distribution, during the period of twenty-five (25) trading days starting on the day on which the share is quoted without right to any part of the distribution according to the exchange list on which the security or right is primarily quoted, less any consideration payable for them in connection with the Offer, or (ii) if the securities or rights become subject to market quotation in connection with the Offer, the average of the mean of the highest and lowest prices paid for such security or right each trading day during the period of twenty-five (25) trading days starting on the first day of such market quotation according to the exchange list on which the security or right is primarily quoted. In the absence of quoted price paid, the quoted bid price shall be included in the calculation instead. If neither paid price nor bid price is quoted on a given day, that day shall be excluded from the calculation. When the value of the Purchase Right shall be determined pursuant to (ii) of this paragraph, then in the recalculation of the Subscription Price and the number of Shares that each Warrant confers right to subscribe for in accordance with the above formulas the average Share price shall relate to the 25-trading day period mentioned in (ii) of this paragraph instead of the period mentioned in the above formulas.

If the shareholders do not receive any Purchase Rights, or if the Purchase Rights are not subject to market quotation, and the securities or rights being the subject of the Offer neither already are subject to market quotation nor become subject to market quotation in connection with the Offer, the value of the Purchase Right shall to the extent possible be determined based upon the change in the market value of the Company's Shares which, according to an independent appraiser retained by the Company or the Company's auditor, as determined by the Company in its sole discretion, may be deemed to have occurred as a consequence of the Offer. A decision by the independent appraiser or the Company's auditor, as applicable, shall be binding for both the Company and the Warrant Holder. The cost for engaging the independent appraiser or auditor shall be borne by the Company.

When recalculation shall be made as mentioned above, the recalculated Subscription Price and the recalculated number of Shares that each Warrant confers right to subscribe for shall be fixed by the Company two banking days after the expiry of the period during which the average Share price shall be calculated for the above recalculations at the latest (the "Period").

If a Warrants Holder has not requested exercise of Warrants at such a time that the Shares the Warrant Holder would receive upon exercise of the relevant Warrants would carry an entitlement to participate in the Offer, the exercise of the relevant Warrants will not be effective until three banking days after date the recalculations has been fixed.

(d) Dividend

If, at the time of the Board of Directors' announcement of its intention to submit a proposal to the general meeting regarding dividend (the "dividend"), the Shares are listed on a stock exchange or other recognised exchange for the public trading in shares, the following recalculation formula shall apply.

(recalculated Subscription Price) = (previous Subscription Price) x (the average market price of the Share during the period of 25 trading days starting on the day on which the share is quoted without right to the dividend ("the average Share price")) / ((the average Share price) + (the dividend paid per Share))

(recalculated number of Shares that each Warrant confers right to subscribe for) = (the previous number of Shares that each Warrant confers right to subscribe for) x ((the average Share price) + (the dividend paid per Share)) / (the average Share price)

The average share price shall be calculated with analogous application of the provisions of Section 9.b above.

When recalculation shall be made as above-mentioned, the recalculated Subscription Price and the recalculated number of Shares that each Warrant confers right to subscribe for shall be fixed by the Company two banking days after the expiry of the above-mentioned 25-trading day period at the latest.

In the event the Shares are not listed on a stock exchange or other recognised exchange for the public trading in shares, and a resolution is adopted regarding a dividend a corresponding recalculation shall take place. The Company's value shall in such case replace the average Share price in the above sections and formula. The value of the Company shall be determined by an independent appraiser appointed by the Company or the Company's auditor, as determined by the Company in its sole discretion. A decision by the independent appraiser or the Company's auditor, as applicable, shall be binding for both the Company and the Warrant Holder. The cost for engaging the independent appraiser or auditor shall be borne by the Company.

If a Warrant Holder has not requested exercise of Warrants at such a time that the Shares the Warrant Holder would receive upon exercise of the relevant Warrants would carry an entitlement to dividend, the exercise of the relevant Warrants will not be effective until three (3) banking days after the date the recalculations has been fixed.

(e) Reduction of share capital

What has been set out under the first paragraph of Section 9.b above shall apply mutatis mutandis in case the Company effects a compulsory reduction of its share capital with repayment to the Company's shareholders.

If, at the time of the resolution to carry out a compulsory reduction of the Company's share capital by way of repayment to the Company's shareholders, the Shares are listed on a stock exchange or other recognised exchange for the public trading in shares, the

following recalculation formula shall apply instead of what has been described in the previous paragraphs.

(recalculated Subscription Price) = (previous Subscription Price) x (the average market price of the Share during the period of 25 trading days starting on the day on which the Share is quoted without right to repayment ("the average Share price")) / ((the average Share price) + (the actual amount repaid per Share))

(recalculated number of Shares that each Warrant confers right to subscribe for) = (the previous number of Shares that each Warrant confers right to subscribe for) x ((the average Share price) + (the actual amount repaid per Share)) / (the average Share price)

If the reduction is carried out through redemption of Shares, then instead of using the actual amount repaid per Share in the above-mentioned recalculation of the Subscription Price and the number of Shares each Warrant confers right to subscribe for, a calculated amount repaid per Share determined as follows shall be applied:

(calculated amount repaid per Share) = ((the actual amount repaid per Share) – (the average market price of the Share during the period of 25 trading days immediately preceding the day on which the Share is quoted without right to participate in the reduction ("the average Share price"))) / ((the number of Shares in the Company which entitle to the reduction of one Share) – 1)

The average Share price shall be calculated with analogous application of the provisions of Section 9.b above.

When recalculation shall be made as above-mentioned, the recalculated Subscription Price and the recalculated number of Shares that each Warrant confers right to subscribe for shall be fixed by the Company two banking days after the expiry of the latest 25-trading days period applicable for the above recalculations to occur at the latest (the "Period")

If a Warrants Holder has not requested exercise of Warrants at such a time that the Shares the Warrant Holder would receive upon exercise of the relevant Warrants would carry an entitlement to participate in the Offer, the exercise of the relevant Warrants will not be effective until five (5) banking days after the Period.

If the Company effects (i) a reduction of its share capital with repayment to the shareholders through redemption of Shares, and such reduction is not compulsory, or (ii) a repurchase of Shares in the Company (without effecting a reduction of its share capital), and where, in the opinion of the Company, such reduction or repurchase due to its technical structure and financial effects is equivalent to a compulsory reduction, the above provisions in this section shall apply and a recalculation of the Subscription Price and the number of Shares to which each Warrant confers right to subscribe for shall be made, to the extent possible, in accordance with the principles set forth in this section.

(f) Adjustment of recalculation

If the Company carries out an action in accordance with (a) to (e) above and, in the Company's sole discretion, the above-mentioned procedures for recalculations would, due to its technical structure or otherwise, not be possible or if the compensation which the Warrant Holders would be entitled to would not be considered reasonable in

comparison to the compensation received by the Company's shareholders, the Subscription Price and the number of Shares each Warrant entitles to shall be recalculated by the Company, an independent appraiser retained by the Company or the Company's auditor, as determined by the Company in its sole discretion, whereby the recalculation shall aim at achieving a reasonable result in relation to the Company's shareholders.

(g) Liquidation

If it is decided that the Company shall enter into liquidation pursuant to the Companies' Law, an application for Subscription may not be made thereafter, regardless of the liquidation grounds. The right to request Subscription ceases as a result of the decision to liquidate, notwithstanding the fact that the decision may not have gained legal force. The Warrant Holders shall be informed through written notice of the planned liquidation not later than two (2) months before the shareholders' meeting considers whether the Company should enter into voluntary liquidation. The notice shall include a reminder that an application for Subscription may not be made after the shareholders' meeting has resolved to liquidate. If the Company gives notice of a planned liquidation as stated above, Warrant Holders are – notwithstanding the provisions of Section 3 above regarding the time for Subscription – entitled to apply for Subscription until and including the tenth calendar day prior to the shareholders' meeting at which the issue of the Company's liquidation is to be considered.

(h) Merger plan in accordance with Section XIV of the Companies' Law

If the board of directors of the Company intends to publish a merger plan in accordance with Section XIV of the Companies' Law — whereby the Company shall become part of another company, application for Subscription may not be made thereafter. The Warrant Holders shall be informed of such merger plan in writing not later than five (5) weeks before the publication of the merger plan. The notice shall include a report on the principal terms of the proposed merger plan and the date of its publication and shall remind the Warrant Holders that Subscription may be applied for not later than ten (10) calendar days prior to the publication of the de-merger plan. Should the Company give notice of the planned merger as stated above, the Warrant Holders shall – notwithstanding the provisions of Section 3 above have the right to apply for Subscription until and including the tenth calendar day prior to the publication of the merger plan.

(i) De-merger plan in accordance with Section XV of the Companies' Law

If the board of directors of the Company intends to publish a de-merger plan in accordance with Section XV of the Companies' Law — whereby the Company shall be split up and some, or all, of the Company's assets and debts shall be overtaken by one or several other companies, application for Subscription may not be made thereafter. The Warrant Holders shall be informed of such de-merger plans in writing not later than five (5) weeks before the publication of the de-merger plan. The notice shall include a report on the principal terms of the proposed de-merger plan and the date of its publication and shall remind the Warrant Holders that Subscription may be applied for not later than ten (10) calendar days prior to the publication of the de-merger plan until the de-merger becomes effective. Should the Company give notice of the planned de-merger as stated above, the Warrant Holders shall – notwithstanding the provisions of Section 3 above - have the right to apply for Subscription until and including the tenth calendar day prior to the publication of the de-merger plan.

Notwithstanding the above provisions by virtue of which Subscription may not applied for following a decision to liquidate, following approval or signing of a merger plan or following approval or signing of a de-merger plan, the right to apply for Subscription will be reinstated where the liquidation is revoked, or the merger plan or the de-merger plan are not implemented.

(j) Bankruptcy

In the event the Company enters into bankruptcy, notification for Subscription may not thereafter take place. In the event the order regarding the Company's bankruptcy is annulled by a court of higher instance, Subscription may take place.

§ 10 Special undertaking by the Company

The Company agrees not to undertake any adjustment measure described in Section 9 above which would result in an adjustment of the Subscription Price to an amount which is less than the nominal value of the Shares in the Company.

§ 11 Re-domiciliation

Anything in these Warrant terms and conditions to the contrary notwithstanding, if the Board of Directors of the Company determines that it is in the best interests of the Company, e.g. in connection with a possible IPO, to re-domicile to a jurisdiction other than Luxembourg, whether by operation of law, through a share exchange, whereby the Shares are exchanged for shares of a different entity establishing a new holding company structure, or other re-domiciliation arrangements, the Company will strive to ensure that the Warrant Holders will be offered the corresponding rights in any new entity, and if so requested by the Company, the Warrant Holders shall take any and all actions reasonably required in order to accomplish such exchange of Warrants for warrants with equivalent rights in a new entity.

§ 12 Notifications

Notices concerning these Warrant terms and conditions shall be given to each Warrant Holder and each other right holders to the address mentioned in the Warrant register or to the address notified to the Company in writing.

§ 13 Limitation of the liability

The Company shall be relieved from liability for a failure to perform any obligation under these conditions due to circumstances such as changes in the laws of Luxembourg or foreign laws and regulations or the interpretation thereof, acts of Luxembourg or foreign authorities, war, strike, boycott, lock-out or other circumstances of similar importance. The reservation for strike, boycott and lock-out is valid even if the Company takes or is subject to such measures.

The Company shall, provided that the Company has not acted negligently, be relieved from liability for any damage. The Company is under no circumstances liable for any indirect damage.

If the Company is prevented from performing any obligation under these conditions, such as paying, due to any circumstance described in this section, paragraph 1, the performance may be postponed until the obstacle is removed. If the Company has

undertaken to pay interest in the case of a postponed payment, the Company shall pay the interest rate in effect on the due date. If no such undertaking has been made, the Company is not obligated to pay any interest rate exceeding the official reference rate established by Sweden's central bank (*Sw. Riksbanken*) with an additional two percentage units.

If the Company is prevented from receiving payment due to any circumstance described in this, paragraph 1, the Company is only entitled to receive interest in accordance with the terms in effect on the due date.

§ 14 Miscellaneous

The Warrants are freely transferable, constitute securities and may be transferred or otherwise disposed of in accordance with these Warrant terms and conditions.

The Company shall be entitled to decide on changes in these Warrant terms insofar as such changes are required by legislation, court decisions or decisions by public authorities, applicable stock exchange regulations or rules of any other recognised exchange for the public trading in shares, or if in the opinion of the Company, such actions otherwise are appropriate or necessary for practical reasons and the rights of the Warrant Holders are not adversely affected in any respect.

§ 15 Confidentiality, governing law and disputes

Except as to matters with respect to Luxembourg corporate law, which shall be governed by Luxembourg corporate law, these Warrant terms and conditions shall be governed by the material laws of Sweden without regard to its rules on conflict of laws.

In the event of a dispute arising under these Warrant terms and conditions, the parties involved undertake to attempt to resolve such dispute by mutual agreement through good faith discussions for a period of at least two weeks prior to formally commencing arbitration.

Any dispute, controversy or claim arising out of or in connection with these Warrant terms and conditions, shall be finally settled by arbitration administered at the Arbitration Institute of the Stockholm Chamber of Commerce (“ **SCC Institute** ”). Where the amount in dispute does not exceed €100,000, the SCC Institute's Rules for Expedited Arbitrations shall apply. Where the amount in dispute exceeds €100,000, the Rules of the SCC Institute shall apply. Where the amount in dispute exceeds €100,000, but not €1,000,000, the Arbitral Tribunal shall be composed of a sole arbitrator. Where the amount in dispute exceeds €1,000,000 the Arbitral Tribunal shall be composed of three arbitrators. The amount in dispute includes the claimant's claims in the request for arbitration and any counterclaims in the respondent's reply to the request for arbitration. The proceedings shall take place in Stockholm and shall be conducted in the English language unless the parties agree otherwise. The arbitration proceedings and all information and documentation related thereto shall be confidential, unless otherwise agreed between the parties in writing.

TERMS AND CONDITIONS GOVERNING EMPLOYEE STOCK OPTIONS 2018/2023 IN SPOTIFY TECHNOLOGY S.A.**1. EMPLOYEE STOCK OPTION ISSUER AND HOLDER**

- 1.1 Spotify Technology S.A., a Luxembourg *société anonyme*, with registered address at 42- 44, avenue de la Gare, L-1610 Luxembourg, registered with the Luxembourg Trade and Companies' Register under number B 123.052 (the "**Company**"). 1.2 Employee of the Company or of any company controlled by the Company (the "**Group**") in accordance with an individual notice of grant (the "**Holder**").

2. BACKGROUND

- 2.1 The Company's board of directors (the "**Board**") considers the existence of efficient share-related incentive programs for employees of the Group to be of material importance for the development of the Group. By connecting employees' economic interest to the Group's results and value trend, a long-term increase in value is promoted. Accordingly, the interests of participating employees and shareholders will coincide.
- 2.2 The foregoing notwithstanding, this employee stock option program 2018/2023 (the "Employee Stock Option Program") shall not form part of the Holders' overall compensation and benefits under their contracts of employment with a Group company. Moreover, neither the granting of an Employee Stock Option (as defined below) under the Employee Stock Option Program nor the existence of a contract of employment between a Holder and a Group company shall give the Holder any right or expectation to be granted additional Employee Stock Options at any time under the Employee Stock Option Program or otherwise.

3. OPTION; SHARES AVAILABLE

Subject to the terms and conditions set out herein, the Holder is entitled to subscribe for one share in the Company (a "**Share**") per employee stock option (an "**Employee Stock Option**") at the exercise price set out in the individual notice of grant to the Holder (the "**Exercise Price**"). The Exercise Price may be re-calculated under certain circumstances pursuant to clause 8. Subject to the provisions of clauses 8 and 9.4.3, the maximum aggregate number of Shares that may be subject to Employee Stock Options under the Employee Stock Option Program is 6,020,000 Shares. Shares available for grant or sale under the Employee Stock Option Program will be reduced by the net Shares granted under the Terms and Conditions Governing Restricted Stock Units 2018/2023 in Spotify Technology S.A.

4. IMPLEMENTATION AND GRANT

- 4.1 The Employee Stock Option Program shall be effective as per 1 January 2018 (the "**Implementation Date**").
- 4.2 Employee Stock Options may be granted to Holders during the period as from and including 1 January 2018 up to and including 31 December 2018. The date or dates of grants of Employee Stock Options during such period (each, a "**Date of Grant**") shall be determined by the Board in its sole discretion.

5. VESTING

5.1 General

- 5.1.1 Vesting of 3/16 of the granted Employee Stock Options shall occur on the first of 1 March, 1 June, 1 September and 1 December falling more than three months from the Date of Grant (meaning, as an example, that this vesting occurs on 1 September if the Date of Grant was 1 March), and thereafter the granted Employee Stock Options shall vest as to 1/16 of the total number of Employee Stock Options on each and every 1 March, 1 June, 1 September and 1 December thereafter, subject to continued employment with the Group. The vesting schedule set out in this clause 5.1.1 may be amended pursuant to clause 5.2, 5.3 and 9.
- 5.1.2 Notwithstanding the aforesaid, the Board shall be entitled, in its sole discretion, to resolve that some or all unvested Employee Stock Options shall vest in advance.

5.2 Leave of absence

- 5.2.1 If the Holder goes on leave of absence, such Holder's Employee Stock Options will not vest during the leave of absence, except as set forth below in this clause 5.2. The Employee Stock Options that do not vest during the leave of absence as a consequence of the Holder's leave of absence shall lapse immediately, if not otherwise determined by the Board.
- 5.2.2 If the Holder is on leave of absence due to parental leave, sick leave, vacation leave or other paid time off, such Holder's Employee Stock Options shall continue to vest on the original vesting schedule during the leave of absence. The same shall apply for any other leave of absence during which vesting on the original schedule must continue under applicable law.
- 5.2.3 If the Holder is on leave of absence due to any other reason (e.g. studying) than as set out in clause 5.2.2, or if the Holder otherwise reduces his/her contractual working hours for the employer after the Date of Grant of the Holder's Employee Stock Options, but the Holder still works part-time for the employer, such Holder's Employee Stock Options shall vest pro rata in relation to a full-time job. If the Holder's contractual working hours prior to leave of absence or reduction of contractual working hours did not amount to a full-time job, such Holder's Employee Stock Options shall vest pro rata in relation to the contractual working hours prior to such leave of absence or reduction of contractual working hours. The same shall apply for any other leave of absence during which pro rata vesting must continue under applicable law. For the purpose of this clause 5.2.3, a full-time job shall correspond to the number of working hours per week set out in the Holder's employment agreement as the standard for a full-time job.

5.3 Termination of employment

- 5.3.1 If (i) the Holder resigns, or (ii) the employer terminates the employment of the Holder with the Group (for whatever reason), or (iii) the Holder retires pursuant to the terms of his/her employment contract or regulatory requirements, all unvested Employee Stock Options shall cease vesting as of the date of termination of employment and shall immediately lapse.

- 5.3.2 If (i) the Holder resigns, or (ii) the employer terminates the employment of the Holder with the Group, or (iii) the Holder is exempt from work in connection with an anticipated termination of employment, or (iv) the Holder retires pursuant to the terms of his/her employment contract or regulatory requirements, termination of employment for purposes of the Employee Stock Options shall be deemed to occur immediately after the end of the last day of employment, taking into account any notice period (but, for the avoidance of doubt, not including any further period over which any severance payment or consideration for non-compete restriction or similar is paid out). Notwithstanding the foregoing, the Board shall be entitled, in its sole discretion, to resolve that termination of employment shall be deemed to occur at a later point in time.
- 5.3.3 If a Holder changes the entity for which he or she is employed, but remains employed by the Group, such change will not be deemed a termination of employment for purposes of his/her Employee Stock Options, provided that there is no other interruption or termination of the Holder's employment, unless the Board, in its sole discretion, determines that the entity to which the Holder transfers is not a qualified affiliate of the Group. If a Holder changes the capacity in which he/she provides service to the Group from an employee to an independent contractor or consultant, such change will be deemed a termination of employment for purposes of his/her Employee Stock Options.
- 5.3.4 If the Holder, when he/she commences his/her employment with the Group, is subject to a probationary or trial employment and, at the end of such probationary or trial employment, the employment with the Group is terminated (for whatever reason), all vested and unvested Employee Stock Options shall lapse on the date of termination of employment, meaning, for the avoidance of doubt, that the Holder will not be entitled to exercise any Employee Stock Options.

6. EXERCISE

6.1 General

- 6.1.1 The Holder is entitled to exercise his/her rights under the Employee Stock Options to the extent the Employee Stock Options have vested pursuant to these terms and conditions by requesting exercise at any time up to and including 31 March 2023 in the manner set forth below (“**Exercise**”), provided such Employee Stock Options have not previously lapsed.
- 6.1.2 In the event the Holder has not requested Exercise on or before 31 March 2023 (such date, or an earlier date set for the expiration of the term of the Employee Stock Options as provided for in clause 9, the “**Expiration Date**”), all rights under the Employee Stock Options shall lapse.
- 6.1.3 Exercise may only be requested through an electronic platform and with no paper documentation to be executed by the Holder. To this effect, the Holder will receive an individual username and an individual password from the Company, giving her/him access to a personal account on the electronic platform. Once the Holder will have logged-in and accepted the terms and conditions of the Employee Stock Option Program applicable to her/him, she/he will have the possibility (i) to upload money on the electronic platform (the “**Funds**”) and (ii) to place requests on the said electronic platform in order to exercise some or all of her/his Employee Stock Options (the “**Exercise Request**”). Provided that the Holder had sufficient Funds available at the time of his/her Exercise Request, the transfer of the Share(s) concerned by the Exercise Request will be automatic and will not require any further action of the Holder. The Exercise Request placed by the Holder must be placed not later than on the Expiration Date and state the number of Employee Stock Options that the Holder wishes to Exercise. An Exercise Request is binding and irrevocable.

- 6.1.4 If the Holder's Employee Stock Options at Exercise entitle the Holder to subscribe for a number of Shares which is not an integer, the number of Shares to which the entitlement relates shall be rounded down to the nearest integer.
- 6.1.5 Exercise may not take place in the event the Company is declared bankrupt. However, Exercise may take place in the event the bankruptcy order is subsequently overturned on appeal.
- 6.1.6 The Expiration Date and the periods during which Exercise can take place may be amended pursuant to this clause 6, clause 9, or by other express action of the Board as provided for in these terms and conditions.

6.2 Termination of employment

- 6.2.1 If the Holder resigns, the employer terminates the employment of the Holder with the Group or the Holder is exempt from work in connection with an anticipated termination of employment, in any such case other than as a result of death or a physical disability and other than as a result of (i) the Holder's wilful failure to perform, or serious negligence in the performance of his/her duties and responsibilities as an employee; or (ii) any other breach of any material provision of these terms and conditions and/or any breach of any material provision of his/her employment agreement; or (iii) the commission of fraud, embezzlement, theft or other dishonesty with respect to the employer or any of its associated companies, made by the Holder; or (iv) the commission of a felony or other crime involving moral turpitude or affecting the employer or any of its associated companies; or (v) any other circumstance constituting just cause for dismissal due to personal grounds (Sw. *saklig grund för uppsägning på grund av personliga skäl*) under Swedish law or similar under other applicable law (each of (i) through (v) a "Cause"), or if the Holder retires pursuant to the terms of his/her employment contract or regulatory requirements, the new Expiration Date shall be the 90th calendar day following the termination of employment (as determined pursuant to clause 5.3.2) or such later dates as determined by the Company (but in no event later than 31 March 2023 or such date as follows pursuant to clause 9).
- 6.2.2 In the event that the Holder's termination of employment occurs due to death or physical disability, the new Expiration Date shall be the 194th calendar day following such event or such later dates as determined by the Company (but in no event later than 31 March 2023 or such date as follows pursuant to clause 9). The Holder (or, in the event of the Holder's death, the Holder's estate (Sw. *dödsbo*)) shall up to and including the new Expiration Date be entitled to Exercise any Employee Stock Options, which have vested in accordance with these terms and conditions as of such event. Following the new Expiration Date, the Holder (or, in the event of the Holder's death, the Holder's estate) shall have no rights pursuant to the Employee Stock Options and all rights under the Employee Stock Options which have not been subject to Exercise shall lapse. In the event of the Holder's death, the rights and obligations in accordance with these terms and conditions shall be binding upon and inure to the Holder's estate.
- 6.2.3 Notwithstanding the foregoing, should the Holder's employment be terminated for Cause, all the Holder's Employee Stock Options shall immediately lapse and may not be subject to Exercise.

7. PAYMENT AND DELIVERY OF SHARES

The Holder shall only use the Funds to pay the Exercise Price in cash for each Share to which the Exercise Request pertains, into the bank account designated by the Company in connection with the Exercise. Such payment of the Exercise Price shall be made prior to the delivery of Shares to the Holder. If the Company receives a valid Exercise Request and payment of the Exercise Price, then the Company shall deliver Shares to the Holder within 10 days on which banks are open for business generally (and not for internet banking only) in Luxembourg.

8. RE-CALCULATION OF EXERCISE PRICE ETC.

The Exercise Price and the number of Shares to which each Employee Stock Option entitles the Holder to subscribe for shall be re-calculated in the event that there are changes in the Company's share capital by way of a bonus issue of shares, share split, reverse share split, or a reduction of the share capital (a "**Re-calculation Event**"), in order not to affect the value of the Employee Stock Options. The re-calculation shall be carried out by the Board in accordance with the following formula:

$$n_4 = n_3 \times \left(\frac{n_1 + n_2}{n_1} \right)$$

where:

n_1 = number of shares issued in the Company prior to the Re-calculation Event

n_2 = number of shares issued/reduced in the Re-calculation Event

n_3 = number of Shares which each Employee Stock Option entitled the Holder to subscribe for immediately prior to the Re-calculation Event

n_4 = number of Shares that each Employee Stock Option gives the right to subscribe for after the Re-calculation Event

Consequently, the Exercise Price for the Employee Stock Option shall be re-calculated in accordance with the following formula:

$$p_2 = p_1 \times \left(\frac{n_1}{n_1 + n_2} \right)$$

where (in addition to the above definitions):

p_1 = Exercise Price per Share prior to the Re-calculation Event

p_2 = Exercise Price per Share after the Re-calculation Event

In the event that a Re-calculation Event would lead to an Exercise Price after the Re-calculation Event which is less than the par value of the Company's shares, the Exercise Price at Exercise shall instead equal the par value of the Company's shares.

9. AMENDMENT OF VESTING SCHEDULE AND EXPIRATION DATE ETC.

9.1 Change in Control

9.1.1 In the event of a Change in Control the Board may, in its sole discretion, decide to (i) set a period during which the Holder may request Exercise (an "**Exercise Period**") and, if determined by the Board, a new Expiration Date, in accordance with the provisions of clause 9.1.2, (ii) have these terms and conditions continue following the Change in Control in accordance with the provisions of clause 9.1.3, (iii) allow a grant of substantially

equivalent rights (i.e., among other things, that preserve the intrinsic value and vesting schedule of the Employee Stock Options) to acquire securities in a new company as the Holder had in the Company immediately before the Change in Control in accordance with the provisions of clause 9.1.4, or (iv) allow an amendment of the terms and conditions to the effect that, following the Change in Control, a new company assumes the Company's rights and obligations hereunder in accordance with the provisions of clause 9.1.5.

9.1.1.1 “ **Change in Control** ” shall mean and include each of the following:

- (i) a transaction or series of transactions (other than an offering of Shares to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d) (2) of the Securities Exchange Act of 1934, as amended from time to time (the “ **Exchange Act** ”)) directly or indirectly acquires beneficial ownership (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company's securities outstanding immediately after such acquisition; provided, however, that the following acquisitions shall not constitute a Change in Control: (w) any acquisition by the Company; (x) any acquisition by an employee benefit plan maintained by the Company, (y) any acquisition which complies with clauses 9.1.1.1(iii)(I)-(III); or (z) in respect of an Employee Stock Option held by a particular Holder, any acquisition by the Holder or any group of persons including the Holder (or any entity controlled by the Holder or any group of persons including the Holder);
- (ii) the Incumbent Directors cease for any reason to constitute a majority of the Board;
- (iii) the consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination, (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction: (I) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the “ **Successor Entity** ”)) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and (II) after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (II) as beneficially owning 50% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; and (III) after which at least a majority of the members of the board of directors (or the analogous governing body) of the Successor Entity were Board members at the time of the Board's approval of the execution of the initial agreement providing for such transaction; or
- (iv) the date which is 10 business days prior to the completion of a liquidation or dissolution of the Company.

- 9.1.1.2 “ **Incumbent Directors** ” shall mean for any period of 12 consecutive months, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in clause 9.1.1.1(i) or 9.1.1.1(iii)) whose election or nomination for election to the Board was approved by a vote of at least a majority (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director without objection to such nomination) of the directors then still in office who either were directors at the beginning of the 12-month period or whose election or nomination for election was previously so approved. No individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies by or on behalf of any person other than the Board shall be an Incumbent Director.
- 9.1.2 If the Board decides to set an Exercise Period, the Board shall notify the Holder in connection with the Change in Control of the Exercise Period and, if the Board so decides, the new Expiration Date. 50 per cent of the Holder’s unvested Employee Stock Options shall vest as of the date of the Board’s notice or on any other date set out in the Board’s notice. The notice will set forth the Exercise Period, which shall, to the extent possible taking into account the circumstances and process related to the Change in Control, give the Holder reasonable time to decide whether to Exercise any vested Employee Stock Options. The Holder shall during the Exercise Period be entitled to Exercise any Employee Stock Options which have vested in accordance with these terms and conditions. The Board shall be entitled, in its sole discretion, to decide whether to adopt a new Expiration Date so that, at the conclusion of such Exercise Period, any unvested Employee Stock Options shall lapse, or whether unvested Employee Stock Options will continue to vest. If the Board decides that any unvested Employee Stock Options shall continue to vest, only 1/8 part of the Holder’s Employee Stock Options shall vest at the first cliff vesting occasion set out in clause 5.1, if the Board’s notice is given prior to such date, and only 1/32 part of the Holder’s Employee Stock Options shall vest on each subsequent regularly scheduled quarterly vesting occasion. The Board shall also be entitled, in its sole discretion, to decide whether any vested Employee Stock Options which have not been subject to Exercise during an Exercise Period shall be subject to a new Expiration Date and therefore lapse, or whether the vested Employee Stock Options will be exercisable following the expiration of an Exercise Period. If the Board decides to establish a new Expiration Date so that any unvested, and/or any vested but unexercised, Employee Stock Options shall lapse, the Holder shall have no further rights pursuant to the Employee Stock Options.
- 9.1.3 If the Board decides to have these terms and conditions continue following the effective date of the Change in Control, the vesting schedule and the Expiration Date, as set forth in clause 5 and 6 respectively, shall remain unaffected by the Change in Control.
- 9.1.4 If the Board decides to allow a grant of substantially equivalent rights to acquire securities in a new company as the Holder had in the Company immediately before the Change in Control, all vested and unvested Employee Stock Options shall lapse as of the closing of the Change in Control and, subject to the grant of such substantially equivalent rights, the Holder shall have no further rights pursuant to the Employee Stock Options after the closing of the Change in Control.
- 9.1.5 If the Board decides to allow an amendment of the terms and conditions to the effect that, following the Change in Control, a new company assumes the Company’s rights and obligations hereunder, the Holder’s right to subscribe for Shares in accordance with clause 3 shall relate to shares in such new company.

9.1.6 If the Group, or any successor thereto, in connection with or within a period of 6 months following the closing of a Change in Control, terminates the employment of the Holder, other than for Cause, and if any Employee Stock Options are subject to continued vesting after the Change in Control in accordance with this clause 9.1, all of the Holder's unvested Employee Stock Options shall vest as of the date of his or her termination of employment.

9.2 Merger and de-merger

In the event of a merger through which the Company is absorbed into another company (other than a Change in Control) or a de-merger through which the Company is divided into two or more new entities (other than a Change in Control), the Board shall, before the adoption of any resolution in the aforementioned respects, determine an Exercise Period, the first day of which shall fall at least 20 calendar days after the date of the notice by the Board to the Holder of such Exercise Period. During such Exercise Period the Holder shall be entitled to Exercise any Employee Stock Options which have vested in accordance with these terms and conditions. At the conclusion of such Exercise Period, all Employee Stock Options which have not been subject to Exercise during the Exercise Period shall lapse and the Holder shall have no rights pursuant to the Employee Stock Options.

9.3 Share for share exchange etc.

9.3.1 If the Company's shareholders perform a share for share exchange for the purpose of creating a new holding company to the Company, or if a new company otherwise replaces the Company as the holding company in the Group, and such transaction is not a Change in Control, the Board shall use reasonable efforts to either: (a) ensure that the Holder receives substantially equivalent rights to acquire securities in the new holding company as the Holder had in the Company immediately before such transaction, provided that the Holder in writing waives any rights under the Employee Stock Options, which shall lapse as a consequence thereof; or (b) amend these terms and conditions to the effect that the new holding company assumes the Company's rights and obligations hereunder and that the Holder's right to subscribe for Shares in accordance with clause 3 shall relate to shares in the new holding company.

9.3.2 In the event of a transaction as described in clause 9.3.1, the Holder shall always be obliged upon the Board's request to, in case of (a) in clause 9.3.1, waive any rights under the Employee Stock Options provided that the Holder receives substantially equivalent rights in the new holding company as the Holder had in the Company immediately before such transaction or, in case of (b) in clause 9.3.1, approve any such amendment to these terms and conditions. No waiver shall be requested or required, and the Company may act unilaterally in accordance with this clause 9.3.2, provided that the Employee Stock Options preserve the material terms and conditions of the underlying rights, including the vesting schedule and the intrinsic value of the Employee Stock Option as of immediately prior to such transaction.

9.3.3 If the Company effects a change of the classes of outstanding Company securities, the Board shall, appropriately and proportionately adjust the class of securities subject to the Employee Stock Options. The Board will make such adjustments, and its determination will be final, binding and conclusive.

10. CANCELLATION OF EMPLOYEE STOCK OPTIONS IN CASE OF A MATERIAL BREACH

- 10.1 If the Holder commits a material breach of any of its obligations under these terms and conditions, and the breach has not been rectified within 15 calendar days from the date the Holder receives a written demand for rectification, the Company shall be entitled to cancel the Holder's unexercised Employee Stock Options (vested as well as unvested) which as a consequence thereof shall lapse.
- 10.2 A material breach for purposes of clause 10 and 11 shall mean a breach by the Holder of the provisions in clauses 9.3, 12, or 13 or any other breach by the Holder of these terms and conditions that is reasonably likely to have a material adverse effect on the Company.

11. LIQUIDATED DAMAGES IN CASE OF A MATERIAL BREACH

- 11.1 If the Holder commits a material breach in accordance with clause 10.2 and the breach has not been rectified within 15 calendar days from the date the Holder receives a written demand for rectification, the Holder shall upon written request by the Company pay liquidated damages in an amount corresponding to 50 per cent of the aggregate Exercise Price for all of the Holder's vested but unexercised Employee Stock Options. The Company shall not be entitled to demand liquidated damages if the Company has cancelled the Holder's Employee Stock Options pursuant to clause 10.1.
- 11.2 If the Holder commits a material breach of any of its obligations under these terms and conditions, the Company is entitled, in addition to any liquidated damages in accordance with the provisions of clause 11.1, to claim damages in an amount corresponding to the difference between the actual damage suffered and the liquidated damages (if any), if such damage exceeds the amount of the liquidated damages (if any).
- 11.3 The payment by the Holder of any liquidated damages and damages shall not affect the Company's right to pursue other remedies that the Company may have against the Holder as a result of a breach.

12. APPOINTMENT OF AGENT ETC.

- 12.1 The Holder hereby irrevocably authorises the Board, with full power of substitution, to endorse such documents on behalf of the Holder and to take any other action reasonably necessary to effect any of the Holder's obligations under these terms and conditions, including but not limited to, execution of a transfer of Shares owned by the Holder. The Board shall hold any payment received for the benefit of the Holder under this clause on behalf of the Holder and separated from any other funds. A withdrawal of the authorisation as provided for in this clause 12 constitutes a material breach of these terms and conditions for purposes of clause 10 and 11.
- 12.2 The Holder hereby undertakes to sign, execute and deliver such documents, and to take any other actions, as reasonably required by the Board in order to ensure compliance with or observation of the Holder's obligations under these terms and conditions.

13. PAYMENT OF CERTAIN TAXES

- 13.1 The Group will perform withholding of taxes in relation to the Employee Stock Options and the Shares acquired at Exercise if and to the extent required by law or decisions by governmental authorities or if the Board in its reasonable opinion considers it appropriate for the Group to perform such withholding of taxes. For the avoidance of doubt, this clause 13.1 shall not affect the Holder's liabilities and undertakings pursuant to clause 13.2 and 13.3.

- 13.2 The Holder is liable for and undertakes to pay any taxes (including but not limited to income taxes, capital taxes, employment taxes, social security contributions as well as any tax penalties thereon) for which he/she may be liable in relation to the Employee Stock Options and any Shares acquired at Exercise (“**Holder’s Tax Liability**”). For the avoidance of doubt, withholding tax (whether preliminary or deducted at source) on employment income, dividends and capital gains will always be considered as Holder’s Tax Liability.
- 13.3 As a condition to the exercise of an Employee Stock Option, the Holder shall make such arrangements as the Board may require for the satisfaction of any Holder’s Tax Liability that may arise in relation to the Employee Stock Options. The Holder shall also make such arrangements as the Board may require for the satisfaction of any Holder’s Tax Liability that may arise in relation to Shares acquired at Exercise. For the avoidance of doubt, the Holder shall upon the Company’s request at Exercise pay any Holders’ Tax Liability.
- 13.4 The Group assumes no responsibility for any Holder’s Tax Liability. The Holder represents that the Holder is not relying on the Group for any tax advice and explicitly agrees not to demand any compensation from the Group to cover any Holder’s Tax Liability.

14. DATA PROTECTION

- 14.1 For the purposes of implementing, managing and administering the Employee Stock Option Program, and for the Holder to participate in the Employee Stock Option Program, it is necessary for the Company acting as a data controller and other companies in the Group to collect, use, disclose, hold, transfer and otherwise process personal data regarding the Holder, including the Holder’s name, home address and telephone number, date of birth, personal identification number, social insurance number, salary, nationality, job title, any Shares or directorships held in the Company or any company in the Group, details of all Employee Stock Options or other entitlement to Shares awarded, cancelled, exercised, vested, unvested, or outstanding in the Holder’s favour (the “**Data**”). Any such processing will be carried out in accordance with the Company’s legitimate interest in administering the Employee Stock Option Program and only to the extent permitted by and in full compliance with any applicable data protection laws and regulations. The Holder’s Data will be retained by the Company for as long as the Holder holds Employee Stock Options and/or Shares in the Company, and thereafter only for as long as required by applicable law.
- 14.2 The Holder further understands that the Company and/or any company in the Group will transfer Data among themselves as necessary for the purposes of implementation, management and administration of the Holder’s participation in the Employee Stock Option Program, and that the Company and/or any company in the Group may each further transfer Data to any third party service provider acting as data processors and assisting the Company in the implementation, management and administration of the Employee Stock Option Program (the “**Data Recipients**”). The Company shall ensure that any Data Recipient shall be contractually required to ensure appropriate confidentiality and security as well as compliance with applicable data protection laws and regulations.

- 14.3 The Holder understands that these Data Recipients may be located in the Holder's country of residence or elsewhere. The Holder acknowledges that such Data Recipients will be receiving, possessing, using, retaining, and transferring Data in electronic or other form, for the purposes of implementing, managing and administering the Holder's participation in the Employee Stock Option Program, including any transfer of such Data to any third party service provider, acting as data processors, as may be required for the administration of the Employee Stock Option Program and/or the subsequent holding of Shares on the Holder's behalf, to a broker or third party with whom the Shares acquired on Exercise may be deposited. Where the transfer is to be to a destination outside the European Economic Area (the "EEA"), the Company shall take reasonable steps to ensure that the Holder's personal data is legally transferred and continues to be adequately protected and securely held. This may for example include that the Company ensures that the Data Recipients located outside of the EEA (i) hold certifications that are sufficient to receive and process personal data about EU individuals, e.g. the EU-US Privacy Shield program, or (ii) are bound by approved contractual mechanisms for transfers of personal data outside of the EEA, e.g. standard contractual clauses.
- 14.4 Subject to the nature of the Data and the Company's legal basis for processing that Data, the Holder may, at any time, contact the Company at to make any of the following requests in respect of the Data processed by the Company:
- a. request access to the Data;
 - b. request that Data which the Holder deems to be incorrect is rectified;
 - c. request for the Data to be erased by the Company;
 - d. request for the Company to restrict processing of his or her Data in certain circumstances including where the accuracy of the Data is contested, the processing of the Data is unlawful, where the Company no longer needs the Data or where the Holder objects to the Company processing his or her Data;
 - e. request for the Company to port the Data to another party;
 - f. object to the Company processing the Data; or
 - g. request to not be subject to a decision taken by the Company which is based solely on automated processing including profiling where that decision has a legal impact or a similarly significant impact on the Holder.
- 14.5 The Holder understands that, should the Holder have any concerns regarding the Company's processing of the Holder's Data, the Holder may contact the Company or lodge a complaint with the data protection authority in the country where the Holder is employed

15. MISCELLANEOUS

- 15.1 The Employee Stock Options may not be transferred, otherwise disposed, pledged, borrowed against or used as any form of security.
- 15.2 The Company shall be entitled to amend these terms and conditions to the extent required by legislation, court decisions, decisions by public authorities or agreements, or if such amendments, in the reasonable judgment of the Company, are otherwise necessary for practical reasons, and provided in all of the aforementioned cases that the Holder's rights are in no material respects adversely affected. If the Holder's rights would be materially adversely affected, the Holder's written consent shall be necessary for such amendment.

- 15.3 Nothing in these terms and conditions or in any right or Employee Stock Option granted under these terms and conditions shall confer upon the Holder the right to continue in employment for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Group or of the Holder, which rights are hereby expressly reserved by each, to terminate his or her employment at any time.
- 15.4 The Holder has no right to compensation or damages for any loss in respect of the Employee Stock Option where such loss arises (or is claimed to arise), in whole or in part, from the termination of the Holder's employment; or notice to terminate employment given by or to the Holder. However, this exclusion of liability shall not apply however to termination of employment, or the giving of notice, where a competent tribunal or court, from which there can be no appeal (or which the relevant employing company has decided not to appeal), has found that the cessation of the Holder's employment amounted to unfair or constructive dismissal of the Holder.
- 15.5 The Holder undertakes not to use or disclose the contents of these terms and conditions, or any financial information, trade secrets, customer lists or other information which it may from time to time receive or obtain (orally or in writing or in disc or electronic form) as a result of entering into or performing its obligations pursuant to these terms and conditions or otherwise, relating to the Group unless: (i) required to do so by law or pursuant to any order of court or other competent authority or tribunal; or (ii) such disclosure has been consented to by the Company, provided, however, that the Holder may disclose the terms and conditions of his or her Employee Stock Options to the Holder's spouse, personal attorney and/or tax preparer. If a Holder becomes required, in circumstances contemplated by (i) to disclose any information, the disclosing Holder shall use its best efforts to consult with the Company prior to any such disclosure.
- 15.6 Shares will not be issued under this Employee Stock Option Program unless the issuance and delivery of such Shares comply with (or are exempt from) all applicable requirements of law, including (without limitation) the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded. In addition to the terms and conditions provided herein, the Board may require that a Holder make such reasonable covenants, agreements and representations as the Board, in its sole discretion, deems advisable in order to comply with applicable law. The Board shall have the right to require any Holder to comply with any timing or other restrictions with respect to the settlement, distribution or exercise of any Employee Stock Option, including a window-period limitation, as may be imposed in the sole discretion of the Board.

16. TERM AND TERMINATION

These terms and conditions shall enter into force on the Implementation Date and remain in force until close of business in Sweden on 1 June 2027. The parties shall, however, after such date continue to be bound by the provisions set out in clause 15.5 and 17.

17. GOVERNING LAW AND JURISDICTION

- 17.1 These terms and conditions shall be governed by and construed in accordance with the substantive law of Sweden (excluding its rules on conflict of laws).

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- 17.2 The Company and the Holder undertake to use their best efforts to resolve any disagreements or disputes regarding these terms and conditions between them or any two or more of them through discussions and mutual agreement.
- 17.3 Any dispute, controversy or claim arising out of or in connection with these terms and conditions, or the breach, termination or invalidity thereof, shall be finally settled by arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce. Unless otherwise agreed between the parties to such arbitration, the Arbitral Tribunal shall be composed of a sole arbitrator, the seat of arbitration shall be Stockholm and the language to be used in the arbitral proceedings shall be English.
- 17.4 The arbitral proceedings and all information and documentation related thereto shall be confidential, unless a disclosure is required under any applicable law, relevant stock exchange regulations or order of court, other tribunal or competition authority or as otherwise agreed between the Company and the Holder in writing.

TERMS AND CONDITIONS GOVERNING EMPLOYEE STOCK OPTIONS 2017/2022 IN SPOTIFY TECHNOLOGY S.A.**1. EMPLOYEE STOCK OPTION ISSUER AND HOLDER**

- 1.1 Spotify Technology S.A., a Luxembourg *société anonyme*, with registered address at 42- 44, avenue de la Gare, L-1610 Luxembourg, registered with the Luxembourg Trade and Companies' Register under number B 123.052 (the "**Company**").
- 1.2 Employee of the Company or of any company controlled by the Company (the "**Group**") in accordance with an individual notice of grant (the "**Holder**").

2. BACKGROUND

- 2.1 The Company's board of directors (the "**Board**") considers the existence of efficient share-related incentive programs for employees of the Group to be of material importance for the development of the Group. By connecting employees' economic interest to the Group's results and value trend, a long-term increase in value is promoted. Accordingly, the interests of participating employees and shareholders will coincide.
- 2.2 The foregoing notwithstanding, this employee stock option program 2017/2022 (the "**Employee Stock Option Program**") shall not form part of the Holders' overall compensation and benefits under their contracts of employment with a Group company. Moreover, neither the granting of an Employee Stock Option (as defined below) under the Employee Stock Option Program nor the existence of a contract of employment between a Holder and a Group company shall give the Holder any right or expectation to be granted additional Employee Stock Options at any time under the Employee Stock Option Program or otherwise.

3. OPTION

Subject to the terms and conditions set out herein, the Holder is entitled to subscribe for one share in the Company (a "**Share**") per employee stock option (an "**Employee Stock Option**") at the exercise price set out in the individual notice of grant to the Holder (the "**Exercise Price**"). The Exercise Price may be re-calculated under certain circumstances pursuant to clause 8.

4. IMPLEMENTATION AND GRANT

- 4.1 The Employee Stock Option Program shall be effective as per 2 December 2016 (the "**Implementation Date**").
- 4.2 Employee Stock Options may be granted to Holders during the period as from and including 2 December 2016 up to and including 31 December 2017. The date or dates of grants of Employee Stock Options during such period (each, a "**Date of Grant**") shall be determined by the Board in its sole discretion.

5. VESTING

5.1 General

- 5.1.1 Vesting of 3/16 of the granted Employee Stock Options shall occur on the first of 1 March, 1 June, 1 September and 1 December falling more than three months from the Date of Grant (meaning, as an example, that this vesting occurs on 1 September if the Date of Grant was 1 March), and thereafter the granted Employee Stock Options shall vest as to 1/16 of the total number of Employee Stock Options on each and every 1 March, 1 June, 1 September and 1 December thereafter, subject to continued employment with the Group. The vesting schedule set out in this clause 5.1.1 may be amended pursuant to clause 5.2, 5.3 and 9.
- 5.1.2 Notwithstanding the aforesaid, the Board shall be entitled, in its sole discretion, to resolve that some or all unvested Employee Stock Options shall vest in advance.

5.2 Leave of absence

- 5.2.1 If the Holder goes on leave of absence, such Holder's Employee Stock Options will not vest during the leave of absence, except as set forth below in this clause 5.2. The Employee Stock Options that do not vest during the leave of absence as a consequence of the Holder's leave of absence shall lapse immediately, if not otherwise determined by the Board.
- 5.2.2 If the Holder is on leave of absence due to parental leave, sick leave, vacation leave or other paid time off, such Holder's Employee Stock Options shall continue to vest on the original vesting schedule during the leave of absence. The same shall apply for any other leave of absence during which vesting on the original schedule must continue under applicable law.
- 5.2.3 If the Holder is on leave of absence due to any other reason (e.g. studying) than as set out in clause 5.2.2, or if the Holder otherwise reduces his/her contractual working hours for the employer after the Date of Grant of the Holder's Employee Stock Options, but the Holder still works part-time for the employer, such Holder's Employee Stock Options shall vest pro rata in relation to a full-time job. If the Holder's contractual working hours prior to leave of absence or reduction of contractual working hours did not amount to a full-time job, such Holder's Employee Stock Options shall vest pro rata in relation to the contractual working hours prior to such leave of absence or reduction of contractual working hours. The same shall apply for any other leave of absence during which pro rata vesting must continue under applicable law. For the purpose of this clause 5.2.3, a full-time job shall correspond to the number of working hours per week set out in the Holder's employment agreement as the standard for a full-time job.

5.3 Termination of employment

- 5.3.1 If (i) the Holder resigns, or (ii) the employer terminates the employment of the Holder with the Group (for whatever reason), or (iii) the Holder retires pursuant to the terms of his/her employment contract or regulatory requirements, all unvested Employee Stock Options shall cease vesting as of the date of termination of employment and shall immediately lapse.

- 5.3.2 If the Holder resigns, termination of employment for purposes of the Employee Stock Options shall be deemed to occur immediately on the Group's receipt of Holder's written notice of resignation, even if the Holder's last day of service is thereafter. If the employer terminates the employment of the Holder with the Group, termination of employment for purposes of the Employee Stock Options shall be deemed to occur immediately after the end of the last day of employment, taking into account any notice period (but, for the avoidance of doubt, not including any further period over which any severance payment or consideration for non-compete restriction or similar is paid out). If the Holder is exempt from work in connection with an anticipated termination of employment, termination of employment for purposes of the Employee Stock Options shall be deemed to occur immediately after the end of the last working day prior to the Holder being exempt from work. If the Holder retires pursuant to the terms of his/her employment contract or regulatory requirements, termination of employment for purposes of the Employee Stock Options shall be deemed to occur immediately after the end of the last day of employment. Notwithstanding the foregoing, the Board shall be entitled, in its sole discretion, to resolve that termination of employment shall be deemed to occur at a later point in time.
- 5.3.3 If a Holder changes the entity for which he or she is employed, but remains employed by the Group, such change will not be deemed a termination of employment for purposes of his/her Employee Stock Options, provided that there is no other interruption or termination of the Holder's employment, unless the Board, in its sole discretion, determines that the entity to which the Holder transfers is not a qualified affiliate of the Group. If a Holder changes the capacity in which he/she provides service to the Group from an employee to an independent contractor or consultant, such change will be deemed a termination of employment for purposes of his/her Employee Stock Options.
- 5.3.4 If the Holder, when he/she commences his/her employment with the Group, is subject to a probationary or trial employment and, at the end of such probationary or trial employment, the employment with the Group is terminated (for whatever reason), all vested and unvested Employee Stock Options shall lapse on the date of termination of employment, meaning, for the avoidance of doubt, that the Holder will not be entitled to exercise any Employee Stock Options.

6. EXERCISE

6.1 General

- 6.1.1 The Holder is entitled to exercise his/her rights under the Employee Stock Options to the extent the Employee Stock Options have vested pursuant to these terms and conditions by requesting exercise at any time up to and including 31 March 2022 in the manner set forth below (" **Exercise** "), provided such Employee Stock Options have not previously lapsed.
- 6.1.2 In the event the Holder has not requested Exercise on or before 31 March 2022 (such date, or an earlier date set for the expiration of the term of the Employee Stock Options as provided for in clause 9, the " **Expiration Date** "), all rights under the Employee Stock Options shall lapse.
- 6.1.3 Exercise may only be requested through an electronic platform and with no paper documentation to be executed by the Holder. To this effect, the Holder will receive an individual username and an individual password from the Company, giving her/him access to a personal account on the electronic platform. Once the Holder will have logged-in and accepted the terms and conditions of the Employee Stock Option Program applicable to her/him, she/he will have the possibility (i) to upload money on the electronic platform (the " **Funds** ") and (ii) to place requests on the said electronic platform in order to exercise some or all of her/his Employee Stock Options (the " **Exercise Request** "). Provided that the Holder had sufficient Funds available at the time of his/her Exercise Request, the

transfer of the Share(s) concerned by the Exercise Request will be automatic and will not require any further action of the Holder. The Exercise Request placed by the Holder must be placed not later than on the Expiration Date and state the number of Employee Stock Options that the Holder wishes to Exercise. An Exercise Request is binding and irrevocable.

- 6.1.4 If the Holder's Employee Stock Options at Exercise entitle the Holder to subscribe for a number of Shares which is not an integer, the number of Shares to which the entitlement relates shall be rounded down to the nearest integer.
- 6.1.5 Exercise may not take place in the event the Company is declared bankrupt. However, Exercise may take place in the event the bankruptcy order is subsequently overturned on appeal.
- 6.1.6 The Expiration Date and the periods during which Exercise can take place may be amended pursuant to this clause 6, clause 9, or by other express action of the Board as provided for in these terms and conditions.

6.2 Termination of employment

- 6.2.1 If the Holder resigns, the employer terminates the employment of the Holder with the Group or the Holder is exempt from work in connection with an anticipated termination of employment, in any such case other than as a result of death or a physical disability and other than as a result of (i) the Holder's wilful failure to perform, or serious negligence in the performance of his/her duties and responsibilities as an employee; or (ii) any other breach of any material provision of these terms and conditions and/or any breach of any material provision of his/her employment agreement; or (iii) the commission of fraud, embezzlement, theft or other dishonesty with respect to the employer or any of its associated companies, made by the Holder; or (iv) the commission of a felony or other crime involving moral turpitude or affecting the employer or any of its associated companies; or (v) any other circumstance constituting just cause for dismissal due to personal grounds (Sw. *saklig grund för uppsägning på grund av personliga skäl*) under Swedish law or similar under other applicable law (each of (i) through (v) a "Cause"), or if the Holder retires pursuant to the terms of his/her employment contract or regulatory requirements, the new Expiration Date shall be the 90th calendar day following the occurrence of such event (as determined pursuant to clause 5.3.2) or such later dates as determined by the Company (but in no event later than 31 March 2022 or such date as follows pursuant to clause 9).
- 6.2.2 In the event that the Holder's termination of employment occurs due to death or physical disability, the new Expiration Date shall be the 194th calendar day following such event or such later dates as determined by the Company (but in no event later than 31 March 2022 or such date as follows pursuant to clause 9). The Holder (or, in the event of the Holder's death, the Holder's estate (Sw. *dödsbo*)) shall up to and including the new Expiration Date be entitled to Exercise any Employee Stock Options, which have vested in accordance with these terms and conditions as of such event. Following the new Expiration Date, the Holder (or, in the event of the Holder's death, the Holder's estate) shall have no rights pursuant to the Employee Stock Options and all rights under the Employee Stock Options which have not been subject to Exercise shall lapse. In the event of the Holder's death, the rights and obligations in accordance with these terms and conditions shall be binding upon and inure to the Holder's estate.

- 6.2.3 Notwithstanding the foregoing, should the Holder's employment be terminated for Cause, all the Holder's Employee Stock Options shall immediately lapse and may not be subject to Exercise.

7. PAYMENT AND DELIVERY OF SHARES

The Holder shall only use the Funds to pay the Exercise Price in cash for each Share to which the Exercise Request pertains, into the bank account designated by the Company in connection with the Exercise. Such payment of the Exercise Price shall be made prior to the delivery of Shares to the Holder. If the Company receives a valid Exercise Request and payment of the Exercise Price, then the Company shall deliver Shares to the Holder within 10 days on which banks are open for business generally (and not for internet banking only) in Luxembourg.

8. RE-CALCULATION OF EXERCISE PRICE ETC.

The Exercise Price and the number of Shares to which each Employee Stock Option entitles the Holder to subscribe for shall be re-calculated in the event that there are changes in the Company's share capital by way of a bonus issue of shares, share split, reverse share split, or a reduction of the share capital (a "**Re-calculation Event**"), in order not to affect the value of the Employee Stock Options. The re-calculation shall be carried out by the Board in accordance with the following formula:

$$n_4 = n_3 \times \left(\frac{n_1 + n_2}{n_1} \right)$$

where:

n₁ = number of shares issued in the Company prior to the Re-calculation Event

n₂ = number of shares issued/reduced in the Re-calculation Event

n₃ = number of Shares which each Employee Stock Option entitled the Holder to subscribe for immediately prior to the Re-calculation Event

n₄ = number of Shares that each Employee Stock Option gives the right to subscribe for after the Re-calculation Event

Consequently, the Exercise Price for the Employee Stock Option shall be re-calculated in accordance with the following formula:

$$p_2 = p_1 \times \left(\frac{n_1}{n_1 + n_2} \right)$$

where (in addition to the above definitions):

p₁ = Exercise Price per Share prior to the Re-calculation Event

p₂ = Exercise Price per Share after the Re-calculation Event

In the event that a Re-calculation Event would lead to an Exercise Price after the Re-calculation Event which is less than the par value of the Company's shares, the Exercise Price at Exercise shall instead equal the par value of the Company's shares.

9. AMENDMENT OF VESTING SCHEDULE AND EXPIRATION DATE ETC.

9.1 Change in Control

- 9.1.1 In the event of a Change in Control the Board may, in its sole discretion, decide to (i) set a period during which the Holder may request Exercise (an "**Exercise Period**") and, if

determined by the Board, a new Expiration Date, in accordance with the provisions of clause 9.1.2, (ii) have these terms and conditions continue following the Change in Control in accordance with the provisions of clause 9.1.3, (iii) allow a grant of substantially equivalent rights (i.e., among other things, that preserve the intrinsic value and vesting schedule of the Employee Stock Options) to acquire securities in a new company as the Holder had in the Company immediately before the Change in Control in accordance with the provisions of clause 9.1.4, or (iv) allow an amendment of the terms and conditions to the effect that, following the Change in Control, a new company assumes the Company's rights and obligations hereunder in accordance with the provisions of clause 9.1.5.

9.1.1.1 “ **Change in Control** ” shall mean and include each of the following:

(i) a transaction or series of transactions (other than an offering of Shares to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d) (2) of the Securities Exchange Act of 1934, as amended from time to time (the “ **Exchange Act** ”)) directly or indirectly acquires beneficial ownership (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company's securities outstanding immediately after such acquisition; provided, however, that the following acquisitions shall not constitute a Change in Control: (w) any acquisition by the Company; (x) any acquisition by an employee benefit plan maintained by the Company, (y) any acquisition which complies with clauses 9.1.1.1(iii)(I)-(III); or (z) in respect of an Employee Stock Option held by a particular Holder, any acquisition by the Holder or any group of persons including the Holder (or any entity controlled by the Holder or any group of persons including the Holder);

(ii) the Incumbent Directors cease for any reason to constitute a majority of the Board;

(iii) the consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination, (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction: (I) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the “ **Successor Entity** ”)) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and (II) after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (II) as beneficially owning 50% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; and (III) after which at least a majority of the members of the board of directors (or the analogous governing body) of the Successor Entity were Board members at the time of the Board's approval of the execution of the initial agreement providing for such transaction; or

(iv) the date which is 10 business days prior to the completion of a liquidation or dissolution of the Company.

- 9.1.1.2 “ **Incumbent Directors** ” shall mean for any period of 12 consecutive months, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in clause 9.1.1.1(i) or 9.1.1.1(iii)) whose election or nomination for election to the Board was approved by a vote of at least a majority (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director without objection to such nomination) of the directors then still in office who either were directors at the beginning of the 12-month period or whose election or nomination for election was previously so approved. No individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies by or on behalf of any person other than the Board shall be an Incumbent Director.
- 9.1.2 If the Board decides to set an Exercise Period, the Board shall notify the Holder in connection with the Change in Control of the Exercise Period and, if the Board so decides, the new Expiration Date. 50 per cent of the Holder’s unvested Employee Stock Options shall vest as of the date of the Board’s notice or on any other date set out in the Board’s notice. The notice will set forth the Exercise Period, which shall, to the extent possible taking into account the circumstances and process related to the Change in Control, give the Holder reasonable time to decide whether to Exercise any vested Employee Stock Options. The Holder shall during the Exercise Period be entitled to Exercise any Employee Stock Options which have vested in accordance with these terms and conditions. The Board shall be entitled, in its sole discretion, to decide whether to adopt a new Expiration Date so that, at the conclusion of such Exercise Period, any unvested Employee Stock Options shall lapse, or whether unvested Employee Stock Options will continue to vest. If the Board decides that any unvested Employee Stock Options shall continue to vest, only 1/8 part of the Holder’s Employee Stock Options shall vest at the first cliff vesting occasion set out in clause 5.1, if the Board’s notice is given prior to such date, and only 1/32 part of the Holder’s Employee Stock Options shall vest on each subsequent regularly scheduled quarterly vesting occasion. The Board shall also be entitled, in its sole discretion, to decide whether any vested Employee Stock Options which have not been subject to Exercise during an Exercise Period shall be subject to a new Expiration Date and therefore lapse, or whether the vested Employee Stock Options will be exercisable following the expiration of an Exercise Period. If the Board decides to establish a new Expiration Date so that any unvested, and/or any vested but unexercised, Employee Stock Options shall lapse, the Holder shall have no further rights pursuant to the Employee Stock Options.
- 9.1.3 If the Board decides to have these terms and conditions continue following the effective date of the Change in Control, the vesting schedule and the Expiration Date, as set forth in clause 5 and 6 respectively, shall remain unaffected by the Change in Control.
- 9.1.4 If the Board decides to allow a grant of substantially equivalent rights to acquire securities in a new company as the Holder had in the Company immediately before the Change in Control, all vested and unvested Employee Stock Options shall lapse as of the closing of the Change in Control and, subject to the grant of such substantially equivalent rights, the Holder shall have no further rights pursuant to the Employee Stock Options after the closing of the Change in Control.

- 9.1.5 If the Board decides to allow an amendment of the terms and conditions to the effect that, following the Change in Control, a new company assumes the Company's rights and obligations hereunder, the Holder's right to subscribe for Shares in accordance with clause 3 shall relate to shares in such new company.
- 9.1.6 If the Group, or any successor thereto, in connection with or within a period of 6 months following the closing of a Change in Control, terminates the employment of the Holder, other than for Cause, and if any Employee Stock Options are subject to continued vesting after the Change in Control in accordance with this clause 9.1, all of the Holder's unvested Employee Stock Options shall vest as of the date of his or her termination of employment.

9.2 Merger and de-merger

In the event of a merger through which the Company is absorbed into another company (other than a Change in Control) or a de-merger through which the Company is divided into two or more new entities (other than a Change in Control), the Board shall, before the adoption of any resolution in the aforementioned respects, determine an Exercise Period, the first day of which shall fall at least 20 calendar days after the date of the notice by the Board to the Holder of such Exercise Period. During such Exercise Period the Holder shall be entitled to Exercise any Employee Stock Options which have vested in accordance with these terms and conditions. At the conclusion of such Exercise Period, all Employee Stock Options which have not been subject to Exercise during the Exercise Period shall lapse and the Holder shall have no rights pursuant to the Employee Stock Options.

9.3 Share for share exchange etc.

- 9.3.1 If the Company's shareholders perform a share for share exchange for the purpose of creating a new holding company to the Company, or if a new company otherwise replaces the Company as the holding company in the Group, and such transaction is not a Change in Control, the Board shall use reasonable efforts to either: (a) ensure that the Holder receives substantially equivalent rights to acquire securities in the new holding company as the Holder had in the Company immediately before such transaction, provided that the Holder in writing waives any rights under the Employee Stock Options, which shall lapse as a consequence thereof; or (b) amend these terms and conditions to the effect that the new holding company assumes the Company's rights and obligations hereunder and that the Holder's right to subscribe for Shares in accordance with clause 3 shall relate to shares in the new holding company.
- 9.3.2 In the event of a transaction as described in clause 9.3.1, the Holder shall always be obliged upon the Board's request to, in case of (a) in clause 9.3.1, waive any rights under the Employee Stock Options provided that the Holder receives substantially equivalent rights in the new holding company as the Holder had in the Company immediately before such transaction or, in case of (b) in clause 9.3.1, approve any such amendment to these terms and conditions. No waiver shall be requested or required, and the Company may act unilaterally in accordance with this clause 9.3, provided that the Employee Stock Options preserve the material terms and conditions of the underlying rights, including the vesting schedule and the intrinsic value of the Employee Stock Option as of immediately prior to such transaction.

- 9.3.3 If the Company effects a change of the classes of outstanding Company securities, the Board shall, appropriately and proportionately adjust the class of securities subject to the Employee Stock Options. The Board will make such adjustments, and its determination will be final, binding and conclusive.

10. CANCELLATION OF EMPLOYEE STOCK OPTIONS IN CASE OF A MATERIAL BREACH

- 10.1 If the Holder commits a material breach of any of its obligations under these terms and conditions, and the breach has not been rectified within 15 calendar days from the date the Holder receives a written demand for rectification, the Company shall be entitled to cancel the Holder's unexercised Employee Stock Options (vested as well as unvested) which as a consequence thereof shall lapse.
- 10.2 A material breach for purposes of clause 10 and 11 shall mean a breach by the Holder of the provisions in clauses 9.3, 12, or 13 or any other breach by the Holder of these terms and conditions that is reasonably likely to have a material adverse effect on the Company.

11. LIQUIDATED DAMAGES IN CASE OF A MATERIAL BREACH

- 11.1 If the Holder commits a material breach in accordance with clause 10.2 and the breach has not been rectified within 15 calendar days from the date the Holder receives a written demand for rectification, the Holder shall upon written request by the Company pay liquidated damages in an amount corresponding to 50 per cent of the aggregate Exercise Price for all of the Holder's vested but unexercised Employee Stock Options. The Company shall not be entitled to demand liquidated damages if the Company has cancelled the Holder's Employee Stock Options pursuant to clause 10.1.
- 11.2 If the Holder commits a material breach of any of its obligations under these terms and conditions, the Company is entitled, in addition to any liquidated damages in accordance with the provisions of clause 11.1, to claim damages in an amount corresponding to the difference between the actual damage suffered and the liquidated damages (if any), if such damage exceeds the amount of the liquidated damages (if any).
- 11.3 The payment by the Holder of any liquidated damages and damages shall not affect the Company's right to pursue other remedies that the Company may have against the Holder as a result of a breach.

12. APPOINTMENT OF AGENT ETC.

- 12.1 The Holder hereby irrevocably authorises the Board, with full power of substitution, to endorse such documents on behalf of the Holder and to take any other action reasonably necessary to effect any of the Holder's obligations under these terms and conditions, including but not limited to, execution of a transfer of Shares owned by the Holder. The Board shall hold any payment received for the benefit of the Holder under this clause on behalf of the Holder and separated from any other funds. A withdrawal of the authorisation as provided for in this clause 12 constitutes a material breach of these terms and conditions for purposes of clause 10 and 11.
- 12.2 The Holder hereby undertakes to sign, execute and deliver such documents, and to take any other actions, as reasonably required by the Board in order to ensure compliance with or observation of the Holder's obligations under these terms and conditions.

13. PAYMENT OF CERTAIN TAXES

- 13.1 The Group will perform withholding of taxes in relation to the Employee Stock Options and the Shares acquired at Exercise if and to the extent required by law or decisions by governmental authorities or if the Board in its reasonable opinion considers it appropriate for the Group to perform such withholding of taxes. For the avoidance of doubt, this clause 13.1 shall not affect the Holder's liabilities and undertakings pursuant to clause 13.2 and 13.3.
- 13.2 The Holder is liable for and undertakes to pay any taxes (including but not limited to income taxes, capital taxes, employment taxes, social security contributions as well as any tax penalties thereon) for which he/she may be liable in relation to the Employee Stock Options and any Shares acquired at Exercise (" **Holder's Tax Liability** "). For the avoidance of doubt, withholding tax (whether preliminary or deducted at source) on employment income, dividends and capital gains will always be considered as Holder's Tax Liability.
- 13.3 As a condition to the exercise of an Employee Stock Option, the Holder shall make such arrangements as the Board may require for the satisfaction of any Holder's Tax Liability that may arise in relation to the Employee Stock Options. The Holder shall also make such arrangements as the Board may require for the satisfaction of any Holder's Tax Liability that may arise in relation to Shares acquired at Exercise. For the avoidance of doubt, the Holder shall upon the Company's request at Exercise pay any Holders' Tax Liability.
- 13.4 The Group assumes no responsibility for any Holder's Tax Liability. The Holder represents that the Holder is not relying on the Group for any tax advice and explicitly agrees not to demand any compensation from the Group to cover any Holder's Tax Liability.

14. DATA PROTECTION

- 14.1 For the purposes of implementing, managing and administering the Employee Stock Option Program, and for the Holder to participate in the Employee Stock Option Program, it is necessary for the Company acting as a data controller and other companies in the Group to collect, use, disclose, hold, transfer and otherwise process personal data regarding the Holder, including the Holder's name, home address and telephone number, date of birth, personal identification number, social insurance number, salary, nationality, job title, any Shares or directorships held in the Company or any company in the Group, details of all Employee Stock Options or other entitlement to Shares awarded, cancelled, exercised, vested, unvested, or outstanding in the Holder's favour (the "**Data** "). Any such processing will be carried out in accordance with the Company's legitimate interest in administering the Employee Stock Option Program and only to the extent permitted by and in full compliance with any applicable data protection laws and regulations. The Holder's Data will be retained by the Company for as long as the Holder holds Employee Stock Options and/or Shares in the Company, and thereafter only for as long as required by applicable law.
- 14.2 The Holder further understands that the Company and/or any company in the Group will transfer Data among themselves as necessary for the purposes of implementation, management and administration of the Holder's participation in the Employee Stock Option Program, and that the Company and/or any company in the Group may each further transfer Data to any third party service provider acting as data processors and assisting the Company in the implementation, management and administration of the Employee Stock Option Program (the "**Data Recipients** "). The Company shall ensure that any Data Recipient shall be contractually required to ensure appropriate confidentiality and security as well as compliance with applicable data protection laws and regulations.

- 14.3 The Holder understands that these Data Recipients may be located in the Holder's country of residence or elsewhere. The Holder acknowledges that such Data Recipients will be receiving, possessing, using, retaining, and transferring Data in electronic or other form, for the purposes of implementing, managing and administering the Holder's participation in the Employee Stock Option Program, including any transfer of such Data to any third party service provider, acting as data processors, as may be required for the administration of the Employee Stock Option Program and/or the subsequent holding of Shares on the Holder's behalf, to a broker or third party with whom the Shares acquired on Exercise may be deposited. Where the transfer is to be to a destination outside the European Economic Area (the "EEA"), the Company shall take reasonable steps to ensure that the Holder's personal data is legally transferred and continues to be adequately protected and securely held. This may for example include that the Company ensures that the Data Recipients located outside of the EEA (i) hold certifications that are sufficient to receive and process personal data about EU individuals, e.g. the EU-US Privacy Shield program, or (ii) are bound by approved contractual mechanisms for transfers of personal data outside of the EEA, e.g. standard contractual clauses.
- 14.4 Subject to the nature of the Data and the Company's legal basis for processing that Data, the Holder may, at any time, contact the Company at to make any of the following requests in respect of the Data processed by the Company:
- a. request access to the Data;
 - b. request that Data which the Holder deems to be incorrect is rectified;
 - c. request for the Data to be erased by the Company;
 - d. request for the Company to restrict processing of his or her Data in certain circumstances including where the accuracy of the Data is contested, the processing of the Data is unlawful, where the Company no longer needs the Data or where the Holder objects to the Company processing his or her Data;
 - e. request for the Company to port the Data to another party;
 - f. object to the Company processing the Data; or
 - g. request to not be subject to a decision taken by the Company which is based solely on automated processing including profiling where that decision has a legal impact or a similarly significant impact on the Holder.
- 14.5 The Holder understands that, should the Holder have any concerns regarding the Company's processing of the Holder's Data, the Holder may contact the Company or lodge a complaint with the data protection authority in the country where the Holder is employed.
- 15. MISCELLANEOUS**
- 15.1 The Employee Stock Options may not be transferred, otherwise disposed, pledged, borrowed against or used as any form of security.

- 15.2 The Company shall be entitled to amend these terms and conditions to the extent required by legislation, court decisions, decisions by public authorities or agreements, or if such amendments, in the reasonable judgment of the Company, are otherwise necessary for practical reasons, and provided in all of the aforementioned cases that the Holder's rights are in no material respects adversely affected. If the Holder's rights would be materially adversely affected, the Holder's written consent shall be necessary for such amendment.
- 15.3 Nothing in these terms and conditions or in any right or Employee Stock Option granted under these terms and conditions shall confer upon the Holder the right to continue in employment for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Group or of the Holder, which rights are hereby expressly reserved by each, to terminate his or her employment at any time.
- 15.4 The Holder has no right to compensation or damages for any loss in respect of the Employee Stock Option where such loss arises (or is claimed to arise), in whole or in part, from the termination of the Holder's employment; or notice to terminate employment given by or to the Holder. However, this exclusion of liability shall not apply however to termination of employment, or the giving of notice, where a competent tribunal or court, from which there can be no appeal (or which the relevant employing company has decided not to appeal), has found that the cessation of the Holder's employment amounted to unfair or constructive dismissal of the Holder.
- 15.5 The Holder undertakes not to use or disclose the contents of these terms and conditions, or any financial information, trade secrets, customer lists or other information which it may from time to time receive or obtain (orally or in writing or in disc or electronic form) as a result of entering into or performing its obligations pursuant to these terms and conditions or otherwise, relating to the Group unless: (i) required to do so by law or pursuant to any order of court or other competent authority or tribunal; or (ii) such disclosure has been consented to by the Company, provided, however, that the Holder may disclose the terms and conditions of his or her Employee Stock Options to the Holder's spouse, personal attorney and/or tax preparer. If a Holder becomes required, in circumstances contemplated by (i) to disclose any information, the disclosing Holder shall use its best efforts to consult with the Company prior to any such disclosure.
- 15.6 Shares will not be issued under this Employee Stock Option Program unless the issuance and delivery of such Shares comply with (or are exempt from) all applicable requirements of law, including (without limitation) the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded. In addition to the terms and conditions provided herein, the Board may require that a Holder make such reasonable covenants, agreements and representations as the Board, in its sole discretion, deems advisable in order to comply with applicable law. The Board shall have the right to require any Holder to comply with any timing or other restrictions with respect to the settlement, distribution or exercise of any Employee Stock Option, including a window-period limitation, as may be imposed in the sole discretion of the Board.

16. TERM AND TERMINATION

These terms and conditions shall enter into force on the Implementation Date and remain in force until close of business in Sweden on 1 June 2025. The parties shall, however, after such date continue to be bound by the provisions set out in clause 15.5 and 17.

17. GOVERNING LAW AND JURISDICTION

- 17.1 These terms and conditions shall be governed by and construed in accordance with the substantive law of Sweden (excluding its rules on conflict of laws).
- 17.2 The Company and the Holder undertake to use their best efforts to resolve any disagreements or disputes regarding these terms and conditions between them or any two or more of them through discussions and mutual agreement.
- 17.3 Any dispute, controversy or claim arising out of or in connection with these terms and conditions, or the breach, termination or invalidity thereof, shall be finally settled by arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce. Unless otherwise agreed between the parties to such arbitration, the Arbitral Tribunal shall be composed of a sole arbitrator, the seat of arbitration shall be Stockholm and the language to be used in the arbitral proceedings shall be English.
- 17.4 The arbitral proceedings and all information and documentation related thereto shall be confidential, unless a disclosure is required under any applicable law, relevant stock exchange regulations or order of court, other tribunal or competition authority or as otherwise agreed between the Company and the Holder in writing.

TERMS AND CONDITIONS GOVERNING EMPLOYEE STOCK OPTIONS 2016/2021 IN SPOTIFY TECHNOLOGY S.A.**1. EMPLOYEE STOCK OPTION ISSUER AND HOLDER**

- 1.1 Spotify Technology S.A., a Luxembourg société anonyme, with registered address at 42- 44, avenue de la Gare, L-1610 Luxembourg, registered with the Luxembourg Trade and Companies' Register under number B 123.052 (the "**Company**").
- 1.2 Employee of the Company or of any company controlled by the Company (the "**Group**") in accordance with an individual notice of grant (the "**Holder**").

2. BACKGROUND

- 2.1 The Company's board of directors (the "**Board**") considers the existence of efficient share-related incentive programs for employees of the Group to be of material importance for the development of the Group. By connecting employees' economic interest to the Group's results and value trend, a long-term increase in value is promoted. Accordingly, the interests of participating employees and shareholders will coincide.
- 2.2 The foregoing notwithstanding, this employee stock option program 2016/2021 (the "**Employee Stock Option Program**") shall not form part of the Holders' overall compensation and benefits under their contracts of employment with a Group company. Moreover, neither the granting of an Employee Stock Option (as defined below) under the Employee Stock Option Program nor the existence of a contract of employment between a Holder and a Group company shall give the Holder any right or expectation to be granted additional Employee Stock Options at any time under the Employee Stock Option Program or otherwise.

3. OPTION

Subject to the terms and conditions set out herein, the Holder is entitled to subscribe for one share in the Company (a "**Share**") per employee stock option (an "**Employee Stock Option**") at the exercise price set out in the individual notice of grant to the Holder (the "**Exercise Price**"). The Exercise Price may be re-calculated under certain circumstances pursuant to clause 8.

4. IMPLEMENTATION AND GRANT

- 4.1 The Employee Stock Option Program shall be effective as per 1 January 2016 (the "**Implementation Date**").
- 4.2 Employee Stock Options may be granted to Holders during the period as from and including 1 January 2016 up to and including 31 December 2016. The date or dates of grants of Employee Stock Options during such period (each, a "**Date of Grant**") shall be determined by the Board in its sole discretion.

5. VESTING

5.1 General

- 5.1.1 Vesting of 3/16 of the granted Employee Stock Options shall occur on the first of 1 March, 1 June, 1 September and 1 December falling more than three months from the Date of Grant (meaning, as an example, that this vesting occurs on 1 September if the Date of Grant was 1 March), and thereafter the granted Employee Stock Options shall vest as to 1/16 of the total number of Employee Stock Options on each and every 1 March, 1 June, 1 September and 1 December thereafter, subject to continued employment with the Group. The vesting schedule set out in this clause 5.1.1 may be amended pursuant to clause 5.2, 5.3 and 9.
- 5.1.2 Notwithstanding the aforesaid, the Board shall be entitled, in its sole discretion, to resolve that some or all unvested Employee Stock Options shall vest in advance.

5.2 Leave of absence

- 5.2.1 If the Holder goes on leave of absence, such Holder's Employee Stock Options will not vest during the leave of absence, except as set forth below in this clause 5.2. The Employee Stock Options that do not vest during the leave of absence as a consequence of the Holder's leave of absence shall lapse immediately, if not otherwise determined by the Board.
- 5.2.2 If the Holder is on leave of absence due to parental leave, sick leave, vacation leave or other paid time off, such Holder's Employee Stock Options shall continue to vest on the original vesting schedule during the leave of absence. The same shall apply for any other leave of absence during which vesting on the original schedule must continue under applicable law.
- 5.2.3 If the Holder is on leave of absence due to any other reason (e.g. studying) than as set out in clause 5.2.2, or if the Holder otherwise reduces his/her contractual working hours for the employer after the Date of Grant of the Holder's Employee Stock Options, but the Holder still works part-time for the employer, such Holder's Employee Stock Options shall vest pro rata in relation to a full-time job. If the Holder's contractual working hours prior to leave of absence or reduction of contractual working hours did not amount to a full-time job, such Holder's Employee Stock Options shall vest pro rata in relation to the contractual working hours prior to such leave of absence or reduction of contractual working hours. The same shall apply for any other leave of absence during which pro rata vesting must continue under applicable law. For the purpose of this clause 5.2.3, a full-time job shall correspond to the number of working hours per week set out in the Holder's employment agreement as the standard for a full-time job.

5.3 Termination of employment

- 5.3.1 If (i) the Holder resigns, or (ii) the employer terminates the employment of the Holder with the Group (for whatever reason), or (iii) the Holder retires pursuant to the terms of his/her employment contract or regulatory requirements, all unvested Employee Stock Options shall cease vesting as of the date of termination of employment and shall immediately lapse.
- 5.3.2 If the Holder resigns, termination of employment for purposes of the Employee Stock Options shall be deemed to occur immediately on the Group's receipt of Holder's written notice of resignation, even if the Holder's last day of service is thereafter. If the employer

terminates the employment of the Holder with the Group, termination of employment for purposes of the Employee Stock Options shall be deemed to occur immediately after the end of the last day of employment, taking into account any notice period (but, for the avoidance of doubt, not including any further period over which any severance payment or consideration for non-compete restriction or similar is paid out). If the Holder is exempt from work in connection with an anticipated termination of employment, termination of employment for purposes of the Employee Stock Options shall be deemed to occur immediately after the end of the last working day prior to the Holder being exempt from work. If the Holder retires pursuant to the terms of his/her employment contract or regulatory requirements, termination of employment for purposes of the Employee Stock Options shall be deemed to occur immediately after the end of the last day of employment. Notwithstanding the foregoing, the Board shall be entitled, in its sole discretion, to resolve that termination of employment shall be deemed to occur at a later point in time.

- 5.3.3 If a Holder changes the entity for which he or she is employed, but remains employed by the Group, such change will not be deemed a termination of employment for purposes of his/her Employee Stock Options, provided that there is no other interruption or termination of the Holder's employment, unless the Board, in its sole discretion, determines that the entity to which the Holder transfers is not a qualified affiliate of the Group. If a Holder changes the capacity in which he/she provides service to the Group from an employee to an independent contractor or consultant, such change will be deemed a termination of employment for purposes of his/her Employee Stock Options.
- 5.3.4 If the Holder, when he/she commences his/her employment with the Group, is subject to a probationary or trial employment and, at the end of such probationary or trial employment, the employment with the Group is terminated (for whatever reason), all vested and unvested Employee Stock Options shall lapse on the date of termination of employment, meaning, for the avoidance of doubt, that the Holder will not be entitled to exercise any Employee Stock Options.

6. EXERCISE

6.1 General

- 6.1.1 The Holder is entitled to exercise his/her rights under the Employee Stock Options to the extent the Employee Stock Options have vested pursuant to these terms and conditions by requesting exercise at any time up to and including 31 March 2021 in the manner set forth below (“**Exercise**”), provided such Employee Stock Options have not previously lapsed.
- 6.1.2 In the event the Holder has not requested Exercise on or before 31 March 2021 (such date, or an earlier date set for the expiration of the term of the Employee Stock Options as provided for in clause 9, the “**Expiration Date**”), all rights under the Employee Stock Options shall lapse.
- 6.1.3 Exercise may only be requested through an electronic platform and with no paper documentation to be executed by the Holder. To this effect, the Holder will receive an individual username and an individual password from the Company, giving her/him access to a personal account on the electronic platform. Once the Holder will have logged-in and accepted the terms and conditions of the Employee Stock Option Program applicable to her/him, she/he will have the possibility (i) to upload money on the electronic platform (the “**Funds**”) and (ii) to place requests on the said electronic platform in order to exercise some or all of her/his Employee Stock Options (the “**Exercise Request**”). Provided that the Holder had sufficient Funds available at the time of his/her Exercise Request, the

transfer of the Share(s) concerned by the Exercise Request will be automatic and will not require any further action of the Holder. The Exercise Request placed by the Holder must be placed not later than on the Expiration Date and state the number of Employee Stock Options that the Holder wishes to Exercise. An Exercise Request is binding and irrevocable.

- 6.1.4 If the Holder's Employee Stock Options at Exercise entitle the Holder to subscribe for a number of Shares which is not an integer, the number of Shares to which the entitlement relates shall be rounded down to the nearest integer.
- 6.1.5 Exercise may not take place in the event the Company is declared bankrupt. However, Exercise may take place in the event the bankruptcy order is subsequently overturned on appeal.
- 6.1.6 The Expiration Date and the periods during which Exercise can take place may be amended pursuant to this clause 6, clause 9, or by other express action of the Board as provided for in these terms and conditions.

6.2 Termination of employment

- 6.2.1 If the Holder resigns, the employer terminates the employment of the Holder with the Group or the Holder is exempt from work in connection with an anticipated termination of employment, in any such case other than as a result of death or a physical disability and other than as a result of (i) the Holder's wilful failure to perform, or serious negligence in the performance of his/her duties and responsibilities as an employee; or (ii) any other breach of any material provision of these terms and conditions and/or any breach of any material provision of his/her employment agreement; or (iii) the commission of fraud, embezzlement, theft or other dishonesty with respect to the employer or any of its associated companies, made by the Holder; or (iv) the commission of a felony or other crime involving moral turpitude or affecting the employer or any of its associated companies; or (v) any other circumstance constituting just cause for dismissal due to personal grounds (Sw. *saklig grund för uppsägning på grund av personliga skäl*) under Swedish law or similar under other applicable law (each of (i) through (v) a "Cause"), or if the Holder retires pursuant to the terms of his/her employment contract or regulatory requirements, the new Expiration Date shall be the 90th calendar day following the occurrence of such event (as determined pursuant to clause 5.3.2) or such later dates as determined by the Company (but in no event later than 31 March 2021 or such date as follows pursuant to clause 9).
- 6.2.2 In the event that the Holder's termination of employment occurs due to death or physical disability, the new Expiration Date shall be the 194th calendar day following such event or such later dates as determined by the Company (but in no event later than 31 March 2021 or such date as follows pursuant to clause 9). The Holder (or, in the event of the Holder's death, the Holder's estate (Sw. *dödsbo*)) shall up to and including the new Expiration Date be entitled to Exercise any Employee Stock Options, which have vested in accordance with these terms and conditions as of such event. Following the new Expiration Date, the Holder (or, in the event of the Holder's death, the Holder's estate) shall have no rights pursuant to the Employee Stock Options and all rights under the Employee Stock Options which have not been subject to Exercise shall lapse. In the event of the Holder's death, the rights and obligations in accordance with these terms and conditions shall be binding upon and inure to the Holder's estate.

6.2.3 Notwithstanding the foregoing, should the Holder's employment be terminated for Cause, all the Holder's Employee Stock Options shall immediately lapse and may not be subject to Exercise.

7. PAYMENT AND DELIVERY OF SHARES

The Holder shall only use the Funds to pay the Exercise Price in cash for each Share to which the Exercise Request pertains, into the bank account designated by the Company in connection with the Exercise. Such payment of the Exercise Price shall be made prior to the delivery of Shares to the Holder. If the Company receives a valid Exercise Request and payment of the Exercise Price, then the Company shall deliver Shares to the Holder within 10 days on which banks are open for business generally (and not for internet banking only) in Luxembourg.

8. RE-CALCULATION OF EXERCISE PRICE ETC.

The Exercise Price and the number of Shares to which each Employee Stock Option entitles the Holder to subscribe for shall be re-calculated in the event that there are changes in the Company's share capital by way of a bonus issue of shares, share split, reverse share split, or a reduction of the share capital (a "Re-calculation Event"), in order not to affect the value of the Employee Stock Options. The re-calculation shall be carried out by the Board in accordance with the following formula:

$$n_4 = n_3 \times \left(\frac{n_1 + n_2}{n_1} \right)$$

where:

n_1 = number of shares issued in the Company prior to the Re-calculation Event

n_2 = number of shares issued/reduced in the Re-calculation Event

n_3 = number of Shares which each Employee Stock Option entitled the Holder to subscribe for immediately prior to the Re-calculation Event

n_4 = number of Shares that each Employee Stock Option gives the right to subscribe for after the Re-calculation Event

Consequently, the Exercise Price for the Employee Stock Option shall be re-calculated in accordance with the following formula:

$$p_2 = p_1 \times \left(\frac{n_1}{n_1 + n_2} \right)$$

where (in addition to the above definitions):

p_1 = Exercise Price per Share prior to the Re-calculation Event

p_2 = Exercise Price per Share after the Re-calculation Event

In the event that a Re-calculation Event would lead to an Exercise Price after the Re-calculation Event which is less than the par value of the Company's shares, the Exercise Price at Exercise shall instead equal the par value of the Company's shares.

9. AMENDMENT OF VESTING SCHEDULE AND EXPIRATION DATE ETC.

9.1 Change in Control

9.1.1 In the event of a Change in Control the Board may, in its sole discretion, decide to (i) set a period during which the Holder may request Exercise (an "Exercise Period") and, if

determined by the Board, a new Expiration Date, in accordance with the provisions of clause 9.1.2, (ii) have these terms and conditions continue following the Change in Control in accordance with the provisions of clause 9.1.3, (iii) allow a grant of substantially equivalent rights (i.e., among other things, that preserve the intrinsic value and vesting schedule of the Employee Stock Options) to acquire securities in a new company as the Holder had in the Company immediately before the Change in Control in accordance with the provisions of clause 9.1.4, or (iv) allow an amendment of the terms and conditions to the effect that, following the Change in Control, a new company assumes the Company's rights and obligations hereunder in accordance with the provisions of clause 9.1.5.

9.1.1.1 “**Change in Control**” shall mean and include each of the following:

(i) a transaction or series of transactions (other than an offering of Shares to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d) (2) of the Securities Exchange Act of 1934, as amended from time to time (the “**Exchange Act**”)) directly or indirectly acquires beneficial ownership (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company's securities outstanding immediately after such acquisition; provided, however, that the following acquisitions shall not constitute a Change in Control: (w) any acquisition by the Company; (x) any acquisition by an employee benefit plan maintained by the Company, (y) any acquisition which complies with clauses 9.1.1.1(iii)(I)-(III); or (z) in respect of an Employee Stock Option held by a particular Holder, any acquisition by the Holder or any group of persons including the Holder (or any entity controlled by the Holder or any group of persons including the Holder);

(ii) the Incumbent Directors cease for any reason to constitute a majority of the Board;

(iii) the consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination, (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction: (I) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the “**Successor Entity**”)) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and (II) after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (II) as beneficially owning 50% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; and (III) after which at least a majority of the members of the board of directors (or the analogous governing body) of the Successor Entity were Board members at the time of the Board's approval of the execution of the initial agreement providing for such transaction; or

(iv) the date which is 10 business days prior to the completion of a liquidation or dissolution of the Company.

- 9.1.1.2 “ **Incumbent Directors** ” shall mean for any period of 12 consecutive months, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in clause 9.1.1.1(i) or 9.1.1.1(iii)) whose election or nomination for election to the Board was approved by a vote of at least a majority (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director without objection to such nomination) of the directors then still in office who either were directors at the beginning of the 12-month period or whose election or nomination for election was previously so approved. No individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies by or on behalf of any person other than the Board shall be an Incumbent Director.
- 9.1.2 If the Board decides to set an Exercise Period, the Board shall notify the Holder in connection with, the Change in Control of the Exercise Period and, if the Board so decides, the new Expiration Date. 50 per cent of the Holder’s unvested Employee Stock Options shall vest as of the date of the Board’s notice or on any other date set out in the Board’s notice. The notice will set forth the Exercise Period, which shall, to the extent possible taking into account the circumstances and process related to the Change in Control, give the Holder reasonable time to decide whether to Exercise any vested Employee Stock Options. The Holder shall during the Exercise Period be entitled to Exercise any Employee Stock Options which have vested in accordance with these terms and conditions. The Board shall be entitled, in its sole discretion, to decide whether to adopt a new Expiration Date so that, at the conclusion of such Exercise Period, any unvested Employee Stock Options shall lapse, or whether unvested Employee Stock Options will continue to vest. If the Board decides that any unvested Employee Stock Options shall continue to vest, only 1/8 part of the Holder’s Employee Stock Options shall vest at the first cliff vesting occasion set out in clause 5.1, if the Board’s notice is given prior to such date, and only 1/32 part of the Holder’s Employee Stock Options shall vest on each subsequent regularly scheduled quarterly vesting occasion. The Board shall also be entitled, in its sole discretion, to decide whether any vested Employee Stock Options which have not been subject to Exercise during an Exercise Period shall be subject to a new Expiration Date and therefore lapse, or whether the vested Employee Stock Options will be exercisable following the expiration of an Exercise Period. If the Board decides to establish a new Expiration Date so that any unvested, and/or any vested but unexercised, Employee Stock Options shall lapse, the Holder shall have no further rights pursuant to the Employee Stock Options.
- 9.1.3 If the Board decides to have these terms and conditions continue following the effective date of the Change in Control, the vesting schedule and the Expiration Date, as set forth in clause 5 and 6 respectively, shall remain unaffected by the Change in Control.
- 9.1.4 If the Board decides to allow a grant of substantially equivalent rights to acquire securities in a new company as the Holder had in the Company immediately before the Change in Control, all vested and unvested Employee Stock Options shall lapse as of the closing of the Change in Control and, subject to the grant of such substantially equivalent rights, the Holder shall have no further rights pursuant to the Employee Stock Options after the closing of the Change in Control.

- 9.1.5 If the Board decides to allow an amendment of the terms and conditions to the effect that, following the Change in Control, a new company assumes the Company's rights and obligations hereunder, the Holder's right to subscribe for Shares in accordance with clause 3 shall relate to shares in such new company.
- 9.1.6 If the Group, or any successor thereto, in connection with or within a period of 6 months following the closing of a Change in Control, terminates the employment of the Holder, other than for Cause, and if any Employee Stock Options are subject to continued vesting after the Change in Control in accordance with this clause 9.1, all of the Holder's unvested Employee Stock Options shall vest as of the date of his or her termination of employment.

9.2 Merger and de-merger

In the event of a merger through which the Company is absorbed into another company (other than a Change in Control) or a de-merger through which the Company is divided into two or more new entities (other than a Change in Control), the Board shall, before the adoption of any resolution in the aforementioned respects, determine an Exercise Period, the first day of which shall fall at least 20 calendar days after the date of the notice by the Board to the Holder of such Exercise Period. During such Exercise Period the Holder shall be entitled to Exercise any Employee Stock Options which have vested in accordance with these terms and conditions. At the conclusion of such Exercise Period, all Employee Stock Options which have not been subject to Exercise during the Exercise Period shall lapse and the Holder shall have no rights pursuant to the Employee Stock Options.

9.3 Share for share exchange etc.

- 9.3.1 If the Company's shareholders perform a share for share exchange for the purpose of creating a new holding company to the Company, or if a new company otherwise replaces the Company as the holding company in the Group, and such transaction is not a Change in Control, the Board shall use reasonable efforts to either: (a) ensure that the Holder receives substantially equivalent rights to acquire securities in the new holding company as the Holder had in the Company immediately before such transaction, provided that the Holder in writing waives any rights under the Employee Stock Options, which shall lapse as a consequence thereof; or (b) amend these terms and conditions to the effect that the new holding company assumes the Company's rights and obligations hereunder and that the Holder's right to subscribe for Shares in accordance with clause 3 shall relate to shares in the new holding company.
- 9.3.2 In the event of a transaction as described in clause 9.3.1, the Holder shall always be obliged upon the Board's request to, in case of (a) in clause 9.3.1, waive any rights under the Employee Stock Options provided that the Holder receives substantially equivalent rights in the new holding company as the Holder had in the Company immediately before such transaction or, in case of (b) in clause 9.3.1, approve any such amendment to these terms and conditions. No waiver shall be requested or required, and the Company may act unilaterally in accordance with this clause 9.3, provided that the Employee Stock Options preserve the material terms and conditions of the underlying rights, including the vesting schedule and the intrinsic value of the Employee Stock Option as of immediately prior to such transaction.

- 9.3.3 If the Company effects a change of the classes of outstanding Company securities, the Board shall, appropriately and proportionately adjust the class of securities subject to the Employee Stock Options. The Board will make such adjustments, and its determination will be final, binding and conclusive.

10. CANCELLATION OF EMPLOYEE STOCK OPTIONS IN CASE OF A MATERIAL BREACH

- 10.1 If the Holder commits a material breach of any of its obligations under these terms and conditions and the breach has not been rectified within 15 calendar days from the date the Holder receives a written demand for rectification, the Company shall be entitled to cancel the Holder's unexercised Employee Stock Options (vested as well as unvested) which as a consequence thereof shall lapse.
- 10.2 A material breach for purposes of clause 10 and 11 shall mean a breach by the Holder of the provisions in clauses 9.3, 12, or 13 or any other breach by the Holder of these terms and conditions that is reasonably likely to have a material adverse effect on the Company.

11. LIQUIDATED DAMAGES IN CASE OF A MATERIAL BREACH

- 11.1 If the Holder commits a material breach in accordance with clause 10.2 and the breach has not been rectified within 15 calendar days from the date the Holder receives a written demand for rectification, the Holder shall upon written request by the Company pay liquidated damages in an amount corresponding to 50 per cent of the aggregate Exercise Price for all of the Holder's vested but unexercised Employee Stock Options. The Company shall not be entitled to demand liquidated damages if the Company has cancelled the Holder's Employee Stock Options pursuant to clause 10.1.
- 11.2 If the Holder commits a material breach of any of its obligations under these terms and conditions, the Company is entitled, in addition to any liquidated damages in accordance with the provisions of clause 11.1, to claim damages in an amount corresponding to the difference between the actual damage suffered and the liquidated damages (if any), if such damage exceeds the amount of the liquidated damages (if any).
- 11.3 The payment by the Holder of any liquidated damages and damages shall not affect the Company's right to pursue other remedies that the Company may have against the Holder as a result of a breach.

12. APPOINTMENT OF AGENT ETC.

- 12.1 The Holder hereby irrevocably authorises the Board, with full power of substitution, to endorse such documents on behalf of the Holder and to take any other action reasonably necessary to effect any of the Holder's obligations under these terms and conditions, including but not limited to, execution of a transfer of Shares owned by the Holder. The Board shall hold any payment received for the benefit of the Holder under this clause on behalf of the Holder and separated from any other funds. A withdrawal of the authorisation as provided for in this clause 12 constitutes a material breach of these terms and conditions for purposes of clause 10 and 11.
- 12.2 The Holder hereby undertakes to sign, execute and deliver such documents, and to take any other actions, as reasonably required by the Board in order to ensure compliance with or observation of the Holder's obligations under these terms and conditions.

13. PAYMENT OF CERTAIN TAXES

- 13.1 The Group will perform withholding of taxes in relation to the Employee Stock Options and the Shares acquired at Exercise if and to the extent required by law or decisions by governmental authorities or if the Board in its reasonable opinion considers it appropriate for the Group to perform such withholding of taxes. For the avoidance of doubt, this clause 13.1 shall not affect the Holder's liabilities and undertakings pursuant to clause 13.2 and 13.3.
- 13.2 The Holder is liable for and undertakes to pay any taxes (including but not limited to income taxes, capital taxes, employment taxes, social security contributions as well as any tax penalties thereon) for which he/she may be liable in relation to the Employee Stock Options and any Shares acquired at Exercise ("**Holder's Tax Liability**"). For the avoidance of doubt, withholding tax (whether preliminary or deducted at source) on employment income, dividends and capital gains will always be considered as Holder's Tax Liability.
- 13.3 As a condition to the exercise of an Employee Stock Option, the Holder shall make such arrangements as the Board may require for the satisfaction of any Holder's Tax Liability that may arise in relation to the Employee Stock Options. The Holder shall also make such arrangements as the Board may require for the satisfaction of any Holder's Tax Liability that may arise in relation to Shares acquired at Exercise. For the avoidance of doubt, the Holder shall upon the Company's request at Exercise pay any Holders' Tax Liability.
- 13.4 The Group assumes no responsibility for any Holder's Tax Liability. The Holder represents that the Holder is not relying on the Group for any tax advice and explicitly agrees not to demand any compensation from the Group to cover any Holder's Tax Liability.

14. DATA PROTECTION

- 14.1 For the purposes of implementing, managing and administering the Employee Stock Option Program, and for the Holder to participate in the Employee Stock Option Program, it is necessary for the Company acting as a data controller and other companies in the Group to collect, use, disclose, hold, transfer and otherwise process personal data regarding the Holder, including the Holder's name, home address and telephone number, date of birth, personal identification number, social insurance number, salary, nationality, job title, any Shares or directorships held in the Company or any company in the Group, details of all Employee Stock Options or other entitlement to Shares awarded, cancelled, exercised, vested, unvested, or outstanding in the Holder's favour (the "**Data**"). Any such processing will be carried out in accordance with the Company's legitimate interest in administering the Employee Stock Option Program and only to the extent permitted by and in full compliance with any applicable data protection laws and regulations. The Holder's Data will be retained by the Company for as long as the Holder holds Employee Stock Options and/or Shares in the Company, and thereafter only for as long as required by applicable law.
- 14.2 The Holder further understands that the Company and/or any company in the Group will transfer Data among themselves as necessary for the purposes of implementation, management and administration of the Holder's participation in the Employee Stock Option Program, and that the Company and/or any company in the Group may each further transfer Data to any third party service provider acting as data processors and assisting the Company in the implementation, management and administration of the Employee Stock Option Program (the "**Data Recipients**"). The Company shall ensure that any Data Recipient shall be contractually required to ensure appropriate confidentiality and security as well as compliance with applicable data protection laws and regulations.

- 14.3 The Holder understands that these Data Recipients may be located in the Holder's country of residence or elsewhere. The Holder acknowledges that such Data Recipients will be receiving, possessing, using, retaining, and transferring Data in electronic or other form, for the purposes of implementing, managing and administering the Holder's participation in the Employee Stock Option Program, including any transfer of such Data to any third party service provider, acting as data processors, as may be required for the administration of the Employee Stock Option Program and/or the subsequent holding of Shares on the Holder's behalf, to a broker or third party with whom the Shares acquired on Exercise may be deposited. Where the transfer is to be to a destination outside the European Economic Area (the "EEA"), the Company shall take reasonable steps to ensure that the Holder's personal data is legally transferred and continues to be adequately protected and securely held. This may for example include that the Company ensures that the Data Recipients located outside of the EEA (i) hold certifications that are sufficient to receive and process personal data about EU individuals, e.g. the EU-US Privacy Shield program, or (ii) are bound by approved contractual mechanisms for transfers of personal data outside of the EEA, e.g. standard contractual clauses.
- 14.4 Subject to the nature of the Data and the Company's legal basis for processing that Data, the Holder may, at any time, contact the Company at to make any of the following requests in respect of the Data processed by the Company:
- a. request access to the Data;
 - b. request that Data which the Holder deems to be incorrect is rectified;
 - c. request for the Data to be erased by the Company;
 - d. request for the Company to restrict processing of his or her Data in certain circumstances including where the accuracy of the Data is contested, the processing of the Data is unlawful, where the Company no longer needs the Data or where the Holder objects to the Company processing his or her Data;
 - e. request for the Company to port the Data to another party;
 - f. object to the Company processing the Data; or
 - g. request to not be subject to a decision taken by the Company which is based solely on automated processing including profiling where that decision has a legal impact or a similarly significant impact on the Holder.
- 14.5 The Holder understands that, should the Holder have any concerns regarding the Company's processing of the Holder's Data, the Holder may contact the Company or lodge a complaint with the data protection authority in the country where the Holder is employed.
- 15. MISCELLANEOUS**
- 15.1 The Employee Stock Options may not be transferred, otherwise disposed, pledged, borrowed against or used as any form of security.

- 15.2 The Company shall be entitled to amend these terms and conditions to the extent required by legislation, court decisions, decisions by public authorities or agreements, or if such amendments, in the reasonable judgment of the Company, are otherwise necessary for practical reasons, and provided in all of the aforementioned cases that the Holder's rights are in no material respects adversely affected. If the Holder's rights would be materially adversely affected, the Holder's written consent shall be necessary for such amendment.
- 15.3 Nothing in these terms and conditions or in any right or Employee Stock Option granted under these terms and conditions shall confer upon the Holder the right to continue in employment for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Group or of the Holder, which rights are hereby expressly reserved by each, to terminate his or her employment at any time.
- 15.4 The Holder has no right to compensation or damages for any loss in respect of the Employee Stock Option where such loss arises (or is claimed to arise), in whole or in part, from the termination of the Holder's employment; or notice to terminate employment given by or to the Holder. However, this exclusion of liability shall not apply however to termination of employment, or the giving of notice, where a competent tribunal or court, from which there can be no appeal (or which the relevant employing company has decided not to appeal), has found that the cessation of the Holder's employment amounted to unfair or constructive dismissal of the Holder.
- 15.5 The Holder undertakes not to use or disclose the contents of these terms and conditions, or any financial information, trade secrets, customer lists or other information which it may from time to time receive or obtain (orally or in writing or in disc or electronic form) as a result of entering into or performing its obligations pursuant to these terms and conditions or otherwise, relating to the Group unless: (i) required to do so by law or pursuant to any order of court or other competent authority or tribunal; or (ii) such disclosure has been consented to by the Company, provided, however, that the Holder may disclose the terms and conditions of his or her Employee Stock Options to the Holder's spouse, personal attorney and/or tax preparer. If a Holder becomes required, in circumstances contemplated by (i) to disclose any information, the disclosing Holder shall use its best efforts to consult with the Company prior to any such disclosure.
- 15.6 Shares will not be issued under this Employee Stock Option Program unless the issuance and delivery of such Shares comply with (or are exempt from) all applicable requirements of law, including (without limitation) the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded. In addition to the terms and conditions provided herein, the Board may require that a Holder make such reasonable covenants, agreements and representations as the Board, in its sole discretion, deems advisable in order to comply with applicable law. The Board shall have the right to require any Holder to comply with any timing or other restrictions with respect to the settlement, distribution or exercise of any Employee Stock Option, including a window-period limitation, as may be imposed in the sole discretion of the Board.

16. TERM AND TERMINATION

These terms and conditions shall enter into force on the Implementation Date and remain in force until close of business in Sweden on 1 June 2025. The parties shall, however, after such date continue to be bound by the provisions set out in clause 15.5 and 17.

17. GOVERNING LAW AND JURISDICTION

- 17.1 These terms and conditions shall be governed by and construed in accordance with the substantive law of Sweden (excluding its rules on conflict of laws).
- 17.2 The Company and the Holder undertake to use their best efforts to resolve any disagreements or disputes regarding these terms and conditions between them or any two or more of them through discussions and mutual agreement.
- 17.3 Any dispute, controversy or claim arising out of or in connection with these terms and conditions, or the breach, termination or invalidity thereof, shall be finally settled by arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce. Unless otherwise agreed between the parties to such arbitration, the Arbitral Tribunal shall be composed of a sole arbitrator, the seat of arbitration shall be Stockholm and the language to be used in the arbitral proceedings shall be English.
- 17.4 The arbitral proceedings and all information and documentation related thereto shall be confidential, unless a disclosure is required under any applicable law, relevant stock exchange regulations or order of court, other tribunal or competition authority or as otherwise agreed between the Company and the Holder in writing.

TERMS AND CONDITIONS GOVERNING EMPLOYEE STOCK OPTIONS 2015/2020 IN SPOTIFY TECHNOLOGY S.A.**1. EMPLOYEE STOCK OPTION ISSUER AND HOLDER**

- 1.1 Spotify Technology S.A., a Luxembourg *société anonyme*, with registered address at 42-44, avenue de la Gare, L-1610 Luxembourg, registered with the Luxembourg Trade and Companies Register under number B 123.052 (the “**Company**”).
- 1.2 Employee of the Company or of any company controlled by the Company (the “**Group**”) in accordance with an individual notice of grant (the “**Holder**”).

2. BACKGROUND

- 2.1 The Company’s board of directors (the “**Board**”) considers the existence of efficient share-related incentive programs for employees of the Group to be of material importance for the development of the Group. By connecting employees’ economic interest to the Group’s results and value trend, a long-term increase in value is promoted. Accordingly, the interests of participating employees and shareholders will coincide.
- 2.2 The foregoing notwithstanding, this employee stock option program 2015/2020 (the “**Employee Stock Option Program**”) shall not form part of the Holders’ overall compensation and benefits under their contracts of employment with a Group company. Moreover, neither the granting of an Employee Stock Option (as defined below) under the Employee Stock Option Program or the existence of a contract of employment between a Holder and a Group company shall give the Holder any right or expectation to be granted additional Employee Stock Options at any time under the Employee Stock Option Program or otherwise.

3. OPTION

Subject to the terms and conditions set out herein, the Holder is entitled to subscribe for one share in the Company (a “**Share**”) per employee stock option (an “**Employee Stock Option**”) at the exercise price set out in the individual notice of grant to the Holder (the “**Exercise Price**”). The Exercise Price may be re-calculated under certain circumstances pursuant to clause 8.

4. IMPLEMENTATION AND GRANT

- 4.1 The Employee Stock Option Program shall be effective as per 1 March 2015 (the “**Implementation Date**”).
- 4.2 Employee Stock Options may be granted to Holders during the period as from and including 1 March 2015 up to and including 1 December 2015. The date or dates of grants of Employee Stock Options during such period (each, a “**Date of Grant**”) shall be determined by the Board in its sole discretion.

5. VESTING

5.1 General

- 5.1.1 Vesting of 3/16 of the granted Employee Stock Options shall occur on the first of 1 March, 1 June, 1 September and 1 December falling more than three months from the Date of Grant (meaning, as an example, that this vesting occurs on 1 September if the Date of Grant was 1 March), and thereafter the granted Employee Stock Options shall vest as to 1/16 of the total number of Employee Stock Options on each and every 1 March, 1 June, 1 September and 1 December thereafter, subject to continued employment with the Group. The vesting schedule set out in this clause 5.1.1 may be amended pursuant to clause 5.2, 5.3 and 9.
- 5.1.2 Notwithstanding the aforesaid, the Board shall be entitled, in its sole discretion, to resolve that some or all unvested Employee Stock Options shall vest in advance.

5.2 Leave of absence

- 5.2.1 If the Holder goes on leave of absence, such Holder's Employee Stock Options will not vest during the leave of absence, except as set forth below in this clause 5.2. The Employee Stock Options that do not vest during the leave of absence as a consequence of the Holder's leave of absence shall lapse immediately, if not otherwise determined by the Board.
- 5.2.2 If the Holder is on leave of absence due to parental leave, sick leave, vacation leave or other paid time off, such Holder's Employee Stock Options shall continue to vest on the original vesting schedule during the leave of absence. The same shall apply for any other leave of absence during which vesting on the original schedule must continue under applicable law.
- 5.2.3 If the Holder is on leave of absence due to any other reason (e.g. studying) than as set out in clause 5.2.2, or if the Holder otherwise reduces his/her contractual working hours for the employer after the Date of Grant of the Holder's Employee Stock Options, but the Holder still works part-time for the employer, such Holder's Employee Stock Options shall vest pro rata in relation to a full-time job. If the Holder's contractual working hours prior to leave of absence or reduction of contractual working hours did not amount to a full-time job, such Holder's Employee Stock Options shall vest pro rata in relation to the contractual working hours prior to such leave of absence or reduction of contractual working hours. The same shall apply for any other leave of absence during which pro rata vesting must continue under applicable law. For the purpose of this clause 5.2.3, a full-time job shall correspond to the number of working hours per week set out in the Holder's employment agreement as the standard for a full-time job.

5.3 Termination of employment

- 5.3.1 If (i) the Holder resigns, or (ii) the employer terminates the employment of the Holder with the Group (for whatever reason), or (iii) the Holder retires pursuant to the terms of his/her employment contract or regulatory requirements, all unvested Employee Stock Options shall cease vesting as of the date of termination of employment and shall immediately lapse.
- 5.3.2 If the Holder resigns, termination of employment for purposes of the Employee Stock Options shall be deemed to occur immediately on the Group's receipt of Holder's written notice of resignation, even if the Holder's last day of service is thereafter. If the employer

terminates the employment of the Holder with the Group, termination of employment for purposes of the Employee Stock Options shall be deemed to occur immediately after the end of the last day of employment, taking into account any notice period (but, for the avoidance of doubt, not including any further period over which any severance payment or consideration for non-compete restriction or similar is paid out). If the Holder is exempt from work in connection with an anticipated termination of employment, termination of employment for purposes of the Employee Stock Options shall be deemed to occur immediately after the end of the last working day prior to the Holder being exempt from work. If the Holder retires pursuant to the terms of his/her employment contract or regulatory requirements, termination of employment for purposes of the Employee Stock Options shall be deemed to occur immediately after the end of the last day of employment. Notwithstanding the foregoing, the Board shall be entitled, in its sole discretion, to resolve that termination of employment shall be deemed to occur at a later point in time.

- 5.3.3 If a Holder changes the entity for which he or she is employed, but remains employed by the Group, such change will not be deemed a termination of employment for purposes of his/her Employee Stock Options, provided that there is no other interruption or termination of the Holder's employment, unless the Board, in its sole discretion, determines that the entity to which the Holder transfers is not a qualified affiliate of the Group. If a Holder changes the capacity in which he/she provides service to the Group from an employee to an independent contractor or consultant, such change will be deemed a termination of employment for purposes of his/her Employee Stock Options.
- 5.3.4 If the Holder, when he/she commences his/her employment with the Group, is subject to a probationary or trial employment and, at the end of such probationary or trial employment, the employment with the Group is terminated (for whatever reason), all vested and unvested Employee Stock Options shall lapse on the date of termination of employment, meaning, for the avoidance of doubt, that the Holder will not be entitled to exercise any Employee Stock Options.

6. EXERCISE

6.1 General

- 6.1.1 The Holder is entitled to exercise his/her rights under the Employee Stock Options to the extent the Employee Stock Options have vested pursuant to these terms and conditions by requesting exercise at any time up to and including 31 March 2020 in the manner set forth below (“**Exercise**”), provided such Employee Stock Options have not previously lapsed.
- 6.1.2 In the event the Holder has not requested Exercise on or before 31 March 2020 (such date, or an earlier date set for the expiration of the term of the Employee Stock Options as provided for in clause 9, the “**Expiration Date**”), all rights under the Employee Stock Options shall lapse.
- 6.1.3 Exercise may only be requested through an electronic platform and with no paper documentation to be executed by the Holder. To this effect, the Holder will receive an individual username and an individual password from the Company, giving her/him access to a personal account on the electronic platform. Once the Holder will have logged-in and accepted the terms and conditions of the Employee Stock Option Program applicable to her/him, she/he will have the possibility (i) to upload money on the electronic platform (the “**Funds**”) and (ii) to place requests on the said electronic platform in order to exercise some or all of her/his Employee Stock Options (the “**Exercise Request**”). Provided that the Holder had sufficient Funds available at the time of his/her Exercise Request, the transfer

of the Share(s) concerned by the Exercise Request will be automatic and will not require any further action of the Holder. The Exercise Request placed by the Holder must be placed not later than on the Expiration Date and state the number of Employee Stock Options that the Holder wishes to Exercise. An Exercise Request is binding and irrevocable.

- 6.1.4 If the Holder's Employee Stock Options at Exercise entitle the Holder to subscribe for a number of Shares which is not an integer, the number of Shares to which the entitlement relates shall be rounded down to the nearest integer.
- 6.1.5 Exercise may not take place in the event the Company is declared bankrupt. However, Exercise may take place in the event the bankruptcy order is subsequently overturned on appeal.
- 6.1.6 The Expiration Date and the periods during which Exercise can take place may be amended pursuant to this clause 6, clause 9, or by other express action of the Board as provided for in these terms and conditions.

6.2 Termination of employment

- 6.2.1 If the Holder resigns, the employer terminates the employment of the Holder with the Group or the Holder is exempt from work in connection with an anticipated termination of employment, in any such case other than as a result of death or a physical disability and other than as a result of (i) the Holder's wilful failure to perform, or serious negligence in the performance of his/her duties and responsibilities as an employee; or (ii) any other breach of any material provision of these terms and conditions and/or any breach of any material provision of his/her employment agreement; or (iii) the commission of fraud, embezzlement, theft or other dishonesty with respect to the employer or any of its associated companies, made by the Holder; or (iv) the commission of a felony or other crime involving moral turpitude or affecting the employer or any of its associated companies; or (v) any other circumstance constituting just cause for dismissal due to personal grounds (Sw. *saklig grund för uppsägning på grund av personliga skäl*) under Swedish law or similar under other applicable law (each of (i) through (v) a "Cause"), or if the Holder retires pursuant to the terms of his/her employment contract or regulatory requirements, the new Expiration Date shall be the 90th calendar day following the occurrence of such event (as determined pursuant to clause 5.3.2) or such later dates as determined by the Company (but in no event later than 31 March 2020 or such date as follows pursuant to clause 9).
- 6.2.2 In the event that the Holder's termination of employment occurs due to death or physical disability, the new Expiration Date shall be the 194th calendar day following such event or such later dates as determined by the Company (but in no event later than 31 March 2020 or such date as follows pursuant to clause 9). The Holder (or, in the event of the Holder's death, the Holder's estate (Sw. *dödsbo*)) shall up to and including the new Expiration Date be entitled to Exercise any Employee Stock Options which have vested in accordance with these terms and conditions as of such event. Following the new Expiration Date, the Holder (or, in the event of the Holder's death, the Holder's estate) shall have no rights pursuant to the Employee Stock Options and all rights under the Employee Stock Options which have not been subject to Exercise shall lapse. In the event of the Holder's death, the rights and obligations in accordance with these terms and conditions shall be binding upon and inure to the Holder's estate.

6.2.3 Notwithstanding the foregoing, should the Holder's employment be terminated for Cause, all the Holder's Employee Stock Options shall immediately lapse and may not be subject to Exercise.

7. PAYMENT AND DELIVERY OF SHARES

The Holder shall only use the Funds to pay the Exercise Price in cash for each Share to which the Exercise Request pertains, into the bank account designated by the Company in connection with the Exercise. Such payment of the Exercise Price shall be made prior to the delivery of Shares to the Holder. If the Company receives a valid Exercise Request and payment of the Exercise Price, then the Company shall deliver Shares to the Holder within 10 days on which banks are open for business generally (and not for internet banking only) in Luxembourg.

8. RE-CALCULATION OF EXERCISE PRICE ETC.

The Exercise Price and the number of Shares to which each Employee Stock Option entitles the Holder to subscribe for shall be re-calculated in the event that there are changes in the Company's share capital by way of a bonus issue of shares, share split, reverse share split, or a reduction of the share capital (a "Re-calculation Event"), in order not to affect the value of the Employee Stock Options. The re-calculation shall be carried out by the Board in accordance with the following formula:

$$n_4 = n_3 \times \left(\frac{n_1 + n_2}{n_1} \right)$$

where:

n₁ = number of shares issued in the Company prior to the Re-calculation Event

n₂ = number of shares issued/reduced in the Re-calculation Event

n₃ = number of Shares which each Employee Stock Option entitled the Holder to subscribe for immediately prior to the Re-calculation Event

n₄ = number of Shares that each Employee Stock Option gives the right to subscribe for after the Re-calculation Event

Consequently, the Exercise Price for the Employee Stock Option shall be re-calculated in accordance with the following formula:

$$p_2 = p_1 \times \left(\frac{n_1}{n_1 + n_2} \right)$$

where (in addition to the above definitions):

p₁ = Exercise Price per Share prior to the Re-calculation Event

p₂ = Exercise Price per Share after the Re-calculation Event

In the event that a Re-calculation Event would lead to an Exercise Price after the Re-calculation Event which is less than the par value of the Company's shares, the Exercise Price at Exercise shall instead equal the par value of the Company's shares.

9. AMENDMENT OF VESTING SCHEDULE AND EXPIRATION DATE ETC.

9.1 Change in Control

9.1.1 In the event of a Change in Control, the Board may, in its sole discretion, decide to (i) set a period during which the Holder may request Exercise (an "Exercise Period") and, if

determined by the Board, a new Expiration Date, in accordance with the provisions of clause 9.1.2, (ii) have these terms and conditions continue following the Change in Control in accordance with the provisions of clause 9.1.3, (iii) allow a grant of substantially equivalent rights (i.e., among other things, that preserve the intrinsic value and vesting schedule of the Employee Stock Options) to acquire securities in a new company as the Holder had in the Company immediately before the Change in Control in accordance with the provisions of clause 9.1.4, or (iv) allow an amendment of the terms and conditions to the effect that, following the Change in Control, a new company assumes the Company's rights and obligations hereunder in accordance with the provisions of clause 9.1.5.

9.1.1.1 “ **Change in Control** ” shall mean and include each of the following:

- (i) a transaction or series of transactions (other than an offering of Shares to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d) (2) of the Securities Exchange Act of 1934, as amended from time to time (the “ **Exchange Act** ”)) directly or indirectly acquires beneficial ownership (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company's securities outstanding immediately after such acquisition; provided, however, that the following acquisitions shall not constitute a Change in Control: (w) any acquisition by the Company; (x) any acquisition by an employee benefit plan maintained by the Company, (y) any acquisition which complies with clauses 9.1.1.1(iii)(I)-(III); or (z) in respect of an Employee Stock Option held by a particular Holder, any acquisition by the Holder or any group of persons including the Holder (or any entity controlled by the Holder or any group of persons including the Holder);
- (ii) the Incumbent Directors cease for any reason to constitute a majority of the Board;
- (iii) the consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination, (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction: (I) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the “Successor Entity”)) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and (II) after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (II) as beneficially owning 50% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; and (III) after which at least a majority of the members of the board of directors (or the analogous governing body) of the Successor Entity were Board members at the time of the Board's approval of the execution of the initial agreement providing for such transaction; or
- (iv) the date which is 10 business days prior to the completion of a liquidation or dissolution of the Company.

- 9.1.1.2 “ **Incumbent Directors** ” shall mean for any period of 12 consecutive months, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in clause 9.1.1.1(i) or 9.1.1.1(iii)) whose election or nomination for election to the Board was approved by a vote of at least a majority (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director without objection to such nomination) of the directors then still in office who either were directors at the beginning of the 12-month period or whose election or nomination for election was previously so approved. No individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies by or on behalf of any person other than the Board shall be an Incumbent Director.
- 9.1.2 If the Board decides to set an Exercise Period, the Board shall notify the Holder in connection with the Change in Control of the Exercise Period and, if the Board so decides, the new Expiration Date. 50 per cent of the Holder’s unvested Employee Stock Options shall vest as of the date of the Board’s notice or on any other date set out in the Board’s notice. The notice will set forth the Exercise Period, which shall, to the extent possible taking into account the circumstances and process related to the Change in Control, give the Holder reasonable time to decide whether to Exercise any vested Employee Stock Options. The Holder shall during the Exercise Period be entitled to Exercise any Employee Stock Options which have vested in accordance with these terms and conditions. The Board shall be entitled, in its sole discretion, to decide whether to adopt a new Expiration Date so that, at the conclusion of such Exercise Period, any unvested Employee Stock Options shall lapse, or whether unvested Employee Stock Options will continue to vest. If the Board decides that any unvested Employee Stock Options shall continue to vest, only 1/8 part of the Holder’s Employee Stock Options shall vest at the first cliff vesting occasion set out in clause 5.1, if the Board’s notice is given prior to such date, and only 1/32 part of the Holder’s Employee Stock Options shall vest on each subsequent regularly scheduled quarterly vesting occasion. The Board shall also be entitled, in its sole discretion, to decide whether any vested Employee Stock Options which have not been subject to Exercise during an Exercise Period shall be subject to a new Expiration Date and therefore lapse, or whether the vested Employee Stock Options will be exercisable following the expiration of an Exercise Period. If the Board decides to establish a new Expiration Date so that any unvested, and/or any vested but unexercised, Employee Stock Options shall lapse, the Holder shall have no further rights pursuant to the Employee Stock Options.
- 9.1.3 If the Board decides to have these terms and conditions continue following the effective date of the Change in Control, the vesting schedule and the Expiration Date, as set forth in clause 5 and 6 respectively, shall remain unaffected by the Change in Control.
- 9.1.4 If the Board decides to allow a grant of substantially equivalent rights to acquire securities in a new company as the Holder had in the Company immediately before the Change in Control, all vested and unvested Employee Stock Options shall lapse as of the closing of the Change in Control and, subject to the grant of such substantially equivalent rights, the Holder shall have no further rights pursuant to the Employee Stock Options after the closing of the Change in Control.
- 9.1.5 If the Board decides to allow an amendment of the terms and conditions to the effect that, following the Change in Control, a new company assumes the Company’s rights and obligations hereunder, the Holder’s right to subscribe for Shares in accordance with clause 3 shall relate to shares in such new company.

9.1.6 If the Group, or any successor thereto, in connection with or within a period of 6 months following the closing of a Change in Control, terminates the employment of the Holder, other than for Cause, and if any Employee Stock Options are subject to continued vesting after the Change in Control in accordance with this clause 9.1, all of the Holder's invested Employee Stock Options shall vest as of the date of his or her termination of employment.

9.2 Merger and de-merger

In the event of a merger through which the Company is absorbed into another company (other than a Change in Control) or a de-merger through which the Company is divided into two or more new entities (other than a Change in Control), the Board shall, before the adoption of any resolution in the aforementioned respects, determine an Exercise Period, the first day of which shall fall at least 20 calendar days after the date of the notice by the Board to the Holder of such Exercise Period. During such Exercise Period the Holder shall be entitled to Exercise any Employee Stock Options which have vested in accordance with these terms and conditions. At the conclusion of such Exercise Period, all Employee Stock Options which have not been subject to Exercise during the Exercise Period shall lapse and the Holder shall have no rights pursuant to the Employee Stock Options.

9.3 Share for share exchange etc.

9.3.1 If the Company's shareholders perform a share for share exchange for the purpose of creating a new holding company to the Company, or if a new company otherwise replaces the Company as the holding company in the Group, and such transaction is not a Change in Control, the Board shall use reasonable efforts to either: (a) ensure that the Holder receives substantially equivalent rights to acquire securities in the new holding company as the Holder had in the Company immediately before such transaction, provided that the Holder in writing waives any rights under the Employee Stock Options, which shall lapse as a consequence thereof; or (b) amend these terms and conditions to the effect that the new holding company assumes the Company's rights and obligations hereunder and that the Holder's right to subscribe for Shares in accordance with clause 3 shall relate to shares in the new holding company.

9.3.2 In the event of a transaction as described in clause 9.3.1, the Holder shall always be obliged upon the Board's request to, in case of (a) in clause 9.3.1, waive any rights under the Employee Stock Options provided that the Holder receives substantially equivalent rights in the new holding company as the Holder had in the Company immediately before such transaction or, in case of (b) in clause 9.3.1, approve any such amendment to these terms and conditions. No waiver shall be requested or required, and the Company may act unilaterally in accordance with this clause 9.3, provided that the Employee Stock Options preserve the material terms and conditions of the underlying rights, including the vesting schedule and the intrinsic value of the Employee Stock Option as of immediately prior to such transaction.

9.3.3 If the Company effects a change of the classes of outstanding Company securities, the Board shall, appropriately and proportionately adjust the class of securities subject to the Employee Stock Options. The Board will make such adjustments, and its determination will be final, binding and conclusive.

10. CANCELLATION OF EMPLOYEE STOCK OPTIONS IN CASE OF A MATERIAL BREACH

- 10.1 If the Holder commits a material breach of any of its obligations under these terms and conditions and the breach has not been rectified within 15 calendar days from the date the Holder receives a written demand for rectification, the Company shall be entitled to cancel the Holder's unexercised Employee Stock Options (vested as well as unvested) which as a consequence thereof shall lapse.
- 10.2 A material breach for purposes of clause 10 and 11 shall mean a breach by the Holder of the provisions in clauses 9.3, 12, or 13 or any other breach by the Holder of these terms and conditions that is reasonably likely to have a material adverse effect on the Company.

11. LIQUIDATED DAMAGES IN CASE OF A MATERIAL BREACH

- 11.1 If the Holder commits a material breach in accordance with clause 10.2 and the breach has not been rectified within 15 calendar days from the date the Holder receives a written demand for rectification, the Holder shall upon written request by the Company pay liquidated damages in an amount corresponding to 50 per cent of the aggregate Exercise Price for all of the Holder's vested but unexercised Employee Stock Options. The Company shall not be entitled to demand liquidated damages if the Company has cancelled the Holder's Employee Stock Options pursuant to clause 10.1.
- 11.2 If the Holder commits a material breach of any of its obligations under these terms and conditions, the Company is entitled, in addition to any liquidated damages in accordance with the provisions of clause 11.1, to claim damages in an amount corresponding to the difference between the actual damage suffered and the liquidated damages (if any), if such damage exceeds the amount of the liquidated damages (if any).
- 11.3 The payment by the Holder of any liquidated damages and damages shall not affect the Company's right to pursue other remedies that the Company may have against the Holder as a result of a breach.

12. APPOINTMENT OF AGENT ETC.

- 12.1 The Holder hereby irrevocably authorises the Board, with full power of substitution, to endorse such documents on behalf of the Holder and to take any other action reasonably necessary to effect any of the Holder's obligations under these terms and conditions, including but not limited to, execution of a transfer of Shares owned by the Holder. The Board shall hold any payment received for the benefit of the Holder under this clause on behalf of the Holder and separated from any other funds. A withdrawal of the authorisation as provided for in this clause 12 constitutes a material breach of these terms and conditions for purposes of clause 10 and 11.
- 12.2 The Holder hereby undertakes to sign, execute and deliver such documents, and to take any other actions, as reasonably required by the Board in order to ensure compliance with or observation of the Holder's obligations under these terms and conditions.

13. PAYMENT OF CERTAIN TAXES

- 13.1 The Group will perform withholding of taxes in relation to the Employee Stock Options and the Shares acquired at Exercise if and to the extent required by law or decisions by governmental authorities or if the Board in its reasonable opinion considers it appropriate for the Group to perform such withholding of taxes. For the avoidance of doubt, this clause 13.1 shall not affect the Holder's liabilities and undertakings pursuant to clause 13.2 and 13.3.

- 13.2 The Holder is liable for and undertakes to pay any taxes (including but not limited to income taxes, capital taxes, employment taxes, social security contributions as well as any tax penalties thereon) for which he/she may be liable in relation to the Employee Stock Options and any Shares acquired at Exercise (“**Holder’s Tax Liability**”). For the avoidance of doubt, withholding tax (whether preliminary or deducted at source) on employment income, dividends and capital gains will always be considered as Holder’s Tax Liability.
- 13.3 As a condition to the exercise of an Employee Stock Option, the Holder shall make such arrangements as the Board may require for the satisfaction of any Holder’s Tax Liability that may arise in relation to the Employee Stock Options. The Holder shall also make such arrangements as the Board may require for the satisfaction of any Holder’s Tax Liability that may arise in relation to Shares acquired at Exercise. For the avoidance of doubt, the Holder shall upon the Company’s request at Exercise pay any Holders’ Tax Liability.
- 13.4 The Group assumes no responsibility for any Holder’s Tax Liability. The Holder represents that the Holder is not relying on the Group for any tax advice and explicitly agrees not to demand any compensation from the Group to cover any Holder’s Tax Liability.

14. DATA PROTECTION

- 14.1 For the purposes of implementing, managing and administering the Employee Stock Option Program, and for the Holder to participate in the Employee Stock Option Program, it is necessary for the Company acting as a data controller and other companies in the Group to collect, use, disclose, hold, transfer and otherwise process personal data regarding the Holder, including the Holder’s name, home address and telephone number, date of birth, personal identification number, social insurance number, salary, nationality, job title, any Shares or directorships held in the Company or any company in the Group, details of all Employee Stock Options or other entitlement to Shares awarded, cancelled, exercised, vested, unvested, or outstanding in the Holder’s favour (the “**Data**”). Any such processing will be carried out in accordance with the Company’s legitimate interest in administering the Employee Stock Option Program and only to the extent permitted by and in full compliance with any applicable data protection laws and regulations. The Holder’s Data will be retained by the Company for as long as the Holder holds Employee Stock Options and/or Shares in the Company, and thereafter only for as long as required by applicable law.
- 14.2 The Holder further understands that the Company and/or any company in the Group will transfer Data among themselves as necessary for the purposes of implementation, management and administration of the Holder’s participation in the Employee Stock Option Program, and that the Company and/or any company in the Group may each further transfer Data to any third party service provider acting as data processors and assisting the Company in the implementation, management and administration of the Employee Stock Option Program (the “**Data Recipients**”). The Company shall ensure that any Data Recipient shall be contractually required to ensure appropriate confidentiality and security as well as compliance with applicable data protection laws and regulations.

- 14.3 The Holder understands that these Data Recipients may be located in the Holder's country of residence or elsewhere. The Holder acknowledges that such Data Recipients will be receiving, possessing, using, retaining, and transferring Data in electronic or other form, for the purposes of implementing, managing and administering the Holder's participation in the Employee Stock Option Program, including any transfer of such Data to any third party service provider, acting as data processors, as may be required for the administration of the Employee Stock Option Program and/or the subsequent holding of Shares on the Holder's behalf, to a broker or third party with whom the Shares acquired on Exercise may be deposited. Where the transfer is to be to a destination outside the European Economic Area (the "EEA"), the Company shall take reasonable steps to ensure that the Holder's personal data is legally transferred and continues to be adequately protected and securely held. This may for example include that the Company ensures that the Data Recipients located outside of the EEA (i) hold certifications that are sufficient to receive and process personal data about EU individuals, e.g. the EU-US Privacy Shield program, or (ii) are bound by approved contractual mechanisms for transfers of personal data outside of the EEA, e.g. standard contractual clauses.
- 14.4 Subject to the nature of the Data and the Company's legal basis for processing that Data, the Holder may, at any time, contact the Company at to make any of the following requests in respect of the Data processed by the Company:
- a. request access to the Data;
 - b. request that Data which the Holder deems to be incorrect is rectified;
 - c. request for the Data to be erased by the Company;
 - d. request for the Company to restrict processing of his or her Data in certain circumstances including where the accuracy of the Data is contested, the processing of the Data is unlawful, where the Company no longer needs the Data or where the Holder objects to the Company processing his or her Data;
 - e. request for the Company to port the Data to another party;
 - f. object to the Company processing the Data; or
 - g. request to not be subject to a decision taken by the Company which is based solely on automated processing including profiling where that decision has a legal impact or a similarly significant impact on the Holder.
- 14.5 The Holder understands that, should the Holder have any concerns regarding the Company's processing of the Holder's Data, the Holder may contact the Company or lodge a complaint with the data protection authority in the country where the Holder is employed.

15. MISCELLANEOUS

- 15.1 The Employee Stock Options may not be transferred, otherwise disposed, pledged, borrowed against or used as any form of security.
- 15.2 The Company shall be entitled to amend these terms and conditions to the extent required by legislation, court decisions, decisions by public authorities or agreements, or if such amendments, in the reasonable judgment of the Company, are otherwise necessary for practical reasons, and provided in all of the aforementioned cases that the Holder's rights are in no material respects adversely affected. If the Holder's rights would be materially adversely affected, the Holder's written consent shall be necessary for such amendment.

- 15.3 Nothing in these terms and conditions or in any right or Employee Stock Option granted under these terms and conditions shall confer upon the Holder the right to continue in employment for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Group or of the Holder, which rights are hereby expressly reserved by each, to terminate his or her employment at any time.
- 15.4 The Holder has no right to compensation or damages for any loss in respect of the Employee Stock Option where such loss arises (or is claimed to arise), in whole or in part, from the termination of the Holder's employment; or notice to terminate employment given by or to the Holder. However, this exclusion of liability shall not apply however to termination of employment, or the giving of notice, where a competent tribunal or court, from which there can be no appeal (or which the relevant employing company has decided not to appeal), has found that the cessation of the Holder's employment amounted to unfair or constructive dismissal of the Holder.
- 15.5 The Holder undertakes not to use or disclose the contents of these terms and conditions, or any financial information, trade secrets, customer lists or other information which it may from time to time receive or obtain (orally or in writing or in disc or electronic form) as a result of entering into or performing its obligations pursuant to these terms and conditions or otherwise, relating to the Group unless: (i) required to do so by law or pursuant to any order of court or other competent authority or tribunal; or (ii) such disclosure has been consented to by the Company, provided, however, that the Holder may disclose the terms and conditions of his or her Employee Stock Options to the Holder's spouse, personal attorney and/or tax preparer. If a Holder becomes required, in circumstances contemplated by (i) to disclose any information, the disclosing Holder shall use its best efforts to consult with the Company prior to any such disclosure.
- 15.6 Shares will not be issued under this Employee Stock Option Program unless the issuance and delivery of such Shares comply with (or are exempt from) all applicable requirements of law, including (without limitation) the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded. In addition to the terms and conditions provided herein, the Board may require that a Holder make such reasonable covenants, agreements and representations as the Board, in its sole discretion, deems advisable in order to comply with applicable law. The Board shall have the right to require any Holder to comply with any timing or other restrictions with respect to the settlement, distribution or exercise of any Employee Stock Option, including a window-period limitation, as may be imposed in the sole discretion of the Board.

16. TERM AND TERMINATION

These terms and conditions shall enter into force on the Implementation Date and remain in force until close of business in Sweden on 1 June 2025. The parties shall, however, after such date continue to be bound by the provisions set out in clause 15.5 and 17.

17. GOVERNING LAW AND JURISDICTION

- 17.1 These terms and conditions shall be governed by and construed in accordance with the substantive law of Sweden (excluding its rules on conflict of laws).

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- 17.2 The Company and the Holder undertake to use their best efforts to resolve any disagreements or disputes regarding these terms and conditions between them or any two or more of them through discussions and mutual agreement.
- 17.3 Any dispute, controversy or claim arising out of or in connection with these terms and conditions, or the breach, termination or invalidity thereof, shall be finally settled by arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce. Unless otherwise agreed between the parties to such arbitration, the Arbitral Tribunal shall be composed of a sole arbitrator, the seat of arbitration shall be Stockholm and the language to be used in the arbitral proceedings shall be English.
- 17.4 The arbitral proceedings and all information and documentation related thereto shall be confidential, unless a disclosure is required under any applicable law, relevant stock exchange regulations or order of court, other tribunal or competition authority or as otherwise agreed between the Company and the Holder in writing.

TERMS AND CONDITIONS GOVERNING EMPLOYEE STOCK OPTIONS 2014/2019 IN SPOTIFY TECHNOLOGY S.A.**1. EMPLOYEE STOCK OPTION ISSUER AND HOLDER**

- 1.1 Spotify Technology S.A., a Luxembourg *société anonyme*, with registered address at 42- 44, avenue de la Gare, L-1610 Luxembourg, registered with the Luxembourg Trade and Companies' Register under number B 123.052 (the "**Company**").
- 1.2 Employee of the Company or of any company controlled by the Company (the "**Group**") in accordance with an individual notice of grant (the "**Holder**").

2. BACKGROUND

- 2.1 The Company's board of directors (the "**Board**") considers the existence of efficient share-related incentive programs for employees of the Group to be of material importance for the development of the Group. By connecting employees' economic interest to the Group's results and value trend, a long-term increase in value is promoted. Accordingly, the interests of participating employees and shareholders will coincide.
- 2.2 The foregoing notwithstanding, this employee stock option program 2014/2019 (the "**Employee Stock Option Program**") shall not form part of the Holders' overall compensation and benefits under their contracts of employment with a Group company. Moreover, neither the granting of an Employee Stock Option (as defined below) under the Employee Stock Option Program nor the existence of a contract of employment between a Holder and a Group company shall give the Holder any right or expectation to be granted additional Employee Stock Options at any time under the Employee Stock Option Program or otherwise.

3. OPTION

Subject to the terms and conditions set out herein, the Holder is entitled to subscribe for one share in the Company (a "**Share**") per employee stock option (an "**Employee Stock Option**") at the exercise price set out in the individual notice of grant to the Holder (the "**Exercise Price**"). The Exercise Price may be re-calculated under certain circumstances pursuant to clause 8.

4. IMPLEMENTATION AND GRANT

- 4.1 The Employee Stock Option Program shall be effective as per 1 March 2014 (the "**Implementation Date**").
- 4.2 Employee Stock Options may be granted to Holders during the period as from and including 1 March 2014 up to and including 28 February 2015. The date or dates of grants of Employee Stock Options during such period (each, a "**Date of Grant**") shall be determined by the Board in its sole discretion.

5. VESTING

5.1 General

5.1.1 Vesting of 3/16 of the granted Employee Stock Options shall occur on the first of 1 March, 1 June, 1 September and 1 December falling more than three months from the Date of Grant (meaning, as an example, that this vesting occurs on 1 September if the Date of Grant was 1 March), and thereafter the granted Employee Stock Options shall vest as to 1/16 of the total number of Employee Stock Options on each and every 1 March, 1 June, 1 September and 1 December thereafter, subject to continued employment with the Group. The vesting schedule set out in this clause 5.1.1 may be amended pursuant to clause 5.2, 5.3 and 9.

5.1.2 Notwithstanding the aforesaid, the Board shall be entitled, in its sole discretion, to resolve that some or all unvested Employee Stock Options shall vest in advance.

5.2 Leave of absence

5.2.1 If the Holder goes on leave of absence, such Holder's Employee Stock Options will not vest during the leave of absence, except as set forth below in this clause 5.2. The Employee Stock Options that do not vest during the leave of absence as a consequence of the Holder's leave of absence shall lapse immediately, if not otherwise determined by the Board.

5.2.2 If the Holder is on leave of absence due to parental leave, sick leave, vacation leave or other paid time off, such Holder's Employee Stock Options shall continue to vest on the original vesting schedule during the leave of absence. The same shall apply for any other leave of absence during which vesting on the original schedule must continue under applicable law.

5.2.3 If the Holder is on leave of absence due to any other reason (e.g. studying) than as set out in clause 5.2.2, or if the Holder otherwise reduces his/her contractual working hours for the employer after the Date of Grant of the Holder's Employee Stock Options, but the Holder still works part-time for the employer, such Holder's Employee Stock Options shall vest pro rata in relation to a full-time job. If the Holder's contractual working hours prior to leave of absence or reduction of contractual working hours did not amount to a full-time job, such Holder's Employee Stock Options shall vest pro rata in relation to the contractual working hours prior to such leave of absence or reduction of contractual working hours. The same shall apply for any other leave of absence during which pro rata vesting must continue under applicable law. For the purpose of this clause 5.2.3, a full-time job shall correspond to the number of working hours per week set out in the Holder's employment agreement as the standard for a full-time job.

5.3 Termination of employment

5.3.1 If (i) the Holder resigns, or (ii) the employer terminates the employment of the Holder with the Group (for whatever reason), or (iii) the Holder retires pursuant to the terms of his/her employment contract or regulatory requirements, all unvested Employee Stock Options shall cease vesting as of the date of termination of employment and shall immediately lapse.

- 5.3.2 If the Holder resigns, termination of employment for purposes of the Employee Stock Options shall be deemed to occur immediately on the Group's receipt of Holder's written notice of resignation, even if the Holder's last day of service is thereafter. If the employer terminates the employment of the Holder with the Group, termination of employment for purposes of the Employee Stock Options shall be deemed to occur immediately after the end of the last day of employment, taking into account any notice period (but, for the avoidance of doubt, not including any further period over which any severance payment or consideration for non-compete restriction or similar is paid out). If the Holder is exempt from work in connection with an anticipated termination of employment, termination of employment for purposes of the Employee Stock Options shall be deemed to occur immediately after the end of the last working day prior to the Holder being exempt from work. If the Holder retires pursuant to the terms of his/her employment contract or regulatory requirements, termination of employment for purposes of the Employee Stock Options shall be deemed to occur immediately after the end of the last day of employment. Notwithstanding the foregoing, the Board shall be entitled, in its sole discretion, to resolve that termination of employment shall be deemed to occur at a later point in time.
- 5.3.3 If a Holder changes the entity for which he or she is employed, but remains employed by the Group, such change will not be deemed a termination of employment for purposes of his/her Employee Stock Options, provided that there is no other interruption or termination of the Holder's employment, unless the Board, in its sole discretion, determines that the entity to which the Holder transfers is not a qualified affiliate of the Group. If a Holder changes the capacity in which he/she provides service to the Group from an employee to an independent contractor or consultant, such change will be deemed a termination of employment for purposes of his/her Employee Stock Options.
- 5.3.4 If the Holder, when he/she commences his/her employment with the Group, is subject to a probationary or trial employment and, at the end of such probationary or trial employment, the employment with the Group is terminated (for whatever reason), all vested and unvested Employee Stock Options shall lapse on the date of termination of employment, meaning, for the avoidance of doubt, that the Holder will not be entitled to exercise any Employee Stock Options.

6. EXERCISE

6.1 General

- 6.1.1 The Holder is entitled to exercise his/her rights under the Employee Stock Options to the extent the Employee Stock Options have vested pursuant to these terms and conditions by requesting exercise at any time up to and including 31 March 2019 in the manner set forth below (" **Exercise** "), provided such Employee Stock Options have not previously lapsed.
- 6.1.2 In the event the Holder has not requested Exercise on or before 31 March 2019 (such date, or an earlier date set for the expiration of the term of the Employee Stock Options as provided for in clause 9, the " **Expiration Date** "), all rights under the Employee Stock Options shall lapse.
- 6.1.3 Exercise may only be requested through an electronic platform and with no paper documentation to be executed by the Holder. To this effect, the Holder will receive an individual username and an individual password from the Company, giving her/him access to a personal account on the electronic platform. Once the Holder will have logged-in and accepted the terms and conditions of the Employee Stock Option Program applicable to her/him, she/he will have the possibility (i) to upload money on the electronic platform (the " **Funds** ") and (ii) to place requests on the said electronic platform in order to exercise some or all of her/his Employee Stock Options (the " **Exercise Request** "). Provided that the Holder had sufficient Funds available at the time of his/her Exercise Request, the

transfer of the Share(s) concerned by the Exercise Request will be automatic and will not require any further action of the Holder. The Exercise Request placed by the Holder must be placed not later than on the Expiration Date and state the number of Employee Stock Options that the Holder wishes to Exercise. An Exercise Request is binding and irrevocable.

- 6.1.4 If the Holder's Employee Stock Options at Exercise entitle the Holder to subscribe for a number of Shares which is not an integer, the number of Shares to which the entitlement relates shall be rounded down to the nearest integer.
- 6.1.5 Exercise may not take place in the event the Company is declared bankrupt. However, Exercise may take place in the event the bankruptcy order is subsequently overturned on appeal.
- 6.1.6 The Expiration Date and the periods during which Exercise can take place may be amended pursuant to this clause 6, clause 9, or by other express action of the Board as provided for in these terms and conditions.

6.2 Termination of employment

- 6.2.1 If the Holder resigns, the employer terminates the employment of the Holder with the Group or the Holder is exempt from work in connection with an anticipated termination of employment, in any such case other than as a result of death or a physical disability and other than as a result of (i) the Holder's wilful failure to perform, or serious negligence in the performance of his/her duties and responsibilities as an employee; or (ii) any other breach of any material provision of these terms and conditions and/or any breach of any material provision of his/her employment agreement; or (iii) the commission of fraud, embezzlement, theft or other dishonesty with respect to the employer or any of its associated companies, made by the Holder; or (iv) the commission of a felony or other crime involving moral turpitude or affecting the employer or any of its associated companies; or (v) any other circumstance constituting just cause for dismissal due to personal grounds (Sw. *saklig grund för uppsägning på grund av personliga skäl*) under Swedish law or similar under other applicable law (each of (i) through (v) a "Cause"), or if the Holder retires pursuant to the terms of his/her employment contract or regulatory requirements, the new Expiration Date shall be the 90th calendar day following the occurrence of such event (as determined pursuant to clause 5.3.2) or such later dates as determined by the Company (but in no event later than 31 March 2019 or such date as follows pursuant to clause 9).
- 6.2.2 In the event that the Holder's termination of employment occurs due to death or physical disability, the new Expiration Date shall be the 194th calendar day following such event or such later dates as determined by the Company (but in no event later than 31 March 2019 or such date as follows pursuant to clause 9). The Holder (or, in the event of the Holder's death, the Holder's estate (Sw. *dödsbo*)) shall up to and including the new Expiration Date be entitled to Exercise any Employee Stock Options which have vested in accordance with these terms and conditions as of such event. Following the new Expiration Date, the Holder (or, in the event of the Holder's death, the Holder's estate) shall have no rights pursuant to the Employee Stock Options and all rights under the Employee Stock Options which have not been subject to Exercise shall lapse. In the event of the Holder's death, the rights and obligations in accordance with these terms and conditions shall be binding upon and inure to the Holder's estate.

6.2.3 Notwithstanding the foregoing, should the Holder's employment be terminated for Cause, all the Holder's Employee Stock Options shall immediately lapse and may not be subject to Exercise.

7. PAYMENT AND DELIVERY OF SHARES

The Holder shall only use the Funds to pay the Exercise Price in cash for each Share to which the Exercise Request pertains, into the bank account designated by the Company in connection with the Exercise. Such payment of the Exercise Price shall be made prior to the delivery of Shares to the Holder. If the Company receives a valid Exercise Request and payment of the Exercise Price, then the Company shall deliver Shares to the Holder within 10 days on which banks are open for business generally (and not for internet banking only) in Luxembourg.

8. RE-CALCULATION OF EXERCISE PRICE ETC.

The Exercise Price and the number of Shares to which each Employee Stock Option entitles the Holder to subscribe for shall be re-calculated in the event that there are changes in the Company's share capital by way of a bonus issue of shares, share split, reverse share split, or a reduction of the share capital (a "**Re-calculation Event**"), in order not to affect the value of the Employee Stock Options. The re-calculation shall be carried out by the Board in accordance with the following formula:

$$n_4 = n_3 \times \left(\frac{n_1 + n_2}{n_1} \right)$$

where:

n₁ = number of shares issued in the Company prior to the Re-calculation Event

n₂ = number of shares issued/reduced in the Re-calculation Event

n₃ = number of Shares which each Employee Stock Option entitled the Holder to subscribe for immediately prior to the Re-calculation Event

n₄ = number of Shares that each Employee Stock Option gives the right to subscribe for after the Re-calculation Event

Consequently, the Exercise Price for the Employee Stock Option shall be re-calculated in accordance with the following formula:

$$p_2 = p_1 \times \left(\frac{n_1}{n_1 + n_2} \right)$$

where (in addition to the above definitions):

p₁ = Exercise Price per Share prior to the Re-calculation Event

p₂ = Exercise Price per Share after the Re-calculation Event

In the event that a Re-calculation Event would lead to an Exercise Price after the Re-calculation Event which is less than the par value of the Company's shares, the Exercise Price at Exercise shall instead equal the par value of the Company's shares.

9. AMENDMENT OF VESTING SCHEDULE AND EXPIRATION DATE ETC.

9.1 Change in Control

9.1.1 In the event of a Change in Control the Board may, in its sole discretion, decide to (i) set a period during which the Holder may request Exercise (an "**Exercise Period**") and, if

determined by the Board, a new Expiration Date, in accordance with the provisions of clause 9.1.2, (ii) have these terms and conditions continue following the Change in Control in accordance with the provisions of clause 9.1.3, (iii) allow a grant of substantially equivalent rights (i.e., among other things, that preserve the intrinsic value and vesting schedule of the Employee Stock Options) to acquire securities in a new company as the Holder had in the Company immediately before the Change in Control in accordance with the provisions of clause 9.1.4, or (iv) allow an amendment of the terms and conditions to the effect that, following the Change in Control, a new company assumes the Company's rights and obligations hereunder in accordance with the provisions of clause 9.1.5.

9.1.1.1 “**Change in Control**” shall mean and include each of the following:

(i) a transaction or series of transactions (other than an offering of Shares to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d) (2) of the Securities Exchange Act of 1934, as amended from time to time (the “**Exchange Act**”)) directly or indirectly acquires beneficial ownership (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company's securities outstanding immediately after such acquisition; provided, however, that the following acquisitions shall not constitute a Change in Control: (w) any acquisition by the Company; (x) any acquisition by an employee benefit plan maintained by the Company, (y) any acquisition which complies with clauses 9.1.1.1(iii)(I)-(III); or (z) in respect of an Employee Stock Option held by a particular Holder, any acquisition by the Holder or any group of persons including the Holder (or any entity controlled by the Holder or any group of persons including the Holder);

(ii) the Incumbent Directors cease for any reason to constitute a majority of the Board;

(iii) the consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination, (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction: (I) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the “**Successor Entity**”)) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and (II) after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (II) as beneficially owning 50% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; and (III) after which at least a majority of the members of the board of directors (or the analogous governing body) of the Successor Entity were Board members at the time of the Board's approval of the execution of the initial agreement providing for such transaction; or

(iv) the date which is 10 business days prior to the completion of a liquidation or dissolution of the Company.

- 9.1.1.2 “ **Incumbent Directors** ” shall mean for any period of 12 consecutive months, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in clause 9.1.1.1(i) or 9.1.1.1(iii)) whose election or nomination for election to the Board was approved by a vote of at least a majority (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director without objection to such nomination) of the directors then still in office who either were directors at the beginning of the 12-month period or whose election or nomination for election was previously so approved. No individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies by or on behalf of any person other than the Board shall be an Incumbent Director.
- 9.1.2 If the Board decides to set an Exercise Period, the Board shall notify the Holder in connection with the Change in Control of the Exercise Period and, if the Board so decides, the new Expiration Date. 50 per cent of the Holder’s unvested Employee Stock Options shall vest as of the date of the Board’s notice or on any other date set out in the Board’s notice. The notice will set forth the Exercise Period, which shall, to the extent possible taking into account the circumstances and process related to the Change in Control, give the Holder reasonable time to decide whether to Exercise any vested Employee Stock Options. The Holder shall during the Exercise Period be entitled to Exercise any Employee Stock Options which have vested in accordance with these terms and conditions. The Board shall be entitled, in its sole discretion, to decide whether to adopt a new Expiration Date so that, at the conclusion of such Exercise Period, any unvested Employee Stock Options shall lapse, or whether unvested Employee Stock Options will continue to vest. If the Board decides that any unvested Employee Stock Options shall continue to vest, only 1/8 part of the Holder’s Employee Stock Options shall vest at the first cliff vesting occasion set out in clause 5.1, if the Board’s notice is given prior to such date, and only 1/32 part of the Holder’s Employee Stock Options shall vest on each subsequent regularly scheduled quarterly vesting occasion. The Board shall also be entitled, in its sole discretion, to decide whether any vested Employee Stock Options which have not been subject to Exercise during an Exercise Period shall be subject to a new Expiration Date and therefore lapse, or whether the vested Employee Stock Options will be exercisable following the expiration of an Exercise Period. If the Board decides to establish a new Expiration Date so that any unvested, and/or any vested but unexercised, Employee Stock Options shall lapse, the Holder shall have no further rights pursuant to the Employee Stock Options.
- 9.1.3 If the Board decides to have these terms and conditions continue following the effective date of the Change in Control, the vesting schedule and the Expiration Date, as set forth in clause 5 and 6 respectively, shall remain unaffected by the Change in Control.
- 9.1.4 If the Board decides to allow a grant of substantially equivalent rights to acquire securities in a new company as the Holder had in the Company immediately before the Change in Control, all vested and unvested Employee Stock Options shall lapse as of the closing of the Change in Control and, subject to the grant of such substantially equivalent rights, the Holder shall have no further rights pursuant to the Employee Stock Options after the closing of the Change in Control.

- 9.1.5 If the Board decides to allow an amendment of the terms and conditions to the effect that, following the Change in Control, a new company assumes the Company's rights and obligations hereunder, the Holder's right to subscribe for Shares in accordance with clause 3 shall relate to shares in such new company.
- 9.1.6 If the Group, or any successor thereto, in connection with or within a period of 6 months following the closing of a Change in Control, terminates the employment of the Holder, other than for Cause, and if any Employee Stock Options are subject to continued vesting after the Change in Control in accordance with this clause 9.1, all of the Holder's unvested Employee Stock Options shall vest as of the date of his or her termination of employment.

9.2 Merger and de-merger

In the event of a merger through which the Company is absorbed into another company (other than a Change in Control) or a de-merger through which the Company is divided into two or more new entities (other than a Change in Control), the Board shall, before the adoption of any resolution in the aforementioned respects, determine an Exercise Period, the first day of which shall fall at least 20 calendar days after the date of the notice by the Board to the Holder of such Exercise Period. During such Exercise Period the Holder shall be entitled to Exercise any Employee Stock Options which have vested in accordance with these terms and conditions. At the conclusion of such Exercise Period, all Employee Stock Options which have not been subject to Exercise during the Exercise Period shall lapse and the Holder shall have no rights pursuant to the Employee Stock Options.

9.3 Share for share exchange etc.

- 9.3.1 If the Company's shareholders perform a share for share exchange for the purpose of creating a new holding company to the Company, or if a new company otherwise replaces the Company as the holding company in the Group, and such transaction is not a Change in Control, the Board shall use reasonable efforts to either: (a) ensure that the Holder receives substantially equivalent rights to acquire securities in the new holding company as the Holder had in the Company immediately before such transaction, provided that the Holder in writing waives any rights under the Employee Stock Options, which shall lapse as a consequence thereof; or (b) amend these terms and conditions to the effect that the new holding company assumes the Company's rights and obligations hereunder and that the Holder's right to subscribe for Shares in accordance with clause 3 shall relate to shares in the new holding company.
- 9.3.2 In the event of a transaction as described in clause 9.3.1, the Holder shall always be obliged upon the Board's request to, in case of (a) in clause 9.3.1, waive any rights under the Employee Stock Options provided that the Holder receives substantially equivalent rights in the new holding company as the Holder had in the Company immediately before such transaction or, in case of (b) in clause 9.3.1, approve any such amendment to these terms and conditions. No waiver shall be requested or required, and the Company may act unilaterally in accordance with this clause 9.3, provided that the Employee Stock Options preserve the material terms and conditions of the underlying rights, including the vesting schedule and the intrinsic value of the Employee Stock Option as of immediately prior to such transaction.

9.3.3 If the Company effects a change of the classes of outstanding Company securities, the Board shall, appropriately and proportionately adjust the class of securities subject to the Employee Stock Options. The Board will make such adjustments, and its determination will be final, binding and conclusive.

10. CANCELLATION OF EMPLOYEE STOCK OPTIONS IN CASE OF A MATERIAL BREACH

10.1 If the Holder commits a material breach of any of its obligations under these terms and conditions, and the breach has not been rectified within 15 calendar days from the date the Holder receives a written demand for rectification, the Company shall be entitled to cancel the Holder's unexercised Employee Stock Options (vested as well as unvested) which as a consequence thereof shall lapse.

10.2 A material breach for purposes of clause 10 and 11 shall mean a breach by the Holder of the provisions in clauses 9.3, 12, or 13 or any other breach by the Holder of these terms and conditions that is reasonably likely to have a material adverse effect on the Company.

11. LIQUIDATED DAMAGES IN CASE OF A MATERIAL BREACH

11.1 If the Holder commits a material breach in accordance with clause 10.2 and the breach has not been rectified within 15 calendar days from the date the Holder receives a written demand for rectification, the Holder shall upon written request by the Company pay liquidated damages in an amount corresponding to 50 per cent of the aggregate Exercise Price for all of the Holder's vested but unexercised Employee Stock Options. The Company shall not be entitled to demand liquidated damages if the Company has cancelled the Holder's Employee Stock Options pursuant to clause 10.1.

11.2 If the Holder commits a material breach of any of its obligations under these terms and conditions, the Company is entitled, in addition to any liquidated damages in accordance with the provisions of clause 11.1, to claim damages in an amount corresponding to the difference between the actual damage suffered and the liquidated damages (if any), if such damage exceeds the amount of the liquidated damages (if any).

11.3 The payment by the Holder of any liquidated damages and damages shall not affect the Company's right to pursue other remedies that the Company may have against the Holder as a result of a breach.

12. APPOINTMENT OF AGENT ETC.

12.1 The Holder hereby irrevocably authorises the Board, with full power of substitution, to endorse such documents on behalf of the Holder and to take any other action reasonably necessary to effect any of the Holder's obligations under these terms and conditions, including but not limited to, execution of a transfer of Shares owned by the Holder. The Board shall hold any payment received for the benefit of the Holder under this clause on behalf of the Holder and separated from any other funds. A withdrawal of the authorisation as provided for in this clause 12 constitutes a material breach of these terms and conditions for purposes of clause 10 and 11.

12.2 The Holder hereby undertakes to sign, execute and deliver such documents, and to take any other actions, as reasonably required by the Board in order to ensure compliance with or observation of the Holder's obligations under these terms and conditions.

13. PAYMENT OF CERTAIN TAXES

- 13.1 The Group will perform withholding of taxes in relation to the Employee Stock Options and the Shares acquired at Exercise if and to the extent required by law or decisions by governmental authorities or if the Board in its reasonable opinion considers it appropriate for the Group to perform such withholding of taxes. For the avoidance of doubt, this clause 13.1 shall not affect the Holder's liabilities and undertakings pursuant to clause 13.2 and 13.3.
- 13.2 The Holder is liable for and undertakes to pay any taxes (including but not limited to income taxes, capital taxes, employment taxes, social security contributions as well as any tax penalties thereon) for which he/she may be liable in relation to the Employee Stock Options and any Shares acquired at Exercise ("**Holder's Tax Liability**"). For the avoidance of doubt, withholding tax (whether preliminary or deducted at source) on employment income, dividends and capital gains will always be considered as Holder's Tax Liability.
- 13.3 As a condition to the exercise of an Employee Stock Option, the Holder shall make such arrangements as the Board may require for the satisfaction of any Holder's Tax Liability that may arise in relation to the Employee Stock Options. The Holder shall also make such arrangements as the Board may require for the satisfaction of any Holder's Tax Liability that may arise in relation to Shares acquired at Exercise. For the avoidance of doubt, the Holder shall upon the Company's request at Exercise pay any Holders' Tax Liability.
- 13.4 The Group assumes no responsibility for any Holder's Tax Liability. The Holder represents that the Holder is not relying on the Group for any tax advice and explicitly agrees not to demand any compensation from the Group to cover any Holder's Tax Liability.

14. DATA PROTECTION

- 14.1 For the purposes of implementing, managing and administering the Employee Stock Option Program, and for the Holder to participate in the Employee Stock Option Program, it is necessary for the Company acting as a data controller and other companies in the Group to collect, use, disclose, hold, transfer and otherwise process personal data regarding the Holder, including the Holder's name, home address and telephone number, date of birth, personal identification number, social insurance number, salary, nationality, job title, any Shares or directorships held in the Company or any company in the Group, details of all Employee Stock Options or other entitlement to Shares awarded, cancelled, exercised, vested, unvested, or outstanding in the Holder's favour (the "**Data**"). Any such processing will be carried out in accordance with the Company's legitimate interest in administering the Employee Stock Option Program and only to the extent permitted by and in full compliance with any applicable data protection laws and regulations. The Holder's Data will be retained by the Company for as long as the Holder holds Employee Stock Options and/or Shares in the Company, and thereafter only for as long as required by applicable law.
- 14.2 The Holder further understands that the Company and/or any company in the Group will transfer Data among themselves as necessary for the purposes of implementation, management and administration of the Holder's participation in the Employee Stock Option Program, and that the Company and/or any company in the Group may each further transfer Data to any third party service provider acting as data processors and assisting the Company in the implementation, management and administration of the Employee Stock Option Program (the "**Data Recipients**"). The Company shall ensure that any Data Recipient shall be contractually required to ensure appropriate confidentiality and security as well as compliance with applicable data protection laws and regulations.

- 14.3 The Holder understands that these Data Recipients may be located in the Holder's country of residence or elsewhere. The Holder acknowledges that such Data Recipients will be receiving, possessing, using, retaining, and transferring Data in electronic or other form, for the purposes of implementing, managing and administering the Holder's participation in the Employee Stock Option Program, including any transfer of such Data to any third party service provider, acting as data processors, as may be required for the administration of the Employee Stock Option Program and/or the subsequent holding of Shares on the Holder's behalf, to a broker or third party with whom the Shares acquired on Exercise may be deposited. Where the transfer is to be to a destination outside the European Economic Area (the "EEA"), the Company shall take reasonable steps to ensure that the Holder's personal data is legally transferred and continues to be adequately protected and securely held. This may for example include that the Company ensures that the Data Recipients located outside of the EEA (i) hold certifications that are sufficient to receive and process personal data about EU individuals, e.g. the EU-US Privacy Shield program, or (ii) are bound by approved contractual mechanisms for transfers of personal data outside of the EEA, e.g. standard contractual clauses.
- 14.4 Subject to the nature of the Data and the Company's legal basis for processing that Data, the Holder may, at any time, contact the Company at to make any of the following requests in respect of the Data processed by the Company:
- a. request access to the Data;
 - b. request that Data which the Holder deems to be incorrect is rectified;
 - c. request for the Data to be erased by the Company;
 - d. request for the Company to restrict processing of his or her Data in certain circumstances including where the accuracy of the Data is contested, the processing of the Data is unlawful, where the Company no longer needs the Data or where the Holder objects to the Company processing his or her Data;
 - e. request for the Company to port the Data to another party;
 - f. object to the Company processing the Data; or
 - g. request to not be subject to a decision taken by the Company which is based solely on automated processing including profiling where that decision has a legal impact or a similarly significant impact on the Holder.
- 14.5 The Holder understands that, should the Holder have any concerns regarding the Company's processing of the Holder's Data, the Holder may contact the Company or lodge a complaint with the data protection authority in the country where the Holder is employed.

15. MISCELLANEOUS

- 15.1 The Employee Stock Options may not be transferred, otherwise disposed, pledged, borrowed against or used as any form of security.

- 15.2 The Company shall be entitled to amend these terms and conditions to the extent required by legislation, court decisions, decisions by public authorities or agreements, or if such amendments, in the reasonable judgment of the Company, are otherwise necessary for practical reasons, and provided in all of the aforementioned cases that the Holder's rights are in no material respects adversely affected. If the Holder's rights would be materially adversely affected, the Holder's written consent shall be necessary for such amendment.
- 15.3 Nothing in these terms and conditions or in any right or Employee Stock Option granted under these terms and conditions shall confer upon the Holder the right to continue in employment for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Group or of the Holder, which rights are hereby expressly reserved by each, to terminate his or her employment at any time.
- 15.4 The Holder has no right to compensation or damages for any loss in respect of the Employee Stock Option where such loss arises (or is claimed to arise), in whole or in part, from the termination of the Holder's employment; or notice to terminate employment given by or to the Holder. However, this exclusion of liability shall not apply however to termination of employment, or the giving of notice, where a competent tribunal or court, from which there can be no appeal (or which the relevant employing company has decided not to appeal), has found that the cessation of the Holder's employment amounted to unfair or constructive dismissal of the Holder.
- 15.5 The Holder undertakes not to use or disclose the contents of these terms and conditions, or any financial information, trade secrets, customer lists or other information which it may from time to time receive or obtain (orally or in writing or in disc or electronic form) as a result of entering into or performing its obligations pursuant to these terms and conditions or otherwise, relating to the Group unless: (i) required to do so by law or pursuant to any order of court or other competent authority or tribunal; or (ii) such disclosure has been consented to by the Company, provided, however, that the Holder may disclose the terms and conditions of his or her Employee Stock Options to the Holder's spouse, personal attorney and/or tax preparer. If a Holder becomes required, in circumstances contemplated by (i) to disclose any information, the disclosing Holder shall use its best efforts to consult with the Company prior to any such disclosure.
- 15.6 Shares will not be issued under this Employee Stock Option Program unless the issuance and delivery of such Shares comply with (or are exempt from) all applicable requirements of law, including (without limitation) the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded. In addition to the terms and conditions provided herein, the Board may require that a Holder make such reasonable covenants, agreements and representations as the Board, in its sole discretion, deems advisable in order to comply with applicable law. The Board shall have the right to require any Holder to comply with any timing or other restrictions with respect to the settlement, distribution or exercise of any Employee Stock Option, including a window-period limitation, as may be imposed in the sole discretion of the Board.

16. TERM AND TERMINATION

These terms and conditions shall enter into force on the Implementation Date and remain in force until close of business in Sweden on 1 June 2024. The parties shall, however, after such date continue to be bound by the provisions set out in clause 15.5 and 17.

17. GOVERNING LAW AND JURISDICTION

- 17.1 These terms and conditions shall be governed by and construed in accordance with the substantive law of Sweden (excluding its rules on conflict of laws).
- 17.2 The Company and the Holder undertake to use their best efforts to resolve any disagreements or disputes regarding these terms and conditions between them or any two or more of them through discussions and mutual agreement.
- 17.3 Any dispute, controversy or claim arising out of or in connection with these terms and conditions, or the breach, termination or invalidity thereof, shall be finally settled by arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce. Unless otherwise agreed between the parties to such arbitration, the Arbitral Tribunal shall be composed of a sole arbitrator, the seat of arbitration shall be Stockholm and the language to be used in the arbitral proceedings shall be English.
- 17.4 The arbitral proceedings and all information and documentation related thereto shall be confidential, unless a disclosure is required under any applicable law, relevant stock exchange regulations or order of court, other tribunal or competition authority or as otherwise agreed between the Company and the Holder in writing.

TERMS AND CONDITIONS GOVERNING RESTRICTED STOCK UNITS 2018/2023 IN SPOTIFY TECHNOLOGY S.A.**1. RESTRICTED STOCK UNIT ISSUER AND HOLDER**

- 1.1 Spotify Technology S.A., a Luxembourg *société anonyme*, with registered address at 42- 44, avenue de la Gare, L-1610 Luxembourg, registered with the Luxembourg Trade and Companies' Register under number B 123.052 (the "**Company**").
- 1.2 Employee of the Company or of any company controlled by the Company (the "**Group**") in accordance with an individual notice of grant (the "**Holder**").

2. BACKGROUND

- 2.1 The Company's board of directors (the "**Board**") considers the existence of efficient share-related incentive programs for employees of the Group to be of material importance for the development of the Group. By connecting employees' economic interests to the Group's results and value trend, a long-term increase in value is promoted. Accordingly, the interests of participating employees and shareholders will coincide.
- 2.2 The foregoing notwithstanding, this restricted stock unit program (the "**Restricted Stock Unit Program**") shall not form part of the Holders' overall compensation and benefits under their contracts of employment with a Group company, if applicable. Moreover, neither the granting of a Restricted Stock Unit (as defined below) under the Restricted Stock Unit Program nor the existence of a contract of employment between a Holder and a Group company shall give the Holder any right or expectation to be granted additional Restricted Stock Units at any time under the Restricted Stock Unit Program or otherwise.

3. RESTRICTED STOCK UNIT; SHARES AVAILABLE

Subject to the terms and conditions set out herein, the Holder is entitled to delivery of one share in the Company (a "**Share**") per restricted stock unit (a "**Restricted Stock Unit**"). Subject to the provisions of clauses 7.1.5 and 7.2.3, the maximum aggregate number of Shares that may be subject to Restricted Stock Units under the Restricted Stock Unit Program is 6,020,000 Shares. Shares available for grant or sale under the Restricted Stock Unit Program will be reduced by the net Shares granted under the Terms and Conditions Governing Employee Stock Options 2018/2023 in Spotify Technology S.A.

4. IMPLEMENTATION AND GRANT

- 4.1 The Restricted Stock Unit Program shall be effective as per January 1, 2018 (the "**Implementation Date**").
- 4.2 Restricted Stock Units may be granted to the Holder during the period as from and including January, 1 2018 up to and including December 31, 2018. The date or dates of grants of Restricted Stock Units during such period (each, a "**Date of Grant**") shall be determined by the Board in its sole discretion.

5. EMPLOYEE VESTING

5.1 Employee vesting general

- 5.1.1 Time-based non-contingent vesting of 1/5 of the granted Restricted Stock Units shall occur on each of the first five anniversaries of the Date of Grant, commencing with the first anniversary of the Date of Grant (each, a “**Time-Based Vesting Date**”), subject to continued employment with the Group and clauses 5.1.2, 5.2 and 5.3 below.
- 5.1.2 Notwithstanding the aforesaid, the Board shall be entitled, in its sole discretion, to grant Restricted Stock Units that are subject to a different vesting schedule.

5.2 Employee leave of absence

- 5.2.1 If the Holder goes on leave of absence, such Holder’s Restricted Stock Units will not vest during the leave of absence, except as set forth below in this clause 5.2. The Restricted Stock Units that do not vest during the leave of absence as a consequence of the Holder’s leave of absence shall lapse immediately, if not otherwise determined by the Board.
- 5.2.2 If the Holder is on leave of absence due to parental leave (including maternity or paternity leave), sick leave, vacation leave or other paid time off or legally protected leave, such Holder’s Restricted Stock Units shall continue to vest on the original vesting schedule during the leave of absence. The same shall apply for any other leave of absence during which vesting on the original schedule must continue under applicable law.
- 5.2.3 If the Holder is on leave of absence due to any other reason (e.g. studying) than as set out in clause 5.2.2, or if the Holder otherwise reduces his/her contractual working hours for the employer after the Date of Grant of the Holder’s Restricted Stock Units, but the Holder still works part-time for the employer, such Holder’s Restricted Stock Units shall vest pro rata in relation to a full-time job. If the Holder’s contractual working hours prior to leave of absence or reduction of contractual working hours did not amount to a full-time job, such Holder’s Restricted Stock Units shall vest pro rata in relation to the contractual working hours prior to such leave of absence or reduction of contractual working hours. The same shall apply for any other leave of absence during which pro rata vesting must continue under applicable law. For the purpose of this clause 5.2.3, a full-time job shall correspond to the number of working hours per week set out in the Holder’s employment agreement as the standard for a full-time job.

5.3 Employee termination of employment

- 5.3.1 If (i) the Holder resigns for any reason, including by reason of Holder retiring pursuant to the terms of his/her employment contract or regulatory requirements or (ii) the employer terminates the employment of the Holder with the Group for any reason, all unvested Restricted Stock Units shall cease vesting as of the date of termination of employment and shall immediately lapse.
- 5.3.2 If (i) the Holder resigns, or (ii) the employer terminates the employment of the Holder with the Group, or (iii) the Holder is exempt from work in connection with an anticipated termination of employment, or (iv) the Holder retires pursuant to the terms of his/her employment contract or regulatory requirements, termination of employment for purposes of the Restricted Stock Units shall be deemed to occur immediately after the end of the last day of employment, taking into account any notice period (but, for the avoidance of doubt, not including any further period over which any severance payment or consideration for non-compete restriction or similar is paid out). Notwithstanding the foregoing, the Board shall be entitled, in its sole discretion, to resolve that termination of employment shall be deemed to occur at a later point in time.

- 5.3.3 If a Holder changes the entity for which he or she is employed, but remains employed by the Group, such change will not be deemed a termination of employment for purposes of his/her Restricted Stock Units, provided that there is no other interruption or termination of the Holder's employment, unless the Board, in its sole discretion, determines that the entity to which the Holder transfers is not a qualified affiliate of the Group. If a Holder changes the capacity in which he/she provides service to the Group from an employee to an independent contractor or consultant, such change will be deemed a termination of employment for purposes of his/her Restricted Stock Units.
- 5.3.4 If the Holder, when he/she commences his/her employment with the Group, is subject to a probationary or trial employment and, at the end of such probationary or trial employment, the employment with the Group is terminated (for whatever reason), all Restricted Stock Units shall lapse and be forfeited on the date of termination of employment.

6. SETTLEMENT

- 6.1 Settlement will occur through an electronic platform and with no paper documentation to be executed by the Holder. To this effect, the Holder will receive an individual username and an individual password from the Company, giving her/him access to a personal account on the electronic platform. Once the Holder will have logged-in and accepted the terms and conditions of the Restricted Stock Unit Program applicable to her/him, she/he will have the possibility to upload money on the electronic platform (the "**Funds**"). Provided that the Holder had sufficient Funds available to pay an amount equal to the par value per Share of the number of Shares underlying the Restricted Stock Units, on or as soon as reasonably practicable (but no later than 30 days) following any date on which all or a portion of the Restricted Stock Units become fully and non-contingently vested (a "**Settlement Date**"), the Company shall issue the number of Shares subject to the Restricted Stock Units that become fully and non-contingently vested in the name of the Holder (or if deceased, the Holder's legal representative), which will be issued as fully paid and nonassessable Shares. If the Holder does not have sufficient Funds on the electronic platform to pay the applicable par value within 30 days of the date any Restricted Stock Units become non-contingently vested, then such Restricted Stock Units will be cancelled with respect to those Shares that would otherwise have become issuable therefor.

7. AMENDMENT OF THE RESTRICTED STOCK UNITS; ADJUSTMENT

7.1 Change in Control

- 7.1.1 With respect to any Restricted Stock Units that remain unvested as of the date immediately following the date of the Change in Control, the Board may, in its sole discretion, decide to (i) have these terms and conditions continue following the effective date of the Change in Control in accordance with the provisions of clause 7.1.2, (ii) allow a grant of substantially equivalent rights (i.e., among other things, that preserve the intrinsic value and vesting schedule of the Restricted Stock Units) with respect to securities in a new company to the rights the Holder had in the Company immediately before the Change in Control in accordance with the provisions of clause 7.1.3 or (iii) allow an amendment of the terms and conditions to the effect that, following the Change in Control, a new company assumes the Company's rights and obligations hereunder in accordance with the provisions of clause 7.1.4.

- 7.1.2 If the Board decides to have these terms and conditions continue following the effective date of the Change in Control, the vesting and settlement schedule as set forth in clauses 5, 6 and 7 shall remain unaffected by the Change in Control.
- 7.1.3 If the Board decides to allow a grant of substantially equivalent rights with respect to securities in a new company to the rights the Holder had in the Company immediately before the Change in Control, all unvested Restricted Stock Units shall lapse and be cancelled as of the closing and, subject to the grant of such substantially equivalent rights, the Holder shall have no further rights pursuant to the Restricted Stock Units after the closing.
- 7.1.4 If the Board decides to allow an amendment of the terms and conditions to the effect that, following the Change in Control, a new company assumes the Company's rights and obligations hereunder, the Holder's vested and unsettled Restricted Stock Units and unvested Restricted Stock Units shall relate to shares in such new company.
- 7.1.5 If any share split, reverse share split, share dividend, recapitalization, combination, reclassification or other distribution of the Company's Shares without the receipt of consideration by the Company occurs, the Board will adjust the number and class of Shares that may be delivered under the number and class of Shares covered by each outstanding Restricted Stock Unit and in a manner that complies with all applicable laws to prevent diminution or enlargement of the benefits or potential benefits intended to be made available with respect to any grant of any Restricted Stock Unit.
- 7.1.6 "**Change in Control**" shall mean and include each of the following:
- (i) a transaction or series of transactions (other than an offering of Shares to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d) (2) of the Securities Exchange Act of 1934, as amended from time to time (the "**Exchange Act**")) directly or indirectly acquires beneficial ownership (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company's securities outstanding immediately after such acquisition; provided, however, that the following acquisitions shall not constitute a Change in Control: (w) any acquisition by the Company; (x) any acquisition by an employee benefit plan maintained by the Company, (y) any acquisition which complies with clauses 7.1.6 (iii)(I)-(III); or (z) in respect of an Restricted Stock Unit held by a particular Holder, any acquisition by the Holder or any group of persons including the Holder (or any entity controlled by the Holder or any group of persons including the Holder);
 - (ii) the Incumbent Directors cease for any reason to constitute a majority of the Board;
 - (iii) the consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination, (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction: (I) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the

business of the Company (the Company or such person, the “**Successor Entity**”) directly or indirectly, at least a majority of the combined voting power of the Successor Entity’s outstanding voting securities immediately after the transaction, and (II) after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (II) as beneficially owning 50% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; and (III) after which at least a majority of the members of the board of directors (or the analogous governing body) of the Successor Entity were Board members at the time of the Board’s approval of the execution of the initial agreement providing for such transaction; or

(iv) the date which is 10 business days prior to the completion of a liquidation or dissolution of the Company.

7.1.7 “**Incumbent Directors**” shall mean for any period of 12 consecutive months, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in Section 7.1.6(i) or 7.1.6(iii)) whose election or nomination for election to the Board was approved by a vote of at least a majority (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director without objection to such nomination) of the directors then still in office who either were directors at the beginning of the 12-month period or whose election or nomination for election was previously so approved. No individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies by or on behalf of any person other than the Board shall be an Incumbent Director.

7.2 Share for share exchange etc.

7.2.1 If the Company’s shareholders perform a share for share exchange for the purpose of creating a new holding company to the Company, or if a new company otherwise replaces the Company as the holding company in the Group, and such transaction is not a Change in Control, the Board shall use reasonable efforts to either: (a) ensure that the Holder receives substantially equivalent rights with respect to securities in the new holding company as the Holder had in the Company immediately before such transaction, provided that the Holder in writing waives any rights under the Restricted Stock Units, which shall lapse and be cancelled as a consequence thereof; or (b) amend these terms and conditions to the effect that the new holding company assumes the Company’s rights and obligations hereunder and that the Holder’s vested and unsettled Restricted Stock Units and unvested Restricted Stock Units shall relate to shares in such new company.

7.2.2 In the event of a transaction as described in clause 7.2.1, the Holder shall always be obliged upon the Board’s request to, in case of (a) in clause 7.2.1, waive any rights under the Restricted Stock Units provided that the Holder receives substantially equivalent rights in the new holding company as the Holder had in the Company immediately before such transaction or, in case of (b) in clause 7.2.1, approve any such amendment to these terms and conditions. No waiver shall be requested or required, and the Company may act unilaterally in accordance with this clause 7.2, provided that the Restricted Stock Units preserve the material terms and conditions of the underlying rights, including the vesting schedule and the intrinsic value of the Restricted Stock Unit as of immediately prior to such transaction.

7.2.3 If the Company effects a change of the classes of outstanding Company securities, the Board shall, appropriately and proportionately adjust the class of securities subject to the Restricted Stock Units. The Board will make such adjustments, and its determination will be final, binding and conclusive.

8. CANCELLATION OF RESTRICTED STOCK UNITS IN CASE OF A MATERIAL BREACH

8.1 If the Holder commits a material breach of any of its obligations under these terms and conditions and the breach has not been rectified within 15 calendar days from the date the Holder receives a written demand for rectification, the Company shall be entitled to cancel the Holder's unvested Restricted Stock Units, which as a consequence thereof shall lapse.

8.2 A material breach for purposes of clause 8 and 9 shall mean a breach by the Holder of the provisions in clauses 7.2, 10, or 11 or any other breach by the Holder of these terms and conditions that is reasonably likely to have a material adverse effect on the Company.

9. LIQUIDATED DAMAGES IN CASE OF A MATERIAL BREACH

9.1 If the Holder commits a material breach in accordance with clause 8.2 and the breach has not been rectified within 15 calendar days from the date the Holder receives a written demand for rectification, the Holder shall upon written request by the Company pay liquidated damages in an amount corresponding to 50 percent of the aggregate then-current fair market value of the Shares represented by the vested portion of the Restricted Stock Units. The Company shall not be entitled to demand liquidated damages if the Company has cancelled the Holder's Restricted Stock Units pursuant to clause 8.1.

9.2 If the Holder commits a material breach of any of its obligations under these terms and conditions, the Company is entitled, in addition to any liquidated damages in accordance with the provisions of clause 9.1, to claim damages in an amount corresponding to the difference between the actual damage suffered and the liquidated damages (if any), if such damage exceeds the amount of the liquidated damages (if any).

9.3 The payment by the Holder of any liquidated damages shall not affect the Company's right to pursue other remedies that the Company may have against the Holder as a result of a breach.

10. APPOINTMENT OF AGENT ETC.

10.1 The Holder hereby irrevocably authorises the Board, with full power of substitution, to endorse such documents on behalf of the Holder and to take any other action reasonably necessary to effect any of the Holder's obligations under these terms and conditions, including but not limited to, execution of a transfer of Shares owned by the Holder. The Board shall hold any payment received for the benefit of the Holder under this clause on behalf of the Holder and separated from any other funds. A withdrawal of the authorisation as provided for in this clause 10 constitutes a material breach of these terms and conditions for purposes of clause 8 and 9.

10.2 The Holder hereby undertakes to sign, execute and deliver such documents (including without limitation any subscription form), and to take any other actions, as reasonably required by the Board in order to ensure compliance with or observation of the Holder's obligations under these terms and conditions.

11. PAYMENT OF CERTAIN TAXES

- 11.1 The Group will perform withholding of taxes in relation to the Restricted Stock Units and the Shares delivered upon settlement if and to the extent required by law or decisions by governmental authorities or if the Board in its reasonable opinion considers it appropriate for the Group to perform such withholding of taxes. For the avoidance of doubt, this clause 11.1 shall not affect the Holder's liabilities and undertakings pursuant to clause 11.2 and 11.3.
- 11.2 The Holder is liable for and undertakes to pay any taxes (including but not limited to income taxes, capital taxes, employment taxes, self-employment taxes, social security contributions as well as any tax penalties thereon) for which he/she may be liable in relation to the Restricted Stock Units and any Shares issued at settlement ("**Holder's Tax Liability**"). For the avoidance of doubt, withholding tax (whether preliminary or deducted at source) on employment income, dividends and capital gains will always be considered as Holder's Tax Liability.
- 11.3 As a condition to the issuance of Shares in respect of the vested Restricted Stock Units, the Holder shall make such arrangements as the Board may require for the satisfaction of any Holder's Tax Liability that may arise in relation to the Restricted Stock Units. The Holder shall also make such arrangements as the Board may require for the satisfaction of any Holder's Tax Liability that may arise in relation to Shares issued at settlement. For the avoidance of doubt, the Holder shall upon the Company's request at issuance pay any Holders' Tax Liability. Without limiting the foregoing, the Company may, without the Holder's additional consent, satisfy Holder's Tax Liability and payment referred to in clause 6.1 in respect of the vested Restricted Stock Units via a "cashless" withholding program with terms set forth by the Company in its discretion.
- 11.4 The Group assumes no responsibility for any Holder's Tax Liability. The Holder represents that the Holder is not relying on the Group for any tax advice and explicitly agrees not to demand any compensation from the Group to cover any Holder's Tax Liability.

12. DATA PROTECTION

- 12.1 For the purposes of implementing, managing and administering the Restricted Stock Unit Program, and for the Holder to participate in the Restricted Stock Unit Program, it is necessary for the Company acting as data controller and other companies in the Group to collect, use, disclose, hold, transfer and otherwise process personal data regarding the Holder, including the Holder's name, home address and telephone number, date of birth, personal identification number, social insurance number, salary, nationality, job title, any Shares or directorships held in the Company or any company in the Group, details of all Restricted Stock Units or other entitlement to Shares awarded, cancelled, exercised, vested, unvested, or outstanding in the Holder's favour (the "**Data**"). Any such processing will be carried out in accordance with the Company's legitimate interest in administering the Restricted Stock Unit Program and only to the extent permitted by and in full compliance with any applicable data protection laws and regulations. The Holder's Data will be retained by the Company for as long as the Holder holds Restricted Stock Units and/or Shares in the Company, and thereafter only for as long as required by applicable law.
- 12.2 The Holder further understands that the Company and/or any company in the Group will transfer the Data among themselves, as necessary for the purposes of implementation, management and administration of the Holder's participation in the Restricted Stock Unit Program, and that the Company and/or any company in the Group may each further

transfer Data to any third party service provider acting as data processors and assisting the Company in the implementation, management and administration of the Restricted Stock Unit Program (the “**Data Recipients**”). The Company shall ensure that any Data Recipient shall be contractually required to ensure appropriate confidentiality and security as well as compliance with applicable data protection laws and regulations.

- 12.3 The Holder understands that these Data Recipients may be located in the Holder’s country of residence or elsewhere. The Holder acknowledges that such Data Recipients will be receiving, possessing, using, retaining, and transferring Data in electronic or other form, for the purposes of implementing, managing and administering the Holder’s participation in the Restricted Stock Unit Program including any transfer of such Data to any third party service provider, acting as data processors, as may be required for the administration of the Restricted Stock Unit Program and/or the subsequent holding of Shares on the Holder’s behalf, to a broker or third party with whom the Shares settled following vesting of the Restricted Stock Units may be deposited. Where the transfer is to be to a destination outside the European Economic Area (the “**EEA**”), the Company shall take reasonable steps to ensure that the Holder’s personal data is legally transferred and continues to be adequately protected and securely held. This may for example include that the Company ensures that the Data Recipients located outside of the EEA (i) hold certifications that are sufficient to receive and process personal data about EU individuals, e.g. the EU-US Privacy Shield program, or (ii) are bound by approved contractual mechanisms for transfers of personal data outside of the EEA, e.g. standard contractual clauses.
- 12.4 Subject to the nature of the Data and the Company’s legal basis for processing that Data, the Holder may, at any time, have the right to contact the Company at _____ to make any of the following requests in respect of the Data processed by the Company:
- a. request access to the Data;
 - b. request that Data which the Holder deems to be incorrect is rectified;
 - c. request for the Data to be erased by the Company;
 - d. request for the Company to restrict processing of his or her Data in certain circumstances including where the accuracy of the Data is contested, the processing of the Data is unlawful, where the Company no longer needs the Data or where the Holder objects to the Company processing his or her Data;
 - e. request for the Company to port the Data to another party;
 - f. object to the Company processing the Data; or
 - g. request to not be subject to a decision taken by the Company which is based solely on automated processing including profiling where that decision has a legal impact or similarly significant impact on the Holder.
- 12.5 The Holder understands that should the Holder have any concerns regarding the Company’s processing of the Holder’s Data, the Holder may contact the Company or lodge a complaint with the data protection authority in the country where the Holder is employed.

13. MISCELLANEOUS

- 13.1 The Restricted Stock Units may not be transferred, otherwise disposed, pledged, borrowed against or used as any form of security.
- 13.2 The Company shall be entitled to amend these terms and conditions to the extent required by legislation, court decisions, decisions by public authorities or agreements, or if such amendments, in the reasonable judgment of the Company, are otherwise necessary for practical reasons, and provided in all of the aforementioned cases that the Holder’s rights are in no material respects adversely affected. If the Holder’s rights would be materially adversely affected, the Holder’s written consent shall be necessary for such amendment.

- 13.3 Nothing in these terms and conditions or in any right or Restricted Stock Unit granted under these terms and conditions shall confer upon the Holder the right to continue in employment or service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Group or of the Holder, which rights are hereby expressly reserved by each, to terminate the Holder's employment or service at any time.
- 13.4 The Holder has no right to compensation or damages for any loss in respect of the Restricted Stock Unit where such loss arises (or is claimed to arise), in whole or in part, from the termination of the Holder's employment or service; or notice to terminate employment or service given by or to the Holder. However, this exclusion of liability shall not apply to termination of employment or service, or the giving of notice, where a competent tribunal or court, from which there can be no appeal (or which the relevant employing company has decided not to appeal), has found that the cessation of the Holder's employment or service amounted to unfair or constructive dismissal of the Holder.
- 13.5 The Holder undertakes not to use or disclose the contents of these terms and conditions, or any financial information, trade secrets, customer lists or other information which it may from time to time receive or obtain (orally or in writing or in disc or electronic form) as a result of entering into or performing its obligations pursuant to these terms and conditions or otherwise, relating to the Group unless: (i) required to do so by law or pursuant to any order of court or other competent authority or tribunal; or (ii) such disclosure has been consented to by the Company, provided, however, that the Holder may disclose the terms and conditions of his or her Restricted Stock Units to the Holder's spouse, personal attorney and/or tax preparer. If a Holder becomes required, in circumstances contemplated by (i) to disclose any information, the disclosing Holder shall use its best efforts to consult with the Company prior to any such disclosure.
- 13.6 Shares will not be issued under this Restricted Stock Unit Program unless the issuance and delivery of such Shares comply with (or are exempt from) all applicable requirements of law, including (without limitation) the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded. In addition to the terms and conditions provided herein, the Board may require that a Holder make such reasonable covenants, agreements and representations as the Board, in its sole discretion, deems advisable in order to comply with applicable law. The Board shall have the right to require any Holder to comply with any timing or other restrictions with respect to the settlement, distribution or exercise of any Restricted Stock Unit, including a window-period limitation, as may be imposed in the sole discretion of the Board.

14. TERM AND TERMINATION

These terms and conditions shall enter into force on the Implementation Date and remain in force until close of business in Sweden on December, 31 2026. The parties shall, however, after such date continue to be bound by the provisions set out in clause 13.5 and 15.

15. GOVERNING LAW AND JURISDICTION

- 15.1 These terms and conditions shall be governed by and construed in accordance with the substantive law of Sweden (excluding its rules on conflict of laws).
- 15.2 The Company and the Holder undertake to use their best efforts to resolve any disagreements or disputes regarding these terms and conditions between them or any two or more of them through discussions and mutual agreement.
- 15.3 Any dispute, controversy or claim arising out of or in connection with these terms and conditions, or the breach, termination or invalidity thereof, shall be finally settled by arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce. Unless otherwise agreed between the parties to such arbitration, the Arbitral Tribunal shall be composed of a sole arbitrator, the seat of arbitration shall be Stockholm and the language to be used in the arbitral proceedings shall be English.
- 15.4 The arbitral proceedings and all information and documentation related thereto shall be confidential, unless a disclosure is required under any applicable law, relevant stock exchange regulations or order of court, other tribunal or competition authority or as otherwise agreed between the Company and the Holder in writing.

TERMS AND CONDITIONS GOVERNING RESTRICTED STOCK UNITS 2017/2022 IN SPOTIFY TECHNOLOGY S.A.**1. RESTRICTED STOCK UNIT ISSUER AND HOLDER**

- 1.1 Spotify Technology S.A., a Luxembourg *société anonyme*, with registered address at 42- 44, avenue de la Gare, L-1610 Luxembourg, registered with the Luxembourg Trade and Companies' Register under number B 123.052 (the "**Company**").
- 1.2 Employee or Director of the Company or of any company controlled by the Company (the "**Group**") in accordance with an individual notice of grant (the "**Holder**").

2. BACKGROUND

- 2.1 The Company's board of directors (the "**Board**") considers the existence of efficient share-related incentive programs for employees and directors of the Group to be of material importance for the development of the Group. By connecting employees' and directors' economic interests to the Group's results and value trend, a long-term increase in value is promoted. Accordingly, the interests of participating employees, participating directors and shareholders will coincide.
- 2.2 The foregoing notwithstanding, this restricted stock unit program (the "**Restricted Stock Unit Program**") shall not form part of the Holders' overall compensation and benefits under their contracts of employment with a Group company, if applicable. Moreover, neither the granting of a Restricted Stock Unit (as defined below) under the Restricted Stock Unit Program nor the existence of a contract of employment between a Holder and a Group company shall give the Holder any right or expectation to be granted additional Restricted Stock Units at any time under the Restricted Stock Unit Program or otherwise.

3. RESTRICTED STOCK UNIT

Subject to the terms and conditions set out herein, the Holder is entitled to delivery of one share in the Company (a "**Share**") per restricted stock unit (a "**Restricted Stock Unit**").

4. IMPLEMENTATION AND GRANT

- 4.1 The Restricted Stock Unit Program shall be effective as per June 1, 2017 (the "**Implementation Date**").
- 4.2 Restricted Stock Units may be granted to the Holder during the period as from and including June, 1 2017 up to and including May 31, 2018. The date or dates of grants of Restricted Stock Units during such period (each, a "**Date of Grant**") shall be determined by the Board in its sole discretion.

5. EMPLOYEE VESTING**5.1 Employee vesting general**

- 5.1.1 Time-based contingent vesting of 1/5 of the granted Restricted Stock Units shall occur on each September 1, commencing with the September 1 falling not less than three months from the Date of Grant, for the avoidance of doubt grants made on June 1 shall commence vesting on September 1 the same year, (each, a “**Time-Based Vesting Date**”), subject to continued employment with the Group and clauses 5.1.2, 5.1.3, 5.2 and 5.3 below; provided that no Shares will be issued in connection with such contingently vested Restricted Stock Units on such Time-Based Vesting Dates; provided, however that if either an IPO Date or a Trade Sale (each, as defined below) occurs prior to the occurrence of all the Time-Based Vesting Dates, the Restricted Stock Units shall vest on a non-contingent basis on each of the remaining applicable Time-Based Vesting Dates, subject to continued employment with the Group and clauses 5.1.2, 5.1.3, 5.2 and 5.3.
- 5.1.2 Any Restricted Stock Units that contingently vested on a Time-Based Vesting Date shall fully and non-contingently vest on the earliest to occur of (i) the 6 month anniversary of a public offering of shares in the Company with a listing of such shares on an internationally recognized stock exchange or similar market place of recognized national standing or such other period as may be determined by the relevant underwriter (excluding, for the avoidance of doubt, private secondary markets or similar) (an “**IPO Date**”), (ii) an event in which (a) all or substantially all of the Group’s assets are sold to a party which is not, directly or indirectly, a subsidiary of the Company; or (b) shares that represent 50 percent or more of the issued share capital in the Company have been transferred to a new owner, or a bona fide firm offer from an unaffiliated third party for at least 50 percent of all Shares then outstanding, and provided that the shareholders who are parties to the main shareholders’ agreement relating to the Company accept such offer (or are required to accept the offer pursuant to such shareholders’ agreement) ((a) and (b), respectively a “**Trade Sale**”), or (iii) September 1, 2019, subject, in each case, to continued employment with the Group and clauses 5.1.3, 5.2 and 5.3 below.
- 5.1.3 Notwithstanding the aforesaid, the Board shall be entitled, in its sole discretion, to grant Restricted Stock Units that are subject to a different vesting schedule.
- 5.2 **Employee leave of absence**
- 5.2.1 If the Holder goes on leave of absence, such Holder’s Restricted Stock Units will not vest during the leave of absence, except as set forth below in this clause 5.2. The Restricted Stock Units that do not vest during the leave of absence as a consequence of the Holder’s leave of absence shall lapse immediately, if not otherwise determined by the Board.
- 5.2.2 If the Holder is on leave of absence due to parental leave (including maternity or paternity leave), sick leave, vacation leave or other paid time off or legally protected leave, such Holder’s Restricted Stock Units shall continue to vest on the original vesting schedule during the leave of absence. The same shall apply for any other leave of absence during which vesting on the original schedule must continue under applicable law.
- 5.2.3 If the Holder is on leave of absence due to any other reason (e.g. studying) than as set out in clause 5.2.2, or if the Holder otherwise reduces his/her contractual working hours for the employer after the Date of Grant of the Holder’s Restricted Stock Units, but the Holder still works part-time for the employer, such Holder’s Restricted Stock Units shall vest pro rata in relation to a full-time job. If the Holder’s contractual working hours prior to leave of absence or reduction of contractual working hours did not amount to a full-time job, such Holder’s Restricted Stock Units shall vest pro rata in relation to the contractual working hours prior to such leave of absence or reduction of contractual working hours. The same shall apply for any other leave of absence during which pro rata vesting must continue under applicable law. For the purpose of this clause 5.2.3, a full-time job shall correspond to the number of working hours per week set out in the Holder’s employment agreement as the standard for a full-time job.

5.3 Employee termination of employment

- 5.3.1 If (i) the Holder resigns for any reason, including by reason of Holder retiring pursuant to the terms of his/her employment contract or regulatory requirements or (ii) the employer terminates the employment of the Holder with the Group for any reason, all unvested Restricted Stock Units shall cease vesting as of the date of termination of employment and shall immediately lapse.
- 5.3.2 If the Holder resigns, termination of employment for purposes of the Restricted Stock Units shall be deemed to occur immediately on the Group's receipt of Holder's written notice of resignation. If the employer terminates the employment of the Holder with the Group, termination of employment for purposes of the Restricted Stock Units shall be deemed to occur immediately after the end of the last day of employment, taking into account any notice period (but, for the avoidance of doubt, not including any further period over which any severance payment or consideration for non-compete restriction or similar is paid out). If the Holder is exempt from work in connection with an anticipated termination of employment, termination of employment for purposes of the Restricted Stock Units shall be deemed to occur immediately after the end of the last working day prior to the Holder being exempt from work. If the Holder retires pursuant to the terms of his/her employment contract or regulatory requirements, termination of employment for purposes of the Restricted Stock Units shall be deemed to occur immediately after the end of the last day of employment. Notwithstanding the foregoing, the Board shall be entitled, in its sole discretion, to resolve that termination of employment shall be deemed to occur at a later point in time.
- 5.3.3 If a Holder changes the entity for which he or she is employed, but remains employed by the Group, such change will not be deemed a termination of employment for purposes of his/her Restricted Stock Units, provided that there is no other interruption or termination of the Holder's employment, unless the Board, in its sole discretion, determines that the entity to which the Holder transfers is not a qualified affiliate of the Group. For purposes of the Restricted Stock Units, references in these terms and conditions to employment and to termination of employment shall include service as an independent contractor or consultant and the termination of such service. If a Holder changes the capacity in which he/she provides service to the Group from an employee to an independent contractor or consultant (or from an independent contractor or consultant to an employee), such change will not be deemed a termination of employment for purposes of his/her Restricted Stock Units and such individual will continue to vest in his/her Restricted Stock Units.
- 5.3.4 If the Holder, when he/she commences his/her employment with the Group, is subject to a probationary or trial employment and, at the end of such probationary or trial employment, the employment with the Group is terminated (for whatever reason), all Restricted Stock Units shall lapse and be forfeited on the date of termination of employment.

6. SETTLEMENT

- 6.1 Settlement will occur through an electronic platform and with no paper documentation to be executed by the Holder. To this effect, the Holder will receive an individual username and an individual password from the Company, giving her/him access to a personal account on the electronic platform. Once the Holder will have logged-in and accepted the terms and conditions of the Restricted Stock Unit Program applicable to her/him, she/he

will have the possibility to upload money on the electronic platform (the “ **Funds** ”). Provided that the Holder had sufficient Funds available to pay an amount equal to the par value per Share of the number of Shares underlying the Restricted Stock Units, on or as soon as reasonably practicable (but no later than 30 days) following any date on which all or a portion of the Restricted Stock Units become fully and non-contingently vested (a “ **Settlement Date** ”), the Company shall issue the number of Shares subject to the Restricted Stock Units that become fully and non-contingently vested in the name of the Holder (or if deceased, the Holder’s legal representative), which will be issued as fully paid and nonassessable Shares. If the Holder does not have sufficient Funds on the electronic platform to pay the applicable par value within 30 days of the date any Restricted Stock Units become non-contingently vested, then such Restricted Stock Units will be cancelled with respect to those Shares that would otherwise have become issuable therefor.

7. AMENDMENT OF THE RESTRICTED STOCK UNITS; ADJUSTMENT

7.1 Change in Control

- 7.1.1 With respect to any Restricted Stock Units that remain unvested as of the date immediately following the date of the Change in Control, the Board may, in its sole discretion, decide to (i) have these terms and conditions continue following the effective date of the Change in Control in accordance with the provisions of clause 7.1.2, (ii) allow a grant of substantially equivalent rights (i.e., among other things, that preserve the intrinsic value and vesting schedule of the Restricted Stock Units) with respect to securities in a new company to the rights the Holder had in the Company immediately before the Change in Control in accordance with the provisions of clause 7.1.3, or (iii) allow an amendment of the terms and conditions to the effect that, following the Change in Control, a new company assumes the Company’s rights and obligations hereunder in accordance with the provisions of clause 7.1.4.
- 7.1.2 If the Board decides to have these terms and conditions continue following the effective date of the Change in Control, the vesting and settlement schedule as set forth in clauses 5, 6 and 7 shall remain unaffected by the Change in Control.
- 7.1.3 If the Board decides to allow a grant of substantially equivalent rights with respect to securities in a new company to the rights the Holder had in the Company immediately before the Change in Control, all unvested Restricted Stock Units shall lapse and be cancelled as of the closing and, subject to the grant of such substantially equivalent rights, the Holder shall have no further rights pursuant to the Restricted Stock Units after the closing.
- 7.1.4 If the Board decides to allow an amendment of the terms and conditions to the effect that, following the Change in Control, a new company assumes the Company’s rights and obligations hereunder, the Holder’s vested and unsettled Restricted Stock Units and unvested Restricted Stock Units shall relate to shares in such new company.
- 7.1.5 If any share split, reverse share split, share dividend, recapitalization, combination, reclassification or other distribution of the Company’s Shares without the receipt of consideration by the Company occurs, the Board will adjust the number and class of Shares that may be delivered under the number and class of Shares covered by each outstanding Restricted Stock Unit and in a manner that complies with all applicable laws to prevent diminution or enlargement of the benefits or potential benefits intended to be made available with respect to any grant of any Restricted Stock Unit.

7.1.6 “**Change in Control**” shall mean and include each of the following:

(i) a transaction or series of transactions (other than an offering of Shares to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d) (2) of the Securities Exchange Act of 1934, as amended from time to time (the “**Exchange Act**”)) directly or indirectly acquires beneficial ownership (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company’s securities outstanding immediately after such acquisition; provided, however, that the following acquisitions shall not constitute a Change in Control: (w) any acquisition by the Company; (x) any acquisition by an employee benefit plan maintained by the Company, (y) any acquisition which complies with clauses 7.1.6 (ii)(I)-(III); or (z) in respect of an Restricted Stock Unit held by a particular Holder, any acquisition by the Holder or any group of persons including the Holder (or any entity controlled by the Holder or any group of persons including the Holder);

(ii) the Incumbent Directors cease for any reason to constitute a majority of the Board;

(iii) the consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination, (y) a sale or other disposition of all or substantially all of the Company’s assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction: (I) which results in the Company’s voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company’s assets or otherwise succeeds to the business of the Company (the Company or such person, the “**Successor Entity**”)) directly or indirectly, at least a majority of the combined voting power of the Successor Entity’s outstanding voting securities immediately after the transaction, and (II) after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (II) as beneficially owning 50% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; and (III) after which at least a majority of the members of the board of directors (or the analogous governing body) of the Successor Entity were Board members at the time of the Board’s approval of the execution of the initial agreement providing for such transaction; or

(iv) the date which is 10 business days prior to the completion of a liquidation or dissolution of the Company.

7.1.7 “**Incumbent Directors**” shall mean for any period of 12 consecutive months, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in Section 7.1.6(i) or 7.1.6(iii)) whose election or nomination for election to the Board was approved by a vote of at least a majority (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director without objection to such nomination) of the directors then still in office who either were directors at the beginning of the 12-month period or whose election or nomination for election was

previously so approved. No individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies by or on behalf of any person other than the Board shall be an Incumbent Director.

7.2 Share for share exchange etc.

7.2.1 If the Company's shareholders perform a share for share exchange for the purpose of creating a new holding company to the Company, or if a new company otherwise replaces the Company as the holding company in the Group, and such transaction is not a Change in Control, the Board shall use reasonable efforts to either: (a) ensure that the Holder receives substantially equivalent rights with respect to securities in the new holding company as the Holder had in the Company immediately before such transaction, provided that the Holder in writing waives any rights under the Restricted Stock Units, which shall lapse and be cancelled as a consequence thereof; or (b) amend these terms and conditions to the effect that the new holding company assumes the Company's rights and obligations hereunder and that the Holder's vested and unsettled Restricted Stock Units and unvested Restricted Stock Units shall relate to shares in such new company.

7.2.2 In the event of a transaction as described in clause 7.2.1, the Holder shall always be obliged upon the Board's request to, in case of (a) in clause 7.2.1, waive any rights under the Restricted Stock Units provided that the Holder receives substantially equivalent rights in the new holding company as the Holder had in the Company immediately before such transaction or, in case of (b) in clause 7.2.1, approve any such amendment to these terms and conditions. No waiver shall be requested or required, and the Company may act unilaterally in accordance with this clause 7.2, provided that the Restricted Stock Units preserve the material terms and conditions of the underlying rights, including the vesting schedule and the intrinsic value of the Restricted Stock Unit as of immediately prior to such transaction.

7.2.3 If the Company effects a change of the classes of outstanding Company securities, the Board shall, appropriately and proportionately adjust the class of securities subject to the Restricted Stock Units. The Board will make such adjustments, and its determination will be final, binding and conclusive.

8. CANCELLATION OF RESTRICTED STOCK UNITS IN CASE OF A MATERIAL BREACH

8.1 If the Holder commits a material breach of any of its obligations under these terms and conditions and the breach has not been rectified within 15 calendar days from the date the Holder receives a written demand for rectification, the Company shall be entitled to cancel the Holder's unvested Restricted Stock Units, which as a consequence thereof shall lapse.

8.2 A material breach for purposes of clause 8 and 9 shall mean a breach by the Holder of the provisions in clauses 7.2, 10, or 11 or any other breach by the Holder of these terms and conditions that is reasonably likely to have a material adverse effect on the Company.

9. LIQUIDATED DAMAGES IN CASE OF A MATERIAL BREACH

9.1 If the Holder commits a material breach in accordance with clause 8.2 and the breach has not been rectified within 15 calendar days from the date the Holder receives a written demand for rectification, the Holder shall upon written request by the Company pay liquidated damages in an amount corresponding to 50 percent of the aggregate then-current fair market value of the Shares represented by the vested portion of the Restricted Stock Units. The Company shall not be entitled to demand liquidated damages if the Company has cancelled the Holder's Restricted Stock Units pursuant to clause 8.1.

- 9.2 If the Holder commits a material breach of any of its obligations under these terms and conditions, the Company is entitled, in addition to any liquidated damages in accordance with the provisions of clause 9.1, to claim damages in an amount corresponding to the difference between the actual damage suffered and the liquidated damages (if any), if such damage exceeds the amount of the liquidated damages (if any).
- 9.3 The payment by the Holder of any liquidated damages shall not affect the Company's right to pursue other remedies that the Company may have against the Holder as a result of a breach.

10. APPOINTMENT OF AGENT ETC.

- 10.1 The Holder hereby irrevocably authorises the Board, with full power of substitution, to endorse such documents on behalf of the Holder and to take any other action reasonably necessary to effect any of the Holder's obligations under these terms and conditions, including but not limited to, execution of a transfer of Shares owned by the Holder. The Board shall hold any payment received for the benefit of the Holder under this clause on behalf of the Holder and separated from any other funds. A withdrawal of the authorisation as provided for in this clause 10 constitutes a material breach of these terms and conditions for purposes of clause 8 and 9.
- 10.2 The Holder hereby undertakes to sign, execute and deliver such documents (including without limitation any subscription form), and to take any other actions, as reasonably required by the Board in order to ensure compliance with or observation of the Holder's obligations under these terms and conditions.

11. PAYMENT OF CERTAIN TAXES

- 11.1 The Group will perform withholding of taxes in relation to the Restricted Stock Units and the Shares delivered upon settlement if and to the extent required by law or decisions by governmental authorities or if the Board in its reasonable opinion considers it appropriate for the Group to perform such withholding of taxes. For the avoidance of doubt, this clause 11.1 shall not affect the Holder's liabilities and undertakings pursuant to clause 11.2 and 11.3.
- 11.2 The Holder is liable for and undertakes to pay any taxes (including but not limited to income taxes, capital taxes, employment taxes, self-employment taxes, social security contributions as well as any tax penalties thereon) for which he/she may be liable in relation to the Restricted Stock Units and any Shares issued at settlement (" **Holder's Tax Liability** "). For the avoidance of doubt, withholding tax (whether preliminary or deducted at source) on employment income, dividends and capital gains will always be considered as Holder's Tax Liability.
- 11.3 As a condition to the issuance of Shares in respect of the vested Restricted Stock Units, the Holder shall make such arrangements as the Board may require for the satisfaction of any Holder's Tax Liability that may arise in relation to the Restricted Stock Units. The Holder shall also make such arrangements as the Board may require for the satisfaction of any Holder's Tax Liability that may arise in relation to Shares issued at settlement. For the avoidance of doubt, the Holder shall upon the Company's request at issuance pay any Holders' Tax Liability. Without limiting the foregoing, the Company may, without the Holder's additional consent, satisfy Holder's Tax Liability and payment referred to in clause 6.1 in respect of the vested Restricted Stock Units via a "cashless" withholding program with terms set forth by the Company in its discretion.

- 11.4 The Group assumes no responsibility for any Holder's Tax Liability. The Holder represents that the Holder is not relying on the Group for any tax advice and explicitly agrees not to demand any compensation from the Group to cover any Holder's Tax Liability.
- 12. DATA PROTECTION**
- 12.1 For the purposes of implementing, managing and administering the Restricted Stock Unit Program, and for the Holder to participate in the Restricted Stock Unit Program, it is necessary for the Company acting as data controller and other companies in the Group to collect, use, disclose, hold, transfer and otherwise process personal data regarding the Holder, including the Holder's name, home address and telephone number, date of birth, personal identification number, social insurance number, salary, nationality, job title, any Shares or directorships held in the Company or any company in the Group, details of all Restricted Stock Units or other entitlement to Shares awarded, cancelled, exercised, vested, unvested, or outstanding in the Holder's favour (the "**Data**"). Any such processing will be carried out in accordance with the Company's legitimate interest in administering the Restricted Stock Unit Program and only to the extent permitted by and in full compliance with any applicable data protection laws and regulations. The Holder's Data will be retained by the Company for as long as the Holder holds Restricted Stock Units and/or Shares in the Company, and thereafter only for as long as required by applicable law.
- 12.2 The Holder further understands that the Company and/or any company in the Group will transfer the Data among themselves, as necessary for the purposes of implementation, management and administration of the Holder's participation in the Restricted Stock Unit Program, and that the Company and/or any company in the Group may each further transfer Data to any third party service provider acting as data processors and assisting the Company in the implementation, management and administration of the Restricted Stock Unit Program (the "**Data Recipients**"). The Company shall ensure that any Data Recipient shall be contractually required to ensure appropriate confidentiality and security as well as compliance with applicable data protection laws and regulations.
- 12.3 The Holder understands that these Data Recipients may be located in the Holder's country of residence or elsewhere. The Holder acknowledges that such Data Recipients will be receiving, possessing, using, retaining, and transferring Data in electronic or other form, for the purposes of implementing, managing and administering the Holder's participation in the Restricted Stock Unit Program including any transfer of such Data to any third party service provider, acting as data processors, as may be required for the administration of the Restricted Stock Unit Program and/or the subsequent holding of Shares on the Holder's behalf, to a broker or third party with whom the Shares settled following vesting of the Restricted Stock Units may be deposited. Where the transfer is to be to a destination outside the European Economic Area (the "**EEA**"), the Company shall take reasonable steps to ensure that the Holder's personal data is legally transferred and continues to be adequately protected and securely held. This may for example include that the Company ensures that the Data Recipients located outside of the EEA (i) hold certifications that are sufficient to receive and process personal data about EU individuals, e.g. the EU-US Privacy Shield program, or (ii) are bound by approved contractual mechanisms for transfers of personal data outside of the EEA, e.g. standard contractual clauses.

- 12.4 Subject to the nature of the Data and the Company's legal basis for processing that Data, the Holder may, at any time, have the right to contact the Company at _____ to make any of the following requests in respect of the Data processed by the Company:
- a. request access to the Data;
 - b. request that Data which the Holder deems to be incorrect is rectified;
 - c. request for the Data to be erased by the Company;
 - d. request for the Company to restrict processing of his or her Data in certain circumstances including where the accuracy of the Data is contested, the processing of the Data is unlawful, where the Company no longer needs the Data or where the Holder objects to the Company processing his or her Data;
 - e. request for the Company to port the Data to another party;
 - f. object to the Company processing the Data; or
 - g. request to not be subject to a decision taken by the Company which is based solely on automated processing including profiling where that decision has a legal impact or similarly significant impact on the Holder.
- 12.5 The Holder understands that should the Holder have any concerns regarding the Company's processing of the Holder's Data, the Holder may contact the Company or lodge a complaint with the data protection authority in the country where the Holder is employed.
- 13. MISCELLANEOUS**
- 13.1 The Restricted Stock Units may not be transferred, otherwise disposed, pledged, borrowed against or used as any form of security.
- 13.2 The Company shall be entitled to amend these terms and conditions to the extent required by legislation, court decisions, decisions by public authorities or agreements, or if such amendments, in the reasonable judgment of the Company, are otherwise necessary for practical reasons, and provided in all of the aforementioned cases that the Holder's rights are in no material respects adversely affected. If the Holder's rights would be materially adversely affected, the Holder's written consent shall be necessary for such amendment.
- 13.3 Nothing in these terms and conditions or in any right or Restricted Stock Unit granted under these terms and conditions shall confer upon the Holder the right to continue in employment or service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Group or of the Holder, which rights are hereby expressly reserved by each, to terminate the Holder's employment or service at any time.
- 13.4 The Holder has no right to compensation or damages for any loss in respect of the Restricted Stock Unit where such loss arises (or is claimed to arise), in whole or in part, from the termination of the Holder's employment or service; or notice to terminate employment or service given by or to the Holder. However, this exclusion of liability shall not apply to termination of employment or service, or the giving of notice, where a competent tribunal or court, from which there can be no appeal (or which the relevant employing company has decided not to appeal), has found that the cessation of the Holder's employment or service amounted to unfair or constructive dismissal of the Holder.
- 13.5 The Holder undertakes not to use or disclose the contents of these terms and conditions, or any financial information, trade secrets, customer lists or other information which it may from time to time receive or obtain (orally or in writing or in disc or electronic form) as a result of entering into or performing its obligations pursuant to these terms and conditions

or otherwise, relating to the Group unless: (i) required to do so by law or pursuant to any order of court or other competent authority or tribunal; or (ii) such disclosure has been consented to by the Company, provided, however, that the Holder may disclose the terms and conditions of his or her Restricted Stock Units to the Holder's spouse, personal attorney and/or tax preparer. If a Holder becomes required, in circumstances contemplated by (i) to disclose any information, the disclosing Holder shall use its best efforts to consult with the Company prior to any such disclosure.

- 13.6 Shares will not be issued under this Restricted Stock Unit Program unless the issuance and delivery of such Shares comply with (or are exempt from) all applicable requirements of law, including (without limitation) the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded. In addition to the terms and conditions provided herein, the Board may require that a Holder make such reasonable covenants, agreements and representations as the Board, in its sole discretion, deems advisable in order to comply with applicable law. The Board shall have the right to require any Holder to comply with any timing or other restrictions with respect to the settlement, distribution or exercise of any Restricted Stock Unit, including a window-period limitation, as may be imposed in the sole discretion of the Board.

14. TERM AND TERMINATION

These terms and conditions shall enter into force on the Implementation Date and remain in force until close of business in Sweden on May, 31 2026. The parties shall, however, after such date continue to be bound by the provisions set out in clause 13.5 and 15.

15. GOVERNING LAW AND JURISDICTION

- 15.1 These terms and conditions shall be governed by and construed in accordance with the substantive law of Sweden (excluding its rules on conflict of laws).
- 15.2 The Company and the Holder undertake to use their best efforts to resolve any disagreements or disputes regarding these terms and conditions between them or any two or more of them through discussions and mutual agreement.
- 15.3 Any dispute, controversy or claim arising out of or in connection with these terms and conditions, or the breach, termination or invalidity thereof, shall be finally settled by arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce. Unless otherwise agreed between the parties to such arbitration, the Arbitral Tribunal shall be composed of a sole arbitrator, the seat of arbitration shall be Stockholm and the language to be used in the arbitral proceedings shall be English.
- 15.4 The arbitral proceedings and all information and documentation related thereto shall be confidential, unless a disclosure is required under any applicable law, relevant stock exchange regulations or order of court, other tribunal or competition authority or as otherwise agreed between the Company and the Holder in writing.

TERMS AND CONDITIONS GOVERNING RESTRICTED STOCK UNITS 2016/2021 IN SPOTIFY TECHNOLOGY S.A.**1. RESTRICTED STOCK UNIT ISSUER AND HOLDER**

- 1.1 Spotify Technology S.A., a Luxembourg *société anonyme*, with registered address at 42- 44, avenue de la Gare, L-1610 Luxembourg, registered with the Luxembourg Trade and Companies' Register under number B 123.052 (the "**Company**").
- 1.2 Employee or Director of the Company or of any company controlled by the Company (the "**Group**") in accordance with an individual notice of grant (the "**Holder**").

2. BACKGROUND

- 2.1 The Company's board of directors (the "**Board**") considers the existence of efficient share-related incentive programs for employees and directors of the Group to be of material importance for the development of the Group. By connecting employees' and directors' economic interests to the Group's results and value trend, a long-term increase in value is promoted. Accordingly, the interests of participating employees, participating directors and shareholders will coincide.
- 2.2 The foregoing notwithstanding, this restricted stock unit program (the "**Restricted Stock Unit Program**") shall not form part of the Holders' overall compensation and benefits under their contracts of employment with a Group company, if applicable. Moreover, neither the granting of a Restricted Stock Unit (as defined below) under the Restricted Stock Unit Program nor the existence of a contract of employment between a Holder and a Group company shall give the Holder any right or expectation to be granted additional Restricted Stock Units at any time under the Restricted Stock Unit Program or otherwise.

3. RESTRICTED STOCK UNIT

Subject to the terms and conditions set out herein, the Holder is entitled to delivery of one share in the Company (a "**Share**") per restricted stock unit (a "**Restricted Stock Unit**").

4. IMPLEMENTATION AND GRANT

- 4.1 The Restricted Stock Unit Program shall be effective as per June 1, 2016 (the "**Implementation Date**").
- 4.2 Restricted Stock Units may be granted to the Holder during the period as from and including June, 1 2016 up to and including May 31, 2017. The date or dates of grants of Restricted Stock Units during such period (each, a "**Date of Grant**") shall be determined by the Board in its sole discretion.

5. EMPLOYEE VESTING

- 5.1 Employee vesting general
- 5.1.1 Time-based contingent vesting of 1/5 of the granted Restricted Stock Units shall occur on each September 1, commencing with the September 1 falling more than three months from

the Date of Grant, for the avoidance of doubt grants made on June 1 shall commence vesting on September 1 the same year, (each, a “**Time-Based Vesting Date**”), subject to continued employment with the Group and clauses 5.1.2, 5.1.3, 5.2 and 5.3 below; provided that no Shares will be issued in connection with such contingently vested Restricted Stock Units on such Time-Based Vesting Dates; provided, however that if either an IPO Date or a Trade Sale (each, as defined below) occurs prior to the occurrence of all the Time-Based Vesting Dates, the Restricted Stock Units shall vest on a non-contingent basis on each of the remaining applicable Time-Based Vesting Dates, subject to continued employment with the Group and clauses 5.1.2, 5.1.3, 5.2 and 5.3.

- 5.1.2 Any Restricted Stock Units that contingently vested on a Time-Based Vesting Date shall fully and non-contingently vest on the earliest to occur of (i) the 6 month anniversary of a public offering of shares in the Company with a listing of such shares on an internationally recognized stock exchange or similar market place of recognized national standing or such other period as may be determined by the relevant underwriter (excluding, for the avoidance of doubt, private secondary markets or similar) (an “**IPO Date**”), (ii) an event in which (a) all or substantially all of the Group’s assets are sold to a party which is not, directly or indirectly, a subsidiary of the Company; or (b) shares that represent 50 percent or more of the issued share capital in the Company have been transferred to a new owner, or a bona fide firm offer from an unaffiliated third party for at least 50 percent of all Shares then outstanding, and provided that the shareholders who are parties to the main shareholders’ agreement relating to the Company accept such offer (or are required to accept the offer pursuant to such shareholders’ agreement) ((a) and (b), respectively a “**Trade Sale**”), or (iii) September 1, 2019, subject, in each case, to continued employment with the Group and clauses 5.1.3, 5.2 and 5.3 below.
- 5.1.3 Notwithstanding the aforesaid, the Board shall be entitled, in its sole discretion, to grant Restricted Stock Units that are subject to a different vesting schedule.

5.2 Employee leave of absence

- 5.2.1 If the Holder goes on leave of absence, such Holder’s Restricted Stock Units will not vest during the leave of absence, except as set forth below in this clause 5.2. The Restricted Stock Units that do not vest during the leave of absence as a consequence of the Holder’s leave of absence shall lapse immediately, if not otherwise determined by the Board.
- 5.2.2 If the Holder is on leave of absence due to parental leave (including maternity or paternity leave), sick leave, vacation leave or other paid time off or legally protected leave, such Holder’s Restricted Stock Units shall continue to vest on the original vesting schedule during the leave of absence. The same shall apply for any other leave of absence during which vesting on the original schedule must continue under applicable law.
- 5.2.3 If the Holder is on leave of absence due to any other reason (e.g. studying) than as set out in clause 5.2.2, or if the Holder otherwise reduces his/her contractual working hours for the employer after the Date of Grant of the Holder’s Restricted Stock Units, but the Holder still works part-time for the employer, such Holder’s Restricted Stock Units shall vest pro rata in relation to a full-time job. If the Holder’s contractual working hours prior to leave of absence or reduction of contractual working hours did not amount to a full-time job, such Holder’s Restricted Stock Units shall vest pro rata in relation to the contractual working hours prior to such leave of absence or reduction of contractual working hours. The same shall apply for any other leave of absence during which pro rata vesting must continue under applicable law. For the purpose of this clause 5.2.3, a full-time job shall correspond to the number of working hours per week set out in the Holder’s employment agreement as the standard for a full-time job.

5.3 **Employee termination of employment**

- 5.3.1 If (i) the Holder resigns for any reason, including by reason of Holder retiring pursuant to the terms of his/her employment contract or regulatory requirements or (ii) the employer terminates the employment of the Holder with the Group for any reason, all unvested Restricted Stock Units shall cease vesting as of the date of termination of employment and shall immediately lapse.
- 5.3.2 If the Holder resigns, termination of employment for purposes of the Restricted Stock Units shall be deemed to occur immediately on the Group's receipt of Holder's written notice of resignation. If the employer terminates the employment of the Holder with the Group, termination of employment for purposes of the Restricted Stock Units shall be deemed to occur immediately after the end of the last day of employment, taking into account any notice period (but, for the avoidance of doubt, not including any further period over which any severance payment or consideration for non-compete restriction or similar is paid out). If the Holder is exempt from work in connection with an anticipated termination of employment, termination of employment for purposes of the Restricted Stock Units shall be deemed to occur immediately after the end of the last working day prior to the Holder being exempt from work. If the Holder retires pursuant to the terms of his/her employment contract or regulatory requirements, termination of employment for purposes of the Restricted Stock Units shall be deemed to occur immediately after the end of the last day of employment. Notwithstanding the foregoing, the Board shall be entitled, in its sole discretion, to resolve that termination of employment shall be deemed to occur at a later point in time.
- 5.3.3 If a Holder changes the entity for which he or she is employed, but remains employed by the Group, such change will not be deemed a termination of employment for purposes of his/her Restricted Stock Units, provided that there is no other interruption or termination of the Holder's employment, unless the Board, in its sole discretion, determines that the entity to which the Holder transfers is not a qualified affiliate of the Group. For purposes of the Restricted Stock Units, references in these terms and conditions to employment and to termination of employment shall include service as an independent contractor or consultant and the termination of such service. If a Holder changes the capacity in which he/she provides service to the Group from an employee to an independent contractor or consultant (or from an independent contractor or consultant to an employee), such change will not be deemed a termination of employment for purposes of his/her Restricted Stock Units and such individual will continue to vest in his/her Restricted Stock Units.
- 5.3.4 If the Holder, when he/she commences his/her employment with the Group, is subject to a probationary or trial employment and, at the end of such probationary or trial employment, the employment with the Group is terminated (for whatever reason), all Restricted Stock Units shall lapse and be forfeited on the date of termination of employment.

6. **SETTLEMENT**

- 6.1 Settlement will occur through an electronic platform and with no paper documentation to be executed by the Holder. To this effect, the Holder will receive an individual username and an individual password from the Company, giving her/him access to a personal account on the electronic platform. Once the Holder will have logged-in and accepted the terms and conditions of the Restricted Stock Unit Program applicable to her/him, she/he

will have the possibility to upload money on the electronic platform (the “ **Funds** ”). Provided that the Holder had sufficient Funds available to pay an amount equal to the par value per Share of the number of Shares underlying the Restricted Stock Units, on or as soon as reasonably practicable (but no later than 30 days) following any date on which all or a portion of the Restricted Stock Units become fully and non-contingently vested (a “ **Settlement Date** ”), the Company shall issue the number of Shares subject to the Restricted Stock Units that become fully and non-contingently vested in the name of the Holder (or if deceased, the Holder’s legal representative), which will be issued as fully paid and nonassessable Shares. If the Holder does not have sufficient Funds on the electronic platform to pay the applicable par value within 30 days of the date any Restricted Stock Units become non-contingently vested, then such Restricted Stock Units will be cancelled with respect to those Shares that would otherwise have become issuable therefor.

7. AMENDMENT OF THE RESTRICTED STOCK UNITS; ADJUSTMENT

7.1 Change in Control

- 7.1.1 With respect to any Restricted Stock Units that remain unvested as of the date immediately following the date of the Change in Control, the Board may, in its sole discretion, decide to (i) have these terms and conditions continue following the effective date of the Change in Control in accordance with the provisions of clause 7.1.2, (ii) allow a grant of substantially equivalent rights (i.e., among other things, that preserve the intrinsic value and vesting schedule of the Restricted Stock Units) with respect to securities in a new company to the rights the Holder had in the Company immediately before the Change in Control in accordance with the provisions of clause 7.1.3, or (iii) allow an amendment of the terms and conditions to the effect that, following the Change in Control, a new company assumes the Company’s rights and obligations hereunder in accordance with the provisions of clause 7.1.4.
- 7.1.2 If the Board decides to have these terms and conditions continue following the effective date of the Change in Control, the vesting and settlement schedule as set forth in clauses 5, 6 and 7 shall remain unaffected by the Change in Control.
- 7.1.3 If the Board decides to allow a grant of substantially equivalent rights with respect to securities in a new company to the rights the Holder had in the Company immediately before the Change in Control, all unvested Restricted Stock Units shall lapse and be cancelled as of the closing and, subject to the grant of such substantially equivalent rights, the Holder shall have no further rights pursuant to the Restricted Stock Units after the closing.
- 7.1.4 If the Board decides to allow an amendment of the terms and conditions to the effect that, following the Change in Control, a new company assumes the Company’s rights and obligations hereunder, the Holder’s vested and unsettled Restricted Stock Units and unvested Restricted Stock Units shall relate to shares in such new company.
- 7.1.5 If any share split, reverse share split, share dividend, recapitalization, combination, reclassification or other distribution of the Company’s Shares without the receipt of consideration by the Company occurs, the Board will adjust the number and class of Shares that may be delivered under the number and class of Shares covered by each outstanding Restricted Stock Unit and in a manner that complies with all applicable laws to prevent diminution or enlargement of the benefits or potential benefits intended to be made available with respect to any grant of any Restricted Stock Unit.

7.1.6 “**Change in Control**” shall mean and include each of the following:

(i) a transaction or series of transactions (other than an offering of Shares to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d) (2) of the Securities Exchange Act of 1934, as amended from time to time (the “**Exchange Act**”)) directly or indirectly acquires beneficial ownership (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company’s securities outstanding immediately after such acquisition; provided, however, that the following acquisitions shall not constitute a Change in Control: (w) any acquisition by the Company; (x) any acquisition by an employee benefit plan maintained by the Company, (y) any acquisition which complies with clauses 7.1.6 (iii)(I)-(III); or (z) in respect of an Restricted Stock Unit held by a particular Holder, any acquisition by the Holder or any group of persons including the Holder (or any entity controlled by the Holder or any group of persons including the Holder);

(ii) the Incumbent Directors cease for any reason to constitute a majority of the Board;

(iii) the consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination, (y) a sale or other disposition of all or substantially all of the Company’s assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction: (I) which results in the Company’s voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company’s assets or otherwise succeeds to the business of the Company (the Company or such person, the “**Successor Entity**”)) directly or indirectly, at least a majority of the combined voting power of the Successor Entity’s outstanding voting securities immediately after the transaction, and (II) after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (II) as beneficially owning 50% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; and (III) after which at least a majority of the members of the board of directors (or the analogous governing body) of the Successor Entity were Board members at the time of the Board’s approval of the execution of the initial agreement providing for such transaction; or

(iv) the date which is 10 business days prior to the completion of a liquidation or dissolution of the Company.

7.1.7 “**Incumbent Directors**” shall mean for any period of 12 consecutive months, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in Section 7.1.6(i) or 7.1.6(iii)) whose election or nomination for election to the Board was approved by a vote of at least a majority (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director without objection to such nomination) of the directors then still in office who either were directors at the beginning of the 12-month period or whose election or nomination for election was

previously so approved. No individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies by or on behalf of any person other than the Board shall be an Incumbent Director.

7.2 Share for share exchange etc.

7.2.1 If the Company's shareholders perform a share for share exchange for the purpose of creating a new holding company to the Company, or if a new company otherwise replaces the Company as the holding company in the Group, and such transaction is not a Change in Control, the Board shall use reasonable efforts to either: (a) ensure that the Holder receives substantially equivalent rights with respect to securities in the new holding company as the Holder had in the Company immediately before such transaction, provided that the Holder in writing waives any rights under the Restricted Stock Units, which shall lapse and be cancelled as a consequence thereof; or (b) amend these terms and conditions to the effect that the new holding company assumes the Company's rights and obligations hereunder and that the Holder's vested and unsettled Restricted Stock Units and unvested Restricted Stock Units shall relate to shares in such new company.

7.2.2 In the event of a transaction as described in clause 7.2.1, the Holder shall always be obliged upon the Board's request to, in case of (a) in clause 7.2.1, waive any rights under the Restricted Stock Units provided that the Holder receives substantially equivalent rights in the new holding company as the Holder had in the Company immediately before such transaction or, in case of (b) in clause 7.2.1, approve any such amendment to these terms and conditions. No waiver shall be requested or required, and the Company may act unilaterally in accordance with this clause 7.2, provided that the Restricted Stock Units preserve the material terms and conditions of the underlying rights, including the vesting schedule and the intrinsic value of the Restricted Stock Unit as of immediately prior to such transaction.

7.2.3 If the Company effects a change of the classes of outstanding Company securities, the Board shall, appropriately and proportionately adjust the class of securities subject to the Restricted Stock Units. The Board will make such adjustments, and its determination will be final, binding and conclusive.

8. CANCELLATION OF RESTRICTED STOCK UNITS IN CASE OF A MATERIAL BREACH

8.1 If the Holder commits a material breach of any of its obligations under these terms and conditions and the breach has not been rectified within 15 calendar days from the date the Holder receives a written demand for rectification, the Company shall be entitled to cancel the Holder's unvested Restricted Stock Units, which as a consequence thereof shall lapse.

8.2 A material breach for purposes of clause 8 and 9 shall mean a breach by the Holder of the provisions in clauses 7.2, 10, or 11 or any other breach by the Holder of these terms and conditions that is reasonably likely to have a material adverse effect on the Company.

9. LIQUIDATED DAMAGES IN CASE OF A MATERIAL BREACH

9.1 If the Holder commits a material breach in accordance with clause 8.2 and the breach has not been rectified within 15 calendar days from the date the Holder receives a written demand for rectification, the Holder shall upon written request by the Company pay liquidated damages in an amount corresponding to 50 percent of the aggregate then-current fair market value of the Shares represented by the vested portion of the Restricted Stock Units. The Company shall not be entitled to demand liquidated damages if the Company has cancelled the Holder's Restricted Stock Units pursuant to clause 8.1.

- 9.2 If the Holder commits a material breach of any of its obligations under these terms and conditions, the Company is entitled, in addition to any liquidated damages in accordance with the provisions of clause 9.1, to claim damages in an amount corresponding to the difference between the actual damage suffered and the liquidated damages (if any), if such damage exceeds the amount of the liquidated damages (if any).
- 9.3 The payment by the Holder of any liquidated damages shall not affect the Company's right to pursue other remedies that the Company may have against the Holder as a result of a breach.

10. APPOINTMENT OF AGENT ETC.

- 10.1 The Holder hereby irrevocably authorises the Board, with full power of substitution, to endorse such documents on behalf of the Holder and to take any other action reasonably necessary to effect any of the Holder's obligations under these terms and conditions, including but not limited to, execution of a transfer of Shares owned by the Holder. The Board shall hold any payment received for the benefit of the Holder under this clause on behalf of the Holder and separated from any other funds. A withdrawal of the authorisation as provided for in this clause 10 constitutes a material breach of these terms and conditions for purposes of clause 8 and 9.
- 10.2 The Holder hereby undertakes to sign, execute and deliver such documents (including without limitation any subscription form), and to take any other actions, as reasonably required by the Board in order to ensure compliance with or observation of the Holder's obligations under these terms and conditions.

11. PAYMENT OF CERTAIN TAXES

- 11.1 The Group will perform withholding of taxes in relation to the Restricted Stock Units and the Shares delivered upon settlement if and to the extent required by law or decisions by governmental authorities or if the Board in its reasonable opinion considers it appropriate for the Group to perform such withholding of taxes. For the avoidance of doubt, this clause 11.1 shall not affect the Holder's liabilities and undertakings pursuant to clause 11.2 and 11.3.
- 11.2 The Holder is liable for and undertakes to pay any taxes (including but not limited to income taxes, capital taxes, employment taxes, self-employment taxes, social security contributions as well as any tax penalties thereon) for which he/she may be liable in relation to the Restricted Stock Units and any Shares issued at settlement ("**Holder's Tax Liability**"). For the avoidance of doubt, withholding tax (whether preliminary or deducted at source) on employment income, dividends and capital gains will always be considered as Holder's Tax Liability.
- 11.3 As a condition to the issuance of Shares in respect of the vested Restricted Stock Units, the Holder shall make such arrangements as the Board may require for the satisfaction of any Holder's Tax Liability that may arise in relation to the Restricted Stock Units. The Holder shall also make such arrangements as the Board may require for the satisfaction of any Holder's Tax Liability that may arise in relation to Shares issued at settlement. For the avoidance of doubt, the Holder shall upon the Company's request at issuance pay any Holders' Tax Liability. Without limiting the foregoing, the Company may, without the Holder's additional consent, satisfy Holder's Tax Liability and payment referred to in clause 6.1 in respect of the vested Restricted Stock Units via a "cashless" withholding program with terms set forth by the Company in its discretion.

11.4 The Group assumes no responsibility for any Holder's Tax Liability. The Holder represents that the Holder is not relying on the Group for any tax advice and explicitly agrees not to demand any compensation from the Group to cover any Holder's Tax Liability.

12. DATA PROTECTION

- 12.1 For the purposes of implementing, managing and administering the Restricted Stock Unit Program, and for the Holder to participate in the Restricted Stock Unit Program, it is necessary for the Company acting as data controller and other companies in the Group to collect, use, disclose, hold, transfer and otherwise process personal data regarding the Holder, including the Holder's name, home address and telephone number, date of birth, personal identification number, social insurance number, salary, nationality, job title, any Shares or directorships held in the Company or any company in the Group, details of all Restricted Stock Units or other entitlement to Shares awarded, cancelled, exercised, vested, unvested, or outstanding in the Holder's favour (the "Data"). Any such processing will be carried out in accordance with the Company's legitimate interest in administering the Restricted Stock Unit Program and only to the extent permitted by and in full compliance with any applicable data protection laws and regulations. The Holder's Data will be retained by the Company for as long as the Holder holds Restricted Stock Units and/or Shares in the Company, and thereafter only for as long as required by applicable law.
- 12.2 The Holder further understands that the Company and/or any company in the Group will transfer the Data among themselves, as necessary for the purposes of implementation, management and administration of the Holder's participation in the Restricted Stock Unit Program, and that the Company and/or any company in the Group may each further transfer Data to any third party service provider acting as data processors and assisting the Company in the implementation, management and administration of the Restricted Stock Unit Program (the "Data Recipients"). The Company shall ensure that any Data Recipient shall be contractually required to ensure appropriate confidentiality and security as well as compliance with applicable data protection laws and regulations.
- 12.3 The Holder understands that these Data Recipients may be located in the Holder's country of residence or elsewhere. The Holder acknowledges that such Data Recipients will be receiving, possessing, using, retaining, and transferring Data in electronic or other form, for the purposes of implementing, managing and administering the Holder's participation in the Restricted Stock Unit Program including any transfer of such Data to any third party service provider, acting as data processors, as may be required for the administration of the Restricted Stock Unit Program and/or the subsequent holding of Shares on the Holder's behalf, to a broker or third party with whom the Shares settled following vesting of the Restricted Stock Units may be deposited. Where the transfer is to be to a destination outside the European Economic Area (the "EEA"), the Company shall take reasonable steps to ensure that the Holder's personal data is legally transferred and continues to be adequately protected and securely held. This may for example include that the Company ensures that the Data Recipients located outside of the EEA (i) hold certifications that are sufficient to receive and process personal data about EU individuals, e.g. the EU-US Privacy Shield program, or (ii) are bound by approved contractual mechanisms for transfers of personal data outside of the EEA, e.g. standard contractual clauses.

- 12.4 Subject to the nature of the Data and the Company's legal basis for processing that Data, the Holder may, at any time, have the right to contact the Company at _____ to make any of the following requests in respect of the Data processed by the Company:
- a. request access to the Data;
 - b. request that Data which the Holder deems to be incorrect is rectified;
 - c. request for the Data to be erased by the Company;
 - d. request for the Company to restrict processing of his or her Data in certain circumstances including where the accuracy of the Data is contested, the processing of the Data is unlawful, where the Company no longer needs the Data or where the Holder objects to the Company processing his or her Data;
 - e. request for the Company to port the Data to another party;
 - f. object to the Company processing the Data; or
 - g. request to not be subject to a decision taken by the Company which is based solely on automated processing including profiling where that decision has a legal impact or similarly significant impact on the Holder.
- 12.5 The Holder understands that should the Holder have any concerns regarding the Company's processing of the Holder's Data, the Holder may contact the Company or lodge a complaint with the data protection authority in the country where the Holder is employed.
- 13. MISCELLANEOUS**
- 13.1 The Restricted Stock Units may not be transferred, otherwise disposed, pledged, borrowed against or used as any form of security.
- 13.2 The Company shall be entitled to amend these terms and conditions to the extent required by legislation, court decisions, decisions by public authorities or agreements, or if such amendments, in the reasonable judgment of the Company, are otherwise necessary for practical reasons, and provided in all of the aforementioned cases that the Holder's rights are in no material respects adversely affected. If the Holder's rights would be materially adversely affected, the Holder's written consent shall be necessary for such amendment.
- 13.3 Nothing in these terms and conditions or in any right or Restricted Stock Unit granted under these terms and conditions shall confer upon the Holder the right to continue in employment or service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Group or of the Holder, which rights are hereby expressly reserved by each, to terminate the Holder's employment or service at any time.
- 13.4 The Holder has no right to compensation or damages for any loss in respect of the Restricted Stock Unit where such loss arises (or is claimed to arise), in whole or in part, from the termination of the Holder's employment or service; or notice to terminate employment or service given by or to the Holder. However, this exclusion of liability shall not apply to termination of employment or service, or the giving of notice, where a competent tribunal or court, from which there can be no appeal (or which the relevant employing company has decided not to appeal), has found that the cessation of the Holder's employment or service amounted to unfair or constructive dismissal of the Holder.
- 13.5 The Holder undertakes not to use or disclose the contents of these terms and conditions, or any financial information, trade secrets, customer lists or other information which it may from time to time receive or obtain (orally or in writing or in disc or electronic form) as a result of entering into or performing its obligations pursuant to these terms and conditions

or otherwise, relating to the Group unless: (i) required to do so by law or pursuant to any order of court or other competent authority or tribunal; or (ii) such disclosure has been consented to by the Company, provided, however, that the Holder may disclose the terms and conditions of his or her Restricted Stock Units to the Holder's spouse, personal attorney and/or tax preparer. If a Holder becomes required, in circumstances contemplated by (i) to disclose any information, the disclosing Holder shall use its best efforts to consult with the Company prior to any such disclosure.

- 13.6 Shares will not be issued under this Restricted Stock Unit Program unless the issuance and delivery of such Shares comply with (or are exempt from) all applicable requirements of law, including (without limitation) the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded. In addition to the terms and conditions provided herein, the Board may require that a Holder make such reasonable covenants, agreements and representations as the Board, in its sole discretion, deems advisable in order to comply with applicable law. The Board shall have the right to require any Holder to comply with any timing or other restrictions with respect to the settlement, distribution or exercise of any Restricted Stock Unit, including a window-period limitation, as may be imposed in the sole discretion of the Board.

14. TERM AND TERMINATION

These terms and conditions shall enter into force on the Implementation Date and remain in force until close of business in Sweden on May, 31 2026. The parties shall, however, after such date continue to be bound by the provisions set out in clause 13.5 and 15.

15. GOVERNING LAW AND JURISDICTION

- 15.1 These terms and conditions shall be governed by and construed in accordance with the substantive law of Sweden (excluding its rules on conflict of laws).
- 15.2 The Company and the Holder undertake to use their best efforts to resolve any disagreements or disputes regarding these terms and conditions between them or any two or more of them through discussions and mutual agreement.
- 15.3 Any dispute, controversy or claim arising out of or in connection with these terms and conditions, or the breach, termination or invalidity thereof, shall be finally settled by arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce. Unless otherwise agreed between the parties to such arbitration, the Arbitral Tribunal shall be composed of a sole arbitrator, the seat of arbitration shall be Stockholm and the language to be used in the arbitral proceedings shall be English.
- 15.4 The arbitral proceedings and all information and documentation related thereto shall be confidential, unless a disclosure is required under any applicable law, relevant stock exchange regulations or order of court, other tribunal or competition authority or as otherwise agreed between the Company and the Holder in writing.

TERMS AND CONDITIONS GOVERNING RESTRICTED STOCK UNITS 2015/2020 IN SPOTIFY TECHNOLOGY S.A.**1. RESTRICTED STOCK UNIT ISSUER AND HOLDER**

- 1.1 Spotify Technology S.A., a Luxembourg *société anonyme*, with registered address at 42- 44, avenue de la Gare, L-1610 Luxembourg, registered with the Luxembourg Trade and Companies' Register under number B 123.052 (the "**Company**").
- 1.2 Employee or Director of the Company or of any company controlled by the Company (the "**Group**") in accordance with an individual notice of grant (the "**Holder**").

2. BACKGROUND

- 2.1 The Company's board of directors (the "**Board**") considers the existence of efficient share-related incentive programs for employees and directors of the Group to be of material importance for the development of the Group. By connecting employees' and directors' economic interests to the Group's results and value trend, a long-term increase in value is promoted. Accordingly, the interests of participating employees, participating directors and shareholders will coincide.
- 2.2 The foregoing notwithstanding, this restricted stock unit program (the "**Restricted Stock Unit Program**") shall not form part of the Holders' overall compensation and benefits under their contracts of employment with a Group company, if applicable. Moreover, neither the granting of a Restricted Stock Unit (as defined below) under the Restricted Stock Unit Program nor the existence of a contract of employment between a Holder and a Group company shall give the Holder any right or expectation to be granted additional Restricted Stock Units at any time under the Restricted Stock Unit Program or otherwise.

3. RESTRICTED STOCK UNIT

Subject to the terms and conditions set out herein, the Holder is entitled to delivery of one share in the Company (a "**Share**") per restricted stock unit (a "**Restricted Stock Unit**").

4. IMPLEMENTATION AND GRANT

- 4.1 The Restricted Stock Unit Program shall be effective as per June 1, 2015 (the "**Implementation Date**").
- 4.2 Restricted Stock Units may be granted to the Holder during the period as from and including June, 1 2015 up to and including May 31, 2016. The date or dates of grants of Restricted Stock Units during such period (each, a "**Date of Grant**") shall be determined by the Board in its sole discretion.

5. EMPLOYEE VESTING**5.1 Employee vesting general**

- 5.1.1 Time-based contingent vesting of 1/5 of the granted Restricted Stock Units shall occur on each September 1, commencing with the September 1 falling more than three months from the Date of Grant, for the avoidance of doubt grants made on June 1 shall commence vesting on September 1 the same year, (each, a “**Time-Based Vesting Date**”), subject to continued employment with the Group and clauses 5.1.2, 5.1.3, 5.2 and 5.3 below; provided that no Shares will be issued in connection with such contingently vested Restricted Stock Units on such Time-Based Vesting Dates; provided, however that if either an IPO Date or a Trade Sale (each, as defined below) occurs prior to the occurrence of all the Time-Based Vesting Dates, the Restricted Stock Units shall vest on a non-contingent basis on each of the remaining applicable Time-Based Vesting Dates, subject to continued employment with the Group and clauses 5.1.2, 5.1.3, 5.2 and 5.3.
- 5.1.2 Any Restricted Stock Units that contingently vested on a Time-Based Vesting Date shall fully and non-contingently vest on the earliest to occur of (i) the 6 month anniversary of a public offering of shares in the Company with a listing of such shares on an internationally recognized stock exchange or similar market place of recognized national standing or such other period as may be determined by the relevant underwriter (excluding, for the avoidance of doubt, private secondary markets or similar) (an “**IPO Date**”), (ii) an event in which (a) all or substantially all of the Group’s assets are sold to a party which is not, directly or indirectly, a subsidiary of the Company; or (b) shares that represent 50 percent or more of the issued share capital in the Company have been transferred to a new owner, or a bona fide firm offer from an unaffiliated third party for at least 50 percent of all Shares then outstanding, and provided that the shareholders who are parties to the main shareholders’ agreement relating to the Company accept such offer (or are required to accept the offer pursuant to such shareholders’ agreement) ((a) and (b), respectively a “**Trade Sale**”), or (iii) September 1, 2018, subject, in each case, to continued employment with the Group and clauses 5.1.3, 5.2 and 5.3 below.
- 5.1.3 Notwithstanding the aforesaid, the Board shall be entitled, in its sole discretion, to grant Restricted Stock Units that are subject to a different vesting schedule.
- 5.2 **Employee leave of absence**
- 5.2.1 If the Holder goes on leave of absence, such Holder’s Restricted Stock Units will not vest during the leave of absence, except as set forth below in this clause 5.2. The Restricted Stock Units that do not vest during the leave of absence as a consequence of the Holder’s leave of absence shall lapse immediately, if not otherwise determined by the Board.
- 5.2.2 If the Holder is on leave of absence due to parental leave (including maternity or paternity leave), sick leave, vacation leave or other paid time off or legally protected leave, such Holder’s Restricted Stock Units shall continue to vest on the original vesting schedule during the leave of absence. The same shall apply for any other leave of absence during which vesting on the original schedule must continue under applicable law.
- 5.2.3 If the Holder is on leave of absence due to any other reason (e.g. studying) than as set out in clause 5.2.2, or if the Holder otherwise reduces his/her contractual working hours for the employer after the Date of Grant of the Holder’s Restricted Stock Units, but the Holder still works part-time for the employer, such Holder’s Restricted Stock Units shall vest pro rata in relation to a full-time job. If the Holder’s contractual working hours prior to leave of absence or reduction of contractual working hours did not amount to a full-time job, such Holder’s Restricted Stock Units shall vest pro rata in relation to the contractual working hours prior to such leave of absence or reduction of contractual working hours. The same shall apply for any other leave of absence during which pro rata vesting must continue under applicable law. For the purpose of this clause 5.2.3, a full-time job shall correspond to the number of working hours per week set out in the Holder’s employment agreement as the standard for a full-time job.

5.3 Employee termination of employment

- 5.3.1 If (i) the Holder resigns for any reason, including by reason of Holder retiring pursuant to the terms of his/her employment contract or regulatory requirements or (ii) the employer terminates the employment of the Holder with the Group for any reason, all unvested Restricted Stock Units shall cease vesting as of the date of termination of employment and shall immediately lapse.
- 5.3.2 If the Holder resigns, termination of employment for purposes of the Restricted Stock Units shall be deemed to occur immediately on the Group's receipt of Holder's written notice of resignation. If the employer terminates the employment of the Holder with the Group, termination of employment for purposes of the Restricted Stock Units shall be deemed to occur immediately after the end of the last day of employment, taking into account any notice period (but, for the avoidance of doubt, not including any further period over which any severance payment or consideration for non-compete restriction or similar is paid out). If the Holder is exempt from work in connection with an anticipated termination of employment, termination of employment for purposes of the Restricted Stock Units shall be deemed to occur immediately after the end of the last working day prior to the Holder being exempt from work. If the Holder retires pursuant to the terms of his/her employment contract or regulatory requirements, termination of employment for purposes of the Restricted Stock Units shall be deemed to occur immediately after the end of the last day of employment. Notwithstanding the foregoing, the Board shall be entitled, in its sole discretion, to resolve that termination of employment shall be deemed to occur at a later point in time.
- 5.3.3 If a Holder changes the entity for which he or she is employed, but remains employed by the Group, such change will not be deemed a termination of employment for purposes of his/her Restricted Stock Units, provided that there is no other interruption or termination of the Holder's employment, unless the Board, in its sole discretion, determines that the entity to which the Holder transfers is not a qualified affiliate of the Group. For purposes of the Restricted Stock Units, references in these terms and conditions to employment and to termination of employment shall include service as an independent contractor or consultant and the termination of such service. If a Holder changes the capacity in which he/she provides service to the Group from an employee to an independent contractor or consultant (or from an independent contractor or consultant to an employee), such change will not be deemed a termination of employment for purposes of his/her Restricted Stock Units and such individual will continue to vest in his/her Restricted Stock Units.
- 5.3.4 If the Holder, when he/she commences his/her employment with the Group, is subject to a probationary or trial employment and, at the end of such probationary or trial employment, the employment with the Group is terminated (for whatever reason), all Restricted Stock Units shall lapse and be forfeited on the date of termination of employment.

6. SETTLEMENT

- 6.1 Settlement will occur through an electronic platform and with no paper documentation to be executed by the Holder. To this effect, the Holder will receive an individual username and an individual password from the Company, giving her/him access to a personal account on the electronic platform. Once the Holder will have logged-in and accepted the terms and conditions of the Restricted Stock Unit Program applicable to her/him, she/he

will have the possibility to upload money on the electronic platform (the “ **Funds** ”). Provided that the Holder had sufficient Funds available to pay an amount equal to the par value per Share of the number of Shares underlying the Restricted Stock Units, on or as soon as reasonably practicable (but no later than 30 days) following any date on which all or a portion of the Restricted Stock Units become fully and non-contingently vested (a “ **Settlement Date** ”), the Company shall issue the number of Shares subject to the Restricted Stock Units that become fully and non-contingently vested in the name of the Holder (or if deceased, the Holder’s legal representative), which will be issued as fully paid and nonassessable Shares. If the Holder does not have sufficient Funds on the electronic platform to pay the applicable par value within 30 days of the date any Restricted Stock Units become non-contingently vested, then such Restricted Stock Units will be cancelled with respect to those Shares that would otherwise have become issuable therefor.

7. AMENDMENT OF THE RESTRICTED STOCK UNITS; ADJUSTMENT

7.1 Change in Control

- 7.1.1 With respect to any Restricted Stock Units that remain unvested as of the date immediately following the date of the Change in Control, the Board may, in its sole discretion, decide to (i) have these terms and conditions continue following the effective date of the Change in Control in accordance with the provisions of clause 7.1.2, (ii) allow a grant of substantially equivalent rights (i.e., among other things, that preserve the intrinsic value and vesting schedule of the Restricted Stock Units) with respect to securities in a new company to the rights the Holder had in the Company immediately before the Change in Control in accordance with the provisions of clause 7.1.3, or (iii) allow an amendment of the terms and conditions to the effect that, following the Change in Control, a new company assumes the Company’s rights and obligations hereunder in accordance with the provisions of clause 7.1.4.
- 7.1.2 If the Board decides to have these terms and conditions continue following the effective date of the Change in Control, the vesting and settlement schedule as set forth in clauses 5, 6 and 7 shall remain unaffected by the Change in Control.
- 7.1.3 If the Board decides to allow a grant of substantially equivalent rights with respect to securities in a new company to the rights the Holder had in the Company immediately before the Change in Control, all unvested Restricted Stock Units shall lapse and be cancelled as of the closing and, subject to the grant of such substantially equivalent rights, the Holder shall have no further rights pursuant to the Restricted Stock Units after the closing.
- 7.1.4 If the Board decides to allow an amendment of the terms and conditions to the effect that, following the Change in Control, a new company assumes the Company’s rights and obligations hereunder, the Holder’s vested and unsettled Restricted Stock Units and unvested Restricted Stock Units shall relate to shares in such new company.
- 7.1.5 If any share split, reverse share split, share dividend, recapitalization, combination, reclassification or other distribution of the Company’s Shares without the receipt of consideration by the Company occurs, the Board will adjust the number and class of Shares that may be delivered under the number and class of Shares covered by each outstanding Restricted Stock Unit and in a manner that complies with all applicable laws to prevent diminution or enlargement of the benefits or potential benefits intended to be made available with respect to any grant of any Restricted Stock Unit.

7.1.6 “**Change in Control**” shall mean and include each of the following:

(i) a transaction or series of transactions (other than an offering of Shares to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d) (2) of the Securities Exchange Act of 1934, as amended from time to time (the “**Exchange Act**”)) directly or indirectly acquires beneficial ownership (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company’s securities outstanding immediately after such acquisition; provided, however, that the following acquisitions shall not constitute a Change in Control: (w) any acquisition by the Company; (x) any acquisition by an employee benefit plan maintained by the Company, (y) any acquisition which complies with clauses 7.1.6 (iii)(I)-(III); or (z) in respect of an Restricted Stock Unit held by a particular Holder, any acquisition by the Holder or any group of persons including the Holder (or any entity controlled by the Holder or any group of persons including the Holder);

(ii) the Incumbent Directors cease for any reason to constitute a majority of the Board;

(iii) the consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination, (y) a sale or other disposition of all or substantially all of the Company’s assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction: (I) which results in the Company’s voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company’s assets or otherwise succeeds to the business of the Company (the Company or such person, the “**Successor Entity**”)) directly or indirectly, at least a majority of the combined voting power of the Successor Entity’s outstanding voting securities immediately after the transaction, and (II) after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (II) as beneficially owning 50% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; and (III) after which at least a majority of the members of the board of directors (or the analogous governing body) of the Successor Entity were Board members at the time of the Board’s approval of the execution of the initial agreement providing for such transaction; or

(iv) the date which is 10 business days prior to the completion of a liquidation or dissolution of the Company.

7.1.7 “**Incumbent Directors**” shall mean for any period of 12 consecutive months, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in Section 7.1.6(i) or 7.1.6(iii)) whose election or nomination for election to the Board was approved by a vote of at least a majority (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director without objection to such nomination) of the directors then still in office who either were directors at the beginning of the 12-month period or whose election or nomination for election was

previously so approved. No individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies by or on behalf of any person other than the Board shall be an Incumbent Director.

7.2 Share for share exchange etc.

7.2.1 If the Company's shareholders perform a share for share exchange for the purpose of creating a new holding company to the Company, or if a new company otherwise replaces the Company as the holding company in the Group, and such transaction is not a Change in Control, the Board shall use reasonable efforts to either: (a) ensure that the Holder receives substantially equivalent rights with respect to securities in the new holding company as the Holder had in the Company immediately before such transaction, provided that the Holder in writing waives any rights under the Restricted Stock Units, which shall lapse and be cancelled as a consequence thereof; or (b) amend these terms and conditions to the effect that the new holding company assumes the Company's rights and obligations hereunder and that the Holder's vested and unsettled Restricted Stock Units and unvested Restricted Stock Units shall relate to shares in such new company.

7.2.2 In the event of a transaction as described in clause 7.2.1, the Holder shall always be obliged upon the Board's request to, in case of (a) in clause 7.2.1, waive any rights under the Restricted Stock Units provided that the Holder receives substantially equivalent rights in the new holding company as the Holder had in the Company immediately before such transaction or, in case of (b) in clause 7.2.1, approve any such amendment to these terms and conditions. No waiver shall be requested or required, and the Company may act unilaterally in accordance with this clause 7.2, provided that the Restricted Stock Units preserve the material terms and conditions of the underlying rights, including the vesting schedule and the intrinsic value of the Restricted Stock Unit as of immediately prior to such transaction.

7.2.3 If the Company effects a change of the classes of outstanding Company securities, the Board shall, appropriately and proportionately adjust the class of securities subject to the Restricted Stock Units. The Board will make such adjustments, and its determination will be final, binding and conclusive.

8. CANCELLATION OF RESTRICTED STOCK UNITS IN CASE OF A MATERIAL BREACH

8.1 If the Holder commits a material breach of any of its obligations under these terms and conditions and the breach has not been rectified within 15 calendar days from the date the Holder receives a written demand for rectification, the Company shall be entitled to cancel the Holder's unvested Restricted Stock Units, which as a consequence thereof shall lapse.

8.2 A material breach for purposes of clause 8 and 9 shall mean a breach by the Holder of the provisions in clauses 7.2, 10, or 11 or any other breach by the Holder of these terms and conditions that is reasonably likely to have a material adverse effect on the Company.

9. LIQUIDATED DAMAGES IN CASE OF A MATERIAL BREACH

9.1 If the Holder commits a material breach in accordance with clause 8.2 and the breach has not been rectified within 15 calendar days from the date the Holder receives a written demand for rectification, the Holder shall upon written request by the Company pay liquidated damages in an amount corresponding to 50 percent of the aggregate then-current fair market value of the Shares represented by the vested portion of the Restricted Stock Units. The Company shall not be entitled to demand liquidated damages if the Company has cancelled the Holder's Restricted Stock Units pursuant to clause 8.1.

- 9.2 If the Holder commits a material breach of any of its obligations under these terms and conditions, the Company is entitled, in addition to any liquidated damages in accordance with the provisions of clause 9.1, to claim damages in an amount corresponding to the difference between the actual damage suffered and the liquidated damages (if any), if such damage exceeds the amount of the liquidated damages (if any).
- 9.3 The payment by the Holder of any liquidated damages shall not affect the Company's right to pursue other remedies that the Company may have against the Holder as a result of a breach.
- 10. APPOINTMENT OF AGENT ETC.**
- 10.1 The Holder hereby irrevocably authorises the Board, with full power of substitution, to endorse such documents on behalf of the Holder and to take any other action reasonably necessary to effect any of the Holder's obligations under these terms and conditions, including but not limited to, execution of a transfer of Shares owned by the Holder. The Board shall hold any payment received for the benefit of the Holder under this clause on behalf of the Holder and separated from any other funds. A withdrawal of the authorisation as provided for in this clause 10 constitutes a material breach of these terms and conditions for purposes of clause 8 and 9.
- 10.2 The Holder hereby undertakes to sign, execute and deliver such documents (including without limitation any subscription form), and to take any other actions, as reasonably required by the Board in order to ensure compliance with or observation of the Holder's obligations under these terms and conditions.
- 11. PAYMENT OF CERTAIN TAXES**
- 11.1 The Group will perform withholding of taxes in relation to the Restricted Stock Units and the Shares delivered upon settlement if and to the extent required by law or decisions by governmental authorities or if the Board in its reasonable opinion considers it appropriate for the Group to perform such withholding of taxes. For the avoidance of doubt, this clause 11.1 shall not affect the Holder's liabilities and undertakings pursuant to clause 11.2 and 11.3.
- 11.2 The Holder is liable for and undertakes to pay any taxes (including but not limited to income taxes, capital taxes, employment taxes, self-employment taxes, social security contributions as well as any tax penalties thereon) for which he/she may be liable in relation to the Restricted Stock Units and any Shares issued at settlement (" **Holder's Tax Liability** "). For the avoidance of doubt, withholding tax (whether preliminary or deducted at source) on employment income, dividends and capital gains will always be considered as Holder's Tax Liability.
- 11.3 As a condition to the issuance of Shares in respect of the vested Restricted Stock Units, the Holder shall make such arrangements as the Board may require for the satisfaction of any Holder's Tax Liability that may arise in relation to the Restricted Stock Units. The Holder shall also make such arrangements as the Board may require for the satisfaction of any Holder's Tax Liability that may arise in relation to Shares issued at settlement. For the avoidance of doubt, the Holder shall upon the Company's request at issuance pay any Holders' Tax Liability. Without limiting the foregoing, the Company may, without the Holder's additional consent, satisfy Holder's Tax Liability and payment referred to in clause 6.1 in respect of the vested Restricted Stock Units via a "cashless" withholding program with terms set forth by the Company in its discretion.

- 11.4 The Group assumes no responsibility for any Holder's Tax Liability. The Holder represents that the Holder is not relying on the Group for any tax advice and explicitly agrees not to demand any compensation from the Group to cover any Holder's Tax Liability.
- 12. DATA PROTECTION**
- 12.1 For the purposes of implementing, managing and administering the Restricted Stock Unit Program, and for the Holder to participate in the Restricted Stock Unit Program, it is necessary for the Company acting as data controller and other companies in the Group to collect, use, disclose, hold, transfer and otherwise process personal data regarding the Holder, including the Holder's name, home address and telephone number, date of birth, personal identification number, social insurance number, salary, nationality, job title, any Shares or directorships held in the Company or any company in the Group, details of all Restricted Stock Units or other entitlement to Shares awarded, cancelled, exercised, vested, unvested, or outstanding in the Holder's favour (the "**Data**"). Any such processing will be carried out in accordance with the Company's legitimate interest in administering the Restricted Stock Unit Program and only to the extent permitted by and in full compliance with any applicable data protection laws and regulations. The Holder's Data will be retained by the Company for as long as the Holder holds Restricted Stock Units and/or Shares in the Company, and thereafter only for as long as required by applicable law.
- 12.2 The Holder further understands that the Company and/or any company in the Group will transfer the Data among themselves, as necessary for the purposes of implementation, management and administration of the Holder's participation in the Restricted Stock Unit Program, and that the Company and/or any company in the Group may each further transfer Data to any third party service provider acting as data processors and assisting the Company in the implementation, management and administration of the Restricted Stock Unit Program (the "**Data Recipients**"). The Company shall ensure that any Data Recipient shall be contractually required to ensure appropriate confidentiality and security as well as compliance with applicable data protection laws and regulations.
- 12.3 The Holder understands that these Data Recipients may be located in the Holder's country of residence or elsewhere. The Holder acknowledges that such Data Recipients will be receiving, possessing, using, retaining, and transferring Data in electronic or other form, for the purposes of implementing, managing and administering the Holder's participation in the Restricted Stock Unit Program including any transfer of such Data to any third party service provider, acting as data processors, as may be required for the administration of the Restricted Stock Unit Program and/or the subsequent holding of Shares on the Holder's behalf, to a broker or third party with whom the Shares settled following vesting of the Restricted Stock Units may be deposited. Where the transfer is to be to a destination outside the European Economic Area (the "**EEA**"), the Company shall take reasonable steps to ensure that the Holder's personal data is legally transferred and continues to be adequately protected and securely held. This may for example include that the Company ensures that the Data Recipients located outside of the EEA (i) hold certifications that are sufficient to receive and process personal data about EU individuals, e.g. the EU-US Privacy Shield program, or (ii) are bound by approved contractual mechanisms for transfers of personal data outside of the EEA, e.g. standard contractual clauses.

- 12.4 Subject to the nature of the Data and the Company's legal basis for processing that Data, the Holder may, at any time, have the right to contact the Company at _____ to make any of the following requests in respect of the Data processed by the Company:
- a. request access to the Data;
 - b. request that Data which the Holder deems to be incorrect is rectified;
 - c. request for the Data to be erased by the Company;
 - d. request for the Company to restrict processing of his or her Data in certain circumstances including where the accuracy of the Data is contested, the processing of the Data is unlawful, where the Company no longer needs the Data or where the Holder objects to the Company processing his or her Data;
 - e. request for the Company to port the Data to another party;
 - f. object to the Company processing the Data; or
 - g. request to not be subject to a decision taken by the Company which is based solely on automated processing including profiling where that decision has a legal impact or similarly significant impact on the Holder.
- 12.5 The Holder understands that should the Holder have any concerns regarding the Company's processing of the Holder's Data, the Holder may contact the Company or lodge a complaint with the data protection authority in the country where the Holder is employed.

13. MISCELLANEOUS

- 13.1 The Restricted Stock Units may not be transferred, otherwise disposed, pledged, borrowed against or used as any form of security.
- 13.2 The Company shall be entitled to amend these terms and conditions to the extent required by legislation, court decisions, decisions by public authorities or agreements, or if such amendments, in the reasonable judgment of the Company, are otherwise necessary for practical reasons, and provided in all of the aforementioned cases that the Holder's rights are in no material respects adversely affected. If the Holder's rights would be materially adversely affected, the Holder's written consent shall be necessary for such amendment.
- 13.3 Nothing in these terms and conditions or in any right or Restricted Stock Unit granted under these terms and conditions shall confer upon the Holder the right to continue in employment or service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Group or of the Holder, which rights are hereby expressly reserved by each, to terminate the Holder's employment or service at any time.
- 13.4 The Holder has no right to compensation or damages for any loss in respect of the Restricted Stock Unit where such loss arises (or is claimed to arise), in whole or in part, from the termination of the Holder's employment or service; or notice to terminate employment or service given by or to the Holder. However, this exclusion of liability shall not apply to termination of employment or service, or the giving of notice, where a competent tribunal or court, from which there can be no appeal (or which the relevant employing company has decided not to appeal), has found that the cessation of the Holder's employment or service amounted to unfair or constructive dismissal of the Holder.
- 13.5 The Holder undertakes not to use or disclose the contents of these terms and conditions, or any financial information, trade secrets, customer lists or other information which it may from time to time receive or obtain (orally or in writing or in disc or electronic form) as a result of entering into or performing its obligations pursuant to these terms and conditions

or otherwise, relating to the Group unless: (i) required to do so by law or pursuant to any order of court or other competent authority or tribunal; or (ii) such disclosure has been consented to by the Company, provided, however, that the Holder may disclose the terms and conditions of his or her Restricted Stock Units to the Holder's spouse, personal attorney and/or tax preparer. If a Holder becomes required, in circumstances contemplated by (i) to disclose any information, the disclosing Holder shall use its best efforts to consult with the Company prior to any such disclosure.

- 13.6 Shares will not be issued under this Restricted Stock Unit Program unless the issuance and delivery of such Shares comply with (or are exempt from) all applicable requirements of law, including (without limitation) the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded. In addition to the terms and conditions provided herein, the Board may require that a Holder make such reasonable covenants, agreements and representations as the Board, in its sole discretion, deems advisable in order to comply with applicable law. The Board shall have the right to require any Holder to comply with any timing or other restrictions with respect to the settlement, distribution or exercise of any Restricted Stock Unit, including a window-period limitation, as may be imposed in the sole discretion of the Board.

14. TERM AND TERMINATION

These terms and conditions shall enter into force on the Implementation Date and remain in force until close of business in Sweden on May, 31 2025. The parties shall, however, after such date continue to be bound by the provisions set out in clause 13.5 and 15.

15. GOVERNING LAW AND JURISDICTION

- 15.1 These terms and conditions shall be governed by and construed in accordance with the substantive law of Sweden (excluding its rules on conflict of laws).
- 15.2 The Company and the Holder undertake to use their best efforts to resolve any disagreements or disputes regarding these terms and conditions between them or any two or more of them through discussions and mutual agreement.
- 15.3 Any dispute, controversy or claim arising out of or in connection with these terms and conditions, or the breach, termination or invalidity thereof, shall be finally settled by arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce. Unless otherwise agreed between the parties to such arbitration, the Arbitral Tribunal shall be composed of a sole arbitrator, the seat of arbitration shall be Stockholm and the language to be used in the arbitral proceedings shall be English.
- 15.4 The arbitral proceedings and all information and documentation related thereto shall be confidential, unless a disclosure is required under any applicable law, relevant stock exchange regulations or order of court, other tribunal or competition authority or as otherwise agreed between the Company and the Holder in writing.

TERMS AND CONDITIONS GOVERNING RESTRICTED STOCK UNITS 2014/2019 IN SPOTIFY TECHNOLOGY S.A.**1. RESTRICTED STOCK UNIT ISSUER AND HOLDER**

- 1.1** Spotify Technology S.A., a Luxembourg *société anonyme*, with registered address at 42- 44, avenue de la Gare, L-1610 Luxembourg, registered with the Luxembourg Trade and Companies' Register under number B 123.052 (the "**Company**").
- 1.2** Employee or Director of the Company or of any company controlled by the Company (the "**Group**") in accordance with an individual notice of grant (the "**Holder**").

2. BACKGROUND

- 2.1** The Company's board of directors (the "**Board**") considers the existence of efficient share-related incentive programs for employees and directors of the Group to be of material importance for the development of the Group. By connecting employees' and directors' economic interests to the Group's results and value trend, a long-term increase in value is promoted. Accordingly, the interests of participating employees, participating directors and shareholders will coincide.
- 2.2** The foregoing notwithstanding, this restricted stock unit program (the "**Restricted Stock Unit Program**") shall not form part of the Holders' overall compensation and benefits under their contracts of employment with a Group company, if applicable. Moreover, neither the granting of a Restricted Stock Unit (as defined below) under the Restricted Stock Unit Program nor the existence of a contract of employment between a Holder and a Group company shall give the Holder any right or expectation to be granted additional Restricted Stock Units at any time under the Restricted Stock Unit Program or otherwise.

3. RESTRICTED STOCK UNIT

Subject to the terms and conditions set out herein, the Holder is entitled to delivery of one share in the Company (a "**Share**") per restricted stock unit (a "**Restricted Stock Unit**").

4. IMPLEMENTATION AND GRANT

- 4.1** The Restricted Stock Unit Program shall be effective as per October 1, 2014 (the "**Implementation Date**").
- 4.2** Restricted Stock Units may be granted to the Holder during the period as from and including 1 October 2014 up to and including 1 June 2015. The date or dates of grants of Restricted Stock Units during such period (each, a "**Date of Grant**") shall be determined by the Board in its sole discretion.

5. EMPLOYEE VESTING**5.1 Employee vesting general**

- 5.1.1 Time-based contingent vesting of 1/5 of the granted Restricted Stock Units shall occur on each September 1, commencing with the September 1 falling more than three months from the Date of Grant, for the avoidance of doubt grants made on June 1 shall commence vesting on September 1 the same year, (each, a “**Time-Based Vesting Date**”), subject to continued employment with the Group and clauses 5.1.2, 5.1.3, 5.2 and 5.3 below; provided that no Shares will be issued in connection with such contingently vested Restricted Stock Units on such Time-Based Vesting Dates; provided, however that if either an IPO Date or a Trade Sale (each, as defined below) occurs prior to the occurrence of all the Time-Based Vesting Dates, the Restricted Stock Units shall vest on a non-contingent basis on each of the remaining applicable Time-Based Vesting Dates, subject to continued employment with the Group and clauses 5.1.2, 5.1.3, 5.2 and 5.3.
- 5.1.2 Any Restricted Stock Units that contingently vested on a Time-Based Vesting Date shall fully and non-contingently vest on the earliest to occur of (i) the 6 month anniversary of a public offering of shares in the Company with a listing of such shares on an internationally recognized stock exchange or similar market place of recognized national standing or such other period as may be determined by the relevant underwriter (excluding, for the avoidance of doubt, private secondary markets or similar) (an “**IPO Date**”), (ii) an event in which (a) all or substantially all of the Group’s assets are sold to a party which is not, directly or indirectly, a subsidiary of the Company; or (b) shares that represent 50 percent or more of the issued share capital in the Company have been transferred to a new owner, or a bona fide firm offer from an unaffiliated third party for at least 50 percent of all Shares then outstanding, and provided that the shareholders who are parties to the main shareholders’ agreement relating to the Company accept such offer (or are required to accept the offer pursuant to such shareholders’ agreement) ((a) and (b), respectively a “**Trade Sale**”), or (iii) September 1, 2017, subject, in each case, to continued employment with the Group and clauses 5.1.3, 5.2 and 5.3 below.
- 5.1.3 Notwithstanding the aforesaid, the Board shall be entitled, in its sole discretion, to grant Restricted Stock Units that are subject to a different vesting schedule.
- 5.2 Employee leave of absence**
- 5.2.1 If the Holder goes on leave of absence, such Holder’s Restricted Stock Units will not vest during the leave of absence, except as set forth below in this clause 5.2. The Restricted Stock Units that do not vest during the leave of absence as a consequence of the Holder’s leave of absence shall lapse immediately, if not otherwise determined by the Board.
- 5.2.2 If the Holder is on leave of absence due to parental leave (including maternity or paternity leave), sick leave, vacation leave or other paid time off or legally protected leave, such Holder’s Restricted Stock Units shall continue to vest on the original vesting schedule during the leave of absence. The same shall apply for any other leave of absence during which vesting on the original schedule must continue under applicable law.
- 5.2.3 If the Holder is on leave of absence due to any other reason (e.g. studying) than as set out in clause 5.2.2, or if the Holder otherwise reduces his/her contractual working hours for the employer after the Date of Grant of the Holder’s Restricted Stock Units, but the Holder still works part-time for the employer, such Holder’s Restricted Stock Units shall vest pro rata in relation to a full-time job. If the Holder’s contractual working hours prior to leave of absence or reduction of contractual working hours did not amount to a full-time job, such Holder’s Restricted Stock Units shall vest pro rata in relation to the contractual working hours prior to such leave of absence or reduction of contractual working hours. The same shall apply for any other leave of absence during which pro rata vesting must continue under applicable law. For the purpose of this clause 5.2.3, a full-time job shall correspond to the number of working hours per week set out in the Holder’s employment agreement as the standard for a full-time job.

5.3 Employee termination of employment

- 5.3.1 If (i) the Holder resigns for any reason, including by reason of Holder retiring pursuant to the terms of his/her employment contract or regulatory requirements or (ii) the employer terminates the employment of the Holder with the Group for any reason, all unvested Restricted Stock Units shall cease vesting as of the date of termination of employment and shall immediately lapse.
- 5.3.2 If the Holder resigns, termination of employment for purposes of the Restricted Stock Units shall be deemed to occur immediately on the Group's receipt of Holder's written notice of resignation. If the employer terminates the employment of the Holder with the Group, termination of employment for purposes of the Restricted Stock Units shall be deemed to occur immediately after the end of the last day of employment, taking into account any notice period (but, for the avoidance of doubt, not including any further period over which any severance payment or consideration for non-compete restriction or similar is paid out). If the Holder is exempt from work in connection with an anticipated termination of employment, termination of employment for purposes of the Restricted Stock Units shall be deemed to occur immediately after the end of the last working day prior to the Holder being exempt from work. If the Holder retires pursuant to the terms of his/her employment contract or regulatory requirements, termination of employment for purposes of the Restricted Stock Units shall be deemed to occur immediately after the end of the last day of employment. Notwithstanding the foregoing, the Board shall be entitled, in its sole discretion, to resolve that termination of employment shall be deemed to occur at a later point in time.
- 5.3.3 If a Holder changes the entity for which he or she is employed, but remains employed by the Group, such change will not be deemed a termination of employment for purposes of his/her Restricted Stock Units, provided that there is no other interruption or termination of the Holder's employment, unless the Board, in its sole discretion, determines that the entity to which the Holder transfers is not a qualified affiliate of the Group. For purposes of the Restricted Stock Units, references in these terms and conditions to employment and to termination of employment shall include service as an independent contractor or consultant and the termination of such service. If a Holder changes the capacity in which he/she provides service to the Group from an employee to an independent contractor or consultant (or from an independent contractor or consultant to an employee), such change will not be deemed a termination of employment for purposes of his/her Restricted Stock Units and such individual will continue to vest in his/her Restricted Stock Units.
- 5.3.4 If the Holder, when he/she commences his/her employment with the Group, is subject to a probationary or trial employment and, at the end of such probationary or trial employment, the employment with the Group is terminated (for whatever reason), all Restricted Stock Units shall lapse and be forfeited on the date of termination of employment.

6. SETTLEMENT

- 6.1 Settlement will occur through an electronic platform and with no paper documentation to be executed by the Holder. To this effect, the Holder will receive an individual username and an individual password from the Company, giving her/him access to a personal account on the electronic platform. Once the Holder will have logged-in and accepted the terms and conditions of the Restricted Stock Unit Program applicable to her/him, she/he

will have the possibility to upload money on the electronic platform (the “ **Funds** ”). Provided that the Holder had sufficient Funds available to pay an amount equal to the par value per Share of the number of Shares underlying the Restricted Stock Units, on or as soon as reasonably practicable (but no later than 30 days) following any date on which all or a portion of the Restricted Stock Units become fully and non-contingently vested (a “ **Settlement Date** ”), the Company shall issue the number of Shares subject to the Restricted Stock Units that become fully and non-contingently vested in the name of the Holder (or if deceased, the Holder’s legal representative), which will be issued as fully paid and nonassessable Shares. If the Holder does not have sufficient Funds on the electronic platform to pay the applicable par value within 30 days of the date any Restricted Stock Units become non-contingently vested, then such Restricted Stock Units will be cancelled with respect to those Shares that would otherwise have become issuable therefor.

7. AMENDMENT OF THE RESTRICTED STOCK UNITS; ADJUSTMENT

7.1 Change in Control

- 7.1.1 With respect to any Restricted Stock Units that remain unvested as of the date immediately following the date of the Change in Control, the Board may, in its sole discretion, decide to (i) have these terms and conditions continue following the effective date of the Change in Control in accordance with the provisions of clause 7.1.2, (ii) allow a grant of substantially equivalent rights (i.e., among other things, that preserve the intrinsic value and vesting schedule of the Restricted Stock Units) with respect to securities in a new company to the rights the Holder had in the Company immediately before the Change in Control in accordance with the provisions of clause 7.1.3, or (iii) allow an amendment of the terms and conditions to the effect that, following the Change in Control, a new company assumes the Company’s rights and obligations hereunder in accordance with the provisions of clause 7.1.4.
- 7.1.2 If the Board decides to have these terms and conditions continue following the effective date of the Change in Control, the vesting and settlement schedule as set forth in clauses 5, 6 and 7 shall remain unaffected by the Change in Control.
- 7.1.3 If the Board decides to allow a grant of substantially equivalent rights with respect to securities in a new company to the rights the Holder had in the Company immediately before the Change in Control, all unvested Restricted Stock Units shall lapse and be cancelled as of the closing and, subject to the grant of such substantially equivalent rights, the Holder shall have no further rights pursuant to the Restricted Stock Units after the closing.
- 7.1.4 If the Board decides to allow an amendment of the terms and conditions to the effect that, following the Change in Control, a new company assumes the Company’s rights and obligations hereunder, the Holder’s vested and unsettled Restricted Stock Units and unvested Restricted Stock Units shall relate to shares in such new company.
- 7.1.5 If any share split, reverse share split, share dividend, recapitalization, combination, reclassification or other distribution of the Company’s Shares without the receipt of consideration by the Company occurs, the Board will adjust the number and class of Shares that may be delivered under the number and class of Shares covered by each outstanding Restricted Stock Unit and in a manner that complies with all applicable laws to prevent diminution or enlargement of the benefits or potential benefits intended to be made available with respect to any grant of any Restricted Stock Unit.

7.1.6 “**Change in Control**” shall mean and include each of the following:

(i) a transaction or series of transactions (other than an offering of Shares to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d) (2) of the Securities Exchange Act of 1934, as amended from time to time (the “**Exchange Act**”)) directly or indirectly acquires beneficial ownership (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company’s securities outstanding immediately after such acquisition; provided, however, that the following acquisitions shall not constitute a Change in Control: (w) any acquisition by the Company; (x) any acquisition by an employee benefit plan maintained by the Company, (y) any acquisition which complies with clauses 7.1.6 (iii)(I)-(III); or (z) in respect of an Restricted Stock Unit held by a particular Holder, any acquisition by the Holder or any group of persons including the Holder (or any entity controlled by the Holder or any group of persons including the Holder);

(ii) the Incumbent Directors cease for any reason to constitute a majority of the Board;

(iii) the consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination, (y) a sale or other disposition of all or substantially all of the Company’s assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction: (I) which results in the Company’s voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company’s assets or otherwise succeeds to the business of the Company (the Company or such person, the “**Successor Entity**”)) directly or indirectly, at least a majority of the combined voting power of the Successor Entity’s outstanding voting securities immediately after the transaction, and (II) after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (II) as beneficially owning 50% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; and (III) after which at least a majority of the members of the board of directors (or the analogous governing body) of the Successor Entity were Board members at the time of the Board’s approval of the execution of the initial agreement providing for such transaction; or

(iv) the date which is 10 business days prior to the completion of a liquidation or dissolution of the Company.

7.1.7 “**Incumbent Directors**” shall mean for any period of 12 consecutive months, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in Section 7.1.6(i) or 7.1.6(iii)) whose election or nomination for election to the Board was approved by a vote of at least a majority (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director without objection to such nomination) of the directors then still in office who either were directors at the beginning of the 12-month period or whose election or nomination for election was

previously so approved. No individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies by or on behalf of any person other than the Board shall be an Incumbent Director.

7.2 Share for share exchange etc.

- 7.2.1 If the Company's shareholders perform a share for share exchange for the purpose of creating a new holding company to the Company, or if a new company otherwise replaces the Company as the holding company in the Group, and such transaction is not a Change in Control, the Board shall use reasonable efforts to either: (a) ensure that the Holder receives substantially equivalent rights with respect to securities in the new holding company as the Holder had in the Company immediately before such transaction, provided that the Holder in writing waives any rights under the Restricted Stock Units, which shall lapse and be cancelled as a consequence thereof; or (b) amend these terms and conditions to the effect that the new holding company assumes the Company's rights and obligations hereunder and that the Holder's vested and unsettled Restricted Stock Units and unvested Restricted Stock Units shall relate to shares in such new company.
- 7.2.2 In the event of a transaction as described in clause 7.2.1, the Holder shall always be obliged upon the Board's request to, in case of (a) in clause 7.2.1, waive any rights under the Restricted Stock Units provided that the Holder receives substantially equivalent rights in the new holding company as the Holder had in the Company immediately before such transaction or, in case of (b) in clause 7.2.1, approve any such amendment to these terms and conditions. No waiver shall be requested or required, and the Company may act unilaterally in accordance with this clause 7.2, provided that the Restricted Stock Units preserve the material terms and conditions of the underlying rights, including the vesting schedule and the intrinsic value of the Restricted Stock Unit as of immediately prior to such transaction.
- 7.2.3 If the Company effects a change of the classes of outstanding Company securities, the Board shall, appropriately and proportionately adjust the class of securities subject to the Restricted Stock Units. The Board will make such adjustments, and its determination will be final, binding and conclusive.

8. CANCELLATION OF RESTRICTED STOCK UNITS IN CASE OF A MATERIAL BREACH

- 8.1** If the Holder commits a material breach of any of its obligations under these terms and conditions and the breach has not been rectified within 15 calendar days from the date the Holder receives a written demand for rectification, the Company shall be entitled to cancel the Holder's unvested Restricted Stock Units, which as a consequence thereof shall lapse. **8.2** A material breach for purposes of clause 8 and 9 shall mean a breach by the Holder of the provisions in clauses 7.2, 10, or 11 or any other breach by the Holder of these terms and conditions that is reasonably likely to have a material adverse effect on the Company.

9. LIQUIDATED DAMAGES IN CASE OF A MATERIAL BREACH

- 9.1** If the Holder commits a material breach in accordance with clause 8.2 and the breach has not been rectified within 15 calendar days from the date the Holder receives a written demand for rectification, the Holder shall upon written request by the Company pay liquidated damages in an amount corresponding to 50 percent of the aggregate then-current fair market value of the Shares represented by the vested portion of the Restricted Stock Units. The Company shall not be entitled to demand liquidated damages if the Company has cancelled the Holder's Restricted Stock Units pursuant to clause 8.1.

- 9.2 If the Holder commits a material breach of any of its obligations under these terms and conditions, the Company is entitled, in addition to any liquidated damages in accordance with the provisions of clause 9.1, to claim damages in an amount corresponding to the difference between the actual damage suffered and the liquidated damages (if any), if such damage exceeds the amount of the liquidated damages (if any).
- 9.3 The payment by the Holder of any liquidated damages shall not affect the Company's right to pursue other remedies that the Company may have against the Holder as a result of a breach.
10. **APPOINTMENT OF AGENT ETC.**
- 10.1 The Holder hereby irrevocably authorises the Board, with full power of substitution, to endorse such documents on behalf of the Holder and to take any other action reasonably necessary to effect any of the Holder's obligations under these terms and conditions, including but not limited to, execution of a transfer of Shares owned by the Holder. The Board shall hold any payment received for the benefit of the Holder under this clause on behalf of the Holder and separated from any other funds. A withdrawal of the authorisation as provided for in this clause 10 constitutes a material breach of these terms and conditions for purposes of clause 8 and 9.
- 10.2 The Holder hereby undertakes to sign, execute and deliver such documents (including without limitation any subscription form), and to take any other actions, as reasonably required by the Board in order to ensure compliance with or observation of the Holder's obligations under these terms and conditions.
11. **PAYMENT OF CERTAIN TAXES**
- 11.1 The Group will perform withholding of taxes in relation to the Restricted Stock Units and the Shares delivered upon settlement if and to the extent required by law or decisions by governmental authorities or if the Board in its reasonable opinion considers it appropriate for the Group to perform such withholding of taxes. For the avoidance of doubt, this clause 11.1 shall not affect the Holder's liabilities and undertakings pursuant to clause 11.2 and 11.3.
- 11.2 The Holder is liable for and undertakes to pay any taxes (including but not limited to income taxes, capital taxes, employment taxes, self-employment taxes, social security contributions as well as any tax penalties thereon) for which he/she may be liable in relation to the Restricted Stock Units and any Shares issued at settlement (" **Holder's Tax Liability** "). For the avoidance of doubt, withholding tax (whether preliminary or deducted at source) on employment income, dividends and capital gains will always be considered as Holder's Tax Liability.
- 11.3 As a condition to the issuance of Shares in respect of the vested Restricted Stock Units, the Holder shall make such arrangements as the Board may require for the satisfaction of any Holder's Tax Liability that may arise in relation to the Restricted Stock Units. The Holder shall also make such arrangements as the Board may require for the satisfaction of any Holder's Tax Liability that may arise in relation to Shares issued at settlement. For the avoidance of doubt, the Holder shall upon the Company's request at issuance pay any Holders' Tax Liability. Without limiting the foregoing, the Company may, without the Holder's additional consent, satisfy Holder's Tax Liability and payment referred to in clause 6.1 in respect of the vested Restricted Stock Units via a "cashless" withholding program with terms set forth by the Company in its discretion.

- 11.4** The Group assumes no responsibility for any Holder's Tax Liability. The Holder represents that the Holder is not relying on the Group for any tax advice and explicitly agrees not to demand any compensation from the Group to cover any Holder's Tax Liability.
- 12. DATA PROTECTION**
- 12.1** For the purposes of implementing, managing and administering the Restricted Stock Unit Program, and for the Holder to participate in the Restricted Stock Unit Program, it is necessary for the Company acting as data controller and other companies in the Group to collect, use, disclose, hold, transfer and otherwise process personal data regarding the Holder, including the Holder's name, home address and telephone number, date of birth, personal identification number, social insurance number, salary, nationality, job title, any Shares or directorships held in the Company or any company in the Group, details of all Restricted Stock Units or other entitlement to Shares awarded, cancelled, exercised, vested, unvested, or outstanding in the Holder's favour (the "**Data**"). Any such processing will be carried out in accordance with the Company's legitimate interest in administering the Restricted Stock Unit Program and only to the extent permitted by and in full compliance with any applicable data protection laws and regulations. The Holder's Data will be retained by the Company for as long as the Holder holds Restricted Stock Units and/or Shares in the Company, and thereafter only for as long as required by applicable law.
- 12.2** The Holder further understands that the Company and/or any company in the Group will transfer the Data among themselves, as necessary for the purposes of implementation, management and administration of the Holder's participation in the Restricted Stock Unit Program, and that the Company and/or any company in the Group may each further transfer Data to any third party service provider acting as data processors and assisting the Company in the implementation, management and administration of the Restricted Stock Unit Program (the "**Data Recipients**"). The Company shall ensure that any Data Recipient shall be contractually required to ensure appropriate confidentiality and security as well as compliance with applicable data protection laws and regulations.
- 12.3** The Holder understands that these Data Recipients may be located in the Holder's country of residence or elsewhere. The Holder acknowledges that such Data Recipients will be receiving, possessing, using, retaining, and transferring Data in electronic or other form, for the purposes of implementing, managing and administering the Holder's participation in the Restricted Stock Unit Program including any transfer of such Data to any third party service provider, acting as data processors, as may be required for the administration of the Restricted Stock Unit Program and/or the subsequent holding of Shares on the Holder's behalf, to a broker or third party with whom the Shares settled following vesting of the Restricted Stock Units may be deposited. Where the transfer is to be to a destination outside the European Economic Area (the "**EEA**"), the Company shall take reasonable steps to ensure that the Holder's personal data is legally transferred and continues to be adequately protected and securely held. This may for example include that the Company ensures that the Data Recipients located outside of the EEA (i) hold certifications that are sufficient to receive and process personal data about EU individuals, e.g. the EU-US Privacy Shield program, or (ii) are bound by approved contractual mechanisms for transfers of personal data outside of the EEA, e.g. standard contractual clauses.

- 12.4 Subject to the nature of the Data and the Company's legal basis for processing that Data, the Holder may, at any time, have the right to contact the Company at _____ to make any of the following requests in respect of the Data processed by the Company:
- a. request access to the Data;
 - b. request that Data which the Holder deems to be incorrect is rectified;
 - c. request for the Data to be erased by the Company;
 - d. request for the Company to restrict processing of his or her Data in certain circumstances including where the accuracy of the Data is contested, the processing of the Data is unlawful, where the Company no longer needs the Data or where the Holder objects to the Company processing his or her Data;
 - e. request for the Company to port the Data to another party;
 - f. object to the Company processing the Data; or
 - g. request to not be subject to a decision taken by the Company which is based solely on automated processing including profiling where that decision has a legal impact or similarly significant impact on the Holder.
- 12.5 The Holder understands that should the Holder have any concerns regarding the Company's processing of the Holder's Data, the Holder may contact the Company or lodge a complaint with the data protection authority in the country where the Holder is employed.
- 13. MISCELLANEOUS**
- 13.1** The Restricted Stock Units may not be transferred, otherwise disposed, pledged, borrowed against or used as any form of security.
- 13.2** The Company shall be entitled to amend these terms and conditions to the extent required by legislation, court decisions, decisions by public authorities or agreements, or if such amendments, in the reasonable judgment of the Company, are otherwise necessary for practical reasons, and provided in all of the aforementioned cases that the Holder's rights are in no material respects adversely affected. If the Holder's rights would be materially adversely affected, the Holder's written consent shall be necessary for such amendment.
- 13.3** Nothing in these terms and conditions or in any right or Restricted Stock Unit granted under these terms and conditions shall confer upon the Holder the right to continue in employment or service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Group or of the Holder, which rights are hereby expressly reserved by each, to terminate the Holder's employment or service at any time.
- 13.4** The Holder has no right to compensation or damages for any loss in respect of the Restricted Stock Unit where such loss arises (or is claimed to arise), in whole or in part, from the termination of the Holder's employment or service; or notice to terminate employment or service given by or to the Holder. However, this exclusion of liability shall not apply to termination of employment or service, or the giving of notice, where a competent tribunal or court, from which there can be no appeal (or which the relevant employing company has decided not to appeal), has found that the cessation of the Holder's employment or service amounted to unfair or constructive dismissal of the Holder.
- 13.5** The Holder undertakes not to use or disclose the contents of these terms and conditions, or any financial information, trade secrets, customer lists or other information which it may from time to time receive or obtain (orally or in writing or in disc or electronic form) as a result of entering into or performing its obligations pursuant to these terms and conditions

or otherwise, relating to the Group unless: (i) required to do so by law or pursuant to any order of court or other competent authority or tribunal; or (ii) such disclosure has been consented to by the Company, provided, however, that the Holder may disclose the terms and conditions of his or her Restricted Stock Units to the Holder's spouse, personal attorney and/or tax preparer. If a Holder becomes required, in circumstances contemplated by (i) to disclose any information, the disclosing Holder shall use its best efforts to consult with the Company prior to any such disclosure.

- 13.6** Shares will not be issued under this Restricted Stock Unit Program unless the issuance and delivery of such Shares comply with (or are exempt from) all applicable requirements of law, including (without limitation) the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded. In addition to the terms and conditions provided herein, the Board may require that a Holder make such reasonable covenants, agreements and representations as the Board, in its sole discretion, deems advisable in order to comply with applicable law. The Board shall have the right to require any Holder to comply with any timing or other restrictions with respect to the settlement, distribution or exercise of any Restricted Stock Unit, including a window-period limitation, as may be imposed in the sole discretion of the Board.

14. TERM AND TERMINATION

These terms and conditions shall enter into force on the Implementation Date and remain in force until close of business in Sweden on 1 October 2024. The parties shall, however, after such date continue to be bound by the provisions set out in clause 13.5 and 15.

15. GOVERNING LAW AND JURISDICTION

- 15.1** These terms and conditions shall be governed by and construed in accordance with the substantive law of Sweden (excluding its rules on conflict of laws).
- 15.2** The Company and the Holder undertake to use their best efforts to resolve any disagreements or disputes regarding these terms and conditions between them or any two or more of them through discussions and mutual agreement.
- 15.3** Any dispute, controversy or claim arising out of or in connection with these terms and conditions, or the breach, termination or invalidity thereof, shall be finally settled by arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce. Unless otherwise agreed between the parties to such arbitration, the Arbitral Tribunal shall be composed of a sole arbitrator, the seat of arbitration shall be Stockholm and the language to be used in the arbitral proceedings shall be English.
- 15.4** The arbitral proceedings and all information and documentation related thereto shall be confidential, unless a disclosure is required under any applicable law, relevant stock exchange regulations or order of court, other tribunal or competition authority or as otherwise agreed between the Company and the Holder in writing.

TERMS AND CONDITIONS GOVERNING DIRECTOR RESTRICTED STOCK UNITS 2018/2022 IN SPOTIFY TECHNOLOGY S.A.**1. RESTRICTED STOCK UNIT ISSUER AND RECIPIENT**

- 1.1 Spotify Technology S.A., a Luxembourg *société anonyme*, with registered offices at 42-44, avenue de la Gare, L-1610 Luxembourg, registered with the Luxembourg Trade and Companies Register under number B 123.052 (the “**Company**”).
- 1.2 Selected members of the Company’s board of directors (the “**Board**”) in accordance with an individual notice of grant (the “**Directors**”) (the “**Notice**”).

2. BACKGROUND

- 2.1 At the Board meeting held on 5 December 2017, it was resolved to approve a remuneration plan to the members of the Board. It was also resolved to implement such resolution by granting Restricted Stock Units (as defined below) to the Directors in accordance with these Terms and Conditions. If the general meeting of shareholders of the Company fails to approve and ratify that remuneration plan to the members of the Board at the latest at the annual general meeting of shareholders of the Company to be held in 2018, then any grants, settlements or sales that have already occurred under these Terms and Conditions will be rescinded and no additional grants, settlements or sales will thereafter be made.
- 2.2 Neither the granting of a Restricted Stock Unit under this director restricted stock unit program the (“**Director Restricted Stock Unit Program**”) nor a Director’s appointment as director of the Company shall give the Director any right or expectation to be granted additional Restricted Stock Units at any time.

3. RESTRICTED STOCK UNIT; SHARES AVAILABLE

Subject to the terms and conditions set out herein, the Director is entitled to delivery of one share in the Company (a “**Share**”) per restricted stock unit (a “**Restricted Stock Unit**”).

Subject to the provisions of clauses 7.2 and 7.3.3 the maximum aggregate number of Shares that may be subject to Restricted Stock Units pursuant to this Director Restricted Stock Unit program 2018/2022 is 60,000 Shares.

4. IMPLEMENTATION AND GRANT

The Director Restricted Stock Unit Program shall be effective as per 28 February, 2018 (the “**Implementation Date**”).

5. VESTING**5.1 Vesting general**

- 5.1.1 Except as set forth in clause 7.1 below, vesting of the Director’s granted Restricted Stock Units shall occur on the dates set out in the Notice (each, a “**Vesting Date**”), subject to the Director’s continued assignment with the Company.

5.1.2 Notwithstanding the aforesaid, the Board shall be entitled, in its sole discretion, to grant Restricted Stock Units that are subject to a different vesting schedule.

5.2 Termination of assignment

5.2.1 If (i) the Director resigns for any reason, including by reason of Director retiring pursuant to the terms of his/her assignment or regulatory requirements or (ii) the Company's shareholders terminate the Director's assignment with the Company for any reason (including, for the avoidance of doubt, as a result of the decision to not re-elect the Director as a member of the Board), all unvested Restricted Stock Units shall cease vesting as of the date of termination of the Director's assignment in accordance with clause 5.2.2 and shall immediately lapse.

5.2.2 If the Director resigns, termination of his/her assignment for purposes of the Restricted Stock Units shall be deemed to occur immediately on the Company's receipt of Director's written notice of resignation. If the Company's shareholders terminate the Director's assignment with the Company (including, for the avoidance of doubt, as a result of the decision to not re-elect the Director as a member of the Board), termination of his/her assignment for purposes of the Restricted Stock Units shall be deemed to occur immediately after the resolution to not re-elect or to discharge, as applicable, the Director is adopted at a general meeting of shareholders. If the Director retires pursuant to the terms of his/her assignment or regulatory requirements, termination of his/her assignment for purposes of the Restricted Stock Units shall be deemed to occur immediately after the end of the last day of his/her assignment. Notwithstanding the foregoing in this clause 5.2.2 or in clause 5.2.1, the Board shall be entitled, in its sole discretion, to resolve that termination of the Director's assignment shall be deemed to occur at a later point in time.

5.2.3 If a Director ceases to serve as a member of the Board, but is appointed as director of any company controlled by the Company (the "Group"), such change will not be deemed a termination of the assignment for purposes of his/her Restricted Stock Units, provided that there is no other interruption or termination between the termination of assignment as Director and the provision of such services, unless the Board, in its sole discretion, determines that the entity to which the Director transfers is not a qualified affiliate of the Group.

6. SETTLEMENT

Settlement will occur through an electronic platform and with no paper documentation to be executed by the Director. To this effect, the Director will receive an individual username and an individual password from the Company, giving her/him access to a personal account on the electronic platform. Once the Director will have logged-in and accepted the terms and conditions of the Director Restricted Stock Unit Program applicable to her/him, she/he will have the possibility to upload money on the electronic platform (the "Funds"). Provided that the Director had sufficient Funds available to pay an amount equal to the par value per Share of the number of Shares underlying the Restricted Stock Units, on or as soon as reasonably practicable (but no later than 30 days) following any Vesting Date, the Company shall issue the number of Shares subject to the Restricted Stock Units that become vested in the name of the Director (or if deceased, the Director's legal representative), which will be issued as fully paid and nonassessable Shares (a "Settlement Date"). If the Director does not have sufficient Funds on the electronic platform to pay the applicable par value within 30 days of any Vesting Date, then such Restricted Stock Units may, as determined by the Board in its sole discretion, be cancelled with respect to those Shares that would otherwise have become issuable therefor.

7. AMENDMENT OF THE RESTRICTED STOCK UNITS; ADJUSTMENT

7.1 Change in Control

7.1.1 Notwithstanding clause 5, if there is a Change in Control, all unvested Restricted Stock Units shall, contingent upon closing of such Change in Control actually taking place and subject to the Director's continued assignment as director of the Company immediately prior to closing of such Change in Control (" **Closing** "), vest immediately prior to the Closing provided, however, that the Director shall have delivered to the Company payment in cash in a form acceptable to the Company in an amount equal to the par value per Share of the number of Shares underlying the Restricted Stock Units that become vested immediately prior to Closing and all other documentation for the issuance of Shares reasonably required by the Board. If such cash payment is not made and such documentation is not delivered by the Director within a reasonable time prior to Closing in accordance with the Board's instructions then such Restricted Stock Units may, as determined by the Board in its sole discretion, be cancelled with respect to those Shares that would otherwise have become issuable therefor. If no Closing takes place Shares underlying Restricted Stock Units will not be issued, any cash payment made by the Director will be returned and these terms and conditions will remain unaffected.

7.1.2 If permitted by applicable law, the Board may, instead of allowing the Director to acquire Shares in accordance with clause 7.1.1, in its sole discretion, cause the cancellation of any vested Restricted Stock Unit outstanding immediately prior to Closing, in whole or in part, in exchange for a payment to the Director, in such form as determined by the Board, provided that the Board shall ensure that the tax treatment and economic returns of the Director is not affected adversely compared to the procedure described in clause 7.1.1 and may provide that any such payment to the Director shall be subject to the same conditions as are imposed on holders of the Shares in the Change in Control (e.g., an earn out or escrow) as well as to applicable tax withholdings.

7.1.2.1 " **Change in Control** " shall mean and include each of the following:

(i) a transaction or series of transactions (other than an offering of Shares to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d) (2) of the Securities Exchange Act of 1934, as amended from time to time (the " **Exchange Act** ")) directly or indirectly acquires beneficial ownership (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act) of securities of the Company possessing more than 50 % of the total combined voting power of the Company's securities outstanding immediately after such acquisition; provided, however, that the following acquisitions shall not constitute a Change in Control: (w) any acquisition by the Company; (x) any acquisition by an employee benefit plan maintained by the Company, (y) any acquisition which complies with clauses 7.1.2.1(iii)(I)-(III); or (z) in respect of an Restricted Stock Unit held by a particular Director, any acquisition by the Director or any group of persons including the Director (or any entity controlled by the Director or any group of persons including the Director);

(ii) the Incumbent Directors cease for any reason to constitute a majority of the Board;

(iii) the consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination, (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related

transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction: (I) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "**Successor Entity**")) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and (II) after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (II) as beneficially owning 50% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; and (III) after which at least a majority of the members of the board of directors (or the analogous governing body) of the Successor Entity were Board members at the time of the Board's approval of the execution of the initial agreement providing for such transaction; or

(iv) the date which is 10 business days prior to the completion of a liquidation or dissolution of the Company.

7.1.2.2 "**Incumbent Directors**" shall mean for any period of 12 consecutive months, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in clause 7.1.2.1, (i) or 7.1.2.1, (iii)) whose election or nomination for election to the Board was approved by a vote of at least a majority (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director without objection to such nomination) of the directors then still in office who either were directors at the beginning of the 12-month period or whose election or nomination for election was previously so approved. No individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies by or on behalf of any person other than the Board shall be an Incumbent Director.

7.2 **Distribution, reclassification etc.**

If any share split, reverse share split, recapitalization, combination, reclassification or other distribution of the Company's Shares without the receipt of consideration by the Company occurs, the Board will adjust the number and class of Shares that may be delivered under each outstanding Restricted Stock Unit and in a manner that complies with all applicable laws to prevent diminution or enlargement of the benefits or potential benefits intended to be made available with respect to any grant of any Restricted Stock Unit.

7.3 **Share for share exchange etc.**

7.3.1 If the Company's shareholders perform a share for share exchange for the purpose of creating a new holding company to the Company, or if a new company otherwise replaces the Company as the holding company in the Group, and such transaction is not a Change in Control, the Board shall use reasonable efforts to either: (a) ensure that the Director receives substantially equivalent rights with respect to securities in the new holding company as the Director had in the Company immediately before such transaction, provided that the Director in writing waives any rights under the Restricted Stock Units,

which shall lapse and be cancelled as a consequence thereof; or (b) amend these terms and conditions to the effect that the new holding company assumes the Company's rights and obligations hereunder and that the Director's vested and unsettled Restricted Stock Units and unvested Restricted Stock Units shall relate to shares in such new company.

- 7.3.2 In the event of a transaction as described in clause 7.3.1, the Director shall always be obliged upon the Board's request to, in case of (a) in clause 7.3.1, waive any rights under the Restricted Stock Units provided that the Director receives substantially equivalent rights in the new holding company as the Director had in the Company immediately before such transaction or, in case of (b) in clause 7.3.1, approve any such amendment to these terms and conditions. No waiver shall be requested or required, and the Company may act unilaterally in accordance with this clause 7.3, provided that the Restricted Stock Units preserves the material terms and conditions of the underlying rights, including the vesting schedule and the intrinsic value of the Restricted Stock Unit as of immediately prior to such transaction.
- 7.3.3 If the Company effects a change of the classes of outstanding Company securities, the Board shall, appropriately and proportionately adjust the class of securities subject to the Restricted Stock Units. The Board will make such adjustments, and its determination will be final, binding and conclusive.

8. CANCELLATION OF RESTRICTED STOCK UNITS IN CASE OF A MATERIAL BREACH

- 8.1 If the Director commits a material breach of any of its obligations under these terms and conditions and the breach has not been rectified within 15 calendar days from the date the Director receives a written demand for rectification, the Company shall be entitled to cancel the Director's unvested Restricted Stock Units, which as a consequence thereof shall lapse.
- 8.2 A material breach for purposes of clause 8 and 9 shall mean a breach by the Director of the provisions in clauses 7.3., 10, or 11 or any other breach by the Director of these terms and conditions that is reasonably likely to have a material adverse effect on the Company.

9. LIQUIDATED DAMAGES IN CASE OF A MATERIAL BREACH

- 9.1 If the Director commits a material breach in accordance with clause 8.2 and the breach has not been rectified within 15 calendar days from the date the Director receives a written demand for rectification, the Director shall upon written request by the Company pay liquidated damages in an amount corresponding to 50 percent of the aggregate then-current fair market value of the Shares represented by the vested portion of the Restricted Stock Units. The Company shall not be entitled to demand liquidated damages if the Company has cancelled the Director's Restricted Stock Units pursuant to clause 8.1.
- 9.2 If the Director commits a material breach of any of its obligations under these terms and conditions, the Company is entitled, in addition to any liquidated damages in accordance with the provisions of clause 9.1, to claim damages in an amount corresponding to the difference between the actual damage suffered and the liquidated damages (if any), if such damage exceeds the amount of the liquidated damages (if any).
- 9.3 The payment by the Director of any liquidated damages shall not affect the Company's right to pursue other remedies that the Company may have against the Director as a result of a breach.

10. APPOINTMENT OF AGENT ETC.

- 10.1 The Director hereby irrevocably authorises the Board, with full power of substitution, to endorse such documents on behalf of the Director and to take any other action reasonably necessary to effect any of the Director's obligations under these terms and conditions, including but not limited to, execution of a transfer of Shares owned by the Director. The Board shall hold any payment received for the benefit of the Director under this clause on behalf of the Director and separated from any other funds. A withdrawal of the authorisation as provided for in this clause 10 constitutes a material breach of these terms and conditions for purposes of clause 8 and 9.
- 10.2 The Director hereby undertakes to sign, execute and deliver such documents (including without limitation any subscription form), and to take any other actions, as reasonably required by the Board in order to ensure compliance with or observation of the Director's obligations under these terms and conditions.

11. PAYMENT OF CERTAIN TAXES

- 11.1 The Company will perform withholding of taxes in relation to the Restricted Stock Units and the Shares delivered upon settlement if and to the extent required by law or decisions by governmental authorities or if the Board in its reasonable opinion considers it appropriate for the Company to perform such withholding of taxes. For the avoidance of doubt, this clause 11.1 shall not affect the Director's liabilities and undertakings pursuant to clause 11.2 and 11.3.
- 11.2 The Director is liable for and undertakes to pay any taxes (including but not limited to income taxes, capital taxes, employment taxes, self-employment taxes, social security contributions as well as any tax penalties thereon) for which he/she may be liable in relation to the Restricted Stock Units and any Shares issued at settlement (" **Director's Tax Liability** "). For the avoidance of doubt, withholding tax (whether preliminary or deducted at source) on employment income, dividends and capital gains will always be considered as Director's Tax Liability.
- 11.3 As a condition to the issuance of Shares in respect of the vested Restricted Stock Units, the Director shall make such arrangements as the Board may require for the satisfaction of any Director's Tax Liability that may arise in relation to the Restricted Stock Units. The Director shall also make such arrangements as the Board may require for the satisfaction of any Director's Tax Liability that may arise in relation to Shares issued at settlement. For the avoidance of doubt, the Director shall upon the Company's request at issuance pay any Directors' Tax Liability. Without limiting the foregoing, the Company may, without the Director's additional consent, satisfy Director's Tax Liability and payment referred to in clause 6 in respect of the vested Restricted Stock Units via a "cashless" withholding program with terms set forth by the Company in its discretion.
- 11.4 The Company assumes no responsibility for any Director's Tax Liability. The Director represents that the Director is not relying on the Company for any tax advice and explicitly agrees not to demand any compensation from the Company to cover any Director's Tax Liability.

12. DATA PROTECTION

- 12.1 For the purposes of implementing, managing and administering the Director Restricted Stock Unit Program, and for the Director to participate in the Director Restricted Stock Unit Program, it is necessary for the Company acting as data controller, and other

companies in the Group to collect, use, disclose, transfer and otherwise process personal data regarding the Director, including the Director's name, home address and telephone number, date of birth, personal identification number, social security number, salary, nationality, job title, any Shares or directorships held in the Company or any company in the Group, details of all Restricted Stock Units or other entitlements to Shares awarded, cancelled, exercised, vested, unvested or outstanding in the Director's favour (the "Data"). Any such processing will be carried out in accordance with the Company's legitimate interest in administering the Director Restricted Stock Unit Program only to the extent permitted by and in full compliance with any applicable data protection laws and regulations. The Director's Data will be retained by the Company for so long as the Director holds Restricted Stock Units and/or Shares in the Company, and thereafter only for so long as required by applicable law.

- 12.2 The Director further understands that the Company and/or any company in the Group will transfer the Data among themselves, as necessary for the purposes of implementation, management and administration of the Director's participation in the Director Restricted Stock Unit Program, and that the Company and/or any company in the Group may each further transfer Data to any third party service provider acting as data processors and assisting the Company in the implementation, management and administration of the Director Restricted Stock Unit Program (the "**Data Recipients**"). The Company shall ensure that any Data Recipient shall be contractually required to ensure appropriate confidentiality and security as well as compliance with applicable data protection laws and regulations.
- 12.3 The Director understands that these Data Recipients may be located in the Director's country of residence or elsewhere. The Director acknowledges that such Data Recipients will be receiving, possessing, using, retaining, and transferring Data in electronic or other form, for the purposes of implementing, managing and administering the Director's participation in the Director Restricted Stock Unit Program, including any transfer of such Data to any third party service provider acting as data processors, as may be required for the administration of the Director Restricted Stock Unit Program and/or the subsequent holding of Shares on the Director's behalf, to a broker or third party with whom the Shares settled following vesting of the Restricted Stock Units may be deposited. Where the transfer is to be to a destination outside the European Economic Area (the "**EEA**"), the Company shall take reasonable steps to ensure that the Director's personal data is legally transferred and continues to be adequately protected and securely held. This may for example include that the Company ensures that the Data Recipients located outside of the EEA (i) hold certifications that are sufficient to receive and process personal data about EU individuals, e.g. the EU-US Privacy Shield program, or (ii) are bound by approved contractual mechanisms for transfers of personal data outside of the EEA, e.g. standard contractual clauses.
- 12.4 Subject to the nature of the Data and the Company's legal basis for processing that Data, the Director may, at any time, contact the Company at to make any of the following requests in respect of the Data processed by the Company:
- a. request access to the Data;
 - b. request that Data which the Director deems to be incorrect is rectified;
 - c. request for the Data to be erased by the Company;
 - d. request for the Company to restrict processing of his or her Data in certain circumstances including where the accuracy of the Data is contested, the processing of the Data is unlawful, where the Company no longer needs the Data or where the Director objects to the Company processing his or her Data;

- e. request for the Company to port the Data to another party;
- f. object to the Company processing the Data; or
- g. request to not be subject to a decision taken by the Company which is based solely on automated processing including profiling where that decision has a legal impact or similarly significant impact on the Director.

12.5 The Director understands that, should the Director have any concerns regarding the Company's processing of the Director's Data, the Director may contact the Company or lodge a complaint with the data protection authority in the country where the Director is employed.

13. MISCELLANEOUS

13.1 The Restricted Stock Units may not be transferred, otherwise disposed, pledged, borrowed against or used as any form of security.

13.2 The Company shall be entitled to amend these terms and conditions to the extent required by legislation, court decisions, decisions by public authorities or agreements, or if such amendments, in the reasonable judgment of the Company, are otherwise necessary for practical reasons, and provided in all of the aforementioned cases that the Director's rights are in no material respects adversely affected. If the Director's rights would be materially adversely affected, the Director's written consent shall be necessary for such amendment.

13.3 Nothing in these terms and conditions or in any right or Restricted Stock Unit granted under these terms and conditions shall confer upon the Director the right to continue his/her assignment for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company or of the Director, which rights are hereby expressly reserved by each, to terminate the Director's assignment at any time.

13.4 The Director has no right to compensation or damages for any loss in respect of the Restricted Stock Unit where such loss arises (or is claimed to arise), in whole or in part, from the termination of the Director's assignment; or notice to terminate the assignment given by or to the Director.

13.5 The Director undertakes not to use or disclose the contents of these terms and conditions, or any financial information, trade secrets, customer lists or other information which it may from time to time receive or obtain (orally or in writing or in disc or electronic form) as a result of entering into or performing its obligations pursuant to these terms and conditions or otherwise, relating to the Group unless: (i) required to do so by law or pursuant to any order of court or other competent authority or tribunal; or (ii) such disclosure has been consented to by the Company, provided, however, that the Director may disclose the terms and conditions of his or her Restricted Stock Units to the Director's spouse, personal attorney and/or tax preparer. If a Director becomes required, in circumstances contemplated by (i) to disclose any information, the disclosing Director shall use its best efforts to consult with the Company prior to any such disclosure.

13.6 The Restricted Stock Units (and Shares issued on settlement of a Restricted Stock Unit) will be subject to recoupment in accordance with any clawback policy that the Group adopts pursuant to the listing standards of any national, foreign or international securities exchange or association on which the Company's securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law, or as the Board otherwise deems necessary or appropriate. The Board may include such other clawback, recovery or recoupment provisions in the Notice of Grant or other written agreement with the Director, as the Board determines necessary or appropriate.

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- 13.7 Shares will not be issued under this Director Restricted Stock Unit Program unless the issuance and delivery of such Shares comply with (or are exempt from) all applicable requirements of law, including (without limitation) the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded. In addition to the terms and conditions provided herein, the Board may require that a Director make such reasonable covenants, agreements and representations as the Board, in its sole discretion, deems advisable in order to comply with applicable law.

14. TERM AND TERMINATION

These terms and conditions shall enter into force on the Implementation Date and remain in force until close of business in Sweden on 31 December 2022. The parties shall, however, after such date continue to be bound by the provisions set out in clause 13.5 and 15.

15. GOVERNING LAW AND JURISDICTION

- 15.1 These terms and conditions shall be governed by and construed in accordance with the substantive law of Sweden (excluding its rules on conflict of laws).
- 15.2 The Company and the Director undertake to use their best efforts to resolve any disagreements or disputes regarding these terms and conditions between them or any two or more of them through discussions and mutual agreement.
- 15.3 Any dispute, controversy or claim arising out of or in connection with these terms and conditions, or the breach, termination or invalidity thereof, shall be finally settled by arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce. Unless otherwise agreed between the parties to such arbitration, the Arbitral Tribunal shall be composed of a sole arbitrator, the seat of arbitration shall be Stockholm and the language to be used in the arbitral proceedings shall be English.
- 15.4 The arbitral proceedings and all information and documentation related thereto shall be confidential, unless a disclosure is required under any applicable law, relevant stock exchange regulations or order of court, other tribunal or competition authority or as otherwise agreed between the Company and the Director in writing.
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TERMS AND CONDITIONS GOVERNING DIRECTOR RESTRICTED STOCK UNITS 2017/2021 IN SPOTIFY TECHNOLOGY S.A.**1. RESTRICTED STOCK UNIT ISSUER AND RECIPIENT**

- 1.1 Spotify Technology S.A., a Luxembourg *société anonyme*, with registered offices at 42-44, avenue de la Gare, L-1610 Luxembourg, registered with the Luxembourg Trade and Companies Register under number B 123.052 (the “**Company**”).
- 1.2 Selected members of the Company’s board of directors (the “**Board**”) in accordance with an individual notice of grant (the “**Directors**”) (the “**Notice**”).

2. BACKGROUND

- 2.1 At the annual meeting of the Company’s shareholders held on 13 June, 2017, the Company’s shareholders voted in favor of a resolution to approve a remuneration plan in the form of cash bonuses, warrants, restricted stock units or any other form to the members of the Board. In this context, the Board has decided to implement such resolution by granting Restricted Stock Units (as defined below) to the Directors in accordance with these Terms and Conditions.
- 2.2 Neither the granting of a Restricted Stock Unit under this director restricted stock unit program (the “**Director Restricted Stock Program**”) nor a Director’s appointment as director of the Company shall give the Director any right or expectation to be granted additional Restricted Stock Units at any time.

3. RESTRICTED STOCK UNIT

Subject to the terms and conditions set out herein, the Director is entitled to delivery of one share in the Company (a “**Share**”) per restricted stock unit (a “**Restricted Stock Unit**”).

4. IMPLEMENTATION AND GRANT

The Director Restricted Stock Unit Program shall be effective as per 30 June, 2017 (the “**Date of Grant**”).

5. VESTING**5.1 Vesting general**

- 5.1.1 Except as set forth in clause 7.1 below, vesting of the Director’s granted Restricted Stock Units shall occur on the dates set out in the Notice (each, a “**Vesting Date**”), subject to the Director’s continued assignment with the Company.
- 5.1.2 Notwithstanding the aforesaid, the Board shall be entitled, in its sole discretion, to grant Restricted Stock Units that are subject to a different vesting schedule.

5.2 Termination of assignment

- 5.2.1 If (i) the Director resigns for any reason, including by reason of Director retiring pursuant to the terms of his/her assignment or regulatory requirements or (ii) the Company's shareholders terminate the Director's assignment with the Company for any reason (including, for the avoidance of doubt, as a result of the decision to not re-elect the Director as a member of the Board), all unvested Restricted Stock Units shall cease vesting as of the date of termination of the Director's assignment in accordance with clause 5.2.2 and shall immediately lapse.
- 5.2.2 If the Director resigns, termination of his/her assignment for purposes of the Restricted Stock Units shall be deemed to occur immediately on the Company's receipt of Director's written notice of resignation. If the Company's shareholders terminate the Director's assignment with the Company (including, for the avoidance of doubt, as a result of the decision to not re-elect the Director as a member of the Board), termination of his/her assignment for purposes of the Restricted Stock Units shall be deemed to occur immediately after the resolution to not re-elect or to discharge, as applicable, the Director is adopted at a general meeting of shareholders. If the Director retires pursuant to the terms of his/her assignment or regulatory requirements, termination of his/her assignment for purposes of the Restricted Stock Units shall be deemed to occur immediately after the end of the last day of his/her assignment. Notwithstanding the foregoing in this clause 5.2.2 or in clause 5.2.1, the Board shall be entitled, in its sole discretion, to resolve that termination of the Director's assignment shall be deemed to occur at a later point in time.
- 5.2.3 If a Director ceases to serve as a member of the Board, but is appointed as director of any company controlled by the Company (the "Group"), such change will not be deemed a termination of the assignment for purposes of his/her Restricted Stock Units, provided that there is no other interruption or termination between the termination of assignment as Director and the provision of such services, unless the Board, in its sole discretion, determines that the entity to which the Director transfers is not a qualified affiliate of the Group.

6. SETTLEMENT

Settlement will occur through an electronic platform and with no paper documentation to be executed by the Director. To this effect, the Director will receive an individual username and an individual password from the Company, giving her/him access to a personal account on the electronic platform. Once the Director will have logged-in and accepted the terms and conditions of the Director Restricted Stock Unit Program applicable to her/him, she/he will have the possibility to upload money on the electronic platform (the "Funds"). Provided that the Director had sufficient Funds available to pay an amount equal to the par value per Share of the number of Shares underlying the Restricted Stock Units, on or as soon as reasonably practicable (but no later than 30 days) following any Vesting Date, the Company shall issue the number of Shares subject to the Restricted Stock Units that become vested in the name of the Director (or if deceased, the Director's legal representative), which will be issued as fully paid and nonassessable Shares (a "Settlement Date"). If the Director does not have sufficient Funds on the electronic platform to pay the applicable par value within 30 days of any Vesting Date, then such Restricted Stock Units may, as determined by the Board in its sole discretion, be cancelled with respect to those Shares that would otherwise have become issuable therefor.

7. AMENDMENT OF THE RESTRICTED STOCK UNITS; ADJUSTMENT

7.1 Change in Control

- 7.1.1 Notwithstanding clause 5, if there is a Change in Control, all unvested Restricted Stock Units shall, contingent upon closing of such Change in Control actually taking place and

subject to the Director's continued assignment as director of the Company immediately prior to closing of such Change in Control (" **Closing** "), vest immediately prior to the Closing provided, however, that the Director shall have delivered to the Company payment in cash in a form acceptable to the Company in an amount equal to the par value per Share of the number of Shares underlying the Restricted Stock Units that become vested immediately prior to Closing and all other documentation for the issuance of Shares reasonably required by the Board. If such cash payment is not made and such documentation is not delivered by the Director within a reasonable time prior to Closing in accordance with the Board's instructions then such Restricted Stock Units may, as determined by the Board in its sole discretion, be cancelled with respect to those Shares that would otherwise have become issuable therefor. If no Closing takes place Shares underlying Restricted Stock Units will not be issued, any cash payment made by the Director will be returned and these terms and conditions will remain unaffected.

7.1.2 If permitted by applicable law, the Board may, instead of allowing the Director to acquire Shares in accordance with clause 7.1.1, in its sole discretion, cause the cancellation of any vested Restricted Stock Unit outstanding immediately prior to Closing, in whole or in part, in exchange for a payment to the Director, in such form as determined by the Board, provided that the Board shall ensure that the tax treatment and economic returns of the Director is not affected adversely compared to the procedure described in clause 7.1.1 and may provide that any such payment to the Director shall be subject to the same conditions as are imposed on holders of the Shares in the Change in Control (e.g., an earn out or escrow) as well as to applicable tax withholdings.

7.1.2.1 " **Change in Control** " shall mean and include each of the following:

(i) a transaction or series of transactions (other than an offering of Shares to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d) (2) of the Securities Exchange Act of 1934, as amended from time to time (the " **Exchange Act** ")) directly or indirectly acquires beneficial ownership (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act) of securities of the Company possessing more than 50 % of the total combined voting power of the Company's securities outstanding immediately after such acquisition; provided, however, that the following acquisitions shall not constitute a Change in Control: (w) any acquisition by the Company; (x) any acquisition by an employee benefit plan maintained by the Company, (y) any acquisition which complies with clauses 7.1.2.1(iii)(I)-(II); or (z) in respect of an Restricted Stock Unit held by a particular Director, any acquisition by the Director or any group of persons including the Director (or any entity controlled by the Director or any group of persons including the Director);

(ii) the Incumbent Directors cease for any reason to constitute a majority of the Board;

(iii) the consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination, (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction: (I) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the

business of the Company (the Company or such person, the “**Successor Entity**”) directly or indirectly, at least a majority of the combined voting power of the Successor Entity’s outstanding voting securities immediately after the transaction, and (II) after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (II) as beneficially owning 50% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; and (III) after which at least a majority of the members of the board of directors (or the analogous governing body) of the Successor Entity were Board members at the time of the Board’s approval of the execution of the initial agreement providing for such transaction; or

(iv) the date which is 10 business days prior to the completion of a liquidation or dissolution of the Company.

7.1.2.2 “**Incumbent Directors**” shall mean for any period of 12 consecutive months, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in clause 7.1.2.1, (i) or 7.1.2.1, (iii)) whose election or nomination for election to the Board was approved by a vote of at least a majority (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director without objection to such nomination) of the directors then still in office who either were directors at the beginning of the 12-month period or whose election or nomination for election was previously so approved. No individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies by or on behalf of any person other than the Board shall be an Incumbent Director.

7.2 **Distribution, reclassification etc.**

If any share split, reverse share split, recapitalization, combination, reclassification or other distribution of the Company’s Shares without the receipt of consideration by the Company occurs, the Board will adjust the number and class of Shares that may be delivered under each outstanding Restricted Stock Unit and in a manner that complies with all applicable laws to prevent diminution or enlargement of the benefits or potential benefits intended to be made available with respect to any grant of any Restricted Stock Unit.

7.3 **Share for share exchange etc.**

7.3.1 If the Company’s shareholders perform a share for share exchange for the purpose of creating a new holding company to the Company, or if a new company otherwise replaces the Company as the holding company in the Group, and such transaction is not a Change in Control, the Board shall use reasonable efforts to either: (a) ensure that the Director receives substantially equivalent rights with respect to securities in the new holding company as the Director had in the Company immediately before such transaction, provided that the Director in writing waives any rights under the Restricted Stock Units, which shall lapse and be cancelled as a consequence thereof; or (b) amend these terms and conditions to the effect that the new holding company assumes the Company’s rights and obligations hereunder and that the Director’s vested and unsettled Restricted Stock Units and unvested Restricted Stock Units shall relate to shares in such new company.

- 7.3.2 In the event of a transaction as described in clause 7.3.1, the Director shall always be obliged upon the Board's request to, in case of (a) in clause 7.3.1, waive any rights under the Restricted Stock Units provided that the Director receives substantially equivalent rights in the new holding company as the Director had in the Company immediately before such transaction or, in case of (b) in clause 7.3.1, approve any such amendment to these terms and conditions. No waiver shall be requested or required, and the Company may act unilaterally in accordance with this clause 7.3, provided that the Restricted Stock Units preserves the material terms and conditions of the underlying rights, including the vesting schedule and the intrinsic value of the Restricted Stock Unit as of immediately prior to such transaction.
- 7.3.3 If the Company effects a change of the classes of outstanding Company securities, the Board shall, appropriately and proportionately adjust the class of securities subject to the Restricted Stock Units. The Board will make such adjustments, and its determination will be final, binding and conclusive.
- 8. CANCELLATION OF RESTRICTED STOCK UNITS IN CASE OF A MATERIAL BREACH**
- 8.1 If the Director commits a material breach of any of its obligations under these terms and conditions and the breach has not been rectified within 15 calendar days from the date the Director receives a written demand for rectification, the Company shall be entitled to cancel the Director's unvested Restricted Stock Units, which as a consequence thereof shall lapse.
- 8.2 A material breach for purposes of clause 8 and 9 shall mean a breach by the Director of the provisions in clauses 7.3, 10, or 11 or any other breach by the Director of these terms and conditions that is reasonably likely to have a material adverse effect on the Company.
- 9. LIQUIDATED DAMAGES IN CASE OF A MATERIAL BREACH**
- 9.1 If the Director commits a material breach in accordance with clause 8.2 and the breach has not been rectified within 15 calendar days from the date the Director receives a written demand for rectification, the Director shall upon written request by the Company pay liquidated damages in an amount corresponding to 50 percent of the aggregate then-current fair market value of the Shares represented by the vested portion of the Restricted Stock Units. The Company shall not be entitled to demand liquidated damages if the Company has cancelled the Director's Restricted Stock Units pursuant to clause 8.1.
- 9.2 If the Director commits a material breach of any of its obligations under these terms and conditions, the Company is entitled, in addition to any liquidated damages in accordance with the provisions of clause 9.1, to claim damages in an amount corresponding to the difference between the actual damage suffered and the liquidated damages (if any), if such damage exceeds the amount of the liquidated damages (if any).
- 9.3 The payment by the Director of any liquidated damages shall not affect the Company's right to pursue other remedies that the Company may have against the Director as a result of a breach.
- 10. APPOINTMENT OF AGENT ETC.**
- 10.1 The Director hereby irrevocably authorises the Board, with full power of substitution, to endorse such documents on behalf of the Director and to take any other action reasonably necessary to effect any of the Director's obligations under these terms and conditions,

including but not limited to, execution of a transfer of Shares owned by the Director. The Board shall hold any payment received for the benefit of the Director under this clause on behalf of the Director and separated from any other funds. A withdrawal of the authorisation as provided for in this clause 10 constitutes a material breach of these terms and conditions for purposes of clause 8 and 9.

- 10.2 The Director hereby undertakes to sign, execute and deliver such documents (including without limitation any subscription form), and to take any other actions, as reasonably required by the Board in order to ensure compliance with or observation of the Director's obligations under these terms and conditions.

11. PAYMENT OF CERTAIN TAXES

- 11.1 The Company will perform withholding of taxes in relation to the Restricted Stock Units and the Shares delivered upon settlement if and to the extent required by law or decisions by governmental authorities or if the Board in its reasonable opinion considers it appropriate for the Company to perform such withholding of taxes. For the avoidance of doubt, this clause 11.1 shall not affect the Director's liabilities and undertakings pursuant to clause 11.2 and 11.3.

- 11.2 The Director is liable for and undertakes to pay any taxes (including but not limited to income taxes, capital taxes, employment taxes, self-employment taxes, social security contributions as well as any tax penalties thereon) for which he/she may be liable in relation to the Restricted Stock Units and any Shares issued at settlement ("**Director's Tax Liability**"). For the avoidance of doubt, withholding tax (whether preliminary or deducted at source) on employment income, dividends and capital gains will always be considered as Director's Tax Liability.

- 11.3 As a condition to the issuance of Shares in respect of the vested Restricted Stock Units, the Director shall make such arrangements as the Board may require for the satisfaction of any Director's Tax Liability that may arise in relation to the Restricted Stock Units. The Director shall also make such arrangements as the Board may require for the satisfaction of any Director's Tax Liability that may arise in relation to Shares issued at settlement. For the avoidance of doubt, the Director shall upon the Company's request at issuance pay any Directors' Tax Liability. Without limiting the foregoing, the Company may, without the Director's additional consent, satisfy Director's Tax Liability and payment referred to in clause 6 in respect of the vested Restricted Stock Units via a "cashless" withholding program with terms set forth by the Company in its discretion.

- 11.4 The Company assumes no responsibility for any Director's Tax Liability. The Director represents that the Director is not relying on the Company for any tax advice and explicitly agrees not to demand any compensation from the Company to cover any Director's Tax Liability.

12. DATA PROTECTION

- 12.1 For the purposes of implementing, managing and administering the Director Restricted Stock Unit Program, and for the Director to participate in the Director Restricted Stock Unit Program, it is necessary for the Company acting as data controller, and other companies in the Group to collect, use, disclose, transfer and otherwise process personal data regarding the Director, including the Director's name, home address and telephone number, date of birth, personal identification number, social security number, salary, nationality, job title, any Shares or directorships held in the Company or any company in

the Group, details of all Restricted Stock Units or other entitlements to Shares awarded, cancelled, exercised, vested, unvested or outstanding in the Director's favour (the "Data"). Any such processing will be carried out in accordance with the Company's legitimate interest in administering the Director Restricted Stock Unit Program only to the extent permitted by and in full compliance with any applicable data protection laws and regulations. The Director's Data will be retained by the Company for so long as the Director holds Restricted Stock Units and/or Shares in the Company, and thereafter only for so long as required by applicable law.

- 12.2 The Director further understands that the Company and/or any company in the Group will transfer the Data among themselves, as necessary for the purposes of implementation, management and administration of the Director's participation in the Director Restricted Stock Unit Program, and that the Company and/or any company in the Group may each further transfer Data to any third party service provider acting as data processors and assisting the Company in the implementation, management and administration of the Director Restricted Stock Unit Program (the "Data Recipients"). The Company shall ensure that any Data Recipient shall be contractually required to ensure appropriate confidentiality and security as well as compliance with applicable data protection laws and regulations.
- 12.3 The Director understands that these Data Recipients may be located in the Director's country of residence or elsewhere. The Director acknowledges that such Data Recipients will be receiving, possessing, using, retaining, and transferring Data in electronic or other form, for the purposes of implementing, managing and administering the Director's participation in the Director Restricted Stock Unit Program, including any transfer of such Data to any third party service provider acting as data processors, as may be required for the administration of the Director Restricted Stock Unit Program and/or the subsequent holding of Shares on the Director's behalf, to a broker or third party with whom the Shares settled following vesting of the Restricted Stock Units may be deposited. Where the transfer is to be to a destination outside the European Economic Area (the "EEA"), the Company shall take reasonable steps to ensure that the Director's personal data is legally transferred and continues to be adequately protected and securely held. This may for example include that the Company ensures that the Data Recipients located outside of the EEA (i) hold certifications that are sufficient to receive and process personal data about EU individuals, e.g. the EU-US Privacy Shield program, or (ii) are bound by approved contractual mechanisms for transfers of personal data outside of the EEA, e.g. standard contractual clauses.
- 12.4 Subject to the nature of the Data and the Company's legal basis for processing that Data, the Director may, at any time, contact the Company at to make any of the following requests in respect of the Data processed by the Company:
- a. request access to the Data;
 - b. request that Data which the Director deems to be incorrect is rectified;
 - c. request for the Data to be erased by the Company;
 - d. request for the Company to restrict processing of his or her Data in certain circumstances including where the accuracy of the Data is contested, the processing of the Data is unlawful, where the Company no longer needs the Data or where the Director objects to the Company processing his or her Data;

- e. request for the Company to port the Data to another party;
- f. object to the Company processing the Data; or
- g. request to not be subject to a decision taken by the Company which is based solely on automated processing including profiling where that decision has a legal impact or similarly significant impact on the Director.

12.5 The Director understands that, should the Director have any concerns regarding the Company's processing of the Director's Data, the Director may contact the Company or lodge a complaint with the data protection authority in the country where the Director is employed.

13. MISCELLANEOUS

- 13.1 The Restricted Stock Units may not be transferred, otherwise disposed, pledged, borrowed against or used as any form of security.
- 13.2 The Company shall be entitled to amend these terms and conditions to the extent required by legislation, court decisions, decisions by public authorities or agreements, or if such amendments, in the reasonable judgment of the Company, are otherwise necessary for practical reasons, and provided in all of the aforementioned cases that the Director's rights are in no material respects adversely affected. If the Director's rights would be materially adversely affected, the Director's written consent shall be necessary for such amendment.
- 13.3 Nothing in these terms and conditions or in any right or Restricted Stock Unit granted under these terms and conditions shall confer upon the Director the right to continue his/her assignment for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company or of the Director, which rights are hereby expressly reserved by each, to terminate the Director's assignment at any time.
- 13.4 The Director has no right to compensation or damages for any loss in respect of the Restricted Stock Unit where such loss arises (or is claimed to arise), in whole or in part, from the termination of the Director's assignment; or notice to terminate the assignment given by or to the Director.
- 13.5 The Director undertakes not to use or disclose the contents of these terms and conditions, or any financial information, trade secrets, customer lists or other information which it may from time to time receive or obtain (orally or in writing or in disc or electronic form) as a result of entering into or performing its obligations pursuant to these terms and conditions or otherwise, relating to the Group unless: (i) required to do so by law or pursuant to any order of court or other competent authority or tribunal; or (ii) such disclosure has been consented to by the Company, provided, however, that the Director may disclose the terms and conditions of his or her Restricted Stock Units to the Director's spouse, personal attorney and/or tax preparer. If a Director becomes required, in circumstances contemplated by (i) to disclose any information, the disclosing Director shall use its best efforts to consult with the Company prior to any such disclosure.
- 13.6 The Restricted Stock Units (and Shares issued on settlement of a Restricted Stock Unit) will be subject to recoupment in accordance with any clawback policy that the Group adopts pursuant to the listing standards of any national, foreign or international securities exchange or association on which the Company's securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law, or as the Board otherwise deems necessary or appropriate. The Board may include such other clawback, recovery or recoupment provisions in the Notice of Grant or other written agreement with the Director, as the Board determines necessary or appropriate.

- 13.7 Shares will not be issued under this Director Restricted Stock Unit Program unless the issuance and delivery of such Shares comply with (or are exempt from) all applicable requirements of law, including (without limitation) the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded. In addition to the terms and conditions provided herein, the Board may require that a Director make such reasonable covenants, agreements and representations as the Board, in its sole discretion, deems advisable in order to comply with applicable law.

14. TERM AND TERMINATION

These terms and conditions shall enter into force on the Date of Grant and remain in force until close of business in Sweden on 31 December 2021. The parties shall, however, after such date continue to be bound by the provisions set out in clause 13.5 and 15.

15. GOVERNING LAW AND JURISDICTION

- 15.1 These terms and conditions shall be governed by and construed in accordance with the substantive law of Sweden (excluding its rules on conflict of laws).
- 15.2 The Company and the Director undertake to use their best efforts to resolve any disagreements or disputes regarding these terms and conditions between them or any two or more of them through discussions and mutual agreement.
- 15.3 Any dispute, controversy or claim arising out of or in connection with these terms and conditions, or the breach, termination or invalidity thereof, shall be finally settled by arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce. Unless otherwise agreed between the parties to such arbitration, the Arbitral Tribunal shall be composed of a sole arbitrator, the seat of arbitration shall be Stockholm and the language to be used in the arbitral proceedings shall be English.
- 15.4 The arbitral proceedings and all information and documentation related thereto shall be confidential, unless a disclosure is required under any applicable law, relevant stock exchange regulations or order of court, other tribunal or competition authority or as otherwise agreed between the Company and the Director in writing.
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TERMS AND CONDITIONS GOVERNING DIRECTOR RESTRICTED STOCK UNITS 2016/2020 IN SPOTIFY TECHNOLOGY S.A.**1. RESTRICTED STOCK UNIT ISSUER AND RECIPIENT**

- 1.1 Spotify Technology S.A., a Luxembourg *société anonyme*, with registered offices at 42-44, avenue de la Gare, L-1610 Luxembourg, registered with the Luxembourg Trade and Companies Register under number B 123.052 (the “**Company**”).
- 1.2 Selected members of the Company’s board of directors (the “**Board**”) in accordance with an individual notice of grant (the “**Directors**”) (the “**Notice**”).

2. BACKGROUND

- 2.1 At the annual meeting of the Company’s shareholders held on April 21, 2016, the Company’s shareholders voted in favor of a resolution to approve a remuneration plan in the form of cash bonuses, warrants, restricted stock units or any other form to the members of the Board. In this context, the Board has decided to implement such resolution by granting Restricted Stock Units (as defined below) to the Directors in accordance with these Terms and Conditions.
- 2.2 Neither the granting of a Restricted Stock Unit under this director restricted stock unit program 2016/2020 (the “**Director Restricted Stock Unit Program**”) nor a Director’s appointment as director of the Company shall give the Director any right or expectation to be granted additional Restricted Stock Units at any time.

3. RESTRICTED STOCK UNIT

Subject to the terms and conditions set out herein, the Director is entitled to delivery of one share in the Company (a “Share”) per restricted stock unit (a “**Restricted Stock Unit**”).

4. IMPLEMENTATION AND GRANT

The Director Restricted Stock Unit Program shall be effective as per September 30, 2016 (the “**Date of Grant**”).

5. VESTING**5.1 Vesting general**

- 5.1.1 Except as set forth in clause 7.1 below, vesting of the Director’s granted Restricted Stock Units shall occur on the dates set out in the Notice (each, a “**Vesting Date**”), subject to the Director’s continued assignment with the Company.
- 5.1.2 Notwithstanding the aforesaid, the Board shall be entitled, in its sole discretion, to grant Restricted Stock Units that are subject to a different vesting schedule.

5.2 Termination of assignment

- 5.2.1 If (i) the Director resigns for any reason, including by reason of Director retiring pursuant to the terms of his/her assignment or regulatory requirements or (ii) the Company's shareholders terminate the Director's assignment with the Company for any reason (including, for the avoidance of doubt, as a result of the decision to not re-elect the Director as a member of the Board), all unvested Restricted Stock Units shall cease vesting as of the date of termination of the Director's assignment in accordance with clause 5.2.2 and shall immediately lapse.
- 5.2.2 If the Director resigns, termination of his/her assignment for purposes of the Restricted Stock Units shall be deemed to occur immediately on the Company's receipt of Director's written notice of resignation. If the Company's shareholders terminate the Director's assignment with the Company (including, for the avoidance of doubt, as a result of the decision to not re-elect the Director as a member of the Board), termination of his/her assignment for purposes of the Restricted Stock Units shall be deemed to occur immediately after the resolution to not re-elect or to discharge, as applicable, the Director is adopted at a general meeting of shareholders. If the Director retires pursuant to the terms of his/her assignment or regulatory requirements, termination of his/her assignment for purposes of the Restricted Stock Units shall be deemed to occur immediately after the end of the last day of his/her assignment. Notwithstanding the foregoing in this clause 5.2.2 or in clause 5.2.1, the Board shall be entitled, in its sole discretion, to resolve that termination of the Director's assignment shall be deemed to occur at a later point in time.
- 5.2.3 If a Director ceases to serve as a member of the Board, but is appointed as director of any company controlled by the Company (the "Group"), such change will not be deemed a termination of the assignment for purposes of his/her Restricted Stock Units, provided that there is no other interruption or termination between the termination of assignment as Director and the provision of such services, unless the Board, in its sole discretion, determines that the entity to which the Director transfers is not a qualified affiliate of the Group.

6. SETTLEMENT

Settlement will occur through an electronic platform and with no paper documentation to be executed by the Director. To this effect, the Director will receive an individual username and an individual password from the Company, giving her/him access to a personal account on the electronic platform. Once the Director will have logged-in and accepted the terms and conditions of the Director Restricted Stock Unit Program applicable to her/him, she/he will have the possibility to upload money on the electronic platform (the "**Funds**"). Provided that the Director had sufficient Funds available to pay an amount equal to the par value per Share of the number of Shares underlying the Restricted Stock Units, on or as soon as reasonably practicable (but no later than 30 days) following any Vesting Date, the Company shall issue the number of Shares subject to the Restricted Stock Units that become vested in the name of the Director (or if deceased, the Director's legal representative), which will be issued as fully paid and nonassessable Shares (a "**Settlement Date**"). If the Director does not have sufficient Funds on the electronic platform to pay the applicable par value within 30 days of any Vesting Date, then such Restricted Stock Units may, as determined by the Board in its sole discretion, be cancelled with respect to those Shares that would otherwise have become issuable therefor.

7. AMENDMENT OF THE RESTRICTED STOCK UNITS; ADJUSTMENT

7.1 Change in Control

7.1.1 Notwithstanding clause 5, if there is a Change in Control, all unvested Restricted Stock Units shall, contingent upon closing of such Change in Control actually taking place and subject to the Director's continued assignment as director of the Company immediately prior to closing of such Change in Control ("Closing"), vest immediately prior to the Closing provided, however, that the Director shall have delivered to the Company payment in cash in a form acceptable to the Company in an amount equal to the par value per Share of the number of Shares underlying the Restricted Stock Units that become vested immediately prior to Closing and all other documentation for the issuance of Shares reasonably required by the Board. If such cash payment is not made and such documentation is not delivered by the Director within a reasonable time prior to Closing in accordance with the Board's instructions then such Restricted Stock Units may, as determined by the Board in its sole discretion, be cancelled with respect to those Shares that would otherwise have become issuable therefor. If no Closing takes place Shares underlying Restricted Stock Units will not be issued, any cash payment made by the Director will be returned and these terms and conditions will remain unaffected.

7.1.2 If permitted by applicable law, the Board may, instead of allowing the Director to acquire Shares in accordance with clause 7.1.1, in its sole discretion, cause the cancellation of any vested Restricted Stock Unit outstanding immediately prior to Closing, in whole or in part, in exchange for a payment to the Director, in such form as determined by the Board, provided that the Board shall ensure that the tax treatment and economic returns of the Director is not affected adversely compared to the procedure described in clause 7.1.1 and may provide that any such payment to the Director shall be subject to the same conditions as are imposed on holders of the Shares in the Change in Control (e.g., an earn out or escrow) as well as to applicable tax withholdings.

7.1.2.1 "Change in Control" shall mean and include each of the following:

(i) a transaction or series of transactions (other than an offering of Shares to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d) (2) of the Securities Exchange Act of 1934, as amended from time to time (the "Exchange Act")) directly or indirectly acquires beneficial ownership (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act) of securities of the Company possessing more than 50 % of the total combined voting power of the Company's securities outstanding immediately after such acquisition; provided, however, that the following acquisitions shall not constitute a Change in Control: (w) any acquisition by the Company; (x) any acquisition by an employee benefit plan maintained by the Company, (y) any acquisition which complies with clauses 7.1.2.1(iii)(I)-(III); or (z) in respect of an Restricted Stock Unit held by a particular Director, any acquisition by the Director or any group of persons including the Director (or any entity controlled by the Director or any group of persons including the Director);

(ii) the Incumbent Directors cease for any reason to constitute a majority of the Board;

(iii) the consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination, (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction: (I) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the

business of the Company (the Company or such person, the “Successor **Entity**”) directly or indirectly, at least a majority of the combined voting power of the Successor Entity’s outstanding voting securities immediately after the transaction, and (II) after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (II) as beneficially owning 50% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; and (III) after which at least a majority of the members of the board of directors (or the analogous governing body) of the Successor Entity were Board members at the time of the Board’s approval of the execution of the initial agreement providing for such transaction; or

(iv) the date which is 10 business days prior to the completion of a liquidation or dissolution of the Company.

7.1.2.2 “ **Incumbent Directors**” shall mean for any period of 12 consecutive months, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in clause 7.1.2.1, (i) or 7.1.2.1, (iii)) whose election or nomination for election to the Board was approved by a vote of at least a majority (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director without objection to such nomination) of the directors then still in office who either were directors at the beginning of the 12-month period or whose election or nomination for election was previously so approved. No individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies by or on behalf of any person other than the Board shall be an Incumbent Director.

7.2 **Distribution, reclassification etc.**

If any share split, reverse share split, recapitalization, combination, reclassification or other distribution of the Company’s Shares without the receipt of consideration by the Company occurs, the Board will adjust the number and class of Shares that may be delivered under each outstanding Restricted Stock Unit and in a manner that complies with all applicable laws to prevent diminution or enlargement of the benefits or potential benefits intended to be made available with respect to any grant of any Restricted Stock Unit.

7.3 **Share for share exchange etc.**

7.3.1 If the Company’s shareholders perform a share for share exchange for the purpose of creating a new holding company to the Company, or if a new company otherwise replaces the Company as the holding company in the Group, and such transaction is not a Change in Control, the Board shall use reasonable efforts to either: (a) ensure that the Director receives substantially equivalent rights with respect to securities in the new holding company as the Director had in the Company immediately before such transaction, provided that the Director in writing waives any rights under the Restricted Stock Units, which shall lapse and be cancelled as a consequence thereof; or (b) amend these terms and conditions to the effect that the new holding company assumes the Company’s rights and obligations hereunder and that the Director’s vested and unsettled Restricted Stock Units and unvested Restricted Stock Units shall relate to shares in such new company.

7.3.2 In the event of a transaction as described in clause 7.3.1, the Director shall always be obliged upon the Board's request to, in case of (a) in clause 7.3.1, waive any rights under the Restricted Stock Units provided that the Director receives substantially equivalent rights in the new holding company as the Director had in the Company immediately before such transaction or, in case of (b) in clause 7.3.1, approve any such amendment to these terms and conditions. No waiver shall be requested or required, and the Company may act unilaterally in accordance with this clause 7.3, provided that the Restricted Stock Units preserves the material terms and conditions of the underlying rights, including the vesting schedule and the intrinsic value of the Restricted Stock Unit as of immediately prior to such transaction.

7.3.3 If the Company effects a change of the classes of outstanding Company securities, the Board shall, appropriately and proportionately adjust the class of securities subject to the Restricted Stock Units. The Board will make such adjustments, and its determination will be final, binding and conclusive.

8. CANCELLATION OF RESTRICTED STOCK UNITS IN CASE OF A MATERIAL BREACH

8.1 If the Director commits a material breach of any of its obligations under these terms and conditions and the breach has not been rectified within 15 calendar days from the date the Director receives a written demand for rectification, the Company shall be entitled to cancel the Director's unvested Restricted Stock Units, which as a consequence thereof shall lapse.

8.2 A material breach for purposes of clause 8 and 9 shall mean a breach by the Director of the provisions in clauses 7.3, 10, or 11 or any other breach by the Director of these terms and conditions that is reasonably likely to have a material adverse effect on the Company.

9. LIQUIDATED DAMAGES IN CASE OF A MATERIAL BREACH

9.1 If the Director commits a material breach in accordance with clause 8.2 and the breach has not been rectified within 15 calendar days from the date the Director receives a written demand for rectification, the Director shall upon written request by the Company pay liquidated damages in an amount corresponding to 50 percent of the aggregate then-current fair market value of the Shares represented by the vested portion of the Restricted Stock Units. The Company shall not be entitled to demand liquidated damages if the Company has cancelled the Director's Restricted Stock Units pursuant to clause 8.1.

9.2 If the Director commits a material breach of any of its obligations under these terms and conditions, the Company is entitled, in addition to any liquidated damages in accordance with the provisions of clause 9.1, to claim damages in an amount corresponding to the difference between the actual damage suffered and the liquidated damages (if any), if such damage exceeds the amount of the liquidated damages (if any).

9.3 The payment by the Director of any liquidated damages shall not affect the Company's right to pursue other remedies that the Company may have against the Director as a result of a breach.

10. APPOINTMENT OF AGENT ETC.

10.1 The Director hereby irrevocably authorises the Board, with full power of substitution, to endorse such documents on behalf of the Director and to take any other action reasonably necessary to effect any of the Director's obligations under these terms and conditions,

including but not limited to, execution of a transfer of Shares owned by the Director. The Board shall hold any payment received for the benefit of the Director under this clause on behalf of the Director and separated from any other funds. A withdrawal of the authorisation as provided for in this clause 10 constitutes a material breach of these terms and conditions for purposes of clause 8 and 9.

- 10.2** The Director hereby undertakes to sign, execute and deliver such documents (including without limitation any subscription form), and to take any other actions, as reasonably required by the Board in order to ensure compliance with or observation of the Director's obligations under these terms and conditions.

11. PAYMENT OF CERTAIN TAXES

- 11.1** The Company will perform withholding of taxes in relation to the Restricted Stock Units and the Shares delivered upon settlement if and to the extent required by law or decisions by governmental authorities or if the Board in its reasonable opinion considers it appropriate for the Company to perform such withholding of taxes. For the avoidance of doubt, this clause 11.1 shall not affect the Director's liabilities and undertakings pursuant to clause 11.2 and 11.3.
- 11.2** The Director is liable for and undertakes to pay any taxes (including but not limited to income taxes, capital taxes, employment taxes, self-employment taxes, social security contributions as well as any tax penalties thereon) for which he/she may be liable in relation to the Restricted Stock Units and any Shares issued at settlement ("**Director's Tax Liability**"). For the avoidance of doubt, withholding tax (whether preliminary or deducted at source) on employment income, dividends and capital gains will always be considered as Director's Tax Liability.
- 11.3** As a condition to the issuance of Shares in respect of the vested Restricted Stock Units, the Director shall make such arrangements as the Board may require for the satisfaction of any Director's Tax Liability that may arise in relation to the Restricted Stock Units. The Director shall also make such arrangements as the Board may require for the satisfaction of any Director's Tax Liability that may arise in relation to Shares issued at settlement. For the avoidance of doubt, the Director shall upon the Company's request at issuance pay any Directors' Tax Liability. Without limiting the foregoing, the Company may, without the Director's additional consent, satisfy Director's Tax Liability and payment referred to in clause 6 in respect of the vested Restricted Stock Units via a "cashless" withholding program with terms set forth by the Company in its discretion.
- 11.4** The Company assumes no responsibility for any Director's Tax Liability. The Director represents that the Director is not relying on the Company for any tax advice and explicitly agrees not to demand any compensation from the Company to cover any Director's Tax Liability.

12. DATA PROTECTION

- 12.1** For the purposes of implementing, managing and administering the Director Restricted Stock Unit Program, and for the Director to participate in the Director Restricted Stock Unit Program, it is necessary for the Company acting as data controller, and other companies in the Group to collect, use, disclose, transfer and otherwise process personal data regarding the Director, including the Director's name, home address and telephone number, date of birth, personal identification number, social security number, salary, nationality, job title, any Shares or directorships held in the Company or any company in

the Group, details of all Restricted Stock Units or other entitlements to Shares awarded, cancelled, exercised, vested, unvested or outstanding in the Director's favour (the "Data"). Any such processing will be carried out in accordance with the Company's legitimate interest in administering the Director Restricted Stock Unit Program only to the extent permitted by and in full compliance with any applicable data protection laws and regulations. The Director's Data will be retained by the Company for so long as the Director holds Restricted Stock Units and/or Shares in the Company, and thereafter only for so long as required by applicable law.

- 12.2** The Director further understands that the Company and/or any company in the Group will transfer the Data among themselves, as necessary for the purposes of implementation, management and administration of the Director's participation in the Director Restricted Stock Unit Program, and that the Company and/or any company in the Group may each further transfer Data to any third party service provider acting as data processors and assisting the Company in the implementation, management and administration of the Director Restricted Stock Unit Program (the "**Data Recipients**"). The Company shall ensure that any Data Recipient shall be contractually required to ensure appropriate confidentiality and security as well as compliance with applicable data protection laws and regulations.
- 12.3** The Director understands that these Data Recipients may be located in the Director's country of residence or elsewhere. The Director acknowledges that such Data Recipients will be receiving, possessing, using, retaining, and transferring Data in electronic or other form, for the purposes of implementing, managing and administering the Director's participation in the Director Restricted Stock Unit Program, including any transfer of such Data to any third party service provider acting as data processors, as may be required for the administration of the Director Restricted Stock Unit Program and/or the subsequent holding of Shares on the Director's behalf, to a broker or third party with whom the Shares settled following vesting of the Restricted Stock Units may be deposited. Where the transfer is to be to a destination outside the European Economic Area (the "EEA"), the Company shall take reasonable steps to ensure that the Director's personal data is legally transferred and continues to be adequately protected and securely held. This may for example include that the Company ensures that the Data Recipients located outside of the EEA (i) hold certifications that are sufficient to receive and process personal data about EU individuals, e.g. the EU-US Privacy Shield program, or (ii) are bound by approved contractual mechanisms for transfers of personal data outside of the EEA, e.g. standard contractual clauses.
- 12.4** Subject to the nature of the Data and the Company's legal basis for processing that Data, the Director may, at any time, contact the Company at to make any of the following requests in respect of the Data processed by the Company:
- a. request access to the Data;
 - b. request that Data which the Director deems to be incorrect is rectified;
 - c. request for the Data to be erased by the Company;
 - d. request for the Company to restrict processing of his or her Data in certain circumstances including where the accuracy of the Data is contested, the processing of the Data is unlawful, where the Company no longer needs the Data or where the Director objects to the Company processing his or her Data;

- e. request for the Company to port the Data to another party;
- f. object to the Company processing the Data; or
- g. request to not be subject to a decision taken by the Company which is based solely on automated processing including profiling where that decision has a legal impact or similarly significant impact on the Director.

12.5 The Director understands that, should the Director have any concerns regarding the Company's processing of the Director's Data, the Director may contact the Company or lodge a complaint with the data protection authority in the country where the Director is employed.

13. MISCELLANEOUS

13.1 The Restricted Stock Units may not be transferred, otherwise disposed, pledged, borrowed against or used as any form of security.

13.2 The Company shall be entitled to amend these terms and conditions to the extent required by legislation, court decisions, decisions by public authorities or agreements, or if such amendments, in the reasonable judgment of the Company, are otherwise necessary for practical reasons, and provided in all of the aforementioned cases that the Director's rights are in no material respects adversely affected. If the Director's rights would be materially adversely affected, the Director's written consent shall be necessary for such amendment.

13.3 Nothing in these terms and conditions or in any right or Restricted Stock Unit granted under these terms and conditions shall confer upon the Director the right to continue his/her assignment for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company or of the Director, which rights are hereby expressly reserved by each, to terminate the Director's assignment at any time.

13.4 The Director has no right to compensation or damages for any loss in respect of the Restricted Stock Unit where such loss arises (or is claimed to arise), in whole or in part, from the termination of the Director's assignment; or notice to terminate the assignment given by or to the Director.

13.5 The Director undertakes not to use or disclose the contents of these terms and conditions, or any financial information, trade secrets, customer lists or other information which it may from time to time receive or obtain (orally or in writing or in disc or electronic form) as a result of entering into or performing its obligations pursuant to these terms and conditions or otherwise, relating to the Group unless: (i) required to do so by law or pursuant to any order of court or other competent authority or tribunal; or (ii) such disclosure has been consented to by the Company, provided, however, that the Director may disclose the terms and conditions of his or her Restricted Stock Units to the Director's spouse, personal attorney and/or tax preparer. If a Director becomes required, in circumstances contemplated by (i) to disclose any information, the disclosing Director shall use its best efforts to consult with the Company prior to any such disclosure.

13.6 The Restricted Stock Units (and Shares issued on settlement of a Restricted Stock Unit) will be subject to recoupment in accordance with any clawback policy that the Group adopts pursuant to the listing standards of any national, foreign or international securities exchange or association on which the Company's securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law, or as the Board otherwise deems necessary or appropriate. The Board may include such other clawback, recovery or recoupment provisions in the Notice of Grant or other written agreement with the Director, as the Board determines necessary or appropriate.

13.7 Shares will not be issued under this Director Restricted Stock Unit Program unless the issuance and delivery of such Shares comply with (or are exempt from) all applicable requirements of law, including (without limitation) the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded. In addition to the terms and conditions provided herein, the Board may require that a Director make such reasonable covenants, agreements and representations as the Board, in its sole discretion, deems advisable in order to comply with applicable law.

14. TERM AND TERMINATION

These terms and conditions shall enter into force on the Date of Grant and remain in force until close of business in Sweden on 31 December 2020. The parties shall, however, after such date continue to be bound by the provisions set out in clause 13.5 and 15.

15. GOVERNING LAW AND JURISDICTION

15.1 These terms and conditions shall be governed by and construed in accordance with the substantive law of Sweden (excluding its rules on conflict of laws).

15.2 The Company and the Director undertake to use their best efforts to resolve any disagreements or disputes regarding these terms and conditions between them or any two or more of them through discussions and mutual agreement.

15.3 Any dispute, controversy or claim arising out of or in connection with these terms and conditions, or the breach, termination or invalidity thereof, shall be finally settled by arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce. Unless otherwise agreed between the parties to such arbitration, the Arbitral Tribunal shall be composed of a sole arbitrator, the seat of arbitration shall be Stockholm and the language to be used in the arbitral proceedings shall be English.

15.4 The arbitral proceedings and all information and documentation related thereto shall be confidential, unless a disclosure is required under any applicable law, relevant stock exchange regulations or order of court, other tribunal or competition authority or as otherwise agreed between the Company and the Director in writing.

THE ECHO NEST CORPORATION
2007 STOCK OPTION AND GRANT PLAN

SECTION 1. GENERAL PURPOSE OF THE PLAN; DEFINITIONS

The name of the plan is The Echo Nest Corporation 2007 Stock Option and Grant Plan (the “Plan”). The purpose of the Plan is to encourage and enable the officers, employees, directors and other key persons (including consultants and prospective employees) of the Echo Nest Corporation (including any successor entity, the “Company”) and its Subsidiaries upon whose judgment, initiative and efforts the Company largely depends for the successful conduct of its business to acquire a proprietary interest in the Company. It is anticipated that providing such persons with a direct stake in the Company’s welfare will assure a closer identification of their interests with those of the Company, thereby stimulating their efforts on the Company’s behalf and strengthening their desire to remain with the Company.

The following terms shall be defined as set forth below:

“*Act*” means the Securities Act of 1933, as amended, and the rules and regulations thereunder.

“*Affiliate*” of any Person means a Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with the first mentioned Person. A Person shall be deemed to control another Person if such first Person possesses directly or indirectly the power to direct, or cause the direction of, the management and policies of the second Person, whether through the ownership of voting securities, by contract or otherwise.

“*Award*” or “*Awards*,” except where referring to a particular category of grant under the Plan, shall include Incentive Stock Options, Non-Qualified Stock Options, Restricted Stock Awards, Unrestricted Stock Awards or any combination of the foregoing.

“*Bankruptcy*” shall mean (i) the filing of a voluntary petition under any bankruptcy or insolvency law, or a petition for the appointment of a receiver or the making of an assignment for the benefit of creditors, with respect to the Holder, or (ii) the Holder being subjected involuntarily to such a petition or assignment or to an attachment or other legal or equitable interest with respect to the Holder’s assets, which involuntary petition or assignment or attachment is not discharged within 60 days after its date, and (iii) the Holder being subject to a transfer of its Issued Shares by operation of law (including by divorce, even if not insolvent), except by reason of death.

“*Board*” means the Board of Directors of the Company.

“*Cause*” means dismissal as a result of (i) the commission of any act by a grantee constituting financial dishonesty against the Company or its Subsidiaries (which act would be

chargeable as a crime under applicable law); (ii) a grantee's engaging in any other act of dishonesty, fraud, intentional misrepresentation, moral turpitude, illegality or harassment which, as determined in good faith by the Board, would: (A) materially adversely affect the business or the reputation of the Company or any of its Subsidiaries with their respective current or prospective customers, suppliers, lenders and/or other third parties with whom such entity does or might do business; or (B) expose the Company or any of its Subsidiaries to a risk of civil or criminal legal damages, liabilities or penalties; (iii) the repeated failure by a grantee to follow the directives of the chief executive officer of the Company or any of its Subsidiaries or Board, or (iv) any material misconduct, violation of the Company's or Subsidiaries' policies, or willful and deliberate non-performance of duty by the grantee in connection with the business affairs of the Company or its Subsidiaries.

"Code" means the Internal Revenue Code of 1986, as amended, and any successor Code, and related rules, regulations and interpretations.

"Committee" means the Committee of the Board referred to in Section 2.

"Effective Date" means the date on which the Plan is approved by stockholders as set forth at the end of this Plan.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

"Fair Market Value" of the Stock on any given date means the fair market value of the Stock determined in good faith by the Committee.

"Holder" means, with respect to an Award or any Issued Shares, the Person holding such Award or Issued Shares, including the initial recipient of the Award or any Permitted Transferee.

"Incentive Stock Option" means any Stock Option designated and qualified as an "incentive stock option" as defined in Section 422 of the Code.

"Issued Shares" means, collectively, all outstanding Shares issued pursuant to Restricted Stock Awards, all outstanding Shares issued pursuant to Unrestricted Stock Awards, and all Option Shares.

"Non-Qualified Stock Option" means any Stock Option that is not an Incentive Stock Option.

"Option Shares" means outstanding shares of Stock that were issued to a Holder upon the exercise of a Stock Option.

"Permitted Transferees" shall mean any of the following to whom a Holder may transfer Issued Shares hereunder (as set forth in Section 9(a)(ii)(A)): the Holder's spouse, children (natural or adopted), stepchildren, brothers, sisters, nephews, nieces, grandchildren or a trust for their sole benefit of which the Holder is the settlor; *provided, however*, that any such trust does not require or permit distribution of any Issued Shares during the term of this Agreement unless subject to its terms. Upon the death of the Holder, the term Permitted Transferees shall also include such deceased Holder's estate, executors, administrations, personal representatives, heirs, legatees and distributees, as the case may be.

“*Person*” shall mean any individual, corporation, partnership (limited or general), limited liability company, limited liability partnership, association, trust, joint venture, unincorporated organization or any similar entity.

“*Option*” or “*Stock Option*” means any option to purchase shares of Stock granted pursuant to Section 6.

“*Repurchase Event*” means (i) a Termination Event, (ii) the Holder’s Bankruptcy, or (iii) the consummation of a Sale Event.

“*Restricted Stock Award*” means Awards granted pursuant to Section 7 and “*Restricted Stock*” means Shares granted pursuant to such Awards.

“*Sale Event*” means the consummation of (i) the dissolution or liquidation of the Company, (ii) the sale of all or substantially all of the assets of the Company on a consolidated basis to an unrelated person or entity, (iii) a merger, reorganization or consolidation in which the outstanding shares of Stock are converted into or exchanged for securities of the successor entity and the holders of the Company’s outstanding voting power immediately prior to such transaction do not own at least a majority of the outstanding voting power of the successor entity immediately upon completion of such transaction, (iv) the sale of all or a majority of the Stock of the Company to an unrelated person or entity, or (v) any other transaction in which the holders of the Company’s outstanding voting power immediately prior to such transaction do not own at least a majority of the outstanding voting power of the Company or a successor entity immediately upon completion of the transaction.

“*Securities Act*” means the Securities Act of 1933, as amended, and the rules and regulations thereunder.

“*Shares*” means shares of Stock.

“*Stock*” means the Common Stock, par value \$.01 per share, of the Company, subject to adjustments pursuant to Section 3.

“*Subsidiary*” means any corporation or other entity (other than the Company) in which the Company has a controlling interest, either directly or indirectly.

“*Termination Event*” means the termination of the Award recipient’s employment or service relationship with the Company and its Subsidiaries for any reason whatsoever, regardless of the circumstances thereof, and including, without limitation, upon death, disability, retirement, discharge or resignation for any reason, whether voluntarily or involuntarily. The following shall not constitute a Termination Event: (i) a transfer to the employment of the Company from a Subsidiary or from the Company to a Subsidiary, or from one Subsidiary to another Subsidiary or (ii) an approved leave of absence for military service or sickness, or for any other purpose approved by the Committee, if the employee’s right to re-employment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Committee otherwise so provides in writing.

“*Unrestricted Stock Award*” means any Award granted pursuant to Section 8 and “*Unrestricted Stock*” means Shares granted pursuant to such Awards.

SECTION 2. ADMINISTRATION OF PLAN; COMMITTEE AUTHORITY TO SELECT GRANTEEES AND DETERMINE AWARDS

(a) Administration of Plan. The Plan shall be administered by the Board, or at the discretion of the Board, by a committee of the Board, comprised of not less than two Directors. All references herein to the Committee shall be deemed to refer to the group then responsible for administration of the Plan at the relevant time (i.e., either the Board of Directors or a committee or committees of the Board, as applicable).

(b) Powers of Committee. The Committee shall have the power and authority to grant Awards consistent with the terms of the Plan, including the power and authority:

(i) to select the individuals to whom Awards may from time to time be granted;

(ii) to determine the time or times of grant, and the extent, if any, of Incentive Stock Options, Non-Qualified Stock Options, Restricted Stock Awards, Unrestricted Stock Awards or any combination of the foregoing, granted to any one or more grantees;

(iii) to determine the number of shares of Stock to be covered by any Award;

(iv) to determine and modify from time to time the terms and conditions, including restrictions, not inconsistent with the terms of the Plan, of any Award, which terms and conditions may differ among individual Awards and grantees, and to approve the form of written instruments evidencing the Awards;

(v) to accelerate at any time the exercisability or vesting of all or any portion of any Award;

(vi) to impose any limitations on Awards granted under the Plan, including limitations on transfers, repurchase provisions and the like and to exercise repurchase rights or obligations;

(vii) subject to any restrictions applicable to Incentive Stock Options, to extend at any time the period in which Stock Options may be exercised; and

(viii) at any time to adopt, alter and repeal such rules, guidelines and practices for administration of the Plan and for its own acts and proceedings as it shall deem advisable; to interpret the terms and provisions of the Plan and any Award (including related written instruments); to make all determinations it deems advisable for the administration of the Plan; to decide all disputes arising in connection with the Plan; and to otherwise supervise the administration of the Plan.

All decisions and interpretations of the Committee shall be binding on all persons, including the Company and Plan grantees.

(c) Indemnification. Neither the Board nor the Committee, nor any member of either or any delegatee thereof, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with the Plan, and the members of the Board and the Committee (and any delegatee thereof) shall be entitled in all cases to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including, without limitation, reasonable attorneys' fees) arising or resulting therefrom to the fullest extent permitted by law and/or under any directors' and officers' liability insurance coverage which may be in effect from time to time.

SECTION 3. STOCK ISSUABLE UNDER THE PLAN; CHANGES IN STOCK; SUBSTITUTION

(a) Stock Issuable. The maximum number of Shares reserved and available for issuance under the Plan shall be 9877 Shares, subject to adjustment as provided in Section 3(b). For purposes of this limitation, the Shares underlying any Awards which are forfeited, canceled, reacquired by the Company, satisfied without the issuance of Stock or otherwise terminated (other than by exercise) shall be added back to the Shares available for issuance under the Plan. Subject to such overall limitation, Shares may be issued up to such maximum number pursuant to any type or types of Award. The Shares available for issuance under the Plan may be authorized but unissued Shares or Shares reacquired by the Company and held in its treasury.

(b) Changes in Stock. Subject to Section 4 hereof, if, as a result of any reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar change in the Company's capital stock, the outstanding shares of Stock are increased or decreased or are exchanged for a different number or kind of shares or other securities of the Company, or additional shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such shares of Stock or other securities, or, it as a result of any merger, consolidation or sale of all or substantially all of the assets of the Company, the outstanding shares of Stock are converted into or exchanged for a different number or kind of securities of the Company or any successor entity (or a parent or subsidiary thereof), the Committee shall make an appropriate or proportionate adjustment in (i) the maximum number of shares reserved for issuance under the Plan, (ii) the number and kind of shares or other securities subject to any then outstanding Awards under the Plan, (iii) the repurchase price per share subject to each outstanding Award, if any, and (iv) the exercise price and/or exchange price for each share subject to any then outstanding Stock Options under the Plan, without changing the aggregate exercise price (i.e., the exercise price multiplied by the number of Stock Options) as to which such Stock Options remain exercisable. The adjustment by the Committee shall be final, binding and conclusive. No fractional shares of Stock shall be issued under the Plan resulting from any such adjustment, but the Committee in its discretion may make a cash payment in lieu of fractional shares.

The Committee may also adjust the number of shares subject to outstanding Awards and the exercise price and the terms of outstanding Awards to take into consideration material changes in accounting practices or principles, extraordinary dividends, acquisitions or dispositions of stock or property or any other event if it is determined by the Committee that such adjustment is appropriate to avoid distortion in the operation of the Plan, provided that no such adjustment shall be made in the case of an Incentive Stock Option, without the consent of the grantee, if it would constitute a modification, extension or renewal of the Option within the meaning of Section 424(h) of the Code.

(c) Substitute Awards. The Committee may grant Awards under the Plan in substitution for stock and stock based awards held by employees, directors or other key persons of another corporation in connection with a merger or consolidation of the employing corporation with the Company or a Subsidiary or the acquisition by the Company or a Subsidiary of property or stock of the employing corporation. The Committee may direct that the substitute awards be granted on such terms and conditions as the Committee considers appropriate in the circumstances. Any substitute Awards granted under the Plan shall not count against the share limitation set forth in Section 3(a).

SECTION 4. TREATMENT UPON SALE EVENT OR OTHER EXTRAORDINARY TRANSACTION

(a) Options.

(i) In the case of and subject to the consummation of a Sale Event, the Plan and all Options issued hereunder shall terminate upon the effective time of any such Sale Event unless provision is made in connection with the Sale Event in the sole discretion of the parties thereto for the assumption or continuation of Options theretofore granted by the successor entity, or the substitution of such Options with new Options of the successor entity or parent thereof, with appropriate adjustment as to the number and kind of shares and, if appropriate, the per share exercise prices, as such parties shall agree (after taking into account any acceleration hereunder).

(ii) In the event of the termination of the Plan and all Options issued hereunder, each Holder of Options shall be permitted, within a specified period of time prior to the consummation of the Sale Event as determined by the Committee, to exercise all such Options which are then exercisable or will become exercisable as of the effective time of the Sale Event; *provided, however*, that the exercise of Options not exercisable prior to the Sale Event shall be subject to the consummation of the Sale Event.

(iii) Notwithstanding anything to the contrary in Section 4(a)(i), in the event of a Sale Event pursuant to which holders of the Stock of the Company will receive upon consummation thereof a cash payment for each share surrendered in the Sale Event, the Company shall have the right, but not the obligation, to make or provide for a cash payment to the grantees holding vested Options in exchange for the cancellation thereof, in an amount equal to the difference between (A) the value as determined by the Committee of the consideration payable per share of Stock pursuant to the Sale Event (the "Sale Price") times the number of shares of Stock subject to outstanding vested Options (to the extent then exercisable at prices not in excess of the Sale Price) and (B) the aggregate exercise price of all such outstanding vested Options.

(b) Option Shares and Restricted Stock Awards. Unless otherwise provided in an Award agreement, in the case of and subject to the consummation of a Sale Event, Option Shares and shares of Restricted Stock shall be subject to the repurchase right set forth in Section 9(c)(i) and 9(c)(ii), respectively.

(c) Unrestricted Stock Awards. Unless otherwise provided in an Award agreement, any shares of Unrestricted Stock shall be treated in a Sale Event the same as all other Shares then outstanding.

SECTION 5. ELIGIBILITY

Grantees under the Plan will be such full or part-time officers and other employees, directors and key persons (including consultants and prospective employees) of the Company and its Subsidiaries as are selected from time to time by the Committee in its sole discretion.

SECTION 6. STOCK OPTIONS

(a) Nature of Stock Options. A Stock Option is an Award entitling the recipient to acquire, at such exercise price as determined by the Committee, shares of Stock subject to such restrictions and conditions as the Committee may determine at the time of grant. Conditions may be based on continuing employment (or other service relationship) and/or achievement of pre-established performance goals and objectives. The grant of a Stock Option is contingent on the grantee executing the Stock Option agreement. The terms and conditions of each such agreement shall be determined by the Committee, and such terms and conditions may differ among individual Awards and grantees.

Stock Options granted under the Plan may be either Incentive Stock Options or Non-Qualified Stock Options. Incentive Stock Options may be granted only to employees of the Company or any Subsidiary that is a “subsidiary corporation” within the meaning of Section 424(f) of the Code. To the extent that any Option does not qualify as an Incentive Stock Option, it shall be deemed a Non-Qualified Stock Option.

No Incentive Stock Option shall be granted under the Plan after the date which is ten (10) years from the date the Plan is approved by Board of Directors.

(b) Grants of Stock Options. The Committee in its discretion may grant Stock Options to eligible directors, officers, employees and key persons of the Company or any Subsidiary. Stock Options granted under the Plan shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem desirable. If the Committee so determines, Stock Options may be granted in lieu of cash compensation at the optionee’s election, subject to such terms and conditions as the Committee may establish.

(i) Exercise Price. The exercise price per share for the Stock covered by a Stock Option granted under the Plan shall be determined by the Committee at the time of grant but shall not be less than 100 percent of the Fair Market Value on the date of grant. If an employee owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10 percent of the combined voting power of all classes of stock of the Company or any parent or subsidiary corporation and an Incentive Stock Option is granted to such employee, the option price of an Incentive Stock Option shall be not less than 110 percent of the Fair Market Value on the grant date.

(ii) Option Term. The term of each Stock Option shall be fixed by the Committee, but no Stock Option shall be exercisable more than 10 years after the date the Stock Option is granted. If an employee owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10 percent of the combined voting power of all classes of stock of the Company or any parent or subsidiary corporation and an Incentive Stock Option is granted to such employee, the term of such Stock Option shall be no more than five years from the date of grant.

(iii) Exercisability; Rights of a Stockholder. Stock Options shall become exercisable at such time or times, whether or not in installments, as shall be determined by the Committee at or after the grant date. The Committee may at any time accelerate the exercisability of all or any portion of any Stock Option. An optionee shall have the rights of a stockholder only as to shares acquired upon the exercise of a Stock Option and not as to unexercised Stock Options. An optionee shall not be deemed to have acquired any such shares unless and until a Stock Option shall have been exercised pursuant to the terms hereof, the Company shall have issued and delivered the shares to the optionee, and the optionee's name shall have been entered on the books of the Company as a stockholder.

(iv) Method of Exercise. Stock Options may be exercised in whole or in part, by giving written notice of exercise to the Company, specifying the number of shares to be purchased. Payment of the purchase price may be made by one or more of the following methods or as otherwise provided by the Committee:

(A) In cash, by certified or bank check or other instrument acceptable to the Committee in U.S. funds payable to the order of the Company in an amount equal to the purchase price of such Option Shares;

(B) By the optionee delivering to the Company a promissory note if the Board has expressly authorized the loan of funds to the optionee for the purpose of enabling or assisting the optionee to effect the exercise of his or her Stock Option; provided that at least so much of the exercise price as represents the par value of the Stock shall be paid other than with a promissory note if otherwise required by state law; or

(C) If permitted by the Committee, through the delivery (or attestation to the ownership) of shares of Stock that have been beneficially owned by the optionee for at least six months and are not then subject to restrictions under any Company plan. Such surrendered shares shall be valued at Fair Market Value on the exercise date.

Payment instruments will be received subject to collection. No certificates for shares of Stock so purchased will be issued to optionee until the Company has completed all steps required by law to be taken in connection with the issuance and sale of the shares, including, without limitation, (i) receipt of a representation from the optionee at the time of exercise of the Option that the optionee is purchasing the shares for the optionee's own account and not with a view to any sale or distribution thereof, (ii) the legending of any certificate representing the shares to evidence the foregoing representations and restrictions, and (iii) obtaining from optionee payment or provision for all withholding taxes due as a result of the exercise of the Option. The delivery of certificates representing the shares of Stock to be purchased pursuant to the exercise of a Stock Option will be contingent upon receipt from the optionee (or a purchaser acting in his stead in accordance with the provisions of the Stock Option) by the Company of the full purchase price for such shares and the fulfillment of any other requirements contained in the Option Award agreement or applicable provisions of laws. In the event an optionee chooses to pay the purchase price by previously-owned shares of Stock through the attestation method, the number of shares of Stock transferred to the optionee upon the exercise of the Stock Option shall be net of the number of shares attested to.

(c) Annual Limit on Incentive Stock Options. To the extent required for "incentive stock option" treatment under Section 422 of the Code, the aggregate Fair Market Value (determined as of the time of grant) of the shares of Stock with respect to which Incentive Stock Options granted under this Plan and any other plan of the Company or its parent and subsidiary corporations become exercisable for the first time by an optionee during any calendar year shall not exceed \$100,000. To the extent that any Stock Option exceeds this limit, it shall constitute a Non-Qualified Stock Option.

SECTION 7. RESTRICTED STOCK AWARDS

(a) Nature of Restricted Stock Awards. A Restricted Stock Award is an Award pursuant to which the Company may, in its sole discretion, grant or sell, at such purchase price as determined by the Committee, in its sole discretion, shares of Stock subject to such restrictions and conditions as the Committee may determine at the time of grant, which purchase price shall be payable in cash or other form of consideration acceptable to the Committee. Conditions may be based on continuing employment (or other service relationship) and/or achievement of pre-established performance goals and objectives. The grant of a Restricted Stock Award is contingent on the grantee executing the Restricted Stock Award agreement. The terms and conditions of each such agreement shall be determined by the Committee, and such terms and conditions may differ among individual Awards and grantees.

(b) Rights as a Stockholder. Upon execution of a written instrument setting forth the Restricted Stock Award and payment of any applicable purchase price, a grantee shall have the rights of a stockholder with respect to the voting of the Restricted Stock, subject to such conditions contained in the written instrument evidencing the Restricted Stock Award.

(c) Vesting of Restricted Stock. The Committee at the time of grant shall specify the date or dates and/or the attainment of pre-established performance goals, objectives and other conditions on which Restricted Stock shall become vested, subject to such further rights of the Company or its assigns as may be specified in the instrument evidencing the Restricted Stock Award.

(d) Record Owner; Dividends. The Holder of Restricted Stock shall be considered the record owners of and shall be entitled to vote the Shares of Restricted Stock if and to the extent such Shares are entitled to voting rights. The Holder shall be entitled to receive all dividends and any other distributions declared on the Shares; *provided, however*, that the Company is under no duty to declare any such dividends or to make any such distribution. The Restricted Stock Award agreement may require or permit the immediate payment, waiver, deferral or investment of dividends paid on the Restricted Stock.

SECTION 8. UNRESTRICTED STOCK AWARDS

(a) Grant or Sale of Unrestricted Stock. The Committee may, in its sole discretion, grant (or sell at par value or such higher purchase price determined by the Committee) an Unrestricted Stock Award to any grantee, pursuant to which such grantee may receive shares of Stock free of any vesting restrictions under the Plan. Unrestricted Stock Awards may be granted or sold as described in the preceding sentence in respect of past services or other valid consideration, or in lieu of any cash compensation due to such individual.

(b) Elections to Receive Unrestricted Stock In Lieu of Compensation. Upon the request of a grantee and with the consent of the Committee, each such grantee may, pursuant to an advance written election delivered to the Company no later than the date specified by the Committee, receive a portion of the cash compensation otherwise due to such grantee in the form of shares of Unrestricted Stock either currently or on a deferred basis.

SECTION 9. TRANSFER RESTRICTIONS; COMPANY RIGHT OF FIRST REFUSAL; COMPANY REPURCHASE RIGHTS

(a) Restrictions on Transfer.

(i) Options. No Stock Option shall be transferable by the optionee otherwise than by will or by the laws of descent and distribution and all Stock Options shall be exercisable, during the optionee's lifetime, only by the optionee, or by the optionee's legal representative or guardian in the event of the optionee's incapacity. The Optionee may elect to designate a beneficiary by providing written notice of the name of such beneficiary to the Company, and may revoke or change such designation at any time by filing written notice of revocation or change with the Company, and any such beneficiary may exercise the Optionee's Stock Option in the event of the Optionee's death to the extent provided herein. If the Optionee does not designate a beneficiary, or if the designated beneficiary predeceases the Optionee, the legal representative of the Optionee may exercise this Stock Option in the event of the Optionee's death to the extent provided herein. Notwithstanding the foregoing, the Committee, in its sole discretion, may provide in the Award agreement regarding a given Option that the optionee may transfer, without consideration for the transfer, his or her Non-Qualified Stock Options to members of his or her immediate family, to trusts for the benefit of such family members, or to partnerships in which such family members are the only partners, provided that the transferee agrees in writing with the Company to be bound by all of the terms and conditions of this Plan and the applicable Option.

(ii) Issued Shares. No Issued Shares shall be sold, assigned, transferred, pledged, hypothecated, given away or in any other manner disposed of or encumbered, whether voluntarily or by operation of law, unless (i) such transfer is in compliance with the terms of the applicable Award, all applicable securities laws (including, without limitation, the Act), and with the terms and conditions of this Section 9, (ii) such transfer does not cause the Company to become subject to the reporting requirements of the Exchange Act, and (iii) the transferee consents in writing to be bound by the provisions of the Plan, including this Section 9. In connection with any proposed transfer, the Committee may require the transferor to provide at the transferor's own expense an opinion of counsel to the transferor, satisfactory to the Committee, that such transfer is in compliance with all foreign, federal and state securities laws (including, without limitation, the Securities Act). Any attempted disposition of Issued Shares not in accordance with the terms and conditions of this Section 9 shall be null and void, and the Company shall not reflect on its records any change in record ownership of any Issued Shares as a result of any such disposition, shall otherwise refuse to recognize any such disposition and shall not in any way give effect to any such disposition of Issued Shares. Subject to the foregoing general provisions, and unless otherwise provided in the agreement with respect to a particular Award, Issued Shares may be transferred pursuant to the following specific terms and conditions (provided that with respect to any transfer of Restricted Stock, all vesting and forfeiture provisions shall continue to apply only with respect to the original recipient):

(A) Transfers to Permitted Transferees. The Holder may sell, assign, transfer or give away any or all of the Issued Shares to Permitted Transferees; *provided, however*, that following such sale, assignment, or other transfer, such Issued Shares shall continue to be subject to the terms of this Plan (including this Section 9) and such Permitted Transferee(s) shall, as a condition to any such transfer, deliver a written acknowledgment to that effect to the Company.

(B) Transfers Upon Death. Upon the death of the Holder, any Issued Shares then held by the Holder at the time of such death and any Issued Shares acquired thereafter by the Holder's legal representative shall be subject to the provisions of this Plan, and the Holder's estate, executors, administrators, personal representatives, heirs, legatees and distributees shall be obligated to convey such Issued Shares to the Company or its assigns under the terms contemplated hereby.

(b) Right of First Refusal. In the event that a Holder desires at any time to sell or otherwise transfer all or any part of such Holder's Issued Shares, the Holder first shall give written notice to the Company of the Holder's intention to make such transfer. Such notice shall state the number of Issued Shares which the Holder proposes to sell (the "Offered Shares"), the price and the terms at which the proposed sale is to be made and the name and address of the proposed transferee. At any time within 30 days after the receipt of such notice by the Company, the Company or its assigns may elect to purchase all or any portion of the Offered Shares at the price and on the terms offered by the proposed transferee and specified in the notice. The Company or its assigns shall exercise this right by mailing or delivering written notice to the Holder within the foregoing 30-day period. If the Company or its assigns elect to exercise its

purchase rights under this Section 9(b), the closing for such purchase shall, in any event, take place within 45 days after the receipt by the Company of the initial notice from the Holder. In the event that the Company or its assigns do not elect to exercise such purchase right, or in the event that the Company or its assigns do not pay the full purchase price within such 45-day period, the Holder may, within 60 days thereafter, sell the Offered Shares to the proposed transferee and at the same price and on the same terms as specified in the Holder's notice. Any Shares purchased by such proposed transferee shall no longer be subject to the terms of the Plan. Any Shares not sold to the proposed transferee shall remain subject to the Plan.

(c) Company's Right of Repurchase.

(i) Right of Repurchase for Option Shares. The Company or its assigns shall have the right and option upon a Repurchase Event to repurchase from a Holder of Option Shares some or all (as determined by the Company) of the Option Shares held or subsequently acquired upon exercise of a Stock Option by such Holder at the price per share specified below. Such repurchase right may be exercised by the Company within the later of (A) six months following the date of such Repurchase Event or (B) seven months after the acquisition of such Option Shares upon exercise of a Stock Option (the "Option Shares Repurchase Period"). The "Option Shares Repurchase Price" shall be equal to the Fair Market Value of the Option Shares, determined as of the date the Committee elects to exercise its repurchase rights in connection with a Repurchase Event.

(ii) Right of Repurchase With Respect to Restricted Stock. Unless otherwise set forth in the agreement entered into by the recipient and the Company in connection with a Restricted Stock Award, the Company or its assigns shall have the right and option upon a Repurchase Event to repurchase from a Holder of Issued Shares received pursuant to a Restricted Stock Award some or all (as determined by the Company) of such Issued Shares at the price per share specified below. Such repurchase right may be exercised by the Company within six months following the date of such Repurchase Event (the "Non-Option Shares Repurchase Period"). The "Non-Option Shares Repurchase Price" shall be (i) in the case of Issued Shares which are vested as of the date of the Repurchase Event, the Fair Market Value of such Issued Shares as of the date the Committee elects to exercise its repurchase rights in connection with a Repurchase Event and (ii) in the case of Issued Shares which have not vested as of the date of the Repurchase Event, subject to adjustment as provided in Section 3(b), the original per share purchase price paid by the recipient.

(iii) Procedure. Any repurchase right of the Company shall be exercised by the Company or its assigns by giving the Holder written notice on or before the last day of the Option Shares Repurchase Period or Non-Option Shares Repurchase Period, as applicable, of its intention to exercise such repurchase right. Upon such notification, the Holder shall promptly surrender to the Company, free and clear of any liens or encumbrances, any certificates representing the Shares being purchased, together with a duly executed stock power for the transfer of such Shares to the Company or the Company's assignee or assignees. Upon the Company's or its assignee's receipt of the certificates from the Holder, the Company or its assignee or assignees shall deliver to him, her or them a check for the Option Shares Repurchase Price or the Non-Option Shares Repurchase Price, as applicable; *provided, however*, that the Company may pay the Option Shares Repurchase Price or Non-Option Shares Repurchase Price, as applicable, by offsetting and canceling any indebtedness then owed by the Holder to the Company.

(d) Drag Along Right. In the event the holders of a majority of the Company's equity securities then outstanding (the "Majority Shareholders") determine to sell or otherwise dispose of all or substantially all of the assets of the Company or all or fifty percent (50%) or more of the capital stock of the Company, in each case in a transaction constituting a change in control of the Company, to any non-Affiliate(s) of the Company or any of the Majority Shareholders, or to cause the Company to merge with or into or consolidate with any non-Affiliate(s) of the Company or any of the Majority Shareholders (in each case, the "Buyer") in a *bona fide* negotiated transaction (a "Sale"), a Holder of Issued Shares, including any Permitted Transferees, shall be obligated to and shall upon the written request of the Majority Shareholders: (a) sell, transfer and deliver, or cause to be sold, transferred and delivered, to the Buyer, his or her Issued Shares (including for this purpose all of such Holder's or his or her Permitted Transferee's Issued Shares that presently or as a result of any such transaction may be acquired upon the exercise of an Option (following the payment of the exercise price therefor)) on substantially the same terms applicable to the Majority Shareholders (with appropriate adjustments to reflect the conversion of convertible securities, the redemption of redeemable securities and the exercise of exercisable securities as well as the relative preferences and priorities of preferred stock); and (b) execute and deliver such instruments of conveyance and transfer and take such other action, including voting such Issued Shares in favor of any Sale proposed by the Majority Shareholders and executing any purchase agreements, merger agreements, indemnity agreements, escrow agreements or related documents as the Majority Shareholders or the Buyer may reasonably require in order to carry out the terms and provisions of this Section 9(d).

(e) Escrow Arrangement.

(i) Escrow. In order to carry out the provisions of Sections 9(b), (c), and (d) of this Agreement more effectively, the Company shall hold any Issued Shares in escrow together with separate stock powers executed by the Holder in blank for transfer, and any Permitted Transferee shall, as an additional condition to any transfer of Issued Shares, execute a like stock power as to such Issued Shares. The Company shall not dispose of the Issued Shares except as otherwise provided in this Agreement. In the event of any repurchase by the Company (or any of its assigns), the Company is hereby authorized by the Holder and any Permitted Transferee, as the Holder's and each such Permitted Transferee's attorney-in-fact, to date and complete the stock powers necessary for the transfer of the Issued Shares being purchased and to transfer such Issued Shares in accordance with the terms hereof. At such time as any Issued Shares are no longer subject to the Company's repurchase, first refusal and drag along rights, the Company shall, at the written request of the Holder, deliver to the Holder (or the relevant Permitted Transferee) a certificate representing such Issued Shares with the balance of the Issued Shares to be held in escrow pursuant to this Section 9(e).

(ii) Remedy. Without limitation of any other provision of this Agreement or other rights, in the event that a Holder, any Permitted Transferees or any other Person is required to sell a Holder's Issued Shares pursuant to the provisions of Sections 9(b), (c), or (d) hereof and in the further event that he or she refuses or for any reason fails to deliver to the Company or its

designated purchaser of such Issued Shares the certificate or certificates evidencing such Issued Shares together with a related stock power, the Company or such designated purchaser may deposit the applicable purchase price for such Issued Shares with a bank designated by the Company, or with the Company's independent public accounting firm, as agent or trustee, or in escrow, for such Holder, any Permitted Transferees or other Person, to be held by such bank or accounting firm for the benefit of and for delivery to him, her, them or it, and/or, in its discretion, pay such purchase price by offsetting any indebtedness then owed by such Holder as provided above. Upon any such deposit and/or offset by the Company or its designated purchaser of such amount and upon notice to the Person who was required to sell the Issued Shares to be sold pursuant to the provisions of Sections 9(b), (c), or (d), such Issued Shares shall at such time be deemed to have been sold, assigned, transferred and conveyed to such purchaser, such Holder shall have no further rights thereto (other than the right to withdraw the payment thereof held in escrow, if applicable), and the Company shall record such transfer in its stock transfer book or in any appropriate manner.

(f) Lockup Provision. A Holder agrees, if requested by the Company and any underwriter engaged by the Company, not to sell or otherwise transfer or dispose of any Issued Shares (including, without limitation, pursuant to Rule 144 under the Securities Act) held by him or her for such period following the effective date of any registration statement of the Company filed under the Securities Act as the Company or such underwriter shall specify reasonably and in good faith, not to exceed 180 days in the case of the Company's initial public offering or 90 days in the case of any other public offering.

(g) Adjustments for Changes in Capital Structure. If as a result of any reorganization, recapitalization, reclassification, stock dividend, stock split reverse stock split or other similar change in the Common Stock, the outstanding shares of Common Stock are increased or decreased or are exchanged for a different number or kind of shares of the Company's stock, the restrictions contained in this Section 9 shall apply with equal force to additional and/or substitute securities, if any, received by Holder in exchange for, or by virtue of his or her ownership of, Issued Shares.

(h) Termination. The terms and provisions of Section 9(b), Section 9(c) and Section 9(d) shall terminate upon the closing of the Company's initial public offering or upon consummation of any Sale Event, in either case as a result of which shares of the Company (or a successor entity) of the same class as the Issued Shares are registered under Section 12 of the Exchange Act and publicly traded on NASDAQ/NMS or any national security exchange.

SECTION 10. TAX WITHHOLDING

(a) Payment by Grantee. Each grantee shall, no later than the date as of which the value of an Award or of any Stock or other amounts received thereunder first becomes includable in the gross income of the grantee for Federal income tax purposes, pay to the Company, or make arrangements satisfactory to the Committee regarding payment of, any Federal, state, or local taxes of any kind required by law to be withheld with respect to such income. The Company and its Subsidiaries shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the grantee. The Company's obligation to deliver stock certificates to any grantee is subject to and conditioned on any such tax obligations being satisfied by the grantee.

(b) Payment in Stock. Subject to approval by the Committee, a grantee may elect to have the minimum required tax withholding obligation satisfied, in whole or in part, by (i) authorizing the Company to withhold from shares of Stock to be issued pursuant to any Award a number of shares with an aggregate Fair Market Value (as of the date the withholding is effected) that would satisfy the withholding amount due, or (ii) transferring to the Company shares of Stock owned by the grantee with an aggregate Fair Market Value (as of the date the withholding is effected) that would satisfy the minimum withholding amount due.

SECTION 11. AMENDMENTS AND TERMINATION

The Plan may only be amended with the consent of the holders of a majority of the outstanding shares of the Company entitled to vote at a meeting of the stockholders. Notwithstanding the foregoing, the Board may, at any time, discontinue the Plan and the Committee may, at any time, cancel any outstanding Award, provided that no such action shall adversely affect rights under any outstanding Award without the holder's consent. Nothing in this Section 11 shall limit the Committee's authority to take any action permitted pursuant to Section 3(c).

SECTION 12. STATUS OF PLAN

With respect to the portion of any Award that has not been exercised and any payments in cash, Stock or other consideration not received by a grantee, a grantee shall have no rights greater than those of a general creditor of the Company unless the Committee shall otherwise expressly determine in connection with any Award or Awards. In its sole discretion, the Committee may authorize the creation of trusts or other arrangements to meet the Company's obligations to deliver Stock or make payments with respect to Awards hereunder, provided that the existence of such trusts or other arrangements is consistent with the foregoing sentence.

SECTION 13. GENERAL PROVISIONS

(a) No Distribution; Compliance with Legal Requirements. The Committee may require each person acquiring Stock pursuant to an Award to represent to and agree with the Company in writing that such person is acquiring the shares without a view to distribution thereof. No shares of Stock shall be issued pursuant to an Award until all applicable securities law and other legal requirements have been satisfied. The Committee may require the placing of restrictive legends on certificates for Stock and Awards as it deems appropriate.

(b) Delivery of Stock Certificates. Stock certificates to grantees under this Plan shall be deemed delivered for all purposes when the Company or a stock transfer agent of the Company shall have mailed such certificates in the United States mail, addressed to the grantee, at the grantee's last known address on file with the Company.

(c) Other Compensation Arrangements; No Employment Rights. Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, including trusts, and such arrangements may be either generally applicable or applicable only in specific cases. The adoption of this Plan and the grant of Awards do not confer upon any employee any right to continued employment with the Company or any Subsidiary.

(d) Loans to Award Recipients. The Company shall have the authority to make loans to recipients of Awards hereunder (including to facilitate the purchase of shares) and shall further have the authority to issue shares for promissory notes hereunder.

(e) Designation of Beneficiary. Each grantee to whom an Award has been made under the Plan may designate a beneficiary or beneficiaries to exercise any Award or receive any payment under any Award payable on or after the grantee's death. Any such designation shall be on a form provided for that purpose by the Committee and shall not be effective until received by the Committee. If no beneficiary has been designated by a deceased grantee, or if the designated beneficiaries have predeceased the grantee, the beneficiary shall be the grantee's estate.

(f) Legend. Any certificate(s) representing the Issued Shares shall carry substantially the following legend:

The transferability of this certificate and the shares of stock represented hereby are subject to the restrictions, terms and conditions (including repurchase and restrictions against transfers) contained in The Echo Nest Corporation 2007 Stock Option and Grant Plan and any agreement entered into thereunder by and between the company and the holder of this certificate (a copy of which is available at the offices of the company for examination).

SECTION 14. EFFECTIVE DATE OF PLAN

This Plan shall become effective upon approval by the stockholders in accordance with applicable law. Subject to such approval by the stockholders and to the requirement that no Stock may be issued hereunder prior to such approval, Stock Options and other Awards may be granted hereunder on and after adoption of this Plan by the Board.

SECTION 15. GOVERNING LAW

This Plan and all Awards and actions taken thereunder shall be governed by, and construed in accordance with, the laws of the State of Delaware, applied without regard to conflict of law principles.

SECTION 16. DISPUTE RESOLUTION

(a) Except as provided below, any dispute arising out of or relating to this Plan or any Award made hereunder, or any agreement executed in connection herewith, or the breach, termination or validity of this Plan, any such Award or any such agreement, shall be finally settled by binding arbitration conducted expeditiously in accordance with the J.A.M.S./Endispute Comprehensive Arbitration Rules and Procedures (the "J.A.M.S. Rules"). The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. Sections 1-16, and judgment upon the award rendered by the arbitrators may be entered by any court having jurisdiction thereof. The place of arbitration shall be Boston, Massachusetts.

(b) The arbitration shall commence within 60 days of the date on which a written demand for arbitration is filed by any party hereto. In connection with the arbitration proceeding, the arbitrator shall have the power to order the production of documents by each party and any third-party witnesses. In addition, each party may take up to three (3) depositions as of right, and the arbitrator may in his or her discretion allow additional depositions upon good cause shown by the moving party. However, the arbitrator shall not have the power to order the answering of interrogatories or the response to requests for admission. In connection with any arbitration, each party to the arbitration shall provide to the other, no later than seven (7) business days before the date of the arbitration, the identity of all persons that may testify at the arbitration and a copy of all documents that may be introduced at the arbitration or considered or used by a party's witness or expert. The arbitrator's decision and award shall be made and delivered within six (6) months of the selection of the arbitrator. The arbitrator's decision shall set forth a reasoned basis for any award of damages or finding of liability. The arbitrator shall not have power to award damages in excess of actual compensatory damages and shall not multiply actual damages or award punitive damages, and each party hereby irrevocably waives any claim to such damages.

(c) The Company, each recipient of an Award hereunder, each party to an agreement governed hereby and any other holder of Stock issued under this Plan (each, a "Party") covenants and agrees that such party will participate in the arbitration in good faith. This Section 14 applies equally to requests for temporary, preliminary or permanent injunctive relief, except that in the case of temporary or preliminary injunctive relief any party may proceed in court without prior arbitration for the limited purpose of avoiding immediate and irreparable harm.

(d) Each Party (i) hereby irrevocably submits to the jurisdiction of any United States District Court of competent jurisdiction for the purpose of enforcing the award or decision in any such proceeding, (ii) hereby waives, and agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution (except as protected by applicable law), that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court, and (iii) hereby waives and agrees not to seek any review by any court of any other jurisdiction which may be called upon to grant an enforcement of the judgment of any such court. Each Party hereby consents to service of process by registered mail at the address to which notices are to be given. Each Party agrees that its, his or her submission to jurisdiction and its, his or her consent to

service of process by mail is made for the express benefit of each other Party. Final judgment against any Party in any such action, suit or proceeding may be enforced in other jurisdictions by suit, action or proceeding on the judgment, or in any other manner provided by or pursuant to the laws of such other jurisdiction.

DATE APPROVED BY BOARD OF DIRECTORS:

5/21/2007

5/21/2007

**Incentive Stock Option Agreement
under the Echo Nest Corporation
2007 Stock Option and Grant Plan**

Name of Optionee: (the "Optionee")

No. of Underlying Shares: Shares of Common Stock

Grant Date: (the "Grant Date")

Vesting Date: (the "Vesting Date")

Expiration Date: (the "Expiration Date")

Option Exercise Price/Share: \$. (the "Option Exercise Price")

Pursuant to the Echo Nest Corporation 2007 Stock Option and Grant Plan (the "Plan"), the Echo Nest Corporation, a Delaware corporation (together with all successors thereto, the "Company"), hereby grants to the Optionee, who is an employee of the Company or any of its Subsidiaries, an Option to purchase, on or prior to the Expiration Date (or such earlier date as provided in Section 3 below), all or any part of the number of shares of Common Stock of the Company indicated above (the "Underlying Shares," with such shares once issued being referred to herein and in the Plan as "Option Shares") at the Option Exercise Price per share indicated above.

Notwithstanding anything in this Incentive Stock Option Agreement (the "Agreement") to the contrary, this Stock Option and any Option Shares shall be subject to, and governed by, all the terms and conditions of the Plan, including, without limitation, Section 9 thereof concerning certain restrictions on transfer of Option Shares and related matters. To the extent there is any inconsistency between the terms of the Plan and of this Agreement, the terms of the Plan shall control.

All capitalized terms used in this Agreement and not otherwise defined shall have the respective meanings given such terms in the Plan.

1. Vesting and Exercisability

(a) No portion of this Stock Option may be exercised until such portion shall have vested and become exercisable. Except as set forth in Section 1(b) below, and subject to the determination of the Committee in its sole discretion to accelerate the vesting schedule hereunder, this Stock Option shall be vested and exercisable with respect to the Underlying Shares in accordance with the following schedule:

25% of the Option Shares shall vest 12 months from (the "Vesting Date") (a twelve-month 'cliff')

6.25% of the Options Shares shall vest and become Vested Shares so long as a Termination Event has not occurred, at the end of each following 3 months with all Shares becoming Vested Shares on the fourth anniversary of the Vesting Date.

(b) In the case of a Sale Event, this Stock Option shall be treated as provided in Section 4(a) of the Plan.

2. Exercise of Stock Option . Prior to the Expiration Date (or such earlier date provided in Section 3 below), the Optionee may exercise this Stock Option by delivering a Stock Option exercise notice (an “Exercise Notice”) in the form of Appendix A hereto indicating his or her election to purchase some or all of the Underlying Shares with respect to which this Stock Option is exercisable at the time of such notice.

3. Termination of Employment . Except as the Committee may otherwise expressly provide, or as may otherwise be expressly provided in any employment agreement between the Company and the Optionee, if the Optionee’s employment with the Company or a Subsidiary terminates, the period within which the Optionee may exercise this Stock Option may be subject to earlier termination as set forth below:

(a) Termination of Employment Due to Death or Disability . If the Optionee’s employment terminates by reason of such Optionee’s death or disability (as defined in Section 422(c) of the Code), this Stock Option may be exercised, to the extent exercisable on the date of such termination, by the Optionee or by the Optionee’s legal representative or legatee for a period of twelve (12) months from the date of such termination or until the Expiration Date, if earlier.

(b) Termination for Cause . If the Optionee’s employment is terminated by the Company for Cause, all Options (unvested and vested) shall terminate immediately.

(c) Other Termination . If the Optionee’s employment terminates for any reason other than death or disability or Cause, this Stock Option may be exercised, to the extent exercisable on the date of such termination, by the Optionee for a period of three (3) months from the date of termination or until the Expiration Date, if earlier.

(d) Treatment of Unvested Options on Termination of Employment . Any portion of this Stock Option that is not exercisable on the date of termination of the Optionee’s employment with the Company, for any reason, shall terminate immediately and be null and void and of no further force and effect.

4. Status of Stock Option . The Optionee understands that, while this Stock Option is intended to qualify as an “incentive stock option” as defined in Section 422 of the Code to the extent permitted under applicable law, the Company makes no representation or warranty that this Stock Option will, in fact, so qualify. In order to obtain the benefits of an incentive stock option under Section 422 of the Code, the Optionee understands that this Stock Option must be exercised within three (3) months after termination of employment or within twelve (12) months after termination of employment if such termination is due to death or disability; *provided, that* in no event may this Stock Option be exercised after the Expiration Date. The Optionee further understands that, to obtain such benefits, no sale or other disposition may be made of Option Shares for which incentive stock option treatment is desired within the one-year period beginning on the day after the day of the transfer of such Option Shares to him or her, nor within the two-year period beginning on the day after the Grant Date of this Stock Option. If the Optionee disposes (whether by sale, gift, transfer or otherwise) of any such Option Shares within either of these periods (a “disqualifying disposition”), he or she will notify the Company within thirty (30) days after such disposition. The Optionee also agrees to provide the Company with any information concerning any such dispositions required by the Company for tax purposes. Further, to the extent

Underlying Shares and any other incentive stock options of the Optionee having an aggregate Fair Market Value in excess of \$100,000 (determined as of the Grant Date) vest in any year, such options will not qualify as incentive stock options. To the extent that any portion of the Stock Option does not qualify as an incentive stock option, whether due to a disqualifying disposition or otherwise, it shall be deemed a non-qualified stock option.

5. Miscellaneous Provisions.

(a) Change and Modifications. This Agreement may not be orally changed, modified or terminated, nor shall any oral waiver of any of its terms be effective. This Agreement may be changed, modified or terminated only by an agreement in writing signed by the Company and the Optionee.

(b) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of Delaware without regard to conflict of law principles.

(c) Notices. All notices, requests, consents and other communications shall be in writing and be deemed given when delivered personally, by telex or facsimile transmission or when received if mailed by first class registered or certified mail, postage prepaid. Notices to the Company or the Optionee shall be addressed as set forth underneath their signatures below, or to such other address or addresses as may have been furnished by such party in writing to the other.

(d) Counterparts. For the convenience of the parties and to facilitate execution, this Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

[SIGNATURE PAGE FOLLOWS]

The foregoing Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the undersigned as of the date first above written.

THE ECHO NEST CORPORATION

By: _____
Name:
Title:

Address:

The undersigned hereby acknowledges receiving and reviewing a copy of the Plan, including, without limitation, Section 9 thereof, and understands that the Stock Option granted hereby is subject to the terms of the Plan and of this Agreement. This Agreement is hereby accepted, and the terms and conditions thereof and of the Plan hereby agreed to, by the undersigned as of the date first above written.

OPTIONEE:

Name:

Address:

DESIGNATION OF BENEFICIARY:

Beneficiary's Address:

SPOUSE'S CONSENT ¹

The undersigned hereby acknowledges receiving and reviewing a copy of the Plan, including, without limitation, Section 9 thereof, and understands that the Stock Option granted hereby is subject to the terms of the Plan and of this Agreement. This Agreement is hereby accepted, and the terms and conditions hereof and of the Plan are hereby agreed to, by the undersigned as of the date first above written.

SPOUSE:

Name:

Address:

¹ Required only if Optionee's state of residence is a community property state such as Arizona, California, Idaho, Louisiana, New Mexico, Nevada, Texas, Washington or Wisconsin.

STOCK OPTION EXERCISE NOTICE

THE ECHO NEST CORPORATION
Attention: Chief Financial Officer

Pursuant to the terms of the stock option agreement between myself and the Echo Nest Corporation (the “Company”) dated _____ (the “Agreement”), under the Company’s 2007 Stock Option and Grant Plan, I, [Insert Name] _____, hereby [Circle One] partially/fully exercise such Stock Option by including herein payment in the amount of \$ _____ representing the purchase price for [Fill in number of Underlying Shares] _____ Option Shares. I have chosen the following form(s) of payment:

- 1. Cash
- 2. Certified or bank check payable to the Echo Nest Corporation
- 3. Other (as described in the Plan (please describe))

In connection with my exercise of the Stock Option as set forth above, I hereby represent and warrant to the Company as follows:

- (i) I am purchasing the Option Shares for my own account for investment only, and not for resale or with a view to the distribution thereof.
- (ii) I have had such an opportunity as I have deemed adequate to obtain from the Company such information as is necessary to permit me to evaluate the merits and risks of my investment in the Company and have consulted with my own advisers with respect to my investment in the Company.
- (iii) I have sufficient experience in business, financial and investment matters to be able to evaluate the risks involved in the purchase of the Option Shares and to make an informed investment decision with respect to such purchase.
- (iv) I can afford a complete loss of the value of the Option Shares and am able to bear the economic risk of holding such Option Shares for an indefinite period of time.
- (v) I understand that the Option Shares may not be registered under the Securities Act of 1933 (it being understood that the Option Shares are being issued and sold in reliance on the exemption provided in Rule 701 thereunder) or any applicable state securities or “blue sky” laws and may not be sold or otherwise transferred or disposed of in the absence of an effective registration statement under the Securities Act of 1933 and under any applicable state securities or “blue sky” laws (or exemptions from the registration requirements thereof). I further acknowledge that certificates representing Option Shares will bear restrictive legends reflecting the foregoing.

(vi) I understand and agree that the Option Shares when issued will continue to be subject to the Plan, including Section 9 thereof.

Sincerely yours,

Name:

Address:



Date

Name

Address

Address

Notice of Conversion of Echo Nest Stock Options

Dear FIRST NAME:

As you may know, Spotify Technology S.A. (“Spotify”), The Echo Nest Corporation (“Echo Nest”) and certain other parties completed a transaction on March 11, 2014 pursuant to which Echo Nest became a wholly-owned subsidiary of Spotify (the “Transaction”).

Our records indicate that, immediately prior to the Transaction, you were the holder of the options to purchase Echo Nest common stock that are listed on Exhibit A hereto under the heading “Echo Nest Stock Options” (“Echo Nest Options”).

As a result of the Transaction, all of your Echo Nest Options were assumed by Spotify and automatically converted into options to purchase shares of Spotify common stock (“Converted Spotify Options”). The Converted Spotify Options have substantially the same terms and conditions as applied to the corresponding Echo Nest Options immediately prior to the completion of the Transaction under the terms of The Echo Nest Corporation 2007 Stock Option and Grant Plan and the applicable award agreement (the “Award Documents”), except that (i) the Converted Spotify Options will become exercisable for the number of shares of Spotify common stock, at the per-share exercise price and with the applicable vesting schedule set forth on Exhibit A hereto under the heading “Converted Spotify Stock Options” and (ii) the shares of Spotify common stock that you receive upon the exercise of the Converted Spotify Options will be subject to all of the terms and conditions of the shareholder agreement attached as Exhibit B hereto (the “Shareholder Agreement”) and will no longer be subject to the Award Documents.

You hereby acknowledge and agree that (i) immediately prior to the completion of the Transaction, you were the holder of the Echo Nest Options listed on Exhibit A hereto under the heading “Echo Nest Stock Options” and you did not then hold any other options involving the equity of Echo Nest, (ii) you did not transfer or otherwise agree or promise to transfer any of your right, title or interest in or to any of the Echo Nest Options and you held them free and clear of all liens as of the completion of the Transaction and (iii) if you do not duly execute and deliver the Shareholder Agreement prior to the exercise of any Converted Spotify Option, all of your Converted Spotify Options will be automatically cancelled and forfeited without the payment of any consideration to you.

[Signature Page Follows]



Please sign and return the enclosed copy of this letter and the Shareholder Agreement to me by DATE to acknowledge your acceptance of the foregoing. If you have any questions please do not hesitate to contact me at PHONE NUMBER or EMAIL.

Sincerely,

[NAME]

[TITLE]

I accept the terms of this letter. I am not relying on any other representations than as set out in this letter.

_____ Date: _____
FIRST NAME LAST NAME

Spotify USA Inc. 45 W. 18th Street 7th Floor New York, NY 10011 USA



Exhibit A

Echo Nest Options

<u>Grant Date</u>	<u>Exercise Price</u>	<u>Number Granted</u>	<u>Number Outstanding</u>	<u>Expiration Date</u>
, 201	\$	[NUMBER]	[NUMBER]	, 20
, 201	\$	[NUMBER]	[NUMBER]	, 20

Converted Spotify Stock Options

<u>Exercise Price</u>	<u>Number Outstanding (1)</u>	<u>Vesting Schedule (2)</u>	<u>Expiration Date</u>
\$	[NUMBER]	Currently Vested: [NUMBER] [DATE]: [NUMBER VESTING] [DATE]: [NUMBER VESTING] [DATE]: [NUMBER VESTING] [ETC.]	, 20
\$	[NUMBER]	Currently Vested: [NUMBER] [DATE]: [NUMBER VESTING] [DATE]: [NUMBER VESTING] [DATE]: [NUMBER VESTING] [ETC.]	, 20

- (1) Any fractional shares will be settled in cash at the time of exercise.
- (2) The vesting of the Converted Spotify Stock Options is subject to all of the terms and conditions of The Echo Nest Corporation 2007 Stock Option and Grant Plan and the applicable award agreement.



Exhibit B

Spotify USA Inc. 45 W. 18th Street 7th Floor New York, NY 10011 USA

SHAREHOLDER AGREEMENT

Subject to any adherence pursuant to Section 2.8, this shareholder agreement (this “**Agreement**”) is effective as of Effective Time of the Agreement and Plan of Merger (as defined therein) by and among the Company, the Holder and certain other parties thereto and made between:

SPOTIFY TECHNOLOGY S.A., a *société anonyme* incorporated under the laws of Luxembourg, with registered office at 18, rue de l’Eau, L-1449 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B 123 052 (the “**Company**”); and

THE HOLDER, whose name, Registration No., physical address and email address are set out at the end of this Agreement (the “**Holder**”).

The Company and the Holder are jointly referred to in this Agreement as the “**Parties**,” each a “**Party**.”

BACKGROUND

- A. The Holder is or will acquire Shares in the Company.
- B. In this Agreement, the Parties wish to set forth certain of the Holder’s rights and obligations as a holder of Shares in the Company.

1. DEFINITIONS

“**Fair Market Value**” means the fair market value of one or several (as the case may be) Shares as agreed or determined pursuant to Section 3.

“**IPO**” means the initial public offering of shares of the Company with the listing of such shares on an internationally recognized stock exchange or similar market place of recognized national standing (excluding, for the avoidance of doubt, private secondary markets or similar).

“**Majority Shareholders**” means the shareholders of the Company who from time to time are parties to such shareholders’ agreement which, vis-a-vis other single shareholders’ agreements relating to Shares, covers the largest number of Shares (or, if several shareholders’ agreements cover the same number of Shares, the parties to all such agreements).

“**Material Breach**” means (i) a material breach of any of the Holder’s obligations under Sections 2.1, 2.2, 2.3, 2.5, 2.6, and 8.1, and (ii) a breach of any other obligation under this Agreement if such breach is reasonably likely to have a material adverse effect on the Company and/or a Majority Shareholder.

“**Shares**” means shares in the Company.

2. TRANSFER OF SECURITIES, PLEDGE S ETC .

2.1 General restriction on transfers

Unless otherwise provided for in this Section 2, the Holder shall maintain legal and beneficial ownership of his/her/its Shares once issued, to the effect that he/she/it shall neither directly nor indirectly transfer, pledge, mortgage, charge or otherwise dispose of or encumber, or grant any option or right over, any Shares held by him/her/it.

2.2 Right of first refusal

2.2.1 The Holder may transfer all or some of his/her Shares to a third party in a bona fide transaction other than in the event of an IPO or pursuant to Sections 2.3 or 2.4, provided that the Holder first offers these Shares to the Company or to any third party designated by the Company (an “**Appointee**”) in accordance with this Section 2.2; and provided further that the Holder’s offer is an offer to transfer no less than twenty-five percent (25%) of the Shares then held by such Holder.

2.2.2 The Holder must serve written notice (the “**Notice**”) substantially in the form set out in Schedule 1 (*Notice of Proposed Transfer*) to the Company, setting out:

- (a) the identity, contact details (including address, phone number and email address) and ultimate owner (if any) of the proposed transferee (the “**Proposed Transferee**”);
- (b) the number of Shares proposed to be transferred (the “**Transferred Shares**”);
- (c) the proposed transfer price per Share as well as the other terms and conditions for the transfer (the “**Proposed Transfer Terms**”); and
- (d) the proposed transfer date (the “**Proposed Transfer Date**”),

such Notice to be served to the Company no later than thirty (30) calendar days prior to the Proposed Transfer Date.

2.2.3 The Company and/or any Appointee shall have the exclusive right to acquire the Transferred Shares on the same economic terms and, with respect to non-economic terms, on terms not less favourable, in the aggregate, than the Proposed Transfer Terms (the “**Offer**”).

2.2.4 The Company and/or any Appointee may accept to acquire all but not less than all of the Transferred Shares (“**Accepted Shares**”), to be allocated among the Company and/or any Appointee as decided by the Company in its sole discretion.

2.2.5 The price for any Accepted Shares shall be the price proposed in the Proposed Transfer Terms.

2.2.6 The Company shall on its own and on any Appointee’s behalf notify the Holder in writing of whether the Offer is accepted or rejected (the “**Confirmation Notice**”). If the Company does not serve a Confirmation Notice within thirty (30) calendar days of its receipt of the Notice, the Company and any Appointee shall be deemed to have rejected the Offer.

2.2.7 The Company and/or any Appointee shall purchase the Accepted Shares acquired pursuant to this Section 2.2 against the Holder’s transfer of the Accepted Shares to the Company and/or the Appointee within forty-five (45) calendar days from the Company’s receipt of the Notice.

- 2.2.8 Subject to Section 2.2.9, the Holder may transfer all, but not less than all, of the Transferred Shares that are not Accepted Shares to the Proposed Transferee, provided that such transfer:
- (a) is made no earlier than on the Proposed Transfer Date and no later than sixty (60) calendar days after rejection of the Offer by the Company; and
 - (b) is not made on terms that are more favourable to the Proposed Transferee than the Proposed Transfer Terms.
- 2.2.9 Notwithstanding the foregoing, the Holder may not transfer any Shares under this Section 2.2 unless the Proposed Transferee prior to, or simultaneously with the transfer, has acceded, or accedes, to this Agreement (as amended and supplemented from time to time) on the same terms and conditions as the Holder in accordance with Section 2.8.
- 2.2.10 The Holder consents to the Company making a notation in its records and giving instructions to any transfer agent of the Shares in order to implement the restrictions on transfer set forth in this Section 2.2. Any transfer, or purported transfer, of Shares not made in compliance with this Section 2.2 shall, to the extent lawfully possible, be null and void, shall not be recorded on the books of the Company and shall not be recognized by the Company. To the extent Shares are certificated, the Company shall be empowered to include a legend denoting that such Shares are subject to such restrictions set forth in this Agreement.
- 2.2.11 Without limitation of any other restriction on transfer and without regard to whether the right of first refusal set forth above is exercised, the Holder shall not, unless otherwise approved by the Company in writing, offer, sell, transfer, or agree to offer, sell or transfer, any Shares if such offer, sale or transfer results in, or in the good faith judgment of the Company, materially increases the risk of, triggering any prospectus obligations, other public filing obligations or any registration obligations for the Company under any applicable securities laws or regulations. Further, unless otherwise approved by the Company in writing, the Holder shall not offer, sell or transfer, or agree to offer, sell or transfer, any Shares if such offer, sale or transfer is facilitated in a manner by any public posting, message board, trading portal, internet site, or similar method of communication, including without limitation, any trading portal or internet site intended to facilitate secondary transfers of securities.
- 2.2.12 Notwithstanding anything to the contrary in this Section 2 or elsewhere in this Agreement:
- (a) the provisions of Section 2.2 shall not apply in the case of a Holder that is an entity upon a transfer by such Holder to (a) an Affiliate who at the time of the transfer is a party to this Agreement, or (b) subject to the prior approval of the Company, not to be unreasonably withheld, conditioned or delayed, a transfer to any other Affiliate, provided that (i) with respect to (b), the Affiliate prior to the completion of the transfer accedes to this Agreement (as amended and supplemented from time to time) on the same terms and conditions as Holder in accordance with Section 2.8, and (ii) with respect to (b), the Affiliate shall be obligated to retransfer its Shares to Holder if and when it ceases to be an Affiliate of Holder, and (iii) with respect to (a), the Affiliate as from the date of completion of the transfer automatically shall assume all rights, obligations and liabilities of Holder. For purposes of this Section 2.2.12(a), “ **Affiliate** ” shall mean, with respect to a Holder, any person or entity who, directly or indirectly, controls, is controlled by, or is under common control with such Holder; or

- (b) the Holder may not serve more than one Notice to the Company or otherwise exercise any of its rights pursuant to this Section 2.2 more than one time during any twelve month period.

2.2.13 If any Holder becomes obligated to sell any Transferred Shares to the Company or any Appointee under this Section 2.2 and fails to deliver such Transferred Shares in accordance with the terms of this Section 2.2, the Company and/or such Appointee may, at its option, in addition to all other remedies it may have (including pursuant to Section 5 herein), send to the Holder the purchase price for such Transferred Shares as is herein specified and transfer to the name of the Company or such Appointee on the Company's books any certificates, instruments, or book entry representing the Transferred Shares to be sold.

2.3 Drag-along right

2.3.1 In the event of a bona fide firm offer from an unaffiliated third party which, if consummated, would result in such third party owning at least fifty (50) per cent of all Shares then outstanding (regardless of the form of transaction proposed in such offer), and provided that the Majority Shareholders accept such offer (or the Company certifies that the Majority Shareholders are required to accept the offer pursuant to an agreement among the Majority Shareholders) (a " **Trade Sale** "), the Holder hereby irrevocably agrees, on written request by the Company, to:

- (a) transfer the same pro rata share of its Shares, on a fully diluted basis, as the transferring Majority Shareholders on substantially the same terms and conditions;
- (b) if a shareholder approval is required, vote (in person, by proxy or by action by written consent, as applicable) all his/her/its Shares in favour of, and adopt, such Trade Sale or any measures required for its execution and consummation;
- (c) execute and deliver all related documentation and take such other action in support of the Trade Sale as shall reasonably be requested by the Company and/or any Majority Shareholder;
- (d) refrain from exercising any dissenters' rights, rights of appraisal or similar rights under applicable law at any time with respect to such Trade Sale; and
- (e) in the event that the sellers, in connection with such Trade Sale, appoint a shareholder representative with respect to matters affecting the shareholders under the applicable definitive transaction agreements pending and following consummation of such Trade Sale, consent to: (i) the appointment of such shareholder representative, (ii) the establishment of any applicable escrow, expense or similar account in connection with any indemnification, purchase price adjustment or similar obligations, and (iii) the payment of such shareholder's pro rata portion (from the applicable escrow or expense account or otherwise) of any and all reasonable fees and expenses to such shareholder representative in connection with its services and duties in connection with such Trade Sale.

2.3.2 Notwithstanding the foregoing, Holder shall not be required to comply with Section 2.3.1 in connection with any proposed Trade Sale unless:

- (a) except as provided for in paragraph (b) below, the Holder shall not be liable for the inaccuracy of any representation or warranty made by any other person or entity in connection with such Trade Sale, other than the Company;

- (b) the liability for indemnification, if any, of the Holder in such Trade Sale and for the inaccuracy of any representations and warranties made by the Company or its stockholders in connection with such Trade Sale, is several and not joint with any other person or entity (except to the extent that funds may be deposited in and paid out of an escrow established to cover breach of representations and warranties), and is pro rata in proportion to, and does not exceed, the amount of consideration paid to the Holder in connection with such Trade Sale; and
- (c) liability shall be limited to the Holder's applicable share of a negotiated aggregate indemnification amount that applies equally to all stockholders of the Company participating in such Trade Sale but that in no event exceeds the amount of consideration otherwise payable to the Holder in connection with such Trade Sale, except with respect to claims related to fraud or wilful misconduct by the Holder, the liability for which need not be limited as to the Holder;

provided that Holder agrees to be responsible for any additional reasonable costs incurred by the Company or a Majority Shareholder directly related to ensuring that such Trade Sale complies with the conditions set forth in this Section 2.3.2.

2.4 **Tag-along right**

In the event of a Trade Sale, the Company shall use its reasonable best efforts to ensure that the Holder is given the opportunity to transfer the same pro rata share of its Shares, on a fully diluted basis, and on substantially the same terms and conditions as the transferring Majority Shareholders.

2.5 **IPO**

2.5.1 In connection with an IPO, the Holder undertakes to comply with any restrictions on sale (lock-up) or otherwise (such period not to exceed 180 days), imposed by the underwriters, the Company or the investment bank involved in the IPO with respect to the Shares held by the Holder.

2.5.2 The Holder undertakes to execute and deliver any agreements that are consistent with this Section 2.5 or that are necessary to give further effect thereto.

2.6 **Shares as individual property**

2.6.1 In the event the Holder is a private individual, the Holder shall ensure that his/her Shares always constitute individual property (Sw. *enskild egendom*). In the event the Holder dies during the term of this Agreement and his/her estate, heirs, or beneficiaries do not declare themselves bound by this Agreement, such estate, heirs, or beneficiaries shall be obligated to immediately notify the Company in writing and offer the Holder's Shares to the Company at Fair Market Value.

2.6.2 In the event that the Holder is a natural person and is hereafter deprived of some or all of his/her Shares through a division of marital property during marriage or in conjunction with a divorce, the Holder shall immediately notify the Company in writing of this and shall use his or her reasonable best efforts to cause any person entitled to a portion of such Shares as a result of such division to accede to this Agreement (as amended and supplemented from time to time) on the same terms and conditions as the Holder in accordance with Section 2.9. Should the Holder fail to fulfil his or her obligations in accordance with the above, the Company shall be entitled, not later than six (6) months from the date of the notification in respect of the division of property, to demand purchase of the Shares which have been transferred through the division from the spouse (whether former or not) at Fair Market Value.

2.7 Information rights

- 2.7.1 For as long as Holder owns Shares, upon Holder's written request to the Company, the Company shall provide such Holder with the financial information prepared in connection with the Company's most recent annual shareholders' meeting or any other financial information that such Holder is entitled to receive from the Company under applicable law.

2.8 Adherence by an acquirer of Shares

All adherences to this Agreement made pursuant to this Section 2 shall be made substantially in the form set out in Schedule 2 (*Form of Adherence Notice*), of which form section 1 shall be used by an acquirer being a private individual and section 2 shall be used by an acquirer being a legal entity.

3. FAIR MARKET VALUE

- 3.1 The Company shall, on its own initiative or when so required under this Agreement make, a first written proposal of, and seek to agree with the Holder (or his/her estate, heirs, beneficiaries or spouse (whether former or not), as the case may be) as to, the Fair Market Value of a Share. If no such agreement has been reached within thirty (30) calendar days from the first written proposal, the Holder (or his/her estate, heirs, beneficiaries or spouse (whether former or not), as the case may be) may within the following ten (10) calendar days request in writing that the Fair Market Value be determined by a reputable third party valuation firm of good standing appointed by the Company (a "Valuer"), in its sole discretion. The Fair Market Value shall be deemed finally determined as set out in the Company's last written proposal for Fair Market Value if no written request is made by the Holder (or his/her estate, heirs, beneficiaries or spouse (whether former or not), as the case may be) in accordance with the foregoing.
- 3.2 If the Holder (or his/her estate, heirs, beneficiaries or spouse (whether former or not), as the case may be) has reasonably requested that the Fair Market Value shall be determined by a Valuer, the following shall apply:
- (a) If a Valuer has issued a Company valuation within three (3) months prior to the date upon which the Company becomes entitled to purchase Shares at Fair Market Value pursuant to Section 2.6 (an "Existing Valuation"), such Existing Valuation shall be used to determine the Fair Market Value. Otherwise, the Company shall use reasonable efforts to procure that a Valuer is appointed within thirty (30) calendar days after the valuation request and that such Valuer delivers its valuation (a "New Valuation") within thirty (30) calendar days from being appointed.
 - (b) The result of the Existing Valuation or the New Valuation, as applicable, shall be furnished to the Holder (or his/her estate, heirs, beneficiaries or spouse (whether former or not), as the case may be) reasonably promptly once available. The Fair Market Value shall be deemed finally determined when the Holder (or his/her estate, heirs, beneficiaries or spouse (whether former or not), as the case may be) receives such result and shall be final and binding on the parties in the contemplated transfer in absence of manifest and material error or deviation from generally accepted market practice for such valuations in Sweden.
 - (c) Any costs for a New Valuation shall be borne by the Company.

4. RE-DOMICILIATION

Anything in this Agreement to the contrary notwithstanding, if the board of directors of the Company determines that it is in the best interests of the Company and/or the Spotify group, e.g. in connection with a possible IPO, to re-domicile the Company to a jurisdiction other than Luxembourg, whether by operation of law, through a share exchange, whereby the Shares are exchanged for shares of a different entity establishing a new holding company structure, or other re-domiciliation arrangements, and if so requested by the Company in writing, the Holder agrees to take any and all actions reasonably required in order to accomplish such a re-domiciliation, including without limitation executing and delivering all relevant documents, exchanging Shares for shares with equivalent rights in a new entity, voting in favour of such a re-domiciliation at shareholders' meetings or by written consent, and executing a new shareholders' agreement on substantially the same terms as this Agreement.

5. LIQUIDATED DAMAGES IN CASE OF A MATERIAL BREACH ETC.

- 5.1 If the Holder commits a Material Breach of any of its obligations under this Agreement, or any agreement (including applicable terms and conditions and any other part of the agreement) governing his/her/its participation in the Company's incentive programmes, and the Material Breach has not been rectified within fifteen (15) calendar days from the date when he/she/it received a written demand for rectification:
- (a) the Holder shall upon written request by the Company pay to it liquidated damages in an aggregated amount corresponding to twenty-five (25) per cent of the aggregate Fair Market Value of all Shares held by him/her/it immediately prior to the breach,
and
 - (b) the Company shall be entitled to acquire the Holder's Shares (or designate an Appointee to acquire the Holder's Shares), in which case the purchase price for the Shares shall be the lower of:
 - (i) the purchase price paid by the Holder upon acquiring Shares; and
 - (ii) the Fair Market Value;

provided that the purchase price payable by the Company pursuant to this paragraph (b) shall first be set off against any claim by the Company against the Holder under paragraph (a) and/or other claims as described in Section 5.2.
- 5.2 The payment by the Holder of any liquidated damages or the Company's exercise of its right to acquire the Holder's Shares shall not affect the Company's right to pursue other remedies that it may have against the Holder as a result of a breach, including claiming additional damages in excess of liquidated damages.

6. CONFIDENTIALITY

- 6.1 During the term of this Agreement, and for a period of five (5) years thereafter, the Holder may not, without the prior written approval from the Company, publish or otherwise disclose to any third party any information of a confidential nature concerning the Company, or the Spotify group, its business or its shareholders that (i) he/she has received as a result of entering into this Agreement (including the existence and contents of this Agreement) or otherwise being a shareholder of the Company, or (ii) is otherwise of a confidential nature (the "**Confidential Information**").

- 6.2 This confidentiality undertaking shall not apply if:
- (a) the Confidential Information already is in the public domain other than by breach of a confidentiality undertaking;
 - (b) a disclosure is required under any applicable law, relevant stock exchange regulations or order of court, other tribunal or competition authority; or
 - (c) the Confidential Information is disclosed to the Holder's (i) professional advisors who make no other use of the information than for advising him/her/it with respect to its investment in the Shares, and (ii) if necessary for tax planning purposes, his/her spouse; provided that the Holder causes such recipient of information to observe the confidentiality undertakings herein and agrees to be responsible for any breach or threatened breach of such obligations by any such recipient.
- 6.3 If the Holder becomes required, in circumstances contemplated in Section 6.2(b) to disclose any information, he/she (i) shall inform such third party that such information is confidential and direct such third party to maintain the confidentiality of such information, (ii) shall use his/her reasonable best efforts to consult with the Company prior to any such disclosure and (iii) shall take reasonable steps to minimize the extent of any such required disclosure.
- 7. MISCELLANEOUS**
- 7.1 This Agreement becomes effective when duly signed by the Parties and is thereafter valid until the first day of trading in connection with an IPO or, if earlier, the tenth (10th) anniversary hereof. Other than following an IPO, this Agreement will be automatically prolonged for one year at a time unless one of the Parties has given the other Party written notice of termination at least one year before the expiration of its term. The foregoing notwithstanding, Sections 2.5, 5, 7 and 9 shall remain valid and binding on the Parties at all times.
- 7.2 The Act on Trading Companies and Partnerships (Sw. *lagen om handelsbolag och enkla bolag*) shall not apply to this Agreement.
- 7.3 The illegality, invalidity or unenforceability of any provision of this Agreement under the law of any jurisdiction shall not affect its legality, validity or enforceability of any other provision hereof, and any illegal, invalid or unenforceable provision shall at the request of either Party be replaced by other provisions in accordance with the purpose and meaning of this Agreement.
- 7.4 All notices, requests, demands and other communications under this Agreement shall be in the English language and in writing and addressed as set out in this Agreement or to such other address as the Party in question has communicated to the other Party with five (5) business days' notice. Each notice by the Holder to the Company shall be made, if by post, with attention to General Counsel or, if by e-mail, to generalcounsel@spotify.com. Should any Party change any of its contact details, such Party shall promptly give written notice to that effect to the other Party. Any notice or other communication required or permitted under this Agreement shall be deemed to have been received by a Party (i) if delivered by post, unless actually received earlier, on the fifth (5th) day (excluding Saturdays, Sundays or any day which is a public holiday in the sender's and/or the recipient's jurisdiction) after posting, or (ii) if delivered by e-mail, on the day (excluding Saturdays, Sundays or any day which is a public holiday in the sender's and/or the recipient's jurisdiction) after the e-mail was sent.

8. CHANGES TO THE PARTIES

- 8.1 The Holder may not transfer or assign any of its rights or obligations under this Agreement without the prior written consent of the Company.
- 8.2 Notwithstanding the foregoing, the Holder may without the consent of the Holder transfer or assign this Agreement to an affiliated company or to a Majority Shareholder, provided that the Company is notified in writing by the Holder of the transferee's name and contact details prior to any such transfer or assignment; provided further that, in any case, no such transfer assignment shall relieve any party of any of its obligations hereunder.

9. GOVERNING LAW AND JURISDICTION

- 9.1 Except as to matters with respect to Luxembourg corporate law, which shall be governed by Luxembourg corporate law, this Agreement shall be governed by the material laws of Sweden without regard to its rules on conflict of laws.
- 9.2 The Parties undertake to use their reasonable efforts to resolve any disagreements or disputes regarding this Agreement between them or any two or more of them through discussions and mutual agreement.
- 9.3 Any dispute, controversy or claim arising out of or in connection with this Agreement, or the breach, termination or invalidity thereof, shall be finally settled by arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce. Unless otherwise agreed between the parties to such arbitration, the Arbitral Tribunal shall be composed of a sole arbitrator, the seat of arbitration shall be Stockholm and the language to be used in the arbitral proceedings shall be English.
- 9.4 The arbitral proceedings and all information and documentation related thereto shall be confidential, unless a disclosure is required under any applicable law, relevant stock exchange regulations or order of court, other tribunal or competition authority or as otherwise agreed between the Parties in writing.
-

This Agreement has been signed in one (1) original, which the Holder has received, with a copy to the Company.

THE HOLDER

Name: _____

Social Security No. _____

Address: _____

E-mail: _____

Signature: _____

Title: _____

Place: _____

Date: _____

[SIGNATURE PAGE TO SHAREHOLDER AGREEMENT]

This Agreement has been signed in one (1) original, which the Holder has received, with a copy to the Company.

THE COMPANY

SPOTIFY TECHNOLOGY S.A.

By:

Place:

Date:

[SIGNATURE PAGE TO SHAREHOLDER AGREEMENT]

SCHEDULE 1

NOTICE OF PROPOSED TRANSFER

TO: Spotify Technology S.A. (the “**Company**”), attention: General Counsel

Dear Sirs,

I refer to the shareholder agreement (the “**Agreement**”) made with the Company on _____ and relating to certain of my rights and obligations as a shareholder of the Company. Capitalized terms not specifically defined in this notice shall have the meaning ascribed to them in the Agreement.

This is a Notice to inform the Company that I wish to transfer Shares to a third party. For the purposes of Section 2.2.2 of the Agreement, the details of the proposed transfer are as follows:

Identity and contact details (including address, phone number and email address) of Proposed Transferee

Ultimate owner of Proposed Transferee (if any)

_____/ _____ (a listed company)

Proposed Number of Transferred Shares

Proposed Transfer Terms

Price: _____ EUR; USD; SEK; _____ per Share

Terms and conditions for transfer attached

Description of terms and conditions (if not attached):

Proposed Transfer Date

_____(day); _____(month); _____(year)

Pursuant to Section 2.2.3, I hereby offer the Company and any Appointee the exclusive right to acquire the Transferred Shares on the same economic terms and, with respect to non-economic terms, on terms not less favourable, in the aggregate, than the Proposed Transfer Terms.

Signature: _____

Name: _____

Date: _____

SCHEDULE 2

FORM OF ADHERENCE NOTICE

1. TO BE COMPLETED BY AN ACQUIRER BEING A PRIVATE INDIVIDUAL**1.1 Background**

Reference is made to the shareholder agreement entered into by the Company and _____, on _____ (the “**Agreement**”). All capitalized terms in this notice shall have the same meaning as ascribed to them in the Agreement.

1.2 Details of acquirer

*Name and address
(the “**Holder**”)*

*Holder’s personal
identification number*

Holder’s Citizenship

*Holder’s E-mail /
telephone number*

_____/_____

1.3 Adherence

By delivery of this adherence notice, Holder agrees to be bound by the terms and conditions of the Agreement in all respects.

Signature: _____

Name: _____

Date: _____

The Company hereby acknowledges receipt of the above adherence notice, agrees to its terms and confirms that the Holder is, as of the date of this confirmation, a Party to the Agreement in accordance with the terms of the notice.

THE COMPANY

SPOTIFY TECHNOLOGY S.A.

By: _____

Place: _____

Date: _____

2. TO BE COMPLETED BY AN ACQUIRER BEING A LEGAL ENTITY**2.1 Background**

Reference is made to the shareholder agreement entered into by the Company and _____, on _____ (the “**Agreement**”). All capitalised terms in this notice shall have the same meaning as ascribed to them in the Agreement.

2.2 Details of acquirer

*Registered name and address (the “**Holder**”)* _____

Organization number _____
Type of legal entity _____
Incorporated in _____
Ultimate owner _____ / _____ (a listed company)
Contact person (title) _____ (_____)
E-mail / telephone number _____ / _____

2.3 Adherence

By delivery of this adherence notice, Holder agrees to be bound by the terms and conditions of the Agreement in all respects.

Signature: _____

Name: _____

Date: _____

The Company hereby acknowledges receipt of the above adherence notice, agrees to its terms and confirms that the Holder is, as of the date of this confirmation, a Party to the Agreement in accordance with the terms of the notice.

THE COMPANY

SPOTIFY TECHNOLOGY S.A.

By: _____

Place: _____

Date: _____



Spotify

SPOTIFY TECHNOLOGY S.A.

RESTRICTED CONSIDERATION AGREEMENT

FOR

[]

This Restricted Consideration Agreement (this “Agreement”), dated 16 November, 2017, is made by and between [] (the “Restricted Seller”), and Spotify Technology S.A., a public limited liability company (société anonyme) incorporated under the laws of the Grand Duchy of Luxembourg (“Parent”).

WITNESSETH:

WHEREAS, the Restricted Seller and certain other parties entered into a Sale and Purchase Agreement, dated 16 November, 2017 (the “Sale and Purchase Agreement”), pursuant to which the Restricted Seller (i) contributes certain of its shares in Soundtrap AB, Reg. No. 556879-1437, a limited liability company incorporated under the laws of Sweden, to Parent, and subscribed for new shares in Parent, and (ii) sells certain of its shares [and warrants] in Soundtrap AB to an affiliate of Parent. Any capitalized term that is used, but not otherwise defined, in this Agreement shall have the meaning set forth in the Sale and Purchase Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants, agreements and promises hereinafter set forth, the parties hereto covenant and agree as follows:

1. Terms and Conditions. As of the Closing Date and pursuant to the applicable provisions in this Agreement, the Sale and Purchase Agreement and, to the extent applicable, the Shareholder Agreement by and between Parent and Restricted Seller, entered into in connection with the Sale and Purchase Agreement (the “Shareholder Agreement”), the Restricted Seller (i) contributed all of its Contributed Shares to Parent and the Restricted Seller subscribed for new shares in Parent, and (ii) sold all of its Sold Shares [and Warrants] to the Buyer. The Restricted Seller acknowledges and agrees that, effective as of the Closing Date, the Restricted Seller has no right, title or interest in or to any of the Shares [or Warrants], all of which were transferred to Parent and an affiliate of Parent on the Closing Date.

2. Restricted Stock.

(a) Application of Restrictions on certain shares in Parent. Restricted Seller hereby agrees that [] shares subscribed for in Parent by the Restricted Seller pursuant to the Sale and Purchase Agreement (the “Restricted Shares”) shall, effective as of the Closing Date, be subject to the vesting and forfeiture provisions and transfer restrictions of this Section 2.

(b) Vesting. The Restricted Shares shall become vested as follows:

(i) A total of []¹ Restricted Shares will vest on the second anniversary of the Closing Date (the “First Vesting Date”) provided that no Employee Termination (as defined below) has occurred in relation to the Restricted Seller; and

(ii) A total of []² Restricted Shares will vest on the third anniversary of the Closing Date (the “Second Vesting Date”) and together with the First Vesting Date, the

¹ 33.3 per cent of the Restricted Shares.

² 66.6 per cent of the Restricted Shares.

“ Applicable Vesting Date ”) provided that no Employee Termination has occurred in relation to the Restricted Seller.

(iii) If an Employee Termination occurs in relation to the Restricted Seller prior to an Applicable Vesting Date, Parent shall have a right (but not an obligation) to acquire all of the then-unvested Restricted Shares held by the Restricted Seller at a price of EUR [583] per Restricted Share, less any dividend or other distribution paid in respect of such unvested Restricted Shares. Should Parent wish to acquire such unvested Restricted Shares, Parent shall notify, in the manner set forth in section 9.3 of the Sale and Purchase Agreement, the Restricted Seller of its wish to acquire such unvested Restricted Shares within six (6) months from the occurrence of the Employee Termination.

(iv) If the Restricted Seller ceases to be employed by Parent or any of its Affiliates for any reason other than due to (a) termination by Parent or its Affiliate (as the case may be) without cause (for the purposes of this Section 2 (b)(iv), any termination by Parent or any of its Affiliates of an employment agreement or other engagement with a Restricted Seller due to redundancy or re-organisation of the Parent or any of its Affiliates shall not be considered a cause), (ii) death or (iii) permanent disability/ill-health (including in relation to close family members), the Restricted Seller is considered to have undergone an “ Employee Termination ”.

(c) Assignment and Transferability. Prior to the Applicable Vesting Date, and notwithstanding anything set forth in the Shareholder Agreement to the contrary, the Restricted Seller may not transfer, pledge, mortgage, charge or otherwise dispose of or encumber, or grant any option or right over, any unvested Restricted Shares, whether voluntarily or involuntarily, by operation of law or otherwise; provided that nothing herein shall restrict Parent from exercising the drag-along rights set forth in Section 2.3 of the Shareholder Agreement. Notwithstanding the foregoing, the Parent agrees that the Restricted Seller shall, if the shares in the Parent are listed for public trading on a stock exchange or an authorized market, be entitled to transfer the Restricted Shares to an endowment insurance (Sw. *kapitalförsäkring*) held by the Restricted Seller. For the avoidance of doubt, this Agreement shall continue to apply also following such transfer, and, consequently, if an Employee Termination occurs while the Restricted Shares are held through an endowment insurance, the Restricted Seller agrees to immediately following receipt of notice from Parent pursuant to Section 2(b)(iii) above (i) take actions in order to ensure a transfer of the Restricted Shares to the Parent, or (ii) transfer to the Parent a number of shares, equal to the number of Restricted Shares (and comprising same class of shares) in each case pursuant to and on the terms set out in Section 2 (b)(iii).³

(d) Consequences of liquidation or dissolution of Parent on Restricted Shares. Upon the occurrence of the liquidation or dissolution of Parent, all restrictions and conditions on all Restricted Shares then outstanding shall automatically be deemed terminated or satisfied.

(e) Rights as a Shareholder. The Restricted Seller shall have all of the rights of a shareholder with respect to the Restricted Shares, vested or unvested, including voting rights and the right to receive dividends.

³ Note to draft: To be applicable in relation to all Restricted Sellers, i.e. holdings of

(f) Restrictive Legend. Any certificate issued for Restricted Shares (or, if applicable, any book entry statement issued for Restricted Shares) prior to the Applicable Vesting Date may bear such restrictive legends as Parent determines to be reasonably necessary or appropriate to document the restrictions set forth herein.

(g) Adjustments. In the event of a stock split, combination of shares, recapitalization, merger, consolidation, separation or reorganization or any other change in the capital structure of Parent or any of its Affiliates, Parent shall make adjustments in the number and type of Restricted Shares then outstanding as it determines in good faith to be necessary or appropriate.

3. General Provisions.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of Sweden, without any reference to its conflict of law principles.

(b) Dispute Resolution. Any dispute, controversy or claim arising out of, or in connection with, this Agreement or the breach, termination or invalidity thereof, shall be finally settled by arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce. The seat of arbitration shall be Stockholm. The arbitral tribunal shall be composed of three arbitrators. The language to be used in the arbitral proceedings shall be English. Each Party undertakes to ensure that all arbitral proceedings conducted in accordance with this Agreement shall be kept strictly confidential. This undertaking shall cover, *inter alia*, that arbitral proceedings have been initiated, all information disclosed during the course of such proceedings, as well as any decision or award made or declared by the arbitral tribunal.

(c) Waiver of Breach. The waiver by Parent of a breach of any provision of this Agreement by the Restricted Seller will not operate or be construed as a waiver of any subsequent breach by the Restricted Seller.

(d) Successors and Assigns. This Agreement will be binding upon and will inure to the benefit of the parties hereto and their respective heirs, successors, representatives and assigns. This Agreement is assignable to any legal successor of Parent. This Agreement may not be assigned by the Restricted Seller.

(e) Tax Withholding. Parent and its Affiliates may withhold from any amounts payable under this Agreement all federal, state, local or other taxes as they are required to withhold pursuant to any applicable law, regulation or ruling.

(f) Headings. The headings of this Agreement are for convenience and reference only and in no way define, describe, extend or limit the scope or intent of this Agreement or the intent of any provision hereof.

(g) Construction. The parties acknowledge that this Agreement is the result of arm's-length negotiations between sophisticated parties, each afforded representation by legal counsel. Each and every provision of this Agreement shall be construed as though both parties participated equally in the drafting of the same, and any rule of construction that a document shall be construed against the drafting party shall not be applicable to this Agreement.

(h) Counterparts. This Agreement may be executed on separate counterparts, any one of which need not contain signatures of more than one party, but all of which taken together will constitute one and the same agreement.

(i) Conflicts. In the event of any conflicts between the terms of this Agreement and the terms of the Sale and Purchase Agreement, the terms of the Sale and Purchase Agreement shall prevail.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth above.

Spotify Technology S.A.

By: _____

[]
Restricted Seller

By: _____

Its: _____

SUBSCRIPTION AGREEMENT

by and among

TENCENT MUSIC ENTERTAINMENT GROUP,

TENCENT MUSIC ENTERTAINMENT HONG KONG LIMITED,

SPOTIFY TECHNOLOGY S.A.

and

SPOTIFY AB

DATED AS OF DECEMBER 8, 2017

TABLE OF CONTENTS

	Page
Article I Definitions	2
Article II Issuance and Subscription of Shares	11
SECTION 2.01 Issuance and Subscription of Acquired TME Shares	11
SECTION 2.02 Issuance and Subscription of Acquired Spotify Shares	12
SECTION 2.03 Closing	12
SECTION 2.04 Closing Deliverables	12
SECTION 2.05 Issuance of Top-Up TME Shares	14
Article III Representations and Warranties of TME	14
SECTION 3.01 Corporate Organization	15
SECTION 3.02 Authority	15
SECTION 3.03 Capitalization	16
SECTION 3.04 No Governmental Authorization; Non-Contravention	17
SECTION 3.05 Control Documents	18
SECTION 3.06 TME Financial Statements	19
SECTION 3.07 Intellectual Property	20
SECTION 3.08 Litigation	22
SECTION 3.09 Real Property	22
SECTION 3.10 Compliance with Laws and Permits	22
SECTION 3.11 Tax Representations	22
SECTION 3.12 Sufficiency of Assets	23
SECTION 3.13 Employment Matters	23
SECTION 3.14 Transaction with Affiliates	23
SECTION 3.15 Anticorruption Compliance	23
SECTION 3.16 Compliance with Sanctions Laws	24
SECTION 3.17 Securities Matters	24
SECTION 3.18 Investment Company	24
SECTION 3.19 Brokers	25
SECTION 3.20 Non-Reliance on Estimates	25
SECTION 3.21 No Other Representations or Warranties	25
Article IV Representations and Warranties of Spotify	25
SECTION 4.01 Corporate Organization	25
SECTION 4.02 Authority	26
SECTION 4.03 Capitalization	26
SECTION 4.04 No Governmental Authorization; Non-Contravention	27
SECTION 4.05 Spotify Financial Statements	28
SECTION 4.06 Intellectual Property	28
SECTION 4.07 Litigation	30
SECTION 4.08 Real Property	30

SECTION 4.09	Compliance with Laws and Permits	30
SECTION 4.10	Tax Representations	31
SECTION 4.11	Employment Matters	31
SECTION 4.12	Sufficiency of Assets	31
SECTION 4.13	Transaction with Affiliates	31
SECTION 4.14	Anticorruption Compliance	31
SECTION 4.15	Compliance with Sanctions Laws	32
SECTION 4.16	Securities Matters	32
SECTION 4.17	Investment Company	33
SECTION 4.18	Brokers	33
SECTION 4.19	Non-Reliance on Estimates	33
SECTION 4.20	No Other Representations or Warranties	33
Article V Covenants		34
SECTION 5.01	Conduct of Business of TME Prior to Closing	34
SECTION 5.02	Conduct of Business of Spotify Prior to Closing	34
SECTION 5.03	TME Shareholders Meeting	34
SECTION 5.04	Reasonable Best Efforts	35
SECTION 5.05	Shareholders Agreement	35
SECTION 5.06	Confidentiality	35
SECTION 5.07	Tencent Hong Kong Secondary Purchase	35
SECTION 5.08	TME Equity Offering and TME Shares Distribution	36
Article VI Conditions to Closing		36
SECTION 6.01	Conditions to Obligations of Each Party	36
SECTION 6.02	Conditions to Obligations of the TME Parties	37
SECTION 6.03	Conditions to Obligations of the Spotify Parties	37
Article VII Indemnification		38
SECTION 7.01	Survival	38
SECTION 7.02	Indemnification	39
SECTION 7.03	Limitations on Indemnification	39
SECTION 7.04	Claims Procedure	41
SECTION 7.05	Satisfaction of Indemnification Obligations	43
SECTION 7.06	Tax Treatment of Indemnification	44
SECTION 7.07	Exclusive Remedy	44
SECTION 7.08	Contingent Liabilities	45
SECTION 7.09	No Waiver of Contractual Representations and Warranties	45
SECTION 7.10	No Duplication	45
SECTION 7.11	No Offset	45
Article VIII TERMINATION		45
SECTION 8.01	Termination	45
SECTION 8.02	Effect of Termination	46

SECTION 9.01	Expenses and Taxes	47
SECTION 9.02	Publicity	47
SECTION 9.03	Amendment	47
SECTION 9.04	Notices	47
SECTION 9.05	Waivers	48
SECTION 9.06	Successors and Assignment	48
SECTION 9.07	No Third-Party Beneficiaries	48
SECTION 9.08	Severability	49
SECTION 9.09	Entire Understanding	49
SECTION 9.10	Governing Law	49
SECTION 9.11	Arbitration	49
SECTION 9.12	Counterparts	49
SECTION 9.13	Titles and Subtitles	50
SECTION 9.14	Specific Performance	50
SECTION 9.15	Interpretation	50
SECTION 9.16	Changes in Capital Stock	51

EXHIBITS

EXHIBIT A	Form of Spotify Investor Agreement
EXHIBIT B	Form of TME Investor Agreement
EXHIBIT C	Form of Restated Articles
EXHIBIT D	Form of Shareholders Agreement
EXHIBIT E	Form of Cayman Islands Counsel Legal Opinion
EXHIBIT F	Form of Closing Certificate of TME
EXHIBIT G	Form of Luxembourg Counsel Legal Opinion
EXHIBIT H	Form of Closing Certificate of Spotify

Index of Defined Terms

2015&2016 TME Financial Statements	19	OFAC	6
Acquired Spotify Shares	12	OFAC Sanctioned Person	6
Acquired TME Shares	11	OFAC Sanctions	6
Affiliate	2	Open Source Software	6
Agreement	1	Order	6
Anticorruption Laws	2	Ordinary Course of Business	6
Audited Spotify Financial Statements	28	Other Transaction Agreements	1
Basket	40	Participation Rights Issuance	14
beneficial owner	2	Parties	1
beneficial ownership	2	Party	1
beneficially own	2	Per Share Value	43
Beneficiary Certificates	3	Per TME Share Price	11
Business Day	3	Permits	6
Change in Recommendation	35	Permitted Lien	6
Closing	12	Person or person	7
Closing Date	12	PRC	7
Confidentiality Agreement	35	Related Party	7
Contract	3	Representatives	7
Control Document	18	Required Shareholder Approval	7
Control Documents	18	Required Shareholders	8
Convertible Notes	3	Restated Articles	8
De Minimis Amount	40	Spotify Indemnified Party	39
Direct Claim	42	SAFE	22
Effect	9	SDN List	6
Enforceability Limitations	15	Secretary	6
EUR or €	3	Securities Act	8
Exchange Act	3	Shareholders Agreement	8
Expert	43	Significant Subsidiary	8
Fully Diluted	3	Spotify	1
Fundamental Representations	38	Spotify AB	1
Governing Documents	4	Spotify Agent	31
Government Official	5	Spotify Business	8
Governmental Body	5	Spotify Disclosure Letter	25
Governmental Consent	18	Spotify Financial Statements	28
ICC	49	Spotify Group Companies	8
IFRS	5	Spotify Investor Agreement	1
Indemnified Party	5	Spotify Material Adverse Effect	9
Indemnifying Party	5	Spotify Parties	1
Injunction	37	Spotify Securities	9
Intellectual Property Rights	5	Spotify Shares	9
Interim TME Financial Statements	19	Spotify Shares Issuance	12
Knowledge of Spotify	5	Spotify Shares Purchase Price	12
Knowledge of TME	5	Spotify Termination Date	46
Law	5	Spotify Top-Up Options	9
Lien	5	Subsidiary	9
Losses	5	Tax	10
Losses Estimate	43	Tax Benefit	41

Tax Return	10	TME Label Agreements	10
Taxes	9	TME Material Adverse Effect	10
Taxing Authority	10	TME Parties	1
Tencent Hong Kong	2	TME Securities	11
Tencent Hong Kong Secondary Purchase	2	TME Shareholders Meeting	34
Third Party Claim	41	TME Shares	11
TME	1	TME Shares Issuance	11
TME Agent	23	TME Shares Purchase Price	11
TME Board Recommendation	16	TME Termination Date	46
TME Business	10	Top-Up TME Shares	14
TME Disclosure Letter	14	U.S. Dollars or \$	11
TME Equity Offering	10	U.S. GAAP	11
TME Financial Statements	19	U.S. Person	11
TME Group Companies	10	Unaudited Spotify Financial Statements	28
TME Hong Kong	1	Voting Agreement	1
TME Indemnified Party	39	Willful Breach	11
TME Investor Agreement	1		

SUBSCRIPTION AGREEMENT

This SUBSCRIPTION AGREEMENT (this “Agreement”) is made as of December 8, 2017, by and among Tencent Music Entertainment Group, an exempted company with limited liability incorporated under the laws of the Cayman Islands (“TME”), Tencent Music Entertainment Hong Kong Limited, a company incorporated under the laws of Hong Kong and a wholly-owned Subsidiary of TME (“TME Hong Kong” and, together with TME, the “TME Parties”), Spotify Technology S.A., a public limited company (*société anonyme*) incorporated under the laws of Luxembourg, having its registered office at 42-44 avenue de la Gare, L-1610 Luxembourg, and registered with the Luxembourg Trade and Companies Register under number B 123 052 (“Spotify”), and Spotify AB, a corporation incorporated under the laws of Sweden and a wholly-owned Subsidiary of Spotify (“Spotify AB” and, together with Spotify, the “Spotify Parties”). Each of the TME Parties and the Spotify Parties is sometimes referred to herein, individually, as a “Party” and, collectively with the other Parties, as the “Parties.”

RECITALS

WHEREAS, upon the terms and subject to the conditions set forth in this Agreement, TME desires to issue to Spotify AB, and Spotify AB desires to subscribe for, the Acquired TME Shares;

WHEREAS, upon the terms and subject to the conditions set forth in this Agreement, Spotify desires to issue to TME Hong Kong, and TME Hong Kong desires to subscribe for, the Acquired Spotify Shares;

WHEREAS, upon consummation of the issuance by TME to Spotify AB of the Acquired TME Shares, the Parties intend to enter into an Investor Agreement in the form attached as Exhibit A hereto (the “Spotify Investor Agreement”), which sets out the Parties’ respective rights and obligations with respect to Spotify AB’s investment in TME;

WHEREAS, upon consummation of the issuance by Spotify to TME Hong Kong of the Acquired Spotify Shares, the Parties intend to enter into an Investor Agreement in the form attached as Exhibit B hereto (the “TME Investor Agreement”), which sets out the Parties’ respective rights and obligations with respect to TME Hong Kong’s investment in Spotify;

WHEREAS, concurrently with the execution of this Agreement, Spotify has entered into a Voting and Support Agreement, dated as of the date hereof (the “Voting Agreement” and, together with the Spotify Investor Agreement and the TME Investor Agreement, the “Other Transaction Agreements”), with TME and certain shareholders of TME, pursuant to which, subject to the terms thereof, the shareholders of TME which are parties thereto have agreed, among other things to vote the TME Shares held by them in favor of the approval of this Agreement and the transactions contemplated hereby and the adoption of the Restated Articles and to execute and deliver the Shareholders Agreement;

WHEREAS, in connection with the transactions contemplated by this Agreement, TME intends to declare a distribution to its existing shareholders of a total of 255,185,879 TME Shares (the “TME Shares Distribution”) and, after giving effect to the waiver by Min River Investment Limited (“Min River”) and Spotify AB of their respective rights to participate in the

TME Shares Distribution, intends to distribute a total of 88,726,036 TME Shares to the shareholders of TME (other than Min River and Spotify AB) in the TME Shares Distribution (the “Distribution to Other Shareholders”);

WHEREAS, following the consummation of the transactions contemplated by this Agreement, TME Hong Kong will transfer to Image Frame Investment (HK) Limited, a company incorporated under the laws of Hong Kong and a wholly-owned Subsidiary of Tencent Holdings Limited (“Tencent Hong Kong”), a certain portion of the Acquired Spotify Shares; and

WHEREAS, in connection with the transactions contemplated by this Agreement, Tencent Hong Kong intends to purchase from one or more holders of the Convertible Notes additional Spotify Shares, which will be issued to such holder(s) upon conversion of, or in exchange for, a portion of the Convertible Notes held by such holder(s) (such purchase, the “Tencent Hong Kong Secondary Purchase”).

NOW THEREFORE, in consideration of the mutual representations, warranties, agreements and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

Article I

DEFINITIONS

For purposes of this Agreement, capitalized terms used herein but not defined elsewhere in this Agreement shall have the meanings set forth in this Article I.

“Affiliate” of any Person shall mean, as of any date, any Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such first Person. For purposes of this Agreement, a Person shall be deemed to “control” another Person if such first Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise. For the avoidance of doubt, for purposes of this Agreement, (i) none of the Spotify Parties or any of their respective Affiliates shall be deemed to be an Affiliate of the TME Parties or any of their respective Affiliates, and (ii) none of the TME Parties or any of their respective Affiliates shall be deemed to be an Affiliate of the Spotify Parties or any of their respective Affiliates.

“Anticorruption Laws” shall mean Laws governing bribery and corruption, including the U.S. Foreign Corrupt Practices Act of 1977, as amended (15 U.S.C. §§ 78a et seq. (1997 and 2000)), the UK Bribery Act 2010 and the anti-bribery and anticorruption Laws in the PRC (including the Criminal Law and Anti-Unfair Competition Law of the PRC).

“beneficial owner” and words of similar import (including “beneficially own” and “beneficial ownership”) shall have the meaning assigned to such terms in Rule 13d-3 promulgated under the Exchange Act (or any comparable successor rule thereto).

“Beneficiary Certificates” shall mean any beneficiary certificates issued or to be issued by Spotify pursuant to the articles of association of Spotify and giving the holder(s) thereof additional voting power (without any economic rights attached thereto) in Spotify.

“Business Day” shall mean any day of the year other than (i) any Saturday or Sunday or (ii) any other day on which banks located in New York City, New York, United States of America, London, United Kingdom, Stockholm, Sweden, Luxembourg, Grand Duchy of Luxembourg, Hong Kong S.A.R., Shenzhen, PRC or the Cayman Islands are closed for business.

“Contract” shall mean any written or, if binding, oral contract, lease, easement, license, contract, commitment, agreement, arrangement or understanding (other than any Permits).

“Convertible Notes” shall mean the Convertible Senior Notes issued by Spotify on April 1, 2016 with an aggregate original principal amount of US\$1 billion.

“EUR” or “€” shall mean the currency of the European Union.

“Exchange Act” shall mean the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Fully Diluted” shall mean, with respect to the share capital of TME or Spotify, as applicable, the sum of (i) all shares of capital stock of such Person issued and outstanding as of the Closing, plus (ii) all shares of capital stock of such Person issuable upon exercise of all options, warrants and other rights to purchase or otherwise acquire shares of capital stock of such Person granted, issued and outstanding as of the Closing, plus (iii) all shares of capital stock issuable upon conversion, exchange or exercise of any securities of such Person that are convertible into, exchangeable or exercisable for shares of capital stock of such Person granted, issued and outstanding as of the Closing, and plus (iv) all restricted shares of such Person granted, issued and outstanding as of the Closing; provided, however, that (A) with respect to any convertible debt securities of such Person, the shares of capital stock issuable upon conversion of such securities shall be included in the calculation of the Fully Diluted share capital of such Person if the price per share of capital stock of such Person into which such securities are convertible as of the Closing (regardless of whether such securities are convertible at that time) is greater than or equal to the applicable conversion price of such securities, in which case the number of shares of capital stock to be included in the calculation of the Fully Diluted share capital of such Person in respect of such convertible debt securities will be calculated by dividing the total principal amount (plus any accrued payment-in-kind interest) of such securities by the applicable conversion price and (B) with respect to any options or warrants of such Person, the number of shares of capital stock of such Person to be included in the calculation of the Fully Diluted share capital in respect of such options or warrants shall be the product of (x) a fraction, the numerator of which is the excess (if any) of the price per share of capital stock of such Person as of the Closing over the weighted average exercise price per share of capital stock of such Person as of the Closing for all such options and warrants (regardless of whether such options and/or warrants are exercisable at that time), and the denominator of which is the price per share of capital stock of such Person as of the Closing and (y) the total number of shares of capital stock of such Person issuable upon exercise of all such options and warrants;

provided, further, that with respect to Spotify, neither the Spotify Top-Up Options, nor the Convertible Notes (including any accrued payment-in-kind interest), nor any Beneficiary Certificates shall be included for purposes of calculating the Fully Diluted share capital of Spotify. Notwithstanding anything to the contrary, solely for the purposes of the calculation of the Fully Diluted share capital of Spotify as of the Closing, the price per share of capital stock of Spotify as of the Closing and the number of Acquired Spotify Shares under this Agreement, the Spotify Shares Purchase Price shall be equal to the TME Shares Purchase Price. For purposes of this definition, (1) the price per share of capital stock of TME as of the Closing shall be equal to the Per TME Share Price and (2) the price per share of capital stock of Spotify as of the Closing shall be calculated by dividing the Spotify Shares Purchase Price by the total number of Acquired Spotify Shares. For illustrative purposes, Article I of each of the TME Disclosure Letter and the Spotify Disclosure Letter sets forth an agreed sample calculation, as of the dates specified therein, of the Fully Diluted share capital of TME, the number of Acquired TME Shares, the Fully Diluted share capital of Spotify, the number of the Acquired Spotify Shares and the price per share of capital stock of Spotify; provided, that such sample calculation is provided for reference only and shall not constitute any representation, warranty or covenant of any Party (for the avoidance of doubt, such sample calculation in Article I of the respective disclosure letters is intended solely to assist the Parties in calculating any of the foregoing amounts at the time of Closing and shall not be deemed to supplement, modify or supersede any of the provisions of this Agreement, including Article II). For purposes of calculating the Fully Diluted share capital of TME under this Agreement (including, as of the dates specified therein, in the sample calculation and as of the Closing), the Parties agree that the total number of shares of capital stock of TME to be included in the calculation of the Fully Diluted share capital of TME with respect to the options referred to as “Ultimate Options” in Article I of each of the TME Disclosure Letter and the Spotify Disclosure Letter shall be 8,589,474, which number is based on the good faith estimate of TME as of the date hereof; provided, however, that if, as of the Closing, the total number of shares of capital stock of TME issuable upon exercise of such Ultimate Options exceeds 10,736,843, then the total number of shares of capital stock of TME to be included in the calculation of the Fully Diluted share capital of TME with respect to such Ultimate Options shall be determined in accordance with clause (B) of this definition of “Fully Diluted” (it being understood and agreed that (x) the number of shares of capital stock of TME issuable upon exercise of such Ultimate Options as finally determined pursuant to the terms and conditions of the Contracts relating to such Ultimate Options may not be 8,589,474 but will also not exceed 10,736,843, and (y) in the event that the finally determined number of shares of capital stock of TME issuable upon exercise of such Ultimate Options is not 8,589,474, so long as such number does not exceed 10,736,843, neither the number of the Acquired TME Shares nor the number of the Acquired Spotify Shares, in each case, as finally determined as of the Closing Date, shall change, and no Party shall incur any liability under this Agreement, as a result of such difference).

“ Governing Documents ” of any Person shall mean the memorandum of association, articles of association, articles of organization, business license, certificate of incorporation or formation or organization, bylaws, partnership agreement, limited partnership agreement, limited liability company agreement or other operating agreement, shareholders’ agreement or other similar governing documents of such Person or relating to the shares of capital stock of such Person.

“Government Official” shall mean any current or former official, officer, employee or representative, or any Person acting in an official capacity for or on behalf, of any Governmental Body or any political party, or any candidate for political office.

“Governmental Body” shall mean any foreign, domestic, multinational, federal, territorial, state or local government or governmental authority, quasi-governmental authority, government owned or government controlled (in whole or in part) enterprise, public international organization (such as the United Nations or the Red Cross), regulatory body, court, tribunal, commission, board, bureau, agency, instrumentality, or any regulatory, administrative or other department, or agency, or any political or other subdivision of any of the foregoing.

“IFRS” shall mean the International Financial Reporting Standards promulgated by the International Accounting Standards Board as in effect from time to time.

“Indemnified Party” shall mean either a Spotify Indemnified Party or a TME Indemnified Party, as the context requires.

“Indemnifying Party” shall mean either TME or Spotify, as the context requires.

“Intellectual Property Rights” shall mean inventions, patents, trade secrets, copyrights (including copyright in software), trademarks, service marks and domain names, in each case, whether registered or unregistered.

“Knowledge of Spotify” shall mean the actual knowledge of Daniel Ek and Barry McCarthy, after due inquiry with the relevant individuals with respect to the matters in question.

“Knowledge of TME” shall mean the actual knowledge of Kar Shun Cussion Pang, James Gordon Mitchell, Min Hu, and Brent Richard Irvin, after due inquiry with the relevant individuals with respect to the matters in question.

“Law” shall mean any law, statute, code, regulation, ordinance or rule, in each case, enacted or promulgated by any Governmental Body, or any Order or other legally enforceable requirement of a Governmental Body, in each case, as amended, restated, supplemented or modified from time to time.

“Lien” shall mean any mortgage, lien, deed of trust, pledge, charge, hypothecation, security interest, easement, encumbrance, encroachment, servitude, option, right of first refusal, right of first offer, adverse ownership claim, restriction on transfer of title or voting or similar restrictions, whether imposed by Contract, Law, equity or otherwise, except for (i) restrictions on transfer generally arising under applicable securities Laws, (ii) with respect to any Lien on the Acquired TME Shares, the Top-Up TME Shares or Acquired Spotify Shares, as applicable, the restrictions set forth in the Spotify Investor Agreement and the TME Investor Agreement, respectively, and (iii) Permitted Liens.

“Losses” shall mean any and all damages, losses, liabilities, obligations, responsibilities, encumbrances, penalties, payments, judgments, awards, settlements, claims, demands, taxes, assessments, fines, interest, costs, fees and expenses (including reasonable attorneys’ fees and disbursements and all amounts paid in investigation, preparation, defense,

settlement or collection of any of the foregoing); provided, however, that Losses shall not include punitive or exemplary damages or any incidental or consequential damages, lost profits or other similar damages or losses, except to the extent such damages or losses are awarded to or recovered by a third party in connection with a Third Party Claim; provided, further, that Losses shall not be limited to matters asserted by third parties against any Person entitled to be indemnified pursuant to Article VII, but shall include any and all Losses incurred or suffered by such Person in the absence of a Third Party Claim and shall take into account such Person's ownership or investment in TME or Spotify, as applicable, including any Loss or diminution in value thereof (it being understood that such Person shall be precluded from seeking to argue that the amount of Losses indemnifiable hereunder shall be subject to the application of a multiple of any relevant financial measure).

“OFAC Sanctioned Person” shall mean any government, country, corporation or other entity, group or individual with whom or which the OFAC Sanctions prohibit a U.S. Person from engaging in transactions, and includes any individual or corporation or other entity that appears on the current OFAC list of Specially Designated Nationals and Blocked Persons (the “SDN List”). For ease of reference, and not by way of limitation, OFAC Sanctioned Persons other than governments and countries can be found on the SDN List on OFAC's website at www.treas.gov/offices/enforcement/ofac/sdn.

“OFAC Sanctions” shall mean any sanctions program administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury (“OFAC”) under authority delegated to the Secretary of the Treasury (the “Secretary”) by the President of the United States or provided to the Secretary by statute, and any order or license issued by, or under authority delegated by, the President or provided to the Secretary by statute in connection with a sanctions program thus administered by OFAC. For ease of reference, and not by way of limitation, OFAC Sanctions programs are described on OFAC's website at www.treas.gov/ofac.

“Open Source Software” shall mean software that is distributed as “free software,” “open source software,” “copy left,” or under substantially similar licensing and distribution terms (including the GNU General Public License (GPL), GNU Lesser General Public License (LGPL), Mozilla Public License (MPL), Common Public License (CPL), BSD Licenses, MIT and Apache Licenses).

“Order” shall mean any award, decision, decree, injunction, judgment, order, ruling, subpoena, or verdict entered, issued, made, entered into or rendered by any Governmental Body.

“Ordinary Course of Business” shall mean the ordinary course of business for a business such as the Spotify Business or the TME Business, as applicable.

“Permits” shall mean licenses, concessions, authorizations, certificates, variances, permits, approvals, franchises, exemptions, clearances, consents, authorizations and other rights issued by any Governmental Body.

“Permitted Lien” shall mean, with respect to any Person, (i) Liens for which (and to the extent) adequate reserves (as determined in accordance with the accounting principles and

standards applicable to such Person) have been established on the latest balance sheet of such Person included in the Interim TME Financial Statements or the Unaudited Spotify Financial Statements, as applicable; (ii) Liens imposed by any Governmental Body for taxes not yet due and payable or that are being contested in good faith by appropriate proceedings and for which adequate reserves (as determined in accordance with the accounting principles and standards applicable to such Person) have been established on the latest balance sheet of such Person included in the Interim TME Financial Statements or the Unaudited Spotify Financial Statements, as applicable, (iii) Liens with respect to any leased or owned real property which does not, or will not, individually or in the aggregate, materially interfere with the use or ownership of such real property, (iv) Liens incurred in connection with hedging and similar arrangements in the Ordinary Course of Business, (v) Liens incurred by such Person in connection with pledges or deposits in respect of workers' compensation, unemployment insurance and other social security legislation in the Ordinary Course of Business of such Person, (vi) deposits by such Person to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the Ordinary Course of Business of such Person, (vii) Liens incurred by such Person securing obligations or liabilities of such Person which do not impair the continued use of the assets, rights or properties of such Person and (viii) Liens imposed by, or arising under, the Control Documents.

“Person” or “person” shall mean any individual, corporation, business trust, proprietorship, firm, partnership, limited partnership, limited liability partnership, limited liability company, trust, association, joint venture, Governmental Body or other entity.

“PRC” shall mean the People's Republic of China, and for the purposes of this Agreement, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan.

“Related Party” shall mean (i) with respect to Spotify, (A) any Affiliate of Spotify (other than any Subsidiary of Spotify), (B) any equityholder who holds more than five percent (5%) of the equity interests of, or any officer, employee, manager or director of, any Affiliate of Spotify (other than any Subsidiary of Spotify), (C) any equityholder (other than Spotify or any of its Subsidiaries) who holds more than five percent (5%) of the equity interests in, or any officer, employee, manager or director of, any of the Spotify Group Companies or (D) any immediate family member of any of the foregoing and (ii) with respect to TME, (A) any Affiliate of TME (other than any Subsidiary of TME), (B) any equityholder who holds more than five percent (5%) of the equity interests of, or any officer, employee, manager or director of, any Affiliate of TME (other than any Subsidiary of TME), (C) any equityholder (other than TME or any of its Subsidiaries) who holds more than five percent (5%) of the equity interests in, or any officer, employee, manager or director of, any of the TME Group Companies or (D) any immediate family member of any of the foregoing.

“Representatives” shall mean, with respect to any Person, such Person's directors, managers, officers, employees and advisors (including financial advisors, attorneys, accountants and consultants); provided, however, that for the avoidance of doubt (i) a shareholder, member, partner or other equity holder of such Person or (ii) a music record label or other music rights holder, in each case, shall not be deemed, and shall not constitute, a “Representative” for purposes of this Agreement.

“Required Shareholder Approval” shall mean (i) the approval (by vote or written consent) of this Agreement and the transactions contemplated hereby by the holders of at least sixty-six and seven-tenths percent (66.7%) of the issued and outstanding TME Shares and (ii) the adoption of the Restated Articles by special resolution in accordance with the Governing Documents of TME.

“Required Shareholders” shall mean the holders of at least seventy-five percent (75%) of the issued and outstanding TME Shares (which holders must include Min River).

“Restated Articles” shall mean the Third Amended and Restated Memorandum and Articles of Association of TME, substantially in the form attached hereto as Exhibit C, to be adopted by the shareholders of TME on or prior to the Closing Date (it being understood and agreed that the Restated Articles adopted by the shareholders of TME can be different from the form of Exhibit C attached hereto so long as such changes do not adversely affect the rights and obligations of any Spotify Party relative to the Restated Articles in the form of Exhibit C attached hereto or under the Other Transaction Agreements).

“Securities Act” shall mean the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Shareholders Agreement” shall mean the Second Amended and Restated Shareholders Agreement, substantially in the form attached hereto as Exhibit D, to be entered into by TME and the other parties thereto on or prior to the Closing Date (it being understood and agreed that the Shareholders Agreement entered into by TME and the other parties can be different from the form of Exhibit D attached hereto so long as such changes do not adversely affect the rights and obligations of any Spotify Party relative to the Shareholders Agreement in the form of Exhibit D attached hereto or under the Other Transaction Agreements).

“Significant Subsidiary” shall mean, as of the date of determination, (i) with respect to Spotify, any Subsidiary of Spotify whose total consolidated assets or total consolidated revenue as of the latest quarterly or year-end financial statements are greater than ten percent (10%) of the total assets or ten percent (10%) of the total revenue, as applicable, of Spotify and its Subsidiaries, taken together, at such date, determined in accordance with IFRS and (ii) with respect to TME, any Subsidiary of TME whose total consolidated assets or total consolidated revenue as of the latest quarterly or year-end financial statements are greater than ten percent (10%) of the total assets or ten percent (10%) of the total revenue, as applicable, of TME and its Subsidiaries, taken together, at such date, determined in accordance with U.S. GAAP.

“Spotify Business” shall mean the business of the Spotify Group Companies, as conducted or as proposed to be conducted, in each case, as of the date hereof.

“Spotify Group Companies” shall mean Spotify and its Significant Subsidiaries. Section 1 of the Spotify Disclosure Letter sets forth a complete list of the Spotify Group Companies as of the date of hereof.

“Spotify Material Adverse Effect” shall mean any event, circumstance, occurrence, fact, condition, change, development or effect (each, an “Effect”) that, individually or together with any Effect(s), has had or would reasonably be expected to have a material adverse effect on the business, assets (including intangible assets), liabilities, financial condition, or results of operations of the Spotify Group Companies, taken as a whole, but excluding any Effect arising from (i) general changes in market or industry conditions or the economic or competitive environment in which any Spotify Group Company operates; provided, that any Effect set forth in clause (i) may be taken into account in determining whether a Spotify Material Adverse Effect has occurred if and to the extent such Effect, individually or in the aggregate, has or would reasonably be expected to have a materially disproportionate impact on the Spotify Group Companies, taken as a whole, relative to the other participants in the industries in which the Spotify Group Companies conduct their businesses, or (ii) the first listing of equity securities of Spotify (or a holding company or any Spotify Group Company) on an internationally recognized stock exchange or similar market place of recognized national standing (excluding, for the avoidance of doubt, private secondary markets or similar).

“Spotify Securities” shall mean shares of capital stock of Spotify, warrants, options, convertible securities, exchangeable securities or similar rights or instruments of Spotify exercisable, exchangeable or convertible into, or requiring the issuance, allotment or delivery of shares of capital stock of Spotify or granting other rights in respect of shares of capital stock of Spotify, including the Spotify Shares.

“Spotify Shares” shall mean the common shares, €0.025 par value per share, of Spotify.

“Spotify Top-Up Options” shall mean options outstanding as of the date hereof to subscribe for additional Spotify Shares granted (i) together with the issuance of Spotify Shares to certain shareholders of Spotify on December 13, 2012, (ii) together with the issuance of Spotify Shares to certain shareholders of Spotify on December 19, 2013 or January 17, 2014, (iii) together with the issuance of Spotify Shares to certain Persons on April 28, 2015, (iv) together with the issuance of Spotify Shares to certain Persons on June 10, 2015, (v) together with the issuance of Spotify Shares to certain Persons on June 24, 2015, (vi) together with the issuance of Spotify Shares to certain Persons on July 15, 2015; and in each case, together with the related offering of Spotify Shares to the current shareholders of Spotify and, in each case, on the terms and conditions set forth in the form option agreements provided to TME prior to the date hereof and the terms set forth on Section 4.03(a) and Section 4.03(e) of the Spotify Disclosure Letter.

“Subsidiary” shall mean, with respect to any Person, any other Person, whether incorporated or unincorporated, (i) of which more than fifty percent (50%) of either the equity interests in, or the voting control of, such other Person is, directly or indirectly through Subsidiaries or otherwise, beneficially owned by such first Person (including through a “variable interest entity” or similar arrangement), (ii) of which such first Person is the general partner or managing member, or (iii) whose financial results are consolidated with the net revenues of such first Person and are recorded on the books of such first Person for financial reporting purposes in accordance with applicable accounting standards.

“Tax” or “Taxes” shall mean any tax, customs, levies, duties, charges, governmental fee or other like assessment or charge of any kind whatsoever together with any interest, surcharges, penalty, addition to tax or additional amount imposed by any Taxing Authority responsible for the imposition of any such tax.

“Tax Return” shall mean all returns, declarations, reports, statements, estimates, information statements and other forms and documents (including all schedules, exhibits, and other attachments thereto and amendments thereof) required to be filed with any Taxing Authority in connection with the calculation, determination, assessment or collection of, any Taxes.

“Taxing Authority” shall mean any Governmental Body having jurisdiction over the assessment, determination, collection or other imposition of any Tax.

“TME Business” shall mean the business of the TME Group Companies, as conducted or as proposed to be conducted, in each case, as of the date hereof.

“TME Equity Offering” shall mean the equity financing proposed by TME on or around the date hereof with respect to an issuance of up to 119,394,895 TME Shares by TME (excluding the Acquired TME Shares).

“TME Group Companies” shall mean TME and its Significant Subsidiaries. Section 1 of the TME Disclosure Letter sets forth a complete list of the TME Group Companies as of the date hereof.

“TME Label Agreements” shall mean each of (i) Music Services Cooperation Agreement, dated as of October 18, 2016, by and between TME Hong Kong and Warner Music China (Hong Kong) Limited and (ii) 2016 Term Sheet (Digital Content Collaboration Arrangement – for Mainland China), dated as of September 13, 2016 and as amended on December 5, 2017, by and between Tencent Music Entertainment (Shenzhen) Co., Ltd. and Beijing Starbright Technical Services Company Limited.

“TME Material Adverse Effect” shall mean any Effect that, individually or together with any Effect(s), has had or would reasonably be expected to have a material adverse effect on the business, assets (including intangible assets), liabilities, financial condition, or results of operations of the TME Group Companies, taken as a whole, but excluding any effect arising from (i) general changes in market or industry conditions or the economic or competitive environment in which any TME Group Company operates; provided, that any Effect set forth in clause (i) may be taken into account in determining whether a TME Material Adverse Effect has occurred if and to the extent such Effect, individually or in the aggregate, has or would reasonably be expected to have a materially disproportionate impact on the TME Group Companies, taken as a whole, relative to the other participants in the industries in which the TME Group Companies conduct their businesses, or (ii) the first listing of equity securities of TME (or a holding company or any TME Group Company) on an internationally recognized stock exchange or similar market place of recognized national standing (excluding, for the avoidance of doubt, private secondary markets or similar).

“TME Securities” shall mean shares of capital stock of TME, warrants, options, convertible securities, exchangeable securities or similar rights or instruments of TME exercisable, exchangeable or convertible into, or requiring the issuance, allotment or delivery of shares of capital stock of TME or granting other rights in respect of shares of capital stock of TME, including the TME Shares.

“TME Shares” shall mean the ordinary shares, \$0.000083 par value per share, of TME.

“U.S. Dollars” or “\$” shall mean the currency of the United States of America.

“U.S. GAAP” shall mean generally accepted accounting principles in the United States as in effect from time to time, consistently applied.

“U.S. Person” shall mean any U.S. citizen, permanent resident alien, or entity organized under the laws of the United States (including foreign branches), except that with respect to the Cuban Assets Control Regulations, “U.S. Person” shall also mean any corporation or other entity that is owned or controlled by a U.S. citizen, permanent resident alien, or entity organized under the laws of the United States, without regard to where it is organized or doing business.

“Willful Breach” shall mean a material breach of this Agreement which has resulted from either (i) intentional fraud or (ii) a deliberate act or a deliberate failure to act with actual knowledge at the time of such act or failure to act that the act or failure to act constituted, would or would reasonably be expected to result in, a material breach of this Agreement.

Article II

ISSUANCE AND SUBSCRIPTION OF SHARES

SECTION 2.01 Issuance and Subscription of Acquired TME Shares.

(a) Upon the terms and subject to the conditions set forth in this Agreement, at the Closing, TME shall issue to Spotify AB, and Spotify AB shall subscribe for, a number of duly authorized, validly issued, fully paid and non-assessable TME Shares that represents, as of the Closing, 8.91616% of the Fully Diluted share capital of TME after giving effect to such issuance and assuming the consummation of the issuance pursuant to the TME Equity Offering and the Distribution to Other Shareholders of an aggregate of 208,120,931 TME Shares, free and clear of all Liens and Permitted Liens (the “Acquired TME Shares”).

(b) In consideration for the Acquired TME Shares and any Top-Up TME Shares that may be issued in accordance with Section 2.05, at the Closing, Spotify AB shall pay, in the manner set forth in Section 2.04(c), TME an aggregate amount in cash (the “TME Shares Purchase Price”) equal to the product of (i) the total number of the Acquired TME Shares and (ii) \$4.0363, representing the cash purchase price per Acquired TME Share (the “Per TME Share Price”); provided, that in no event shall the TME Shares Purchase Price exceed \$1,200,000,000 provided, further, that the TME Shares Purchase Price shall not change regardless of whether any Top-Up TME Shares are issuable or issued in accordance with Section 2.05.

(c) The issuance by TME, and the subscription by Spotify AB, of the Acquired TME Shares pursuant to this Section 2.01 shall be referred to herein as the “TME Shares Issuance.”

SECTION 2.02 Issuance and Subscription of Acquired Spotify Shares.

(a) Upon the terms and subject to the conditions of this Agreement, at the Closing, Spotify shall issue to TME Hong Kong, and TME Hong Kong shall subscribe for, a number of duly authorized, validly issued, fully paid and non-assessable Spotify Shares that represents, as of the Closing, 4.91706% of the Fully Diluted share capital of Spotify after giving effect to such issuance, free and clear of all Liens and Permitted Liens (the “Acquired Spotify Shares”).

(b) In consideration for the Acquired Spotify Shares, at the Closing, TME Hong Kong shall pay, in the manner set forth in Section 2.04(c), Spotify an aggregate amount in cash (the “Spotify Shares Purchase Price”) equal to the TME Shares Purchase Price. Notwithstanding anything to the contrary set forth in this Agreement, in no event shall the purchase price per Acquired Spotify Share implied by the Spotify Shares Purchase Price be less than the par value per Acquired Spotify Share.

(c) The issuance by Spotify, and the subscription by TME Hong Kong, of the Acquired Spotify Shares pursuant to this Section 2.02 shall be referred to herein as the “Spotify Shares Issuance.”

SECTION 2.03 Closing. The consummation of the TME Shares Issuance and the Spotify Shares Issuance (the “Closing”) shall take place on the first Business Day after satisfaction or, to the extent permitted by applicable Law, waiver by the applicable Party of all of the conditions set forth in Article VI (other than those conditions that, by their nature, are to be satisfied at the Closing) or such other date, time(s) or place(s) as the Parties shall mutually agree in writing or as required by applicable Law. For the avoidance of doubt, the consummation of the TME Shares Issuance and the Spotify Shares Issuance shall be deemed to have occurred simultaneously, and the Closing shall not occur if any Party fails to deliver any of the items, agreements, documents or other instruments required under Section 2.04, unless waived in writing by the Party entitled to receive such items, agreements, documents or other instruments. The date on which the Closing actually occurs is referred to herein as the “Closing Date”.

SECTION 2.04 Closing Deliverables.

(a) At the Closing, TME shall deliver (or cause to be delivered) to Spotify AB all of the following:

(i) an excerpt from the register of members of TME, evidencing Spotify AB’s ownership of the Acquired TME Shares, certified by the registered office provider of TME;

(ii) a written opinion of the Cayman Islands counsel to TME, dated as of the Closing Date and addressed to Spotify AB in the form attached hereto as Exhibit E;

(iii) a certificate, dated as of the Closing Date, duly executed by a duly authorized representative of TME and addressed to Spotify AB in the form attached hereto as Exhibit F;

(iv) the TME Investor Agreement, duly executed by TME Hong Kong, TME, Tencent Hong Kong and Tencent;

(v) the Spotify Investor Agreement, duly executed by TME and Tencent; and

(vi) such other documents and instruments as the Parties shall deem reasonably necessary to consummate the transactions contemplated hereby.

(b) At the Closing, Spotify shall deliver (or cause to be delivered) to TME Hong Kong all of the following:

(i) an excerpt from the shareholders' register of Spotify evidencing the registration of TME Hong Kong's ownership of the Acquired Spotify Shares, certified by representatives of Arendt & Medernach SA or of LWM S.A., in their respective capacities as counsel to Spotify or registered office provider of Spotify, in each case, in Luxembourg, Grand Duchy of Luxembourg;

(ii) a written opinion of Luxembourg counsel to Spotify, dated as of the Closing Date and addressed to TME Hong Kong in the form attached hereto as Exhibit G;

(iii) a certificate, dated as of the Closing Date, duly executed by a duly authorized representative of Spotify and addressed to TME Hong Kong in the form attached hereto as Exhibit H;

(iv) the TME Investor Agreement, duly executed by Spotify, D.G.E. Investments LTD and Rosello Company Limited;

(v) the Spotify Investor Agreement, duly executed by Spotify and Spotify AB; and

(vi) such other documents and instruments as the Parties shall deem reasonably necessary to consummate the transactions contemplated hereby.

(c) The Parties hereby agree that, at the Closing, the TME Shares Purchase Price shall be paid and delivered by Spotify AB to TME, and the Spotify Shares Purchase Price shall be paid and delivered by TME Hong Kong to Spotify, by causing the TME Parties to instruct and direct (and TME Parties hereby so instruct and direct) Spotify AB to pay and deliver an aggregate amount in cash equal to the TME Shares Purchase Price to Spotify by wire transfer of immediately available funds to an account designated by Spotify, which payment shall be deemed to have been made:

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- (i) *first* , by Spotify AB to TME in full satisfaction of the TME Shares Purchase Price;
 - (ii) *secondly* , by TME to TME Hong Kong as a capital contribution, a shareholder loan or a combination thereof; and
 - (iii) *thirdly* , by TME Hong Kong to Spotify in full satisfaction of the Spotify Shares Purchase Price.

SECTION 2.05 Issuance of Top-Up TME Shares If following the Closing, as a result of the TME Equity Offering, TME is required, pursuant to the exercise of contractual participation or similar rights (including any “most-favored nation” rights triggered by the TME Equity Offering), in each case, contained in any TME Label Agreement by any party thereto prior to the later of (i) the date that is six (6) months after the Closing Date and (ii) the date that is one month prior to the completion of the first listing of equity securities of TME (or a holding company or any TME Group Company) on an internationally recognized stock exchange or similar market place of recognized national standing (excluding, for the avoidance of doubt, private secondary markets or similar), to issue, and if TME so issues, any TME Shares under any TME Label Agreement (each such issuance, a “Participation Rights Issuance”), TME shall substantially concurrently with such Participation Rights Issuance issue to Spotify AB that number of additional TME Shares (the “Top-Up TME Shares”) (if any) that, together with the Acquired TME Shares and the aggregate number of Top-Up TME Shares previously issued to Spotify AB pursuant to this Section 2.05 (if any), would represent 8.91616% of the Fully Diluted share capital of TME as of the Closing (after giving effect to such issuance, the issuance(s) of Top-Up TME Shares previously issued to Spotify AB pursuant to this Section 2.05, the TME Shares Issuance and assuming the consummation of the Participation Rights Issuance and the issuance pursuant to the TME Equity Offering and the Distribution to Other Shareholders of an aggregate of 208,120,931 TME Shares); provided, that TME shall not be required to issue Top- Up TME Shares to the extent the aggregate number of the TME Shares issued pursuant to the TME Equity Offering, the Distribution to Other Shareholders and any Participation Rights Issuances is less than 208,120,931 TME Shares (the “TME Issuance Cap”) but shall be required to issue Top-Up TME Shares in respect of any TME Shares issued pursuant to a Participation Rights Issuance if (and solely to the extent that), after giving effect to such Participation Rights Issuance, the total number of TME Shares issued pursuant to the TME Equity Offering, Distribution to Other Shareholders and any Participation Rights Issuances exceeds the TME Issuance Cap; provided, further, that any issuance of TME Shares pursuant to the TME Equity Offering shall not constitute a Participation Right Issuance. Upon the issuance of the Top-Up TME Shares, TME shall deliver to Spotify AB an excerpt from the register of members of TME, evidencing Spotify AB’s ownership of the Top-Up TME Shares, certified by the registered office provider of TME.

Article III

REPRESENTATIONS AND WARRANTIES OF TME

Except as set forth in the correspondingly numbered Sections of the TME Disclosure Letter delivered in connection with this Agreement (the “TME Disclosure Letter”)

(provided, however, that disclosure of any fact or item in the TME Disclosure Letter shall, should the existence of such fact or item be relevant to any other Section of this Article III, be deemed disclosed with respect to such other Section of this Article III, but only to the extent that such relevance is reasonably apparent on the face of such disclosure), TME hereby represents and warrants to the Spotify Parties as follows:

SECTION 3.01 Corporate Organization.

(a) Each TME Group Company is duly organized, validly existing and, where applicable, in good standing under the Laws of its jurisdiction of organization and has all requisite company power and authority to own, lease, operate or otherwise use its assets, rights and properties and to conduct its business as it is currently conducted.

(b) Section 3.01(b) of the TME Disclosure Letter sets forth a true, complete and correct list of each Governing Document of TME to which Spotify or Spotify AB will become subject upon the consummation of the TME Shares Issuance. A true, correct and complete copy of each Governing Document set forth in Section 3.01(b) of the TME Disclosure Letter has been made available to the Spotify Parties by TME.

(c) None of the TME Group Companies has filed (or has had filed against it) any petition for its winding-up, is insolvent under the Laws of its jurisdiction of organization, or has made any assignment in favour of its creditors, nor has any petition for receivership or any administration order been presented in respect of such TME Group Company. None of the TME Group Companies has initiated any proceedings with respect to a compromise or arrangement with its creditors or for its dissolution, liquidation or reorganization or the winding-up or cessation of the business currently conducted. No receiver or administrative receiver or liquidator has been appointed in respect of any TME Group Company or any of its material properties, rights or assets.

SECTION 3.02 Authority. Each of the TME Parties has all requisite power and authority to execute, deliver and perform this Agreement and the Other Transaction Agreements, and subject to receipt of the Required Shareholder Approval and the execution and delivery of the Shareholders Agreement by the Required Shareholders, to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Other Transaction Agreements, the performance by each of the TME Parties of its obligations hereunder and thereunder and the consummation by each of the TME Parties of the transactions contemplated hereby and thereby have been duly and validly authorized and approved by all necessary corporate and other similar actions on the part of each TME Party (including by the board of directors or similar governing body of such TME Party), and no other corporate or other similar action or proceedings on the part of either TME Party is necessary to authorize and approve the execution, delivery and performance of this Agreement and the Other Transaction Agreements or the consummation of the transactions contemplated hereby and thereby, subject to receipt of the Required Shareholder Approval and the execution and delivery of the Shareholders Agreement by the Required Shareholders. This Agreement has been, and the Other Transaction Agreements will be, duly and validly executed and delivered by each TME Party, and when executed and delivered by such TME Party (assuming due authorization, execution and delivery by the other parties hereto or thereto), constitute valid and binding obligations of

such TME Party, enforceable against such TME Party in accordance with their respective terms, except as enforcement may be limited by (i) applicable bankruptcy, insolvency, moratorium, reorganization or similar Laws in effect which affect creditors' rights generally or (ii) principles of equity including legal or equitable limitations on the availability of specific remedies (such limitations in the foregoing clauses (i) and (ii), the "Enforceability Limitations"). The board of directors of TME has resolved to recommend the approval of this Agreement and the transactions contemplated hereby and the adoption of the Restated Articles to the shareholders of TME (the "TME Board Recommendation"). The Voting Agreement has been executed and delivered by holders (which holders shall include Min River) of at least seventy-five percent (75%) of the issued and outstanding TME Shares as of the date hereof.

SECTION 3.03 Capitalization.

(a) Section 3.03(a) of the TME Disclosure Letter sets forth, as of the date hereof, the issued share capital of TME, the number of issued and outstanding TME Securities and, on a collective basis for certain categories of holders of TME Securities, the ownership thereof; provided, however, that the representations set forth in this Section 3.03(a) shall not apply to any Contracts between shareholders to which TME is not a party. TME has no class of shares of capital stock authorized other than the TME Shares. The maximum number of shares of capital stock of TME issuable upon the exercise of the options referred to as "Ultimate Options" in Article I of the TME Disclosure Letter is 10,736,843. The maximum number of TME Shares to be issued pursuant to the TME Equity Offering and the Distribution to Other Shareholders is 208,120,931. In the TME Equity Offering, (i) the price per TME Share offered to any music label right holder, singer or artist will not be lower than US\$2.6909 and (ii) the price per TME Share offered to any other investor will not be lower than US\$4.0363; provided that the number of TME Shares to be issued in the TME Equity Offering at a price less than \$4.0363 will not exceed 50% of the aggregate number of TME Shares issued in the TME Equity Offering. On the date of this Agreement, TME has received from Min River an executed copy of a waiver (the "Min River Waiver") by Min River (a copy of which has been provided to Spotify), effective as of the Closing, of Min River's right to receive TME Shares in the TME Shares Distribution pursuant to the terms of such waiver.

(b) The shares of the TME Group Companies other than TME are owned as set forth in Section 3.03(b) of the TME Disclosure Letter. All shares of the TME Group Companies have been duly authorized and validly issued and are fully paid and, where applicable, non-assessable.

(c) The shares of the TME Group Companies (other than TME) are not subject to any Lien, there is no Contract to give or create any Lien in respect of any shares of any TME Group Company (other than TME), and no claim has been made by any Person to hold or be entitled to any Lien in respect of any shares of any TME Group Company (other than TME). The material properties, rights and assets of the TME Group Companies are not subject to any Liens, there is no Contract to give or create any Lien in respect of the material properties, rights and assets of the TME Group Companies, and no claim has been made by any Person (including by any Person entitled to Liens arising by operation of Law) to hold or be entitled to any Lien in respect of the material properties, rights and assets of the TME Group Companies.

(d) No TME Group Company has any indebtedness, financial liabilities or financial obligations of any nature, except for indebtedness, financial liabilities or financial obligations (i) reflected or reserved in the TME Financial Statements, (ii) incurred after September 30, 2017 in the Ordinary Course of Business, or (iii) that would not constitute a TME Material Adverse Effect.

(e) Except as disclosed in Section 3.03(e) of the TME Disclosure Letter or as contemplated by the TME Shares Distribution and the waiver as described in Section 3.03(a), there are no Contracts of any character whatsoever relating to, or securities or rights convertible or exchangeable for, or calling for, the issuance, allotment or delivery of any TME Securities or any securities in any TME Group Company or rights to exercise voting rights or any other similar right, which bind any TME Group Company.

(f) The Acquired TME Shares will, when issued to Spotify AB at the Closing pursuant to this Agreement, (i) have been duly authorized, validly issued, fully paid and, where applicable, non-assessable and (ii) represent 8.91616% of the Fully Diluted share capital of TME as of the Closing after giving effect to the TME Shares Issuance and assuming the consummation of the issuance pursuant to the TME Equity Offering and the Distribution to Other Shareholders of an aggregate of 208,120,931 TME Shares. Upon the entry of Spotify AB as holder of the Acquired TME Shares in TME's register of members in the manner contemplated by Section 2.04, Spotify AB will be the legal owner of, and have good, valid and marketable title to, the Acquired TME Shares, free and clear of all Liens and Permitted Liens.

(g) TME Hong Kong is a wholly owned Subsidiary of TME and no Person other than TME owns any capital stock of TME Hong Kong.

(h) The Top-Up TME Shares (if any) will, when issued to Spotify AB pursuant to this Agreement, (i) have been duly authorized, validly issued, fully paid and, where applicable, non-assessable and (ii) together with the Acquired TME Shares and the aggregate number of Top-Up TME Shares previously issued to Spotify AB pursuant to Section 2.05 (if any), represent 8.91616% of the Fully Diluted share capital of TME as of the Closing (after giving effect to the issuance of Top-Up TME Shares, the Participation Rights Issuance(s), the TME Shares Issuance and assuming the consummation of the issuance pursuant to the TME Equity Offering and the Distribution to Other Shareholders of an aggregate of 208,120,931 TME Shares). Upon the entry of Spotify AB as holder of the Top-Up TME Shares in TME's register of members in the manner contemplated by Section 2.05, Spotify AB will be the legal owner of, and have good, valid and marketable title to, the Top-Up TME Shares, free and clear of all Liens and Permitted Liens.

(i) Except as disclosed in Section 3.03(i) of the TME Disclosure Letter, no anti-dilution right, pre-emptive right, right of participation, right of first refusal, right of first offer or similar right of any Person will become exercisable as a result of (i) the TME Shares Issuance, (ii) the Distribution to Other Shareholders or (iii) the TME Equity Offering.

SECTION 3.04 No Governmental Authorization; Non-Contravention.

(a) No consent, permit, approval or authorization or action by or in respect of, or notice, filing or registration with, any Governmental Body (a “Governmental Consent”) is or will be required in connection with the execution, delivery and performance by the TME Parties of this Agreement and the Other Transaction Agreements and the consummation of the transactions contemplated hereby and thereby, except for such Governmental Consents the failure of which to obtain, make or give does not constitute a TME Material Adverse Effect.

(b) Assuming receipt of the Required Shareholder Approval and the execution and delivery of the Shareholders Agreement, the execution, delivery and performance of this Agreement and the Other Transaction Agreements by the TME Parties and the consummation of the transactions contemplated hereby and thereby do not and will not (i) conflict with, violate or result in a breach of any provision of the Governing Documents of either TME Party, (ii) violate or constitute a breach of or default (with notice or lapse of time, or both), permit termination, modification or acceleration, or cause the forfeiture of any right, under any provision of any material Contract by which any TME Group Company is bound or to which any TME Group Company is subject, or (iii) conflict with or violate any Law applicable to any TME Group Company, or by which any of its properties, rights or assets are bound or affected, or result in the creation of, or require the creation of, any Lien upon any properties, rights or assets of any TME Group Company, except, in the case of clauses (ii) and (iii), for any such items that would not constitute a TME Material Adverse Effect.

SECTION 3.05 Control Documents.

(a) Section 3.05(a) of the TME Disclosure Letter sets forth a true, complete and correct list of all Contracts that enable TME to effect control over, and consolidate with its financial statements the financial statements of, all of the Subsidiaries of TME of which TME does not, directly or indirectly, own of record any shares of capital stock, equity interests or partnership interests (each, a “Control Document” and collectively, the “Control Documents”).

(b) The execution, delivery and performance by the TME Parties of this Agreement and the Other Transaction Agreements and the consummation of the transactions contemplated hereby and thereby do not and will not conflict with, constitute a default under, or violate, any of the Control Documents.

(c) Each party to the Control Documents had, when each such Control Document was executed and delivered, all requisite power and authority to execute, deliver and perform each Control Document and to consummate the transactions contemplated thereby. The execution and delivery of each Control Document, the performance of the applicable obligations thereunder and the consummation of the transactions contemplated thereby were, prior to the execution and delivery thereof, duly and validly authorized and approved by all necessary corporate and other similar actions on the part of each party to such Control Document, and no other corporate or other similar action or proceedings on the part of any party to such Control Document was necessary to authorize and approve the execution, delivery and performance of such Control Document or the consummation of the transactions contemplated thereby. Each Control Document has been duly and validly executed and delivered by such party and constitutes a valid and binding obligation of such party.

(d) None of the TME Parties has received any written, or to the Knowledge of TME, any oral inquiries, notifications or any other form of official correspondence from any Governmental Body challenging or questioning the legality or enforceability of any of the Control Documents. There are no disputes, disagreements, claims or any proceedings of any nature brought by any Governmental Body or any other Person, pending or, to the Knowledge of TME, threatened against or affecting any of the TME Group Companies that challenge the validity or enforceability of any Control Document

(e) To the Knowledge of TME, no party to any Control Document has materially breached, or is in material breach of or material default under, any of the terms or provisions of such Control Document. To the Knowledge of TME, none of the parties to any Control Document has sent or received any written communication regarding the termination of, or the intention not to renew, any Control Document, and no such termination or non-renewal has been threatened by any of the parties to such Control Document.

SECTION 3.06 TME Financial Statements.

(a) Section 3.06(a) of the TME Disclosure Letter includes true, complete and correct copies of the unaudited consolidated balance sheets of TME as of December 31, 2016 and December 31, 2015 and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended (including the related notes and schedules thereto, the "2015&2016 TME Financial Statements"). The 2015&2016 TME Financial Statements (i) have been prepared in accordance with the books and records of TME and its Subsidiaries, (ii) were prepared in accordance with U.S. GAAP consistently applied, except as otherwise set forth in the notes thereto and (iii) fairly present, in all material respects, the financial position of TME and its Subsidiaries as of the respective dates thereof and for the respective periods indicated therein, subject to normal recurring year-end audit adjustments, the effects of which are not, individually or in the aggregate, material.

(b) Section 3.06(b) of the TME Disclosure Letter includes true, complete and correct copies of the unaudited consolidated balance sheets of TME as of September 30, 2017 and the related statements of operations and cash flows for the nine (9) months ended September 30, 2017 (the "Interim TME Financial Statements" and, together with the 2015&2016 TME Financial Statements, including the related notes and schedules thereto, the "TME Financial Statements"). The Interim TME Financial Statements have been prepared in good faith on the basis of the TME Group Companies' books of accounts without the intention to deceive or mislead.

(c) TME maintains a system of internal controls over financial reporting accounting controls sufficient, in all material respects, to provide reasonable assurance (i) that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, (ii) that receipts and expenditures of TME are being made in accordance with authorization of management and directors of TME, and (iii) regarding prevention or detection of unauthorized acquisition, use or disposition of TME's assets that could have a material effect on its financial statements.

(d) There are no liabilities or obligations of any nature (whether known or unknown, accrued or fixed, absolute or contingent, matured or unmatured, determined or determinable, or as guarantor or otherwise) of the TME Group Companies required to be reflected on (or disclosed in the notes to) a balance sheet of TME prepared in accordance with U.S. GAAP other than any such liabilities, or obligations which (i) are adequately reflected or reserved against in the TME Financial Statements (or the notes thereto), (ii) have been incurred in the Ordinary Course of Business since September 30, 2017, (iii) have not had, and would not be reasonably expected to have, individually or in the aggregate, a TME Material Adverse Effect or (iv) arise out of or in connection with this Agreement and the transactions contemplated hereby (excluding, for the avoidance of doubt, the TME Equity Offering and the Tencent Hong Kong Secondary Purchase).

(e) Since December 31, 2016, (i) TME Business has been conducted in the Ordinary Course of Business in all material respects, and (ii) there has not been any TME Material Adverse Effect.

SECTION 3.07 Intellectual Property.

(a) To the Knowledge of TME, the TME Group Companies own or have a valid right to use all Intellectual Property Rights, database rights, and design rights required for the TME Business as currently conducted, except as would not constitute a TME Material Adverse Effect.

(b) As of the date hereof, (i) all of the registered Intellectual Property Rights owned by the TME Group Companies are in full force and effect and there are no defects in the TME Group Companies' title to, or right to use, any such registered Intellectual Property Rights and (ii) other than licenses granted by the TME Group Companies, there are no Liens (or obligations to grant Liens) on the Intellectual Property Rights owned by the TME Group Companies, except, in the case of clauses (i) and (ii), as would not constitute a TME Material Adverse Effect.

(c) Subject to intra-group licenses and except in accordance with the Contracts set forth in Section 3.07(c) of the TME Disclosure Letter or in the Ordinary Course of Business, no TME Group Company has granted any material licenses or assignments under or in respect of any Intellectual Property Rights, database rights, or design rights owned by such TME Group Company.

(d) To the Knowledge of TME, there is no unauthorized use of any Intellectual Property Rights, database rights, or design rights owned by any TME Group Company that infringes, misappropriates, invalidates or dilutes any right comprised in such Intellectual Property Rights, database rights, or design rights to the extent of having a TME Material Adverse Effect. None of the TME Group Companies has received any written notice of the alleged infringement, misappropriation of or conflict with any Intellectual Property Rights, database rights, design rights or moral rights owned by any third party, except for notices involving matters that, if they were resolved unfavorably to any TME Group Company, would not constitute a TME Material Adverse Effect.

(e) Each TME Group Company has taken reasonable steps in accordance with industry standard practices to protect the security of its trade secrets and its software, databases, systems, networks, and Internet sites and information stored or contained therein or transmitted thereby from unauthorized or improper access. To the Knowledge of TME, there has been no unauthorized or improper access to or use of the foregoing that constitutes a TME Material Adverse Effect.

(f) There has been no material interruption that constituted a TME Material Adverse Effect at any time during the twenty-four (24) months prior to the date hereof as a result of any defect relating to any information technology systems or applications (including the technical platform and client software) required for the TME Business as currently conducted.

(g) To the Knowledge of TME, all of the source code for any proprietary software necessary to operate the material information technology systems and applications that the TME Group Companies have developed (including the technical platform and all of the client software) is in the possession or control of the TME Group Companies. To the Knowledge of TME, there are no material escrow arrangements with respect to such source code other than those that have been made available to the Spotify Parties.

(h) The TME Group Companies take commercially reasonable efforts designed to ensure that no Open Source Software has been combined with software developed by or for the TME Group Companies (either by employees or independent contractors) and licensed, conveyed or made available by the TME Business in a way that requires that such software be, in a manner that constitutes a TME Material Adverse Effect, (i) disclosed or distributed in source code form, (ii) licensed for the purpose of making derivative works, (iii) redistributable at no charge or (iv) to the Knowledge of TME, otherwise licensed or distributed.

(i) Except as would not constitute a TME Material Adverse Effect, (i) to the Knowledge of TME, the TME Group Companies have complied with all applicable Laws relating to privacy and data security, and with their published privacy policies in effect at the time, with respect to the collection, use, disclosure and transfer of personally identifiable information, (ii) the TME Group Companies use commercially reasonable technical and organizational measures to protect personally identifiable information against unauthorized access, disclosure, use, modification or other misuse or misappropriation, and (iii) to the Knowledge of TME, there has been no unauthorized or accidental access, acquisition, disclosure, intrusion or breach of security of personally identifiable information maintained by or on behalf of the TME Group Companies that has not been reported to the affected individuals or any Governmental Body if such reporting was required by any applicable Laws relating to privacy or security personally identifiable information, nor are there any currently pending or outstanding complaints, notices to, or claims asserted by any Person (including any Governmental Body) regarding the collection, use, transmission, disclosure or sharing of personally identifiable information by the TME Group Companies.

(j) This Section 3.07 and Section 3.08 constitute the sole and exclusive representations and warranties of the TME Group Companies with respect to the infringement, violation or misappropriation of or conflict with any third-party Intellectual Property Rights.

SECTION 3.08 Litigation. None of the TME Group Companies is engaged in any ongoing litigation or arbitration proceedings, whether as plaintiffs or defendants, which, if decided against the applicable TME Group Company, would constitute a TME Material Adverse Effect.

SECTION 3.09 Real Property. No TME Group Company has ever owned any real property.

SECTION 3.10 Compliance with Laws and Permits.

(a) All material Permits necessary to enable the TME Group Companies to conduct the TME Business have been obtained and are valid and subsisting and each TME Group Company has in all material respects complied with all such Permits.

(b) Each TME Group Company has, to the Knowledge of TME, conducted its business in compliance in all material respects with all applicable Laws.

(c) Without limiting the generality of Section 3.10(a) and Section 3.10(b), except as disclosed in Section 3.10(c) of the TME Disclosure Letter, to the Knowledge of TME, each record or beneficial direct or indirect holder of shares of capital stock of TME who is a resident of the PRC, if any, has completed and maintained all required registrations with, and obtained all required approvals from, the applicable Governmental Body of the PRC in connection with his or her ownership or holding of securities of TME, including completing the registration and filing (including any amendment thereto) with the competent State Administration of Foreign Exchange (the “SAFE”) pursuant to the Circular of the State Administration of Foreign Exchange on Relevant Issues relating to the Administration of Foreign Exchange concerning Fund Raising Outbound Investment and Round-Trip Investment through Offshore Special Purpose Vehicles by Domestic Residents ((《国家外汇管理局关于境内居民通过特殊目的公司境外投融资及返程投资外汇管理有关问题的通知》(汇发[2014]37号)) and its implementing, supplemental or replacement rules issued from time to time by the SAFE and other Governmental Bodies of the PRC.

SECTION 3.11 Tax Representations.

(a) All material Tax Returns required to be filed by, or on behalf of, any TME Group Company have been filed with the appropriate Taxing Authorities in all jurisdictions in which such Tax Returns are required to be filed, and all such Tax Returns were, at the time of such filing, in material compliance with all applicable Laws.

(b) To the Knowledge of TME, all Taxes assessed, which have become due and payable by the TME Group Companies, irrespective of the period to which they relate, prior to the date hereof, have been fully and timely paid (subject to any applicable extensions or grace periods) or adequate provisions for such Taxes have been made on the latest balance sheet included in the Interim TME Financial Statements.

(c) No TME Group Company has received any written notice from any Taxing Authority in a jurisdiction in which such TME Group Company does not file Tax Returns to the effect that it is or may be subject to taxation by, or required to file any Tax Return in, such jurisdiction.

(d) Each TME Group Company which is required to be registered is registered for the purposes of VAT in each jurisdiction in which it is required to be registered, has complied in all material respects with all legislation concerning VAT and has made and kept up to date records, invoices and other documents appropriate for the purposes of such legislation.

SECTION 3.12 Sufficiency of Assets. The properties, rights and assets (tangible and intangible and including, without limitation, licensed rights) of the TME Group Companies are, and as of the Closing will be, all of the properties, rights and assets (tangible and intangible) necessary and sufficient to conduct and operate the TME Business substantially in the manner conducted as of the date hereof and as it will be conducted as of the Closing Date in all material respects.

SECTION 3.13 Employment Matters. No labor dispute exists or, to the Knowledge of TME, is threatened with respect to any of the employees of the TME Group Companies which would constitute a TME Material Adverse Effect. The TME Group Companies are in compliance, and have complied, with all applicable Laws relating to employment and employment practices, terms and conditions of employment, and collective bargaining, except where the failure to be in compliance does not constitute a TME Material Adverse Effect.

SECTION 3.14 Transaction with Affiliates. There is no Contract other than on arm's length terms between any of the TME Group Companies, on the one hand, and any Related Party of TME, on the other hand.

SECTION 3.15 Anticorruption Compliance. In the past five (5) years, TME and, to the Knowledge of TME, its controlled Affiliates and their respective directors, managers, officers, employees, agents and all other Persons acting for or on behalf of TME or any of its controlled Affiliates (each, a "TME Agent") have not taken any action in violation of any applicable Anticorruption Laws which would reasonably be expected, individually or in the aggregate, to be material to the TME Group Companies, taken as a whole. In the past five (5) years, none of TME or, to the Knowledge of TME, any of its controlled Affiliates, or any of their respective directors, managers, officers, employees, agents or other Persons acting for or on behalf of TME or any of its controlled Affiliates has, directly or indirectly, (i) offered, paid, promised to pay, or authorized the payment of any money, or offered, given, promised to give, or authorized the giving of anything of value, to any Government Official or to any Person under circumstances where TME or any TME Agent knew or had reason to believe that all or a portion of such money or thing of value would be offered, given, or promised, directly or indirectly, to any Government Official, in each case for the purpose of (A) improperly influencing any act or decision of such Government Official in his or her official capacity; (B) improperly inducing such Government Official to perform or omit to perform any activity related to his or her legal duties; (C) securing any improper advantage; or (D) improperly inducing such Government Official to influence or affect any act or decision of any Governmental Body, in each case, in order to assist TME or any TME Agent in obtaining or retaining business for or with, or in directing business to, TME or any other Person; (ii) used any corporate funds or assets for

unlawful contributions, gifts, entertainment, expenses or other unlawful conduct relating to political activity; (iii) made, offered, promised, authorized, solicited, or received any bribe, rebate, payoff, influence payment, kickback or other similar payment, whether directly or indirectly, to or from any private commercial entity for the purpose of gaining an improper business advantage in violation of applicable Anticorruption Laws; or (iv) taken any action that would constitute a violation of, or cause TME to be in violation of, or failed to take any action in violation of, any applicable Anticorruption Law. In the past five (5) years, none of TME or, to the Knowledge of TME, any of TME's controlled Affiliates or any of their respective directors, managers, officers, employees or agents have received any written notices alleging any violation of any applicable Anticorruption Law or conducted any internal investigations with respect to any actual or alleged violation of any applicable Anticorruption Law which would reasonably be expected, individually or in the aggregate, to be material to the TME Group Companies, taken as a whole.

SECTION 3.16 Compliance with Sanctions Laws. In the past five (5) years, none of TME or any of TME's Subsidiaries or, to the Knowledge of TME, any of their respective directors, managers, officers, employees, agents or other third parties acting on behalf of TME or any of TME's Subsidiaries has taken any action or made any omission in violation of any applicable Law relating to (A) economic sanctions or embargoes, including any applicable OFAC Sanctions or (B) money laundering or (C) terrorism, in each of cases (A) through (C), which action or omission would reasonably be expected, individually or in the aggregate, to be material to the TME Group Companies, taken as a whole. None of TME or any of TME's Subsidiaries is (A) an OFAC Sanctioned Person or (B) a Person that is subject to any sanctions of the European Union, the PRC or the Cayman Islands by Order of Her Majesty in Council. Neither TME nor any of its Subsidiaries has received any notice, and no proceeding or claim is pending or, to the Knowledge of TME, threatened, alleging that TME or any of TME's Subsidiaries is not, or has not been in the past five (5) years, in compliance with the Laws referred to in the immediately preceding sentence.

SECTION 3.17 Securities Matters. The Acquired Spotify Shares are being acquired by TME Hong Kong for its own account and not with a view to, or for the offer or sale in connection with, any public distribution or sale, within the meaning of the Securities Act, of the Acquired Spotify Shares or any interest therein. TME Hong Kong has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of its investment in the Acquired Spotify Shares, and TME Hong Kong is capable of bearing the economic risks of such investment, including a complete loss of its investment in the Acquired Spotify Shares. TME acknowledges that the Acquired Spotify Shares have not been registered under the Securities Act or any other applicable securities Laws and understands and agrees that TME Hong Kong may not sell or dispose of any of the Acquired Spotify Shares, except pursuant to a registered offering in compliance with, or in a transaction exempt from, the registration requirements of the Securities Act and any other applicable securities Laws.

SECTION 3.18 Investment Company. TME is not an "Investment Company" or directly or indirectly controlled by or acting on behalf of any Person which is an "Investment Company" within the meaning of the U.S. Investment Company Act of 1940, as amended.

SECTION 3.19 Brokers. Except as set forth on Section 3.19 of the TME Disclosure Letter, no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of any TME Group Company.

SECTION 3.20 Non-Reliance on Estimates. The Spotify Parties have made available to the TME Parties, and may continue to make available, certain estimates, projections and other forecasts for the business of Spotify and certain plan and budget information. Without limiting the representations and warranties set forth in Article IV in any respect, each TME Party acknowledges and agrees that (i) these estimates, projections, forecasts, plans and budgets and the assumptions on which they are based were prepared for specific purposes and may vary significantly from each other, (ii) there are uncertainties inherent in attempting to make such estimates, projections, forecasts, plans and budgets, (iii) the TME Parties are taking full responsibility for making their own evaluation of the adequacy and accuracy of all estimates, projections, forecasts, plans and budgets so furnished to them (including the reasonableness of the assumptions underlying such estimates, projections, forecasts, plans and budgets), (iv) neither TME Party is relying on any estimates, projections, forecasts, plans or budgets furnished by any Spotify Group Company or its Affiliates and their respective Representatives or the accuracy or completeness thereof, and (v) each TME Party shall not, and shall cause its Affiliates and their respective Representatives not to, hold any such Person liable with respect thereto, except as set forth in this Agreement.

SECTION 3.21 No Other Representations or Warranties. Each TME Party acknowledges that, except for the representations and warranties of Spotify contained in Article IV, the Spotify Parties are not making and have not made, and no other Person is making or has made on behalf of any Spotify Party, any express or implied representation or warranty in connection with this Agreement or the transactions contemplated hereby, and any such other representations and warranties are expressly disclaimed.

Article IV

REPRESENTATIONS AND WARRANTIES OF SPOTIFY

Except as set forth in the correspondingly numbered Sections of the Spotify Disclosure Letter delivered in connection with this Agreement (the "Spotify Disclosure Letter") (provided, however, that disclosure of any fact or item in the Spotify Disclosure Letter shall, should the existence of such fact or item be relevant to any other Section of this Article IV, be deemed disclosed with respect to such other Section of this Article IV, but only to the extent that such relevance is reasonably apparent on the face of such disclosure), Spotify hereby represents and warrants to the TME Parties as follows:

SECTION 4.01 Corporate Organization.

(a) Each Spotify Group Company is duly organized, validly existing and, where applicable, in good standing under the Laws of its jurisdiction of organization and has all requisite company power and authority to own, lease, operate or otherwise use its assets, rights and properties and to conduct its business as it is currently conducted.

(b) Section 4.01(b) of the Spotify Disclosure Letter sets forth a true, complete and correct list of each Governing Document of Spotify to which TME or TME Hong Kong will become subject upon the consummation of the Spotify Shares Issuance. A true, correct and complete copy of each Governing Document set forth in Section 4.01(b) of the TME Disclosure Letter has been made available to the TME Parties by Spotify.

(c) None of the Spotify Group Companies has filed (or has had filed against it) any petition for its winding-up, is insolvent under the Laws of its jurisdiction of organization, or has made any assignment in favour of its creditors, nor has any petition for receivership or any administration order been presented in respect of such Spotify Group Company. None of the Spotify Group Companies has initiated any proceedings with respect to a compromise or arrangement with its creditors or for its dissolution, liquidation or reorganization or the winding-up or cessation of the business currently conducted. No receiver or administrative receiver or liquidator has been appointed in respect of any Spotify Group Company or any of its material properties, rights or assets.

SECTION 4.02 Authority. Each of the Spotify Parties has all requisite power and authority to execute, deliver and perform this Agreement and the Other Transaction Agreements and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Other Transaction Agreements, the performance by each of the Spotify Parties of its obligations hereunder and thereunder and the consummation by each of the Spotify Parties of the transactions contemplated hereby and thereby have been duly and validly authorized and approved by all necessary corporate and other similar actions on the part of each Spotify Party (including by the board of directors or similar governing body of such Spotify Party), and no other corporate or other similar action or proceedings on the part of either Spotify Party is necessary to authorize and approve the execution, delivery and performance of this Agreement and the Other Transaction Agreements or the consummation of the transactions contemplated hereby and thereby. This Agreement has been, and the Other Transaction Agreements will be, duly and validly executed and delivered by each Spotify Party, and when executed and delivered by such Spotify Party (assuming due authorization, execution and delivery by the other parties hereto or thereto), constitute valid and binding obligations of such Spotify Party, enforceable against such Spotify Party in accordance with their respective terms, except as enforcement may be limited by the Enforceability Limitations.

SECTION 4.03 Capitalization.

(a) Section 4.03(a) of the Spotify Disclosure Letter sets forth, as of November 13, 2017, the issued share capital of Spotify, the number of issued and outstanding Spotify Securities and, on a collective basis for certain categories of holders of Spotify Securities, the ownership thereof; provided, however, that the representations set forth in this Section 4.03(a) shall not apply to any Contracts between shareholders to which Spotify is not a party. Spotify has no class of shares of capital stock authorized other than the Spotify Shares.

(b) The shares of the Spotify Group Companies other than Spotify are owned as set forth in Section 4.03(b) of the Spotify Disclosure Letter. All shares of the Spotify Group Companies have been duly authorized and validly issued and are fully paid and, where applicable, non-assessable.

(c) The shares of the Spotify Group Companies (other than Spotify) are not subject to any Lien, there is no Contract to give or create any Lien in respect of any shares of any Spotify Group Company (other than Spotify), and no claim has been made by any Person to hold or be entitled to any Lien in respect of any shares of any Spotify Group Company (other than Spotify). The material properties, rights and assets of the Spotify Group Companies are not subject to any Liens, there is no Contract to give or create any Lien in respect of the material properties, rights and assets of the Spotify Group Companies, and no claim has been made by any Person (including by any Person entitled to Liens arising by operation of Law) to hold or be entitled to any Lien in respect of the material properties, rights and assets the Spotify Group Companies.

(d) No Spotify Group Company has any indebtedness, financial liabilities or financial obligations of any nature, except for indebtedness, financial liabilities or financial obligations (i) reflected or reserved in the Spotify Financial Statements, or (ii) incurred after September 30, 2017 in the Ordinary Course of Business, or (iii) that would not constitute a Spotify Material Adverse Effect.

(e) Except as disclosed in Section 4.03(e) of the Spotify Disclosure Letter, there are no Contracts of any character whatsoever relating to, or securities or rights convertible or exchangeable for, or calling for, the issuance, allotment or delivery of any Spotify Securities or any securities in any Spotify Group Company or rights to exercise voting rights or any other similar right, which bind any Spotify Group Company.

(f) The Acquired Spotify Shares will, when issued to TME Hong Kong at the Closing pursuant to this Agreement, (i) have been duly authorized, validly issued, fully paid and, where applicable, non-assessable and (ii) represent 4.91706% of the Fully Diluted share capital of Spotify as of the Closing after giving effect to the issuance of the Acquired Spotify Shares. Upon the entry of TME Hong Kong as holder of the Acquired Spotify Shares in the shareholders' register of Spotify in the manner contemplated by Section 2.04, TME Hong Kong will be the legal owner of, and have good, valid and marketable title to, the Acquired Spotify Shares, free and clear of all Liens and Permitted Liens.

(g) Spotify AB is a wholly owned Subsidiary of Spotify and no Person other than Spotify owns any capital stock of Spotify AB.

(h) No anti-dilution right, pre-emptive right, right of participation, right of first refusal, right of first offer or similar right of any Person will become exercisable as a result of (i) the Spotify Shares Issuance, (ii) the issuance of Spotify Shares upon the conversion or exchange, as applicable, of the Convertible Notes in connection with the Tencent Hong Kong Secondary Purchase, or (iii) the issuance of a total of 11,786 Spotify Shares in connection with an acquisition identified to TME prior to the date hereof, except, in the case of clause (i), as set forth in Section 4.03(h) of the Spotify Disclosure Letter.

SECTION 4.04 No Governmental Authorization; Non-Contravention.

(a) No Governmental Consent is or will be required in connection with the execution, delivery and performance by the Spotify Parties of this Agreement and the Other Transaction Agreements and the consummation of the transactions contemplated hereby and thereby, except for such Governmental Consents the failure of which to obtain, make or give does not constitute a Spotify Material Adverse Effect.

(b) The execution, delivery and performance of this Agreement and the Other Transaction Agreements by the Spotify Parties and the consummation of the transactions contemplated hereby and thereby do not and will not (i) conflict with, violate or result in a breach of any provision of the Governing Documents of either Spotify Party, (ii) violate or constitute a breach of or default (with notice or lapse of time, or both), permit termination, modification or acceleration, or cause the forfeiture of any right, under any provision of any material Contract by which any Spotify Group Company is bound or to which any Spotify Group Company is subject, or (iii) conflict with or violate any Law applicable to any Spotify Group Company, or by which any of its properties, rights or assets are bound or affected, or result in the creation of, or require the creation of, any Lien upon any properties, rights or assets of any Spotify Group Company, except, in the case of clauses (ii) and (iii), for any such items that would not constitute a Spotify Material Adverse Effect.

SECTION 4.05 Spotify Financial Statements.

(a) Section 4.05(a) of the Spotify Disclosure Letter includes true, complete and correct copies of the audited consolidated statement of financial position of Spotify as of December 31, 2016 and the related consolidated statements of income, changes in equity and cash flow for the year then ended (the “Audited Spotify Financial Statements”). The Audited Spotify Financial Statements have been prepared in accordance with applicable Laws and applicable IFRS as in effect as of December 31, 2016, and fairly present, in all material respects, the financial position and results of operations of the Spotify Group Companies as of and for the period ending on December 31, 2016.

(b) Section 4.05(b) of the Spotify Disclosure Letter includes true, complete and correct copies of the unaudited consolidated statement of financial position of Spotify as of September 30, 2017 and the related consolidated statements of operations and cash flow for the nine months ended September 30, 2017 (the “Unaudited Spotify Financial Statements” and, together with the Audited Spotify Financial Statements, including the related notes and schedules thereto, the “Spotify Financial Statements”). The Unaudited Spotify Financial Statements have been prepared in good faith on the basis of the Spotify Group Companies’ books of accounts without the intention to deceive or mislead.

(c) Since December 31, 2016, (i) the Spotify Business has been conducted in the Ordinary Course of Business in all material respects, and (ii) there has not been any Spotify Material Adverse Effect.

SECTION 4.06 Intellectual Property.

(a) To the Knowledge of Spotify, the Spotify Group Companies own or have a valid right to use all Intellectual Property Rights, database rights, and design rights required for the Spotify Business as currently conducted, except as would not constitute a Spotify Material Adverse Effect.

(b) As of the date hereof, (i) all of the registered Intellectual Property Rights owned by the Spotify Group Companies are in full force and effect and there are no defects in the Spotify Group Companies' title to, or right to use, any such registered Intellectual Property Rights and (ii) other than licenses granted by the Spotify Group Companies, there are no Liens (or obligations to grant Liens) on the Intellectual Property Rights owned by the Spotify Group Companies, except, in the case of clauses (i) and (ii), as would not constitute a Spotify Material Adverse Effect.

(c) Subject to intra-group licenses and except in accordance with the Contracts set forth in Section 4.06(c) of the Spotify Disclosure Letter or in the Ordinary Course of Business, no Spotify Group Company has granted any material licenses or assignments under or in respect of any Intellectual Property Rights, database rights, or design rights owned by such Spotify Group Company.

(d) To the Knowledge of Spotify, there is no unauthorized use of any Intellectual Property Rights, database rights, or design rights owned by any Spotify Group Company that infringes, misappropriates, invalidates or dilutes any right comprised in such Intellectual Property Rights, database rights, or design rights to the extent of having a Spotify Material Adverse Effect. None of the Spotify Group Companies has received any written notice of the alleged infringement, misappropriation of or conflict with any Intellectual Property Rights, database rights, design rights or moral rights owned by any third party, except for notices involving matters that, if they were resolved unfavorably to any Spotify Group Company, would not constitute a Spotify Material Adverse Effect.

(e) Each Spotify Group Company has taken reasonable steps in accordance with industry standard practices to protect the security of its trade secrets and its software, databases, systems, networks, and Internet sites and information stored or contained therein or transmitted thereby from unauthorized or improper access. To the Knowledge of Spotify, there has been no unauthorized or improper access to or use of the foregoing that constitutes a Spotify Material Adverse Effect.

(f) There has been no material interruption that constituted a Spotify Material Adverse Effect at any time during the twenty-four (24) months prior to the date hereof as a result of any defect relating to any information technology systems or applications (including the technical platform and client software) required for the Spotify Business as currently conducted.

(g) To the Knowledge of Spotify, all of the source code for any proprietary software necessary to operate the material information technology systems and applications that the Spotify Group Companies have developed (including the technical platform and all of the client software) is in the possession or control of the Spotify Group Companies. To the Knowledge of Spotify, there are no material escrow arrangements with respect to such source code other than those that have been made available to the TME Parties.

(h) The Spotify Group Companies take commercially reasonable efforts designed to ensure that no Open Source Software has been combined with software developed by or for the Spotify Group Companies (either by employees or independent contractors) and licensed, conveyed or made available by the Spotify Business in a way that requires that such software be, in a manner that constitutes a Spotify Material Adverse Effect, (i) disclosed or distributed in source code form, (ii) licensed for the purpose of making derivative works, (iii) redistributable at no charge or (iv) to the Knowledge of Spotify, otherwise licensed or distributed.

(i) Except as would not constitute a Spotify Material Adverse Effect, (i) to the Knowledge of Spotify, the Spotify Group Companies have complied with all applicable Laws relating to privacy and data security, and with their published privacy policies in effect at the time, with respect to the collection, use, disclosure and transfer of personally identifiable information, (ii) the Spotify Group Companies use commercially reasonable technical and organizational measures to protect personally identifiable information against unauthorized access, disclosure, use, modification or other misuse or misappropriation, and (iii) to the Knowledge of Spotify, there has been no unauthorized or accidental access, acquisition, disclosure, intrusion or breach of security of personally identifiable information maintained by or on behalf of the Spotify Group Companies that has not been reported to the affected individuals or any Governmental Body if such reporting was required by any applicable Laws relating to privacy or security personally identifiable information, nor are there any currently pending or outstanding complaints, notices to, or claims asserted by any Person (including any Governmental Body) regarding the collection, use, transmission, disclosure or sharing of personally identifiable information by the Spotify Group Companies.

(j) This Section 4.06 and Section 4.07 constitute the sole and exclusive representations and warranties of the Spotify Group Companies with respect to the infringement, violation or misappropriation of or conflict with any third-party Intellectual Property Rights.

SECTION 4.07 Litigation. None of the Spotify Group Companies is engaged in any ongoing litigation or arbitration proceedings, whether as plaintiffs or defendants, which, if decided against the applicable Spotify Group Company, would constitute a Spotify Material Adverse Effect.

SECTION 4.08 Real Property. No Spotify Group Company has ever owned any real property.

SECTION 4.09 Compliance with Laws and Permits.

(a) All material Permits necessary to enable the Spotify Group Companies to conduct the Spotify Business have been obtained and are valid and subsisting and each Spotify Group Company has in all material respects complied with all such Permits.

(b) Each Spotify Group Company has, to the Knowledge of Spotify, conducted its business in compliance in all material respects with all applicable Laws.

SECTION 4.10 Tax Representations.

(a) All material Tax Returns required to be filed by, or on behalf of, any Spotify Group Company have been filed with the appropriate Taxing Authorities in all jurisdictions in which such Tax Returns are required to be filed, and all such Tax Returns were, at the time of such filing, in material compliance with all applicable Laws.

(b) To the Knowledge of Spotify, all Taxes assessed, which have become due and payable by the Spotify Group Companies, irrespective of the period to which they relate, prior to the date hereof, have been fully and timely paid (subject to any applicable extensions or grace periods) or adequate provisions for such Taxes have been made on the balance sheet included in the Unaudited Spotify Financial Statements.

(c) No Spotify Group Company has received any written notice from any Taxing Authority in a jurisdiction in which such Spotify Group Company does not file Tax Returns to the effect that it is or may be subject to taxation by, or required to file any Tax Return in, such jurisdiction.

(d) Each Spotify Group Company which is required to be registered is registered for the purposes of VAT in each jurisdiction in which it is required to be registered, has complied in all material respects with all legislation concerning VAT and has made and kept up to date records, invoices and other documents appropriate for the purposes of such legislation.

SECTION 4.11 Employment Matters. No labor dispute exists, or to the Knowledge of Spotify, is threatened with respect to any of the employees of the Spotify Group Companies which would constitute a Spotify Material Adverse Effect. The Spotify Group Companies are in compliance, and have complied, with all applicable Laws relating to employment and employment practices, terms and conditions of employment, and collective bargaining, except where the failure to be in compliance does not constitute a Spotify Material Adverse Effect.

SECTION 4.12 Sufficiency of Assets. The properties, rights and assets (tangible and intangible and including without limitation, licensed rights) of the Spotify Group Companies are, and as of the Closing will be, all of the properties, rights and assets (tangible and intangible) necessary and sufficient to conduct and operate the Spotify Business substantially in the manner conducted as of the date hereof and as it will be conducted as of the Closing Date in all material respects.

SECTION 4.13 Transaction with Affiliates. There is no Contract other than on arm's length terms between any of the Spotify Group Companies, on the one hand, and any Related Party of Spotify, on the other hand.

SECTION 4.14 Anticorruption Compliance. In the past five (5) years, Spotify and, to the Knowledge of Spotify, its controlled Affiliates and their respective directors, managers, officers, employees, agents and all other Persons acting for or on behalf of Spotify or any of its controlled Affiliates (each, a "Spotify Agent") have not taken any action in violation of any applicable Anticorruption Laws which would reasonably be expected, individually or in the aggregate, to be material to the Spotify Group Companies, taken as a whole. In the past five (5)

years, none of Spotify or, to the Knowledge of Spotify, any of its controlled Affiliates or any of their respective directors, managers, officers, employees, agents or other Persons acting for or on behalf of Spotify or any of its controlled Affiliates has, directly or indirectly, (i) offered, paid, promised to pay, or authorized the payment of any money, or offered, given, promised to give, or authorized the giving of anything of value, to any Government Official or to any Person under circumstances where Spotify or any Spotify Agent knew or had reason to believe that all or a portion of such money or thing of value would be offered, given, or promised, directly or indirectly, to any Government Official, in each case for the purpose of (A) improperly influencing any act or decision of such Government Official in his or her official capacity; (B) improperly inducing such Government Official to perform or omit to perform any activity related to his or her legal duties; (C) securing any improper advantage; or (D) improperly inducing such Government Official to influence or affect any act or decision of any Governmental Body, in each case, in order to assist Spotify or any Spotify Agent in obtaining or retaining business for or with, or in directing business to, Spotify or any other Person; (ii) used any corporate funds or assets for unlawful contributions, gifts, entertainment, expenses or other unlawful conduct relating to political activity; (iii) made, offered, promised, authorized, solicited, or received any bribe, rebate, payoff, influence payment, kickback or other similar payment, whether directly or indirectly, to or from any private commercial entity for the purpose of gaining an improper business advantage in violation of applicable Anticorruption Laws; or (iv) taken any action that would constitute a violation of, or cause Spotify to be in violation of, or failed to take any action in violation of, any applicable Anticorruption Law. In the past five (5) years, none of Spotify or, to the Knowledge of Spotify, any of Spotify's controlled Affiliates or any of their respective directors, managers, officers, employees or agents have received any written notices alleging any violation of any applicable Anticorruption Law or conducted any internal investigations with respect to any actual or alleged violation of any applicable Anticorruption Law which would reasonably be expected, individually or in the aggregate, to be material to the Spotify Group Companies, taken as a whole.

SECTION 4.15 Compliance with Sanctions Laws. In the past five (5) years, none of Spotify or any of Spotify's Subsidiaries or, to the Knowledge of Spotify, any of their respective directors, managers, officers, employees, agents or other third parties acting on behalf of Spotify or any of Spotify's Subsidiaries has taken any action or made any omission in violation of any applicable Law relating to (A) economic sanctions or embargoes, including any applicable OFAC Sanctions or (B) money laundering or (C) terrorism, in each of cases (A) through (C), which action or omission would reasonably be expected, individually or in the aggregate, to be material to the Spotify Group Companies, taken as a whole. None of Spotify or any of Spotify's Subsidiaries is (A) an OFAC Sanctioned Person or (B) a Person that is subject to any sanctions of the European Union, the PRC or the Cayman Islands by Order of Her Majesty in Council. Neither Spotify nor any of its Subsidiaries has received any notice, and no proceeding or claim is pending or, to the Knowledge of Spotify, threatened, alleging that Spotify or any of Spotify's Subsidiaries is not, or has not been in the past five (5) years, in compliance with the Laws referred to in the immediately preceding sentence.

SECTION 4.16 Securities Matters. The Acquired TME Shares and the Top-Up TME Shares (if any) are being acquired by Spotify AB for its own account and not with a view to, or for the offer or sale in connection with, any public distribution or sale, within the meaning of the Securities Act, of the Acquired TME Shares and the Top-Up TME Shares (if any) or any

interest therein. Spotify AB has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of its investment in the Acquired TME Shares and the Top-Up TME Shares (if any), and Spotify AB is capable of bearing the economic risks of such investment, including a complete loss of its investment in the Acquired TME Shares and the Top-Up TME Shares (if any). Spotify acknowledges that the Acquired TME Shares and the Top-Up TME Shares (if any) have not been registered under the Securities Act or any other applicable securities Laws and understands and agrees that Spotify AB may not sell or dispose of any of the Acquired TME Shares and the Top-Up TME Shares (if any), except pursuant to a registered offering in compliance with, or in a transaction exempt from, the registration requirements of the Securities Act and any other applicable securities Laws.

SECTION 4.17 Investment Company. Spotify is not an “Investment Company” or directly or indirectly controlled by or acting on behalf of any Person which is an “Investment Company” within the meaning of the U.S. Investment Company Act of 1940, as amended.

SECTION 4.18 Brokers. Except as set forth on Section 4.18 of the Spotify Disclosure Letter, no broker, finder or investment banker is entitled to any brokerage, finder’s or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of any Spotify Group Company.

SECTION 4.19 Non-Reliance on Estimates. The TME Parties have made available to the Spotify Parties, and may continue to make available, certain estimates, projections and other forecasts for the business of TME and certain plan and budget information. Without limiting the representations and warranties set forth in Article III in any respect, each Spotify Party acknowledges and agrees that (i) these estimates, projections, forecasts, plans and budgets and the assumptions on which they are based were prepared for specific purposes and may vary significantly from each other, (ii) there are uncertainties inherent in attempting to make such estimates, projections, forecasts, plans and budgets, (iii) the Spotify Parties are taking full responsibility for making their own evaluation of the adequacy and accuracy of all estimates, projections, forecasts, plans and budgets so furnished to them (including the reasonableness of the assumptions underlying such estimates, projections, forecasts, plans and budgets), (iv) neither Spotify Party is relying on any estimates, projections, forecasts, plans or budgets furnished by any TME Group Company or its Affiliates and their respective Representatives or the accuracy or completeness thereof, and (v) each Spotify Party shall not, and shall cause its Affiliates and their respective Representatives not to, hold any such Person liable with respect thereto, except as set forth in this Agreement.

SECTION 4.20 No Other Representations or Warranties. Each Spotify Party acknowledges that, except for the representations and warranties of TME contained in Article III, the TME Parties are not making and have not made, and no other Person is making or has made on behalf of any TME Party, any express or implied representation or warranty in connection with this Agreement or the transactions contemplated hereby, and any such other representations and warranties are expressly disclaimed.

COVENANTS

SECTION 5.01 Conduct of Business of TME Prior to Closing. Except as (i) required by applicable Law, (ii) expressly required or permitted by this Agreement, (iii) set forth in Section 5.01 of the TME Disclosure Letter or (iv) otherwise consented to in writing by Spotify, from the date hereof until the earlier of (A) the termination of this Agreement in accordance with its terms and (B) the Closing, TME shall, and shall cause each TME Group Company to, conduct the TME Business in the Ordinary Course of Business in all material respects. Without limiting the generality of the foregoing, from the date hereof until the earlier of (x) the termination of this Agreement in accordance with its terms and (y) the Closing, TME shall not offer, sell or issue any TME Securities other than in connection with transactions reallocating TME Shares outstanding between holders of options to purchase TME Shares and holders of TME Shares that do not change the number of TME Shares outstanding as of the date of this Agreement; provided, that such transactions shall not prevent or materially delay the consummation of the transactions contemplated by this Agreement and the Other Transaction Agreements; provided, further, that TME shall not effect any such transaction that, at any time prior to the receipt of the Required Shareholder Approval, would result in the shareholders of TME which are parties to the Voting Agreement no longer owning at least seventy-five percent (75%) of the then issued and outstanding TME Shares.

SECTION 5.02 Conduct of Business of Spotify Prior to Closing. Except as (i) required by applicable Law, (ii) expressly required or permitted by this Agreement, (iii) set forth in Section 5.02 of the Spotify Disclosure Letter or (iv) otherwise consented to in writing by TME, from the date hereof until the earlier of (A) the termination of this Agreement in accordance with its terms and (B) the Closing, Spotify shall, and shall cause each Spotify Group Company to, conduct the Spotify Business in the Ordinary Course of Business in all material respects. Without limiting the generality of the foregoing, from the date hereof until the earlier of (x) the termination of this Agreement in accordance with its terms and (y) the Closing, Spotify shall not offer, sell or issue any Spotify Securities other than (1) Spotify Shares upon the exercise of options to purchase Spotify Shares that have been granted and are issued and outstanding as of the date hereof and are set forth in item 3 of Annex 4.03(a) of the Spotify Disclosure Letter or (2) in the Ordinary Course of Business; provided, that such offering, sale or issuance of Spotify Securities shall not prevent or materially delay the consummation of the transactions contemplated by this Agreement and the Other Transaction Agreements.

SECTION 5.03 TME Shareholders Meeting.

(a) TME shall, in accordance with its applicable Governing Documents, duly call and give notice of, and convene as promptly as practicable following the date of this Agreement, a meeting of its shareholders for the purpose of obtaining the Required Shareholder Approval (the “TME Shareholders Meeting”). TME shall (i) include the TME Board Recommendation in the meeting notice, (ii) recommend at the TME Shareholders Meeting that the shareholders of TME approve this Agreement and the transactions contemplated hereby and adopt the Restated Articles and (iii) use its reasonable best efforts to obtain and solicit the Required Shareholder Approval.

(b) Subject to applicable fiduciary duties, the board of directors of TME shall not (i) withdraw, qualify or modify, in any manner adverse to any Spotify Party, the TME Board Recommendation, (ii) authorize, approve, recommend or otherwise declare advisable any proposal or action that could reasonably be expected to interfere, prevent or materially delay the consummation of the transactions contemplated by this Agreement and the Other Transaction Agreements, or (iii) fail to include the TME Board Recommendation in the meeting notice for the TME Shareholders Meeting (each of the actions referred to in clauses (i) through (iii) above, a “Change in Recommendation”). Notwithstanding any Change in Recommendation, unless this Agreement has been terminated in accordance with its terms, TME shall submit the approval of this Agreement and the transactions contemplated hereby and the adoption of the Restated Articles for a vote by the shareholders of TME at the TME Shareholders Meeting.

SECTION 5.04 Reasonable Best Efforts. During the period from the date of this Agreement until the earlier of (i) the termination of this Agreement in accordance with its terms and (ii) the Closing, each of the TME Parties and the Spotify Parties shall (and each of TME and Spotify shall cause their respective Subsidiaries to) (A) use its reasonable best efforts to do or cause to be done, and to assist and cooperate with the other Parties in doing, all things necessary and reasonably advisable under applicable Laws or otherwise to consummate and make effective (and in any event prior to the Spotify Termination Date) the transactions contemplated by this Agreement and the Other Transaction Agreements on a timely basis, including using reasonable best efforts to give such notices and obtain all other authorizations, consents, orders and approvals of all Governmental Bodies and other third parties that may become necessary to consummate the transactions contemplated by this Agreement and the Other Transaction Agreements and (B) not take any action that could reasonably be expected to interfere, prevent or materially delay the consummation of the transactions contemplated by this Agreement and the Other Transaction Agreements.

SECTION 5.05 Shareholders Agreement. Prior to the Closing, TME shall cause the Shareholders Agreement to be executed and delivered by the Required Shareholders.

SECTION 5.06 Confidentiality. The Parties hereby agree and acknowledge that that certain letter agreement, dated July 17, 2017, by and among Spotify, Spotify AB, TME and Tencent Holdings Limited (as amended on November 9, 2017, the “Confidentiality Agreement”) shall hereby be amended to continue in full force and effect until the earlier of the Closing and the termination of this Agreement in accordance with Section 8.01, at which time (i) if this Agreement shall have been terminated, the Confidentiality Agreement shall continue in full force and effect in accordance with its terms and (ii) if the Closing shall have occurred, the Confidentiality Agreement shall automatically terminate except with respect to the parties’ non- disclosure obligations set forth therein, which shall continue in full force and effect until the second (2nd) anniversary of this Agreement.

SECTION 5.07 Tencent Hong Kong Secondary Purchase. As of the date hereof, the board of directors of Spotify shall have approved the amendment or exchange of one or more of the Convertible Notes to permit the conversion of a portion thereof into, or the exchange of a portion thereof for, at least 120,000 Spotify Shares to be issued to the holder(s) of such Convertible Notes for purposes of consummating the Tencent Hong Kong Secondary Purchase. Spotify hereby agrees, subject to, and concurrently with, the consummation of the

Tencent Hong Kong Secondary Purchase, to (i) amend one or more of the Convertible Notes to permit the conversion of the applicable portion thereof into, or exchange the applicable portion of the Convertible Notes for, at least 120,000 Spotify Shares to be issued to the holder(s) of such Convertible Notes for purposes of consummating the Tencent Hong Kong Secondary Purchase, (ii) issue the number of Spotify Shares into or for which the applicable portion of the Convertible Notes was converted or exchanged and (iii) update the shareholders' register of Spotify to reflect the issuance of such Spotify Shares upon such conversion or exchange. Upon the consummation of the Tencent Hong Kong Secondary Purchase, Spotify shall update the shareholders' register of Spotify to reflect the transfer of the Spotify Shares into or for which the applicable portion of the Convertible Notes was converted or exchanged by the holder of such Convertible Notes to Tencent Hong Kong pursuant to the Tencent Hong Kong Secondary Purchase. Without limiting the foregoing, Spotify shall use its reasonable best efforts to assist and cooperate with Tencent Hong Kong to consummate the Tencent Hong Kong Secondary Purchase.

SECTION 5.08 TME Equity Offering and TME Shares Distribution.

(a) Spotify AB hereby irrevocably waives, effective as of the Closing and conditioned on the effectiveness of the Min River Waiver, any right that it may have to receive TME Shares pursuant to the TME Shares Distribution (or any other distribution, right, consideration or asset in lieu thereof); provided that such waiver shall be exclusively limited to Spotify AB's right to receive TME Shares in the TME Shares Distribution and shall in no event apply to any subsequent or other dividends or other distributions declared, paid or made by TME. TME shall not distribute or issue to any shareholder or any other Person in connection with the TME Shares Distribution any of the TME Shares otherwise distributable to (i) Min River in the absence of the Min River Waiver or (ii) Spotify AB in the absence of the waiver set forth in this Section 5.08(a).

(b) TME shall consummate the Distribution to Other Shareholders promptly following the Closing.

(c) Immediately following the Closing, TME Hong Kong shall transfer to Tencent Hong Kong 50% of the Acquired Spotify Shares pursuant to, and TME and TME Hong Kong shall otherwise fully perform their obligations under, the share transfer agreement between TME, TME Hong Kong and Tencent Hong Kong (an executed copy of which has been provided to Spotify). Spotify hereby consents to such transfer and waives any notice requirement, including under Section 2.04 of the TME Investor Agreement, with respect to such transfer. Spotify shall update its shareholders' register to reflect such transfer upon notice of its consummation.

Article VI

CONDITIONS TO CLOSING

SECTION 6.01 Conditions to Obligations of Each Party. The respective obligations of each Party to consummate the TME Shares Issuance and the Spotify Shares Issuance shall be subject to the satisfaction or waiver (to the extent permitted by applicable Law) by each Party, at or prior to the Closing, of each of the following conditions:

(a) No Governmental Body shall have enacted, issued, promulgated, enforced or entered any Law which is then in effect (whether temporary, preliminary or permanent) and has the effect of enjoining, restraining, prohibiting or otherwise making the consummation of the transactions contemplated by this Agreement illegal (an “Injunction”).

(b) The Required Shareholder Approval shall have been obtained.

(c) The Restated Articles shall have been duly adopted by TME and shall be in full force and effect as of the Closing.

(d) The Shareholders Agreement shall have been duly executed and delivered by the Required Shareholders and shall be in full force and effect as of the Closing.

SECTION 6.02 Conditions to Obligations of the TME Parties. The obligations of the TME Parties to consummate the TME Shares Issuance and the Spotify Shares Issuance shall be subject to the satisfaction or, to the extent permitted by applicable Law, waiver by TME, at or prior to the Closing, of each of the following additional conditions:

(a)(i) The representations and warranties of Spotify contained in Section 4.01, Section 4.02, Section 4.03(a), Section 4.03(f), Section 4.03(g), Section 4.05(c) and Section 4.18 shall be true and correct in all respects as of the date of this Agreement and as of the Closing Date (except for such representations and warranties set forth therein that expressly speak as of a specified date, in which case such representations and warranties shall be true and correct in all respects as of such specified date), and (ii) the other representations and warranties of Spotify contained in Article IV (A) that are qualified by materiality, Spotify Material Adverse Effect or similar materiality qualification contained therein shall be true and correct in all respects, and (B) that are not qualified by materiality, Spotify Material Adverse Effect or similar materiality qualification contained therein, shall be true and correct in all material respects, in each case of clauses (A) and (B), as of the date of this Agreement and as of the Closing Date (except for such representations and warranties set forth therein that expressly speak as of a specified date, in which case such representations and warranties shall be, in the case of clause (A), true and correct in all respects and, in the case of clause (B), true and correct in all material respects, in each case as of such specified date). TME shall have received a certificate, dated as of the Closing Date, signed by an authorized representative of Spotify to the foregoing effect.

(b) The Spotify Parties shall have performed and complied in all material respects with all agreements, covenants and obligations contained in this Agreement that are required to be performed or complied with by them at or prior to the Closing. TME shall have received a certificate, dated as of the Closing Date, signed by an authorized representative of Spotify to the foregoing effect.

SECTION 6.03 Conditions to Obligations of the Spotify Parties. The obligations of the Spotify Parties to consummate the TME Shares Issuance and the Spotify Shares Issuance shall be subject to the satisfaction or, to the extent permitted by applicable Law, waiver by Spotify, at or prior to the Closing, of each of the following additional conditions:

(a)(i) The representations and warranties of TME contained in Section 3.01, Section 3.02, Section 3.03(a), Section 3.03(f), Section 3.03(g), Section 3.03(h), Section 3.06(e)

and Section 3.19 shall be true and correct in all respects as of the date of this Agreement and as of the Closing Date (except for such representations and warranties set forth therein that expressly speak as of a specified date, in which case such representations and warranties shall be true and correct in all respects as of such specified date), and (ii) the other representations and warranties of TME contained in Article III (A) that are qualified by materiality, TME Material Adverse Effect or similar materiality qualification contained therein shall be true and correct in all respects, and (B) that are not qualified by materiality, TME Material Adverse Effect or similar materiality qualification contained therein shall be true and correct in all material respects, in each case of clauses (A) and (B), as of the date of this Agreement and as of the Closing Date (except for such representations and warranties set forth therein that expressly speak as of a specified date, in which case such representations and warranties shall be, in the case of clause (A), true and correct in all respects and, in the case of clause (B), true and correct in all material respects, in each case as of such specified date). Spotify shall have received a certificate, dated as of the Closing Date, signed by an authorized representative of TME to the foregoing effect.

(b) The TME Parties shall have performed and complied in all material respects with all agreements, covenants and obligations contained in this Agreement that are required to be performed or complied with by them at or prior to the Closing. Spotify shall have received a certificate, dated as of the Closing Date, signed by an authorized representative of TME to the foregoing effect.

Article VII INDEMNIFICATION

SECTION 7.01 Survival.

(a) The representations and warranties set forth in Article III and in Article IV shall survive the Closing for a period of eighteen (18) months following the Closing; provided, however, that the representations and warranties set forth in Section 3.01 (*Corporate Organization*), Section 3.02 (*Authority*), Section 3.03(a) (*Capitalization*), Section 3.03(f) (*Title to Acquired TME Shares*), Section 3.03(h) (*Title to Top-Up TME Shares*), Section 4.01 (*Corporate Organization*), Section 4.02 (*Authority*), Section 4.03(a) (*Capitalization*) and Section 4.03(f) (*Title to Acquired Spotify Shares*) (collectively, the “Fundamental Representations”) shall each survive indefinitely.

(b) All covenants and agreements of the Parties made in this Agreement which by their terms are required to be performed, in whole or in part, by such Person following the date of this Agreement shall each survive in accordance with their respective terms, and any claims for indemnification in respect of any breach of such covenants or agreements shall each survive the date of this Agreement until the expiration of the applicable statute of limitations (as that may have been extended).

(c) The Parties agree that (i) in this Article VII they intend to shorten, in the case of the limited survival periods specified in this Section 7.01 , the applicable statute of limitations period with respect to certain claims, (ii) notices for claims in respect of a breach of a representation, warranty, covenant or agreement must be delivered prior to the expiration of the applicable survival period specified in this Section 7.01 for such representation, warranty,

covenant or agreement and (iii) any claims for indemnification for which notice is not timely made for purposes of this Article VII shall be expressly barred and are hereby waived; provided that, if any claim for indemnification asserted within any such survival period as herein provided shall have been timely made for purposes of this Article VII, the representation, warranty, covenant or agreement that is the subject of such claim, to the extent of such claim only, shall survive until such claim has been fully and finally resolved in accordance with the terms of this Agreement.

SECTION 7.02 Indemnification.

(a) Subject to the provisions of this Article VII, from and after the Closing TME shall, to the extent permitted by applicable Law, indemnify, defend and hold harmless the Spotify Parties, their respective Affiliates and their and their respective Affiliates' respective officers, directors, equity holders, employees, agents, attorneys and other representatives and their respective successors and permitted assigns (each, an "Spotify Indemnified Party") from and against, and reimburse each Spotify Indemnified Party for, any and all Losses actually incurred or suffered by any Spotify Indemnified Party to the extent arising out of any of the following, without duplication:

(i) any breach of any representation or warranty made by TME in this Agreement or in any certificate delivered by TME pursuant to Section 6.03(a); and

(ii) any breach of, or failure by, the TME Parties to perform, any of their respective covenants, agreements or obligations set forth in this Agreement.

(b) Subject to the provisions of this Article VII, from and after the Closing Spotify shall, to the extent permitted by applicable Law, indemnify, defend and hold harmless the TME Parties, their respective Affiliates and their and their respective Affiliates' respective officers, directors, equity holders, employees, agents, attorneys and other representatives and their respective successors and permitted assigns (each, an "TME Indemnified Party") from and against, and reimburse each TME Indemnified Party for, any and all Losses actually incurred or suffered by any TME Indemnified Party to the extent arising out of any of the following, without duplication:

(i) any breach of any representation or warranty made by Spotify in this Agreement or in any certificate delivered by Spotify pursuant to Section 6.02(a); and

(ii) any breach of, or failure by, the Spotify Parties to perform, any of their respective covenants, agreements or obligations set forth in this Agreement.

SECTION 7.03 Limitations on Indemnification.

(a) No individual claim (or series of related claims arising from substantially the same underlying facts, events or circumstances) pursuant to Section 7.02(a)(i) or Section 7.02(b)(i) by a Spotify Indemnified Party or TME Indemnified Party, as applicable, may be asserted (and no Spotify Indemnified Party or TME Indemnified Party shall be entitled to

indemnification with respect to any such claim (or series of related claims arising from substantially the same underlying facts, events or circumstances)) unless the aggregate amount of Losses that would be payable with respect to such claim (or series of related claims arising from substantially the same underlying facts, events or circumstances) exceeds an amount equal to \$500,000 (the “De Minimis Amount”), and any such individual claim (or series of related claims arising from substantially the same underlying facts, events or circumstances) for amounts less than the De Minimis Amount shall not be applied to or considered for purposes of determining whether the Basket has been satisfied or whether any of the caps set forth in this Section 7.03 have been satisfied.

(b) Except in the case of a breach of any Fundamental Representation, no Indemnifying Party shall have any liability or obligation to any Spotify Indemnified Party or TME Indemnified Party, as applicable, under Section 7.02(a)(i) or Section 7.02(b)(i) unless and until the aggregate Losses incurred by all Spotify Indemnified Parties or TME Indemnified Parties, as applicable, thereunder exceed \$12,000,000 (the “Basket”), in which case, any Indemnified Party shall be entitled to make a claim against the Indemnifying Party for any Losses from dollar one (but, for the avoidance of doubt, excluding any claims or series of related claims arising from substantially the same underlying facts, events or circumstances that do not exceed the De Minimis Amount).

(c) The maximum aggregate liability of (i) TME to any Spotify Indemnified Party under Section 7.02(a)(i) (other than for breaches of the Fundamental Representations) and (ii) Spotify to any TME Indemnified Party under Section 7.02(b)(i) (other than for any breaches of the Fundamental Representations), in each case, shall be an amount equal to \$500,000,000.

(d) Without limiting Section 7.03(c), the maximum aggregate liability of (i) TME to any Spotify Indemnified Party under Section 7.02(a) and (ii) Spotify to any TME Indemnified Party under Section 7.02(b), in each case, shall be an amount equal to the TME Shares Purchase Price.

(e) For purposes of applying the indemnification remedies provided in this Article VII, when calculating the amount of any Losses relating thereto, in each case, the representations and warranties made by the Indemnifying Party in this Agreement shall be considered and applied without regard to any reference as to materiality, TME Material Adverse Effect, Spotify Material Adverse Effect or similar materiality qualifications set forth therein.

(f) The amount for which any Indemnifying Party shall be liable with respect to any Loss incurred by any Indemnified Party shall be reduced (i) to the extent that such Indemnified Party shall theretofore have actually realized any proceeds (net of any costs or expenses expended by such Indemnified Party in seeking such proceeds, including the present value of any increases in insurance premiums) recovered from third parties (including insurers) with respect to such Loss or any of the events, conditions, facts or circumstances resulting in such Loss and (ii) by the amount of any net Tax Benefit realized by such Indemnified Party (provided, however, that such Tax Benefit is actually recognized in the tax year prior to or in which the Loss is incurred). If an Indemnified Party shall have received or shall have had paid on its behalf an indemnity payment with respect to a Loss pursuant to this Article VII and shall subsequently receive, directly or indirectly, such proceeds, then such Indemnified Party shall

promptly (and in any event within five (5) Business Days after receipt of such proceeds) pay to the Indemnifying Party the net amount of such proceeds or, if less, the amount of the indemnity payment that such Indemnified Party received or has had paid on its behalf pursuant to this Article VII. The Indemnified Party shall use its commercially reasonable efforts to recover under insurance policies or indemnity, contribution or other similar agreements other than this Agreement for any Losses to the same extent such Party would if such Losses were not subject to indemnification, compensation or reimbursement hereunder.

(g) An Indemnified Party shall be deemed to recognize a “Tax Benefit” with respect to a taxable year only if, and to the extent that, such Indemnified Party’s liability for income taxes in such taxable year, calculated by excluding any tax deductions or tax credits attributable to the Loss with respect to which it has been indemnified, exceeds the Indemnified Party’s actual liability for income taxes in such taxable year.

(h) For purposes of applying the indemnification remedies provided in this Article VII, a breach of any representation or warranty made by TME or Spotify shall not give rise to any indemnification claim hereunder to the extent, in the case of a breach of a representation or warranty made on the date of this Agreement, such breach results solely from the enactment of any Tax Law with retroactive effect after the date hereof and, in the case of a breach of a representation or warranty made as of the Closing Date, such breach results solely from the enactment of any Tax Law with retroactive effect after the Closing Date.

SECTION 7.04 Claims Procedure.

(a) Notification by the Indemnified Party. If any Indemnified Party becomes aware of any fact, matter or circumstance that may give rise to a claim for indemnification under this Article VII, the Indemnified Party shall (at its own expense) as soon as reasonably practicable thereafter notify the Indemnifying Party in writing of any claim in respect of which indemnity may be sought under this Article VII, including any pending or threatened claim or demand by a third party that the Indemnified Party has determined has given or could reasonably give rise to a right of indemnification under this Agreement (each, a “Third Party Claim”), setting out in reasonable detail the provisions under this Agreement on which such claim is based, the basis thereof (including, where the claim is the result of a Third Party Claim, reasonably available evidence of the Third Party Claim) and setting out in reasonable detail its estimate of the amount of Losses to the extent known and quantifiable which are, or are to be, the subject of the claim; provided, that the failure to provide such notice shall not release the Indemnifying Party from any of its obligations under this Article VII except to the extent that the Indemnifying Party is actually prejudiced by such failure.

(b) Cooperation by the Indemnified Party. The Indemnified Party shall reasonably cooperate with and assist the Indemnifying Party in determining the validity of any claim for indemnity by the Indemnified Party and in defending against a Third Party Claim, if the Indemnifying Party elects to assume the defense pursuant to Section 7.04(c), at the Indemnifying Party’s expense.

(c) Assumption of Defense of a Third Party Claim. Upon receipt of a written notice of a claim for indemnity from an Indemnified Party pursuant to Section 7.04(a) in respect

of a Third Party Claim, the Indemnifying Party may, by notice to the Indemnified Party delivered within fifteen (15) Business Days of the receipt of such notice of such Third Party Claim (or such lesser number of days set forth in such notice as may be required by court proceedings in the event of a litigated matter), assume the defense and control of any Third Party Claim, with its own counsel (reasonably acceptable to the Indemnified Party) and at its own expense, but shall allow the Indemnified Party a reasonable opportunity to participate in the defense of such Third Party Claim with its own counsel and at its own expense; provided, that notwithstanding the foregoing, the Indemnified Party shall be entitled to retain or assume, as applicable, the defense and control of any Third Party Claim and hire its own counsel (and the reasonable fees and expenses of such counsel shall be borne by the Indemnifying Party) if (i) after assuming the defense and control of such Third Party Claim, the Indemnifying Party fails to actively and diligently pursue such Third Party Claim (after the Indemnified Party has notified the Indemnifying Party of such failure and the Indemnifying Party does not cure such failure within twenty (20) Business Days following receipt of such notice) or the Indemnifying Party withdraws from such defense or (ii) such Third Party Claim does not involve only monetary damages, is a criminal or quasi-criminal action or seeks any material injunction or other material equitable relief against any Indemnified Party; provided, further, that if the Indemnifying Party and the Indemnified Party are both named parties to the proceedings and, in the reasonable judgment of counsel to the Indemnified Party, the representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them, then the Indemnified Party shall be entitled to participate in the defense with one separate counsel (and one additional separate local counsel in each applicable jurisdiction) at the expense of the Indemnifying Party. The Indemnifying Party shall not, without the prior written consent of the Indemnified Party consent to a settlement, compromise or discharge of, or the entry of any judgment arising from, any Third Party Claim, unless such settlement, compromise, discharge or entry of any judgment only involves the payment of monetary damages and does not involve any finding or admission of any violation of Law or admission of any wrongdoing by the Indemnified Party and does not involve injunctive or other equitable relief, and the Indemnifying Party shall obtain, as a condition of any settlement, compromise, discharge, entry of judgment (if applicable), or other resolution, a complete and unconditional release of each Indemnified Party from any and all liabilities in respect of such Third Party Claim.

(d) The Indemnified Party shall not settle, compromise or consent to the entry of any judgment with respect to any claim or demand for which it is seeking indemnification from the Indemnifying Party hereunder or admit to any liability with respect to such claim or demand without the prior written consent of the Indemnifying Party (such consent not to be unreasonably withheld, conditioned or delayed).

(e) Direct Claims. Any action by an Indemnified Party on account of any Losses which do not result from a Third Party Claim (a “Direct Claim”) shall be asserted by the Indemnified Party giving the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than sixty (60) days after the Indemnified Party becomes aware of such Direct Claim; provided that the failure to provide such notice shall not release the Indemnifying Party from any of its obligations under this Article VII except to the extent that the Indemnifying Party is actually prejudiced by such failure. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail, the basis thereof and set forth the estimated amount, if reasonably obtainable and quantifiable, of the Losses that have been or may be suffered by the

Indemnified Party (the “Losses Estimate”). The Indemnifying Party shall have thirty (30) days after the receipt of such notice to respond in writing to such Direct Claim. If the Indemnifying Party does not so respond within such thirty (30) day period, the Indemnifying Party shall be deemed to have accepted such claim, in which case the Indemnifying Party shall be obligated to pay the Indemnified Party for such Direct Claim. If the Indemnifying Party contests the payment of the Losses Estimate, then the Indemnifying Party and the Indemnified Party shall use good faith efforts to arrive at a mutually acceptable resolution of such dispute within the next thirty (30) days. If a mutually acceptable resolution cannot be reached between the Indemnifying Party and the Indemnified Party within such 30-day period, then the applicable Person shall thereupon be entitled to pursue such remedies as may be available to it under this Agreement. Upon a reasonable request by the Indemnifying Party, each Indemnified Party seeking indemnification hereunder in respect of any Direct Claim hereby agrees to consult with the Indemnifying Party and use commercially reasonable efforts to take actions reasonably requested by the Indemnifying Party in order to attempt to reduce the amount of Losses in respect of such Direct Claim; provided, that any costs, expenses or fees incurred in connection therewith shall be deemed to be Losses.

SECTION 7.05 Satisfaction of Indemnification Obligations.

(a) Upon the final determination of the Indemnifying Party’s obligation to indemnify any Indemnified Party for any Losses pursuant to this Article VII, the Indemnifying Party shall be required, at the sole and exclusive election of Spotify (if TME is the Indemnifying Party) or TME (if Spotify is the Indemnifying Party), to either (i) make a cash payment to the Indemnified Party (or another Person designated by Spotify or TME, as applicable, in its sole and absolute discretion) by wire transfer of immediately available funds or (ii)(A) if TME is the Indemnifying Party, cause TME Hong Kong to sell, transfer, assign, convey and deliver to Spotify (or another Person designated by Spotify in its sole and absolute discretion) all or a portion of any Spotify Securities owned beneficially or of record by the Indemnifying Party or its controlled Affiliates in exchange and as consideration for the satisfaction of TME’s indemnification obligation for such Losses and (B) if Spotify is the Indemnifying Party, cause Spotify AB to sell, transfer, assign, convey and deliver to TME (or another Person designated by TME in its sole and absolute discretion) all or a portion of any TME Securities owned beneficially or of record by the Indemnifying Party or its controlled Affiliates in exchange and as consideration for the satisfaction of Spotify’s indemnification obligation for such Losses (it being understood that the Indemnified Party shall have the right to elect to have its Losses indemnified by a cash payment, the sale, transfer, assignment, conveyance and delivery of Spotify Securities or TME Securities, as applicable, or a combination thereof, in each case, to satisfy the aggregate amount of Losses that the Indemnified Party is entitled to be indemnified for hereunder).

(b) For purposes of this Section 7.05, the number of Spotify Securities or TME Securities, as applicable, to be sold, transferred, assigned, conveyed and delivered to Spotify and TME, respectively, shall be calculated by dividing (i) the amount of the Indemnified Party’s Losses for which it is finally determined the Indemnified Party is entitled to indemnification under Section 7.02 and with respect to which the Indemnified Party has elected to repurchase Spotify Securities or TME Securities, as applicable, from the Indemnifying Party, by (ii)(A) if the Spotify Securities or TME Securities, as applicable, are publicly traded on a

national securities exchange in the United States or a non-U.S. securities exchange, the volume weighted average of the price per Spotify Security or TME Security, as applicable, for the ninety (90) trading days ending on (and including) the trading day prior to the day of the final determination of the applicable indemnification claim in accordance with this Section 7.05, as obtained from Bloomberg L.P. (or, if not reported therein, from another authoritative source) and (B) if the Spotify Securities or TME Securities, as applicable, are not so publicly traded, the per share value of the Spotify Securities or TME Securities, as applicable (the “Per Share Value”) as of the day prior to the day of the final determination of the applicable Indemnifying Party’s obligation to indemnify any Indemnified Party for any Losses pursuant to this Article VII, determined by an internationally recognized valuation firm that is independent from the Indemnifying Party and the Indemnified Party and that shall be selected by the Indemnified Party and reasonably acceptable to the Indemnifying Party (the “Expert”), which determination shall, absent manifest error, be conclusive, final, non-appealable and binding upon the Indemnifying Party and the Indemnified Party. The Indemnifying Party shall bear the fees and expenses of the Expert, and such fees and expenses shall be added to the amount of the Indemnified Party’s Losses referred to in the foregoing clause (i) for purposes of determining the number of Spotify Securities or TME Securities, as applicable, to be sold, transferred, assigned, conveyed and delivered to the Indemnified Party pursuant to this Section 7.05. The Indemnifying Party and the Indemnified Party shall provide reasonable cooperation to the Expert in determining the Per Share Value pursuant to this Section 7.05. Any sale, transfer, assignment, conveyance and delivery of any Spotify Securities or TME Securities, as applicable, under this Agreement shall be consummated promptly and in any event no later than ten (10) Business Days after the later of (x) the applicable claim for indemnification has been finally determined and (y) if applicable, the determination of the Per Share Value by the Expert.

(c) Any claim, action, suit, arbitration or proceeding by or before any Governmental Body and the liability for and amount of damages therefor, shall be deemed to be “finally determined” for purposes of this Article VII when the Parties have so determined by mutual agreement or, if disputed, when a final non-appealable Order has been entered into with respect to such claim, action, suit, arbitration or proceeding.

SECTION 7.06 Tax Treatment of Indemnification. The Parties agree to treat any indemnification made pursuant to this Article VII as an adjustment to the TME Shares Purchase Price or the Spotify Shares Purchase Price, as applicable, unless otherwise required by applicable Law.

SECTION 7.07 Exclusive Remedy. From and after the Closing, except in the case of a Willful Breach, the Parties hereby acknowledge and agree that, (i) the indemnification provisions of this Article VII shall be the sole and exclusive remedies of the Indemnified Parties with respect to any and all Losses arising from this Agreement or the transactions contemplated hereby, (ii) except as set forth in, and without limiting the provisions of, this Article VII and Section 9.14 (*Specific Performance*), neither TME Parties nor the Spotify Parties shall be liable or responsible in any manner whatsoever (whether for indemnification or otherwise) to any Indemnified Party for any breach of any representation or warranty of TME or Spotify made in this Agreement or any breach, nonfulfillment or default in the performance of any covenant or agreement of the TME Parties or the Spotify Parties in this Agreement and (iii) anything herein to the contrary notwithstanding, no breach of any representation or warranty of TME or Spotify

made in this Agreement, or breach, nonfulfillment or default in the performance of any covenant or agreement of the TME Parties or the Spotify Parties in this Agreement shall give rise to any right on the part of any Indemnified Party, after the consummation of the transactions contemplated by this Agreement and the Other Transaction Agreements, to rescind this Agreement, any of the Other Transaction Agreements or any of the transactions contemplated hereby or thereby or to any further indemnification rights or monetary claims of any nature whatsoever in respect thereof (whether by contract, common law, Law or otherwise), all of which the Parties hereby waive. Nothing in this Section 7.07 shall limit any Party's right to seek and obtain any equitable relief to which such Party may be entitled pursuant to Section 9.14 (*Specific Performance*).

SECTION 7.08 Contingent Liabilities. No Indemnifying Party shall be liable under this Article VII in respect of any Loss which is contingent unless and until such contingent Loss becomes an actual liability and is due and payable; provided, that a notice of a Third Party Claim or Direct Claim may be delivered hereunder prior thereto.

SECTION 7.09 No Waiver of Contractual Representations and Warranties. The Parties agree that the Indemnified Parties' rights to indemnification under this Article VII for the representations and warranties set forth herein are part of the basis of the bargain contemplated by this Agreement, and the Indemnified Parties' rights to indemnification shall not be affected or waived in any respect by virtue of (and the Spotify Parties and the TME Parties shall be deemed to have relied upon the representations and warranties set forth herein notwithstanding) any knowledge on the part of the Spotify Parties of any inaccuracy of any of the representations or warranties of TME and on the part of the TME Parties of any inaccuracy of any of the representations or warranties of Spotify, in each case, set forth in this Agreement, regardless of whether such knowledge was obtained through such Party's own investigation or through disclosure by the other Party or any other Person, and regardless of whether such knowledge was obtained before or after execution and delivery of this Agreement.

SECTION 7.10 No Duplication. Any Losses subject to indemnification hereunder shall be determined without duplication of recovery by reason of the state of facts giving rise to such Losses.

SECTION 7.11 No Offset. No Indemnifying Party shall have any right to set off any payment due under this Agreement or any other agreement by or among the Parties (or their respective Affiliates) against any other payments to be made pursuant to this Agreement, any such other agreement or otherwise.

Article VIII

TERMINATION

SECTION 8.01 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by the mutual written consent of the Parties;

(b) by either TME by written notice to Spotify or by Spotify by written notice to TME, in the event that any Governmental Body having competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any Injunction which shall have become final and non-appealable;

(c) by either TME by written notice to Spotify or by Spotify by written notice to TME, in the event that the Required Shareholder Approval shall not have been obtained at the TME Shareholders Meeting;

(d) by Spotify by written notice to TME, in the event that the Closing shall not have occurred on or before December 19, 2017 (New York time) (the “Spotify Termination Date”); provided, that the right to terminate this Agreement pursuant to this Section 8.01(d) shall not be available to Spotify if any Spotify Party’s breach of, or failure to fulfill, any of its obligations under this Agreement has been the primary cause of, or primarily resulted in, the failure to consummate the Closing by the Spotify Termination Date;

(e) by TME by written notice to Spotify, in the event that the Closing shall not have occurred on or before January 8, 2018 (New York time) (the “TME Termination Date”); provided, that the right to terminate this Agreement pursuant to this Section 8.01(e) shall not be available to TME if any TME Party’s breach of, or failure to fulfill, any of its obligations under this Agreement has been the primary cause of, or primarily resulted in, the failure to consummate the Closing by the TME Termination Date;

(f) by TME by written notice to Spotify, if (i) any Spotify Party shall have breached any representation, warranty, covenant or agreement set forth in this Agreement, and (ii) such breach would cause any of the conditions set forth in Section 6.02 not to be satisfied; provided, however, that TME shall not have the right to terminate this Agreement pursuant to this Section 8.01(f) if any TME Party is then in material breach of this Agreement that would result in any of the conditions set forth in Section 6.03 not to be satisfied; or

(g) by Spotify by written notice to TME, if (i) any TME Party shall have breached any representation, warranty, covenant or agreement set forth in this Agreement, and (ii) such breach would cause any of the conditions set forth in Section 6.03 not to be satisfied; provided, however, that Spotify shall not have the right to terminate this Agreement pursuant to this Section 8.01(g) if any TME Party is then in material breach of this Agreement that would result in any of the conditions set forth in Section 6.02 not to be satisfied.

SECTION 8.02 Effect of Termination. In the event of termination of this Agreement pursuant to Section 8.01, this Agreement shall forthwith become void and there shall be no liability under this Agreement on the part of any Party except that nothing herein shall relieve any Party from liability for any Willful Breach of this Agreement that occurred before such termination and the terms of this Section 8.02, Section 5.06 (Confidentiality) and Article IX (Miscellaneous) shall survive any such termination.

MISCELLANEOUS

SECTION 9.01 Expenses and Taxes. Each Party shall bear its own costs and expenses incurred in connection with the negotiation, execution and delivery of this Agreement and the consummation of the transactions contemplated hereby. Each Party shall bear its own Taxes assessed or incurred in connection with the consummation of the transactions contemplated by this Agreement in accordance with applicable Laws.

SECTION 9.02 Publicity. Any initial press release or releases made by, or caused to be made by, any Party with respect to the execution and delivery of this Agreement shall be jointly agreed upon by the Parties. Following such initial press release or releases, neither Party shall make, or cause to be made, any additional press release or public announcement in respect of this Agreement or the transactions contemplated by this Agreement without the prior written consent of the other Parties, except to the extent required by applicable Law (including applicable securities Laws) or applicable securities exchange regulation; provided, however, that the Parties may make any press release or other public announcement (including to analysts, investors or other attending industry conferences or analyst or investor conference calls) to the extent that such release or announcement contains no information in respect of this Agreement or the transactions contemplated by this Agreement other than information in respect of this Agreement or the transactions contemplated by this Agreement previously publicly disclosed in accordance with this Section 9.02 and is otherwise consistent in all material respects with previous statements made by the Parties in accordance with this Section 9.02.

SECTION 9.03 Amendment. This Agreement may be amended, modified or supplemented only by an agreement in writing executed by all of the Parties.

SECTION 9.04 Notices. Unless otherwise provided herein, all notices and other communications hereunder shall be in writing and shall be deemed given and received if transmitted by electronic mail (with confirmation of receipt by the recipient, which confirmation shall be promptly delivered by the recipient if so requested by the sender in the applicable notice or other communication), on the Business Day after the date on which such notice is sent to the Parties at the following addresses (or at such other address for a Party as shall be specified by like notice):

(a) If to TME or TME Hong Kong, to:

Tencent Music Entertainment Group
7F, China Technology Trade Center
NO.66 North 4th Ring West Road
Hai Dian District, Beijing
P.R.China 100080
Attention: Hsiang Zhao

E-mail:

with a copy (which copy alone shall not constitute notice) to:

Davis Polk & Wardwell
The Hong Kong Club Building
3A Chater Road, 18/F
Hong Kong
Attention: Miranda So

Email:

(b) If to Spotify or Spotify AB, to:

Spotify AB
attn. Corporate Legal
Birger Jarlsgatan 61
113 56 Stockholm
Sweden

with a copy (which copy alone shall not constitute notice) to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Attention: Alan M. Klein
Sebastian Tiller

E-mail:

SECTION 9.05 Waivers. Any Party may waive in whole or in part any benefit or right provided to it under this Agreement, such waiver being effective only if contained in a writing executed by the waiving Party. The failure of a Party at any time or times to require performance of any provision hereof shall in no manner affect its right at a later time to enforce the same. No waiver by a Party of any condition or of any breach of any term, covenant, representation or warranty contained in this Agreement shall be effective unless in writing, and no waiver in any one or more instances shall be deemed to be a further or continuing waiver of any such condition or breach in other instances or a waiver of any other condition or breach of any other term, covenant, representation or warranty.

SECTION 9.06 Successors and Assignment. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective permitted successors and assigns. Neither this Agreement, nor any of the rights, interests or obligations hereunder shall be assigned by any of the Parties, in whole or in part (whether by operation of law or otherwise), without the prior written consent of the other Parties, and any attempt to make any such assignment without such consent shall be null and void.

SECTION 9.07 No Third-Party Beneficiaries. Except as otherwise expressly provided in Article VII with respect to the Indemnified Parties (which shall be express third

party beneficiaries with respect to Article VII), this Agreement is solely for the benefit of the Parties and no provision of this Agreement shall be deemed to confer upon any other Person any remedy, claim, liability, reimbursement, cause of action or other right.

SECTION 9.08 Severability. If any provision of this Agreement shall be held invalid, illegal or unenforceable, the validity, legality or enforceability of the other provisions hereof shall not be affected thereby, and there shall be deemed substituted for the provision at issue a valid, legal and enforceable provision as similar as possible to the provision at issue.

SECTION 9.09 Entire Understanding. This Agreement (including the TME Disclosure Letter and the Spotify Disclosure Letter), the Confidentiality Agreement and the Other Transaction Agreements set forth the sole and entire agreement and understanding of the Parties with respect to the transactions contemplated hereby and thereby and all inducements to the making of this Agreement relied upon by the Parties and supersede any and all prior representations, warranties, agreements, arrangements and understandings, both written and oral, among the Parties relating to the subject matter of this Agreement, the Confidentiality Agreement and the Other Transaction Agreements (including that certain non-binding term sheet, dated August 21, 2017, by and among the Parties).

SECTION 9.10 Governing Law. Except to the extent that mandatory provisions of the Laws of Luxembourg are applicable, this Agreement and its enforcement, and any controversy arising out of or relating to the making or performance of this Agreement, shall be governed by and construed in accordance with the law of the State of New York, without regard to New York's principles of conflicts of law.

SECTION 9.11 Arbitration. All disputes, controversies or claims arising out of or in connection with this Agreement shall be resolved by final and binding arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce (the "ICC") by three (3) arbitrators appointed in accordance with the Rules of Arbitration of the ICC. The claimant(s) shall nominate one (1) arbitrator in the request for arbitration. The respondent(s) shall nominate one (1) arbitrator in the answer to the request. The two (2) arbitrators nominated by the claimant and the respondent may be nationals of any country. The two (2) party-nominated arbitrators shall then attempt to agree, in consultation with the claimant(s) and the respondent(s), upon the nomination of a third (3rd) arbitrator to act as president of the tribunal. If the third (3rd) arbitrator has not been nominated within thirty (30) days of the date of the appointment of the second (2nd) arbitrator, the third (3rd) arbitrator shall be nominated by the ICC International Court of Arbitration. The third (3rd) arbitrator and president of the tribunal shall not be a national of the PRC or Sweden. The place of arbitration shall be Wilmington, Delaware, United States of America. The language of the arbitration shall be English.

SECTION 9.12 Counterparts. Each of this Agreement and the Other Transaction Agreements may be executed (including by e-mail delivery of a portable document format (".pdf") file) in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same original instrument.

SECTION 9.13 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

SECTION 9.14 Specific Performance. The Parties recognize, acknowledge and agree that the breach or violation of this Agreement by a Party would cause irreparable damage to the other Party and that none of the Parties has an adequate remedy at Law. Unless and until this Agreement has been terminated in accordance with its terms, each Party shall therefore be entitled, in addition to any other remedies that may be available, to obtain specific performance of the terms of this Agreement, and appropriate injunctive relief may be applied for and granted in connection therewith. A Party seeking an order or injunction to prevent breaches of this Agreement or to enforce specifically the terms and provisions hereof shall not be required to provide, furnish or post any bond or other security in connection with or as a condition to obtaining any such order or injunction, and each Party hereby irrevocably waives any right it may have to require the provision, furnishing or posting of any such bond or other security. If any action is brought by any Party to enforce this Agreement, the other Parties shall waive the defense that there is an adequate remedy at Law.

SECTION 9.15 Interpretation.

(a) The table of contents and headings preceding the text of articles and sections included in this Agreement and the headings to schedules and exhibits attached to this Agreement are for convenience only and shall not be deemed part of this Agreement or be given any effect in interpreting this Agreement. All exhibits and schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein and any capitalized terms used in any exhibit or schedule to this Agreement but not otherwise defined therein shall have the meaning as defined in this Agreement. The use of the masculine, feminine or neuter gender or the singular or plural form of words herein shall not limit any provision of this Agreement. The terms as set forth in this Agreement have been arrived at after mutual negotiation with the advice of counsel and, therefore, it is the intention of the Parties that its terms may not be construed against any of the Parties by reason of the fact that it was prepared by one of the Parties. Reference to any Person includes such Person's successors and assigns to the extent such successors and assigns are permitted by the terms of any applicable agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually. Reference to any agreement (including this Agreement), document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof. The words "hereof," "herein," "hereby," "hereto" and "hereunder" shall refer to this Agreement as a whole and not to any particular provision of this Agreement. All references to documents or other materials that were delivered, provided or made available to any Party shall include any such document or material (i) posted to, as applicable, (A) the virtual data room hosted by Intralinks, to which TME has provided access for review by the Spotify Parties or (B) the virtual data room hosted by Merrill Datasite, to which the Spotify Parties have provided access for review by the TME Parties, in each case, prior to the date hereof, or (ii) otherwise made available to such Party or any of its Representatives (electronically or otherwise) prior to the date hereof. All references to "Section", "Sections", "Article", "Articles", "Exhibit" or "Exhibits" refer to the corresponding Section, Sections, Article, Articles, Exhibit or Exhibits of

this Agreement. The word “including” shall mean “including without limitation”. “Extent” in the phrase “to the extent” shall mean the degree to which a subject or other item extends and shall not simply mean “if”. The word “or” is used in the inclusive sense of “and/or”. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. All reference to any Law means such Law as amended from time to time and shall include any successor legislation thereto and any rules and regulations promulgated thereunder.

(b) Neither the specification of any dollar amount in any representation or warranty contained in this Agreement nor the inclusion of any specific fact or item in the TME Disclosure Letter or the Spotify Disclosure Letter is intended or will be deemed to imply that such amount, or higher or lower amounts, or the fact or item so included or other facts or items, are or are not material. Unless this Agreement specifically provides otherwise, neither the specification of any fact, item or matter in any representation or warranty contained in this Agreement nor the inclusion of any specific fact, item or matter in the TME Disclosure Letter or the Spotify Disclosure Letter is intended or will be deemed to imply that such fact, item or matter, or other facts, items or matters, are or are not in the Ordinary Course of Business. The inclusion of any fact or item in the TME Disclosure Letter or the Spotify Disclosure Letter shall not constitute, or be deemed to be, an admission by any Party to any third party of any fact, item or matter whatsoever (including any violation, noncompliance with, or liability or obligation under, applicable Law, other requirement or breach of Contract). Certain facts, items and matters disclosed in the TME Disclosure Letter and the Spotify Disclosure Letter have been disclosed for informational purposes only. No general disclosure in any particular Section in the TME Disclosure Letter or the Spotify Disclosure Letter shall be limited by any more specific disclosure in either that particular Section or any other Section of the TME Disclosure Letter or the Spotify Disclosure Letter, respectively, unless a contrary intention is expressly stated.

(c) The Parties agree that, notwithstanding anything to the contrary in this Agreement or the TME Disclosure Letter, the information set forth in the TME Disclosure Letter under the heading of “Section 5.18 of the Spotify Investor Agreement” (i) is provided therein solely for the purpose of Section 5.18 of the Spotify Investor Agreement, (ii) shall not be deemed as any representation or warranty made by any TME Party or disclosure by any TME Party pursuant to this Agreement, and (iii) no TME Party shall have any indemnification obligation pursuant to Article VII with respect to any information set forth in the TME Disclosure Letter under the heading of “Section 5.18 of the Spotify Investor Agreement” or “Annex 5.18 of the Spotify Investor Agreement” solely by reason of the inclusion of such information under such heading.

SECTION 9.16 Changes in Capital Stock. Wherever in this Agreement there is a reference to a specific number of Spotify Shares or TME Shares, then upon the occurrence of any stock split, stock dividend or distribution (excluding, for the avoidance of doubt, the TME Shares Distribution), or any change in the capital stock of Spotify or TME, as applicable, by reason of any split-up, reverse stock split, recapitalization, combination, reclassification, exchange of shares or the like with an effective or record date from the date hereof until the Closing, the specific number of such shares so referenced in this Agreement shall be proportionately adjusted to reflect effect on the Spotify Shares or TME Shares by such events.

[*Remainder of page intentionally left blank.*]

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the date first written above.

TENCENT MUSIC ENTERTAINMENT GROUP

(腾讯音乐娱乐集团)

By: /s/ PANG Kar Shun Cussion

Name: PANG Kar Shun Cussion

Title: Director

[Signature page to Subscription Agreement]

**TENCENT MUSIC ENTERTAINMENT HONG KONG
LIMITED**

By: /s/ PANG Kar Shun Cussion

Name: PANG Kar Shun Cussion

Title: Authorized Signatory

[Signature page to Subscription Agreement]

SPOTIFY TECHNOLOGY S.A.

By: /s/ Peter Grandelius

Name: Peter Grandelius

Title: Authorized Signatory and Associate
General Counsel

SPOTIFY AB

By: /s/ Peter Grandelius

Name: Peter Grandelius

Title: Authorized Signatory and Associate
General Counsel

[Signature page to Subscription Agreement]

Exhibit A

[See Attached]

INVESTOR AGREEMENT

among

TENCENT MUSIC ENTERTAINMENT GROUP,

TENCENT HOLDINGS LIMITED,

SPOTIFY AB

and

SPOTIFY TECHNOLOGY S.A.

DATED AS OF [•], 2017

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I DEFINITIONS	1
SECTION 1.01 Certain Defined Terms	1
SECTION 1.02 Other Definitional Provisions; Interpretation	6
ARTICLE II TRANSFER OF TME SECURITIES	7
SECTION 2.01 General Transfer Restrictions	7
SECTION 2.02 Restrictions on Transfer	7
SECTION 2.03 Joinder to Investor Agreement	9
SECTION 2.04 Notice of Transfer	10
SECTION 2.05 Legends	10
SECTION 2.06 Lock-Up Agreements	11
SECTION 2.07 Drag-Along Right	11
SECTION 2.08 Delay of Transfer	12
ARTICLE III STANDSTILL; VOTING	13
SECTION 3.01 Standstill Covenant	13
SECTION 3.02 Voting Agreement	15
ARTICLE IV CERTAIN GOVERNANCE MATTERS	17
SECTION 4.01 Information Rights	17
SECTION 4.02 Potential Business Opportunities	17
SECTION 4.03 Anti-Bribery Covenants	18
SECTION 4.04 Sanctions Covenant	18
ARTICLE V GENERAL PROVISIONS	18
SECTION 5.01 Confidentiality	18
SECTION 5.02 Amendment	19
SECTION 5.03 Notices	19
SECTION 5.04 Waivers	20
SECTION 5.05 Successors and Assignment	21
SECTION 5.06 No Third-Party Beneficiaries	21
SECTION 5.07 Severability	21
SECTION 5.08 Entire Understanding	21
SECTION 5.09 Governing Documents; Other Shareholder Agreements	21
SECTION 5.10 Waiver of Separate Shareholder Class Rights	21
SECTION 5.11 Dual-Class Structure	22
SECTION 5.12 Governing Law	23
SECTION 5.13 Arbitration	23
SECTION 5.14 Counterparts	23

		<u>Page</u>
SECTION 5.15	Specific Performance	24
SECTION 5.16	Termination	24
SECTION 5.17	Other Agreements	24
SECTION 5.18	Representations	24

Index of Defined Terms

Affiliate	1	OFAC	4
Agreement	1	OFAC Sanctioned Person	4
Anticorruption Laws	1	OFAC Sanctions	4
beneficial owner	2	Parent	1
beneficial ownership	2	Permitted Transferee	5
beneficially own	2	Person or person	5
Board	2	Potential Business Opportunity	17
Brokerage Transaction	9	Prohibited Person	5
Business Day	2	Prohibited Person List	5
Company	1	Qualified Transfer	8
Company Articles	2	Representatives	5
Competing Business	2	Rights Holder	5
Confidential Information	2	Sale Notice	12
Derivative Security	2	SDN List	4
Drag-Along Right	12	Secretary	5
Dual-Class Structure and Re-Designation	22	Securities Act	5
Effective Event	22	Shareholder	1
Eligible Fund	3	Standstill Cap	15
Exchange Act	3	Standstill Period	13
Foreign or State Act	9	Strategic Investor	5
Founder Transfer	9	Subscription Agreement	1
Fully Diluted	3	Subsidiary	5
ICC	23	Tencent	1
Identified Person	17	TME Investor Agreement	5
Institutional Fund	4	TME Securities	5
Investor	4	TME Shares	1
Investor Shares	22	Total Voting Power	6
IPO	4	Trade Sale	6
Law	4	Transfer	6
Lock-Up Period	8	Transferee	6
Music Business	4	VIE	6

INVESTOR AGREEMENT

INVESTOR AGREEMENT, dated as of [●], 2017 (this “Agreement”), among Tencent Music Entertainment Group, an exempted company incorporated with limited liability under the laws of the Cayman Islands (the “Company”), Tencent Holdings Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands (“Tencent”), Spotify AB, a corporation incorporated under the laws of Sweden (the “Shareholder”), and Spotify Technology S.A., a public limited company (*société anonyme*) incorporated under the laws of Luxembourg, having its registered office at 42-44 avenue de la Gare, L-1610 Luxembourg, and registered with the Luxembourg Trade and Companies Register under number B 123 052 (“Parent”), and any other Person that becomes a party to this Agreement pursuant to Article II.

BACKGROUND

On the date hereof, the Company issued [●] ordinary shares, \$0.000083 par value per share, of the Company (the “TME Shares”) to the Shareholder pursuant to that certain Subscription Agreement, dated as of December 8, 2017, by and among the Company, Tencent Music Entertainment Hong Kong Limited, a company incorporated under the laws of Hong Kong, Parent and the Shareholder (the “Subscription Agreement”).

NOW, THEREFORE, in consideration of the foregoing and the respective covenants and agreements set forth herein, and intending to be legally bound hereby, the parties hereto hereby agree as follows.

ARTICLE I

DEFINITIONS

SECTION 1.01 Certain Defined Terms. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Subscription Agreement. As used in this Agreement, the following terms shall have the following meanings:

“Affiliate” of any Person shall mean, as of any date, any Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such first Person. For purposes of this Agreement, a Person shall be deemed to “control” another Person if such first Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise. For the avoidance of doubt, for purposes of this Agreement, (i) none of the Investors or any of their respective controlled Affiliates shall be deemed to be an Affiliate of the Company or Tencent or any of their respective Affiliates, and (ii) none of the Company, Tencent or any of their respective Affiliates shall be deemed to be an Affiliate of the Investors or any of their respective controlled Affiliates.

“Anticorruption Laws” shall mean Laws governing bribery and corruption, including the U.S. Foreign Corrupt Practices Act of 1977, as amended (15 U.S.C. §§ 78a et seq. (1997 and 2000)), the UK Bribery Act 2010 and the anti-bribery and anticorruption Laws in the PRC (including the Criminal Law and Anti-Unfair Competition Law of the PRC).

“beneficial owner” and words of similar import (including “beneficially own” and “beneficial ownership”) shall have the meaning assigned to such terms in Rule 13d-3 promulgated under the Exchange Act (or any comparable successor rule thereto).

“Board” shall mean the board of directors or similar governing body of the Company.

“Business Day” shall mean any day of the year other than (i) any Saturday or Sunday or (ii) any other day on which banks located in New York City, New York, United States of America, London, United Kingdom, Stockholm, Sweden, Luxembourg, Grand Duchy of Luxembourg, Hong Kong S.A.R., Shenzhen, PRC or the Cayman Islands are closed for business.

“Company Articles” shall mean the Third Amended and Restated Articles of Association of the Company as adopted by the shareholders of the Company on [●], 2017, as amended, restated, supplemented or otherwise modified from time to time in accordance with its terms.

“Competing Business” shall mean any activities that are in direct and material competition with the business activities of the Company and its Subsidiaries. Direct competition shall include offering digital music service businesses and the accompanying music copyrights administration business, including streaming, downloading, radio, online live broadcasts, karaoke and other music-related services across all screens and terminals, including mobile phones, personal computers, television and other multi-media platforms.

“Confidential Information” shall mean all confidential and proprietary information (irrespective of the form of communication and whatever the form or storage medium and including any copies or reproductions thereof) obtained by or on behalf of the Investors or their respective controlled Affiliates or any Identified Persons from the Company or its Affiliates or their respective Representatives, through the ownership of any TME Securities or the Investors’ rights pursuant to this Agreement or otherwise, other than information which: (i) at the time of disclosure was, or thereafter becomes, available to the Investors, their respective controlled Affiliates or their respective Representatives; provided, that such information was not known by the Investors, their respective controlled Affiliates or their respective Representatives to have been obtained from a Person in violation of any obligation of confidentiality to the Company; (ii) at the time of disclosure was, or thereafter becomes, generally available to the public other than directly or indirectly as a result of a disclosure by the Investors, their respective controlled Affiliates or any of their respective Representatives in violation of this Agreement; or (iii) is or was generated independently by the Investors, their respective controlled Affiliates or any of their respective Representatives without reference to such information and without violating the confidentiality provisions of this Agreement.

“Derivative Security” shall mean, with respect to any Person, any right, option, other security or derivative position that has an exercise, exchange or conversion privilege or a settlement payment or mechanism at a price related to, or a value determined in whole or in part with reference to or derived in whole or in part from, the value of any securities, bank debt or other obligations of such Person or any of its Subsidiaries.

“Eligible Fund” shall mean, with respect to any Person, any investment fund or asset management vehicle (which may, for the avoidance of doubt, be a hedge fund, venture capital fund or private equity fund) that (i) engages in the types of activities restricted by Section 3.01 or other investment activities, in each case, in the ordinary course of its business, (ii) does not control, is not controlled by, and is not under common control or joint control with, directly or indirectly, such Person (and neither such Person nor any of its Affiliates has the power to (A) vote, or direct the voting of, or the power to dispose, or to direct the disposition of, the securities and other assets of such fund or vehicle, (B) invest, or direct the investment of, the funds of such fund or vehicle or (C) otherwise influence or direct the actions and operations of such fund or vehicle, including with respect to the amount, form and timing of any distributions), and (iii) is not in the possession of any Confidential Information provided by such Person.

“Exchange Act” shall mean the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Fully Diluted” shall mean, with respect to the share capital of the Company, the sum of (i) all shares of capital stock of the Company issued and outstanding as of such date, *plus* (ii) all shares of capital stock of the Company issuable upon exercise of all options, warrants and other rights to purchase or otherwise acquire shares of capital stock of the Company granted, issued and outstanding as of such date, *plus* (iii) all shares of capital stock issuable upon conversion, exchange or exercise of any securities of the Company that are convertible into, exchangeable or exercisable for shares of capital stock of the Company granted, issued and outstanding as of such date, and *plus* (iv) all restricted shares of the Company granted, issued and outstanding as of such date; provided, however, that (A) with respect to any convertible debt securities of the Company, the shares of capital stock issuable upon conversion of such securities shall be included in the calculation of the Fully Diluted share capital of the Company if the price per share of capital stock of the Company into which such securities are convertible as of such date (regardless of whether such securities are convertible at that time) is greater than or equal to the applicable conversion price of such securities, in which case the number of shares of capital stock to be included in the calculation of the Fully Diluted share capital of the Company in respect of such convertible debt securities will be calculated by dividing the total principal amount (plus any accrued payment-in-kind interest) of such securities by the applicable conversion price and (B) with respect to any options or warrants of the Company, the number of shares of capital stock of the Company to be included in the calculation of the Fully Diluted share capital in respect of such options or warrants shall be the product of (x) a fraction, the numerator of which is the excess (if any) of the price per share of capital stock of the Company as of such date over the weighted average exercise price per share of capital stock of the Company as of such date for all such options and warrants (regardless of whether such options and/or warrants are exercisable at that time), and the denominator of which is the price per share of capital stock of the Company as of such date and (y) the total number of shares of capital stock of the Company issuable upon exercise of all such options and warrants. For purposes of this definition, the price per share of the capital stock of the Company shall be determined (1) if such shares are publicly traded on a national securities exchange in the United States or a non- U.S. securities exchange, the volume weighted average of the price per share for the ninety (90) trading days ending on (and including) the last trading day prior to the first day of the calendar month in which the Fully Diluted share capital is determined, as obtained from Bloomberg L.P. (or, if not reported therein, from another authoritative source) and (2) if such shares are not so

publicly traded, the price per share determined by an internationally recognized valuation firm that is independent from the Company, the Investors and their respective controlled Affiliates and that is mutually selected by the Company and Parent.

“Institutional Fund” shall mean any investment fund or asset management vehicle (which may, for the avoidance of doubt, be a hedge fund, venture capital fund or private equity fund) that (i) engages in the investment activities in the ordinary course of its business, and (ii) does not control, is not controlled by, and is not under common control or joint control with, directly or indirectly, any Prohibited Person (and neither any Prohibited Person nor any of its Affiliates has the power to (A) vote, or direct the voting of, or the power to dispose, or to direct the disposition of, the securities and other assets held by such fund or vehicle, (B) invest, or direct the investment of, the funds of such fund or vehicle or (C) otherwise influence or direct the actions and operations of such fund or vehicle, including with respect to the amount, form and timing of any distributions).

“Investor” shall mean any of (i) Parent and the Shareholder to the extent it beneficially owns any TME Securities and (ii) each of their respective Transferees that beneficially own any TME Securities and that have executed and delivered to the Company a joinder agreement to be bound by the provisions of this Agreement pursuant to Section 2.03.

“IPO” shall mean the first listing of equity securities of the Company (or a holding company or any other TME Group Company that holds all or substantially all of the assets of the Company and its Subsidiaries on a consolidated basis) on an internationally recognized stock exchange or similar marketplace of recognized national standing (excluding, for the avoidance of doubt, private secondary markets or similar), including the direct listing without conducting a concurrent offering.

“Law” shall mean any law, statute, code, regulation, ordinance or rule, in each case, enacted or promulgated by any Governmental Body, or any Order or other legally enforceable requirement of a Governmental Body, in each case, as amended, restated, supplemented or modified from time to time.

“Music Business” shall mean (i) digital music service businesses, including streaming, downloading, radio, online live broadcasts, karaoke and other music-related services across all screens and terminals, including mobile phones, personal computers, television and other multi-media platforms or (ii) any music copyrights administration business.

“OFAC Sanctioned Person” shall mean any government, country, corporation or other entity, group or individual with whom or which the OFAC Sanctions prohibit a U.S. Person from engaging in transactions, and includes any individual or corporation or other entity that appears on the current OFAC list of Specially Designated Nationals and Blocked Persons (the “SDN List”). For ease of reference, and not by way of limitation, OFAC Sanctioned Persons other than governments and countries can be found on the SDN List on OFAC’s website at www.treas.gov/offices/enforcement/ofac/sdn.

“OFAC Sanctions” shall mean any sanctions program administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury (“OFAC”) under authority

delegated to the Secretary of the Treasury (the “Secretary”) by the President of the United States or provided to the Secretary by statute, and any order or license issued by, or under authority delegated by, the President or provided to the Secretary by statute in connection with a sanctions program thus administered by OFAC. For ease of reference, and not by way of limitation, OFAC Sanctions programs are described on OFAC’s website at www.treas.gov/ofac.

“Permitted Transferee” of any Person shall mean any Affiliate of such Person.

“Person” or “person” shall mean any individual, corporation, business trust, proprietorship, firm, partnership, limited partnership, limited liability partnership, limited liability company, trust, association, joint venture, Governmental Body or other entity.

“Prohibited Person” shall mean (i) each Person listed in Schedule I attached hereto (the “Prohibited Person List”), which list may be updated pursuant to Section 2.02(c), and (ii) any Affiliate of each of the foregoing Persons.

“Representatives” shall mean, with respect to any Person, such Person’s directors, managers, officers, employees and advisors (including financial advisors, attorneys, accountants and consultants); provided, however, that for the avoidance of doubt (i) a shareholder, member, partner or other equity holder of such Person or (ii) a music record label or other rights holder, in each case, shall not be deemed, and shall not constitute, a “Representative” for purposes of this Agreement.

“Rights Holder” shall mean (i) each Person listed in Schedule II attached hereto and (ii) any Affiliate of each of the foregoing Persons.

“Securities Act” shall mean the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Strategic Investor” shall mean (i) each Person listed in Schedule III attached hereto and (ii) any Affiliate of each of the foregoing Persons; provided, that a “Strategic Investor” shall not include any Eligible Fund in which such Person makes or holds a *bona fide* investment.

“Subsidiary” shall mean, with respect to any Person, any other Person, whether incorporated or unincorporated, (i) of which more than fifty percent (50%) of either the equity interests in, or the voting control of, such other Person is, directly or indirectly through Subsidiaries or otherwise, beneficially owned by such first Person, (ii) of which such first Person is the general partner or managing member, (iii) which is a VIE of such first Person or (iv) which is a Subsidiary of any VIE of such first Person.

“TME Investor Agreement” shall mean that certain investor agreement, dated as of the date hereof, by and among the Company, Tencent Music Entertainment Hong Kong Limited, Tencent, Image Frame Investment (HK) Limited, Parent and the other parties thereto.

“TME Securities” shall mean shares of capital stock of the Company, warrants, options, convertible securities, exchangeable securities or similar rights or instruments of the Company exercisable, exchangeable or convertible into, or requiring the issuance, allotment or

delivery of shares of capital stock of the Company, including the TME Shares. For purposes of this Agreement, each option to purchase TME Securities shall be considered a TME Security only together with the TME Securities underlying such option, and such option and the underlying TME Securities shall be considered one single TME Security.

“Total Voting Power” shall mean the total number of votes entitled to be cast generally in the election of the members of the Board represented by the TME Securities.

“Trade Sale” shall have the meaning set forth in the Company Articles.

“Transfer” shall mean (with its cognates having corresponding meanings), with respect to any securities, (i) any sale, exchange, transfer, redemption, grant, pledge, hypothecation or other disposition, whether voluntary or involuntary, and whether or not for value, of any of such securities, or any securities, options, warrants or rights convertible into or exercisable or exchangeable for, or for the purchase or other acquisition of, or otherwise with respect to, any of such securities or any contract or other binding arrangement or understanding (in each case, whether written or oral) to take any of the foregoing actions or (ii) entering into any swap or other agreement, arrangement or understanding, whether or not in writing, that, directly or indirectly, transfers, conveys or otherwise disposes of, in whole or in part, any of the economic or other risks or consequences of ownership of any of such securities, including short sales of applicable securities, option transactions with respect to securities, use of equity or other derivative financial instruments relating to such securities and other hedging arrangements with respect to such securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of such securities, other securities, cash or otherwise; provided, however, that any such sale, exchange, transfer, redemption, grant, pledge, hypothecation or other disposition referred to in clause (i) of, or any of the agreements, arrangements or understandings referred to in clause (ii) in respect of, the securities of any Person that beneficially owns any TME Securities (including any shares or other securities of Parent) shall not constitute a “Transfer” of TME Securities for purposes of this Agreement (and shall not be subject to any of the restrictions set forth in Article II), except that the transfer of any shares or other securities of the Shareholder shall constitute a “Transfer” of TME Securities for purposes of this Agreement (and such transfer shall be subject to the restrictions set forth in Article II) if, at the time of such transfer, the Shareholder and its Subsidiaries do not own or otherwise hold all or substantially all of the assets of Parent.

“Transferee” shall mean a Person that receives a Transfer.

“VIE” shall mean, with respect to any Person, any other Person (i) over which such first Person can effect direct or indirect control through direct or indirect contractual arrangements and (ii) whose financial results are consolidated with the net revenues of such first Person and are recorded on the books of such first Person for financial reporting purposes in accordance with the accounting standards applicable to such first Person.

SECTION 1.02 Other Definitional Provisions: Interpretation. The table of contents and headings preceding the text of articles and sections included in this Agreement and the headings to schedules and exhibits attached to this Agreement are for convenience only and shall not be deemed part of this Agreement or be given any effect in interpreting this Agreement.

All exhibits and schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. The use of the masculine, feminine or neuter gender or the singular or plural form of words herein shall not limit any provision of this Agreement. The terms as set forth in this Agreement have been arrived at after mutual negotiation with the advice of counsel and, therefore, it is the intention of the parties hereto that its terms may not be construed against any of the parties hereto by reason of the fact that it was prepared by one of the parties hereto. Reference to any Person includes such Person's successors (including by operation of law) and assigns to the extent such successors and assigns are permitted by the terms of any applicable agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually. Reference to any agreement (including this Agreement), document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof. All references to "Section," "Sections," "Article," "Articles," "Exhibit" or "Exhibits" refer to the corresponding Section, Sections, Article, Articles, Exhibit or Exhibits of this Agreement. The word "including" shall mean "including without limitation." The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. "Extent" in the phrase to "to the extent" shall mean the degree to which a subject or other item extends and shall not simply mean "if". The word "or" is used in the inclusive sense of "and/or". All references to any Law means such Law as amended from time to time and shall include any successor legislation thereto and any rules and regulations promulgated therein.

ARTICLE II

TRANSFER OF TME SECURITIES

SECTION 2.01 General Transfer Restrictions. The right of the Investors and any of their respective controlled Affiliates to Transfer any TME Securities they beneficially own is subject to the restrictions set forth in this Article II, and no Transfer of such TME Securities by the Investors or any of their respective controlled Affiliates may be effected except in compliance with this Article II. Any attempted Transfer in violation of this Agreement shall be null and void *ab initio* and of no effect, regardless of whether the purported Transferee has any actual or constructive knowledge of the Transfer restrictions set forth in this Agreement. Any purported Transfer in violation of this Agreement shall not be recorded (and the Company will instruct its transfer agent, registered office and other third parties not to record such purported Transfer) in the register of members of the Company or result in the treatment of any purported Transferee of such TME Securities as the owner of such TME Securities for any purpose.

SECTION 2.02 Restrictions on Transfer.

(a) Restrictions During Lock-Up Period. During the period beginning on the date hereof and ending on the earlier of (i) the third (3rd) anniversary of the date hereof and (ii) the first date after the date hereof on which the number of TME Securities collectively beneficially owned by a Strategic Investor and its Affiliates exceeds the number of TME Securities then collectively beneficially owned by the Investors and their respective controlled

Affiliates (such period, the “Lock-Up Period”), the Investors shall not, and the Investors shall cause their respective controlled Affiliates not to, Transfer any TME Securities beneficially owned by them, except:

(i) with the prior written consent of the Company (acting through its Board or a designated committee thereof);

(ii) to a Permitted Transferee, subject to compliance with Section 2.03; provided, that, (A) if such Person ceases to be a Permitted Transferee during the Lock-Up Period, then the applicable Investor shall cause, and shall cause its controlled Affiliates to cause, such Person to, and such Person shall, Transfer such TME Securities back to such Investor or its controlled Affiliates or (B) if such Person ceases to be a Permitted Transferee after the expiration of the Lock-Up Period and a Transfer of TME Securities to such Person at that time would be prohibited by Section 2.02(b), then the applicable Investor shall cause, and shall cause its controlled Affiliates to cause, such Person to, and such Person shall, Transfer such TME Securities back to such Investor or its controlled Affiliates;

(iii) pursuant to (A) a tender offer or exchange offer for at least a majority of the issued and outstanding TME Securities if the Board has affirmatively recommended to the holders of the issued and outstanding TME Securities that such holders tender their TME Securities into such tender or exchange offer and if the Board has not publicly withdrawn or changed such recommendation or (B) a merger, consolidation or other business combination transaction which has been approved by the Board (each, a “Qualified Transfer”);

(iv) to the Company or any of its Subsidiaries; or

(v) to the extent necessary to avoid regulation as an “investment company” under the U.S. Investment Company Act of 1940, as amended.

For purposes of this Section 2.02(a), the number of TME Securities beneficially owned by the Investors and their respective controlled Affiliates shall be determined without regard to the provisions set forth in Section 3.02.

(b) Notwithstanding anything in this Article II to the contrary and irrespective of the expiration of the Lock-Up Period, for so long as the Investors or any of their respective controlled Affiliates beneficially own any TME Securities, the Investors shall not, and the Investors shall cause their respective controlled Affiliates not to, Transfer any TME Securities beneficially owned by them to (i) any Prohibited Person, (ii) any Rights Holder or (iii) any Transferee if, after giving effect to the proposed Transfer, the proposed Transferee would beneficially own TME Securities representing, in the aggregate, five percent (5%) or more of the Total Voting Power or five percent (5%) or more of the total issued and outstanding share capital of the Company; provided, that nothing in this Section 2.02(b) (but without limiting any of the other provisions of this Article II) shall prohibit any Transfer of TME Securities (w) to a Permitted Transferee, subject to compliance with Section 2.03; provided, that if such Person ceases to be a Permitted Transferee and a Transfer of TME Securities to such Person at that time

would be prohibited by this Section 2.02(b), then the applicable Investor shall cause, and shall cause its controlled Affiliates to cause, such Person to, and such Person shall, Transfer such TME Securities back to such Investor or its controlled Affiliates, (x) if such Transfer (and the Transferee in such Transfer) is consented to in writing by the Board or a designated committee thereof; (y) pursuant to a Qualified Transfer; or (z) through open market brokerage transactions where the identity of the purchaser is unknown (and, for the avoidance of doubt, the Investors shall have no duty of inquiry in connection with such brokerage transactions) (such transaction, a “Brokerage Transaction”); provided, further, that nothing in Section 2.02(b)(iii) (but without limiting any of the other provisions of this Article II) shall prohibit any Transfer of TME Securities to Tencent or any of its controlled Affiliates (such transaction, a “Founder Transfer”). The Company shall provide in writing to the Shareholder, upon the Shareholder’s written request (which written request may be made by the Shareholder no more frequently than once each fiscal quarter), the aggregate number of TME Securities representing the Total Voting Power and the aggregate number of issued and outstanding shares of capital stock of the Company as of a recent date (without disclosing the identity of any holders thereof), and the Investors shall be entitled to rely upon the most recently received such notice from the Company for all purposes of calculating the Total Voting Power and total issued and outstanding share capital of the Company under this Agreement. For the purposes of ensuring that a proposed Transfer is not in violation of the restrictions in Section 2.02(b)(iii), the Investors shall be entitled to rely upon (1) reports of beneficial ownership of such Transferee that are publicly filed or available or (2) if such reports are not publicly filed or available, after due inquiry, the representation made by the relevant Transferee with respect to the total number of votes and total number of outstanding shares of the Company owned by such Transferee before such proposed Transfer.

(c) The Company may amend the Prohibited Person List following the date hereof to add or remove any Person to or from the Prohibited Person List, each such amendment to be effective upon delivery of written notice thereof to the Investors; provided that (i) any Person so added to the Prohibited Person List must be a Person that, directly or indirectly, conducts a Competing Business as determined in good faith by the Company, and (ii) the Company may not amend the Prohibited Person List more than once during any twelve (12) month period; provided, further, that any Institutional Fund which makes an investment in any Person that, directly or indirectly, conducts a Competing Business shall not be a Prohibited Person and shall not be included in the Prohibited Person List.

(d) Notwithstanding anything in this Agreement to the contrary, no Transfer of TME Securities otherwise permitted by this Agreement shall be made unless such Transfer is in compliance with the Securities Act or any other applicable securities Laws of any foreign, federal, state, local or other jurisdiction (a “Foreign or State Act”).

SECTION 2.03 Joinder to Investor Agreement. Each Investor shall (and shall cause its controlled Affiliates who beneficially own any TME Securities to), prior to the Transfer of any TME Securities to any Permitted Transferee (other than in a Transfer that is a Qualified Transfer, a Brokerage Transaction or a Founder Transfer) and as a condition thereto, cause such Permitted Transferee to execute and deliver to the Company a joinder agreement in form and substance reasonably acceptable to the Company, pursuant to which such Permitted Transferee agrees to be bound by the provisions of this Agreement. Without limiting the provisions in the immediately preceding sentence, (i) until the completion of the IPO of the Company, each

Investor shall, prior to the Transfer of any TME Securities to any Transferee in accordance with the other provisions of this Article II (other than in a Transfer that is a Transfer of any TME Securities to the Company, a Qualified Transfer, a Brokerage Transaction or a Founder Transfer) and as a condition thereto, cause such Transferee to execute and deliver to the Company a joinder agreement in form and substance reasonably acceptable to the Company, pursuant to which such Transferee agrees to be bound by this Article II, Section 3.02, Section 4.01 and Article V, and (ii) after the completion of the IPO of the Company, each Investor shall, prior to the Transfer of any TME Securities to any Transferee in accordance with the other provisions of this Article II (other than in a Transfer that is a Transfer of any TME Securities to the Company, a Qualified Transfer, a Brokerage Transaction or a Founder Transfer) and as a condition thereto, cause such Transferee to execute and deliver to the Company a joinder agreement in form and substance reasonably acceptable to the Company, pursuant to which such Transferee agrees to be bound by this Article II (other than Section 2.02(a) and Section 2.07) and Article V.

SECTION 2.04 Notice of Transfer. Prior to Transferring any TME Securities in accordance with the provisions set forth in this Article II (other than in a Transfer that is a Transfer of any TME Securities to the Company, a Qualified Transfer, a Founder Transfer or, after the IPO of the Company, a Brokerage Transaction), an Investor or its controlled Affiliate, as applicable, shall, no later than five (5) Business Days prior to the consummation of such Transfer, deliver a written notice thereof to the Company.

SECTION 2.05 Legends. With respect to the Investors or any of their respective controlled Affiliates who beneficially own any TME Securities, each certificate for TME Securities, if any, shall bear a legend or legends (and appropriate comparable notations or other arrangements will be made with respect to any uncertificated shares in the Company's register of members or other books and records) referencing restrictions on Transfer of such TME Securities under the Securities Act, any applicable Foreign or State Act and this Agreement, which legend shall state in substance:

“THE SECURITIES EVIDENCED BY THIS CERTIFICATE MAY NOT BE OFFERED OR SOLD, TRANSFERRED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF, EXCEPT IN COMPLIANCE WITH (I) THE U.S. SECURITIES ACT OF 1933, AS AMENDED, AND (II) ANY OTHER APPLICABLE SECURITIES LAWS OF ANY FOREIGN, FEDERAL, STATE, LOCAL OR OTHER JURISDICTION.

THE SECURITIES EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER SET FORTH IN THE INVESTOR AGREEMENT DATED AS OF [•], 2017, BY AND AMONG THE COMPANY AND THE OTHER PARTIES THERETO (A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY).”

Notwithstanding the foregoing, the holder of any certificate(s) for TME Securities shall be entitled to receive from the Company new certificates for a like number of TME Securities not

bearing such legend (or the elimination or termination of such notations or arrangements) upon the request of such holder (i) at such time as such restrictions are no longer applicable and (ii) with respect to the restriction on Transfer of such TME Securities under the Securities Act or any other applicable Foreign or State Act, at the reasonable request of the Company, upon the delivery to the Company of an opinion of counsel to such holder, which opinion is reasonably satisfactory in form and substance to the Company and its counsel, that the restriction referenced in such legend (or such notations or arrangements) is no longer required in order to ensure compliance with the Securities Act or any such other applicable Foreign or State Act.

SECTION 2.06 Lock-Up Agreements. In connection with any underwritten public offering by the Company of any TME Securities pursuant to an effective registration statement pursuant to the Securities Act or a prospectus or equivalent disclosure document pursuant to any Foreign and State Act (including in connection with an IPO of the Company), the Investors shall, and the Investors shall cause their respective controlled Affiliates that beneficially own any TME Securities to, enter into customary agreements restricting the public sale or distribution of equity securities of the Company (including sales pursuant to Rule 144 under the Securities Act) if and to the extent required in writing by the lead managing underwriter(s) with respect to such underwritten public offering; provided, however, that the Investors and their respective controlled Affiliates shall not be required to enter into any such agreement covering a period that would end later than one hundred and eighty (180) days after the date of the final prospectus relating to an IPO of the Company or ninety (90) days after the date of the final prospectus relating to any such underwritten public offering other than an IPO of the Company; provided, further, that notwithstanding the foregoing any restrictions in such agreement shall not apply to Transfers to Permitted Transferees (subject to compliance with Section 2.03). The foregoing provisions of this Section 2.06 shall be applicable to the Investors only if (i) in the case of an IPO of the Company, all officers and directors of the Company and all shareholders owning, in the aggregate, more than fifty percent (50%) of the Total Voting Power or fifty percent (50%) of the total issued and outstanding share capital of the Company are subject to the same restrictions, or (ii) in the case of any underwriting public offering of the Company other than an IPO, all officers and directors of the Company are subject to the same restrictions.

SECTION 2.07 Drag-Along Right.

(a) Notwithstanding anything contained in this Article II to the contrary, at any time prior to an IPO of the Company, if Tencent proposes a Trade Sale and:

(i) in the event such proposed Trade Sale is to a *bona fide* third party (other than Tencent or any Affiliate of Tencent), such Trade Sale has been approved by (x) no less than 75% of the Board and (y) no less than 75% of the issued and outstanding TME Shares; or

(ii) in the event that such proposed Trade Sale is to Tencent or any Affiliate of Tencent, such Trade Sale has been approved by the holders of no less than 66.7% of the issued and outstanding TME Shares (other than any TME Shares held directly or indirectly by Tencent or any of its Affiliates),

then, upon the written request from Tencent, the Investors shall, and the Investors shall cause their respective controlled Affiliates who beneficially own any TME Shares to, (A) vote all voting TME Securities held by them in favor of the Trade Sale, (B) refrain from exercising any dissenters' rights or rights of appraisal under applicable Law at any time with respect to the Trade Sale, (C) execute and deliver all related documentation and take such other action in support of the Trade Sale as shall reasonably be requested by Tencent or the Company, and (D) if the Trade Sale is structured as a transfer of TME Shares or other TME Securities, transfer a *pro rata* portion of their TME Shares or other TME Securities (calculated by multiplying (1) the total number of TME Shares or other TME Securities collectively beneficially owned by the Investors and their controlled Affiliates and (2) a fraction, the numerator of which is the total number of TME Shares or other TME Securities proposed to be transferred in connection with such Trade Sale, and the denominator of which is the total number of outstanding TME Shares or other TME Securities (other than, in the case of Section 2.07(a)(ii), the total number of TME Shares or other TME Securities collectively beneficially owned by Tencent and its Affiliates) to consummate the Trade Sale (such right, the "Drag-Along Right"). When exercising the Drag-Along Right, Tencent shall send written notice (the "Sale Notice") to the Investors with copy to the Company specifying the names of the purchaser(s), the nature of the Trade Sale, the consideration payable per share or the total consideration payable and a summary of the material terms and conditions of such transaction. Upon receipt of a Sale Notice, the Investors and their respective controlled Affiliates who beneficially own any TME Shares shall be obligated to consummate such Trade Sale in accordance with this Section 2.07; provided, that, in connection with such Trade Sale, the consideration to be received by the Investors and their respective controlled Affiliates in exchange for their TME Shares and other TME Securities shall be based on the same per share price as the consideration to be received by Tencent and its Affiliates and shall be paid in the same form as the consideration to be paid to Tencent and its Affiliates in such Trade Sale. Notwithstanding anything to the contrary set forth herein, the parties hereto hereby agree that, for purposes of this Section 2.07, Affiliates of Tencent shall exclude the TME Group Companies or any of the TME Group Companies' controlled Affiliates.

(b) In the event that any Investor fails for any reason to take any of the foregoing actions specified in this Section 2.07, after reasonable notice thereof, the Investors hereby grant, on behalf of themselves and on behalf each of their respective controlled Affiliates who beneficially own any TME Securities, an irrevocable power of attorney and proxy to any director approving the Trade Sale to take all necessary actions and execute and deliver all documents deemed by such director to be reasonably necessary to effectuate the terms hereof. The power of attorney granted hereby is intended to secure an interest in property and, in addition, the obligations of each Investor and its controlled Affiliates who beneficially own any TME Shares under this Agreement, and shall be irrevocable.

(c) Notwithstanding anything to the contrary contained herein, without the prior written consent of Tencent, no Trade Sale shall be effected, or be permitted to be effected, to any Prohibited Person.

SECTION 2.08 Delay of Transfer. The Company shall not incur any liability to the Investors, any of their respective controlled Affiliates or any other Person for any delay in recognizing any Transfer of TME Securities if the Company in good faith reasonably determines that such Transfer may have been or would be in violation in any material respect of the

provisions of the Securities Act, any applicable Foreign or State Act or this Agreement. Without limiting any of the other provisions of this Article II, the Company shall not exercise its power to suspend registration of Transfer of TME Securities by any Investor or its controlled Affiliates pursuant to Article 36 of the Company Articles, except to the extent the Board determines in good faith after consultation with its outside counsel that such Transfer would, if consummated, result in a violation by the Company of applicable Laws.

ARTICLE III

STANDSTILL; VOTING

SECTION 3.01 Standstill Covenant.

(a) Except in connection with the consummation of the transactions contemplated by the Subscription Agreement, during the period beginning on the date hereof and ending on the earlier of (i) the fifth (5th) anniversary of the date hereof and (ii) the first date after the date hereof on which the number of TME Securities collectively beneficially owned by a Strategic Investor and its Affiliates exceeds the number of TME Securities then collectively beneficially owned by the Investors and their respective controlled Affiliates (such period, the “Standstill Period”), none of Parent or the Shareholder shall, and each of Parent and the Shareholder shall cause its controlled Affiliates and its controlled Affiliates’ Representatives (and with respect to such Representatives that are not directors, officers, managers or employees of Parent or the Shareholder or any of their respective controlled Affiliates, only to the extent such Representatives are acting on behalf, or at the behest, of Parent or the Shareholder or any of their respective controlled Affiliates) not to, directly or indirectly or alone or in concert with any other Person, unless invited to do so by the Board or with the prior written consent of the Company:

(i) acquire, offer or propose to acquire, or agree to acquire, by purchase or otherwise (other than as a result of a stock dividend, capitalization of profits, stock split or subdivision of any TME Securities beneficially owned by Parent, the Shareholder and their respective controlled Affiliates)

(A) any economic interest in, or any direct or indirect right to direct the voting or disposition of, any TME Securities or other securities (including any Derivative Securities) of the Company, whether or not any of the foregoing would give rise to beneficial ownership and, in each case, whether or not any of the foregoing is acquired or otherwise obtained by means of borrowing of securities or operation of any Derivative Security or (B) except in the ordinary course of business, any consolidated assets or indebtedness of the Company;

(ii) enter into, agree, offer, or propose to enter into (whether publicly or otherwise), effect, engage in, or participate in, any acquisition transaction, merger or other business combination, recapitalization, restructuring, liquidation, dissolution, share exchange, sale, disposition, purchase, acquisition or other extraordinary transaction relating to the Company or a transaction for all or a substantial portion of the consolidated assets of the Company or any of its businesses;

(iii) make, or in any way participate in, any “solicitation” of “proxies” (as such terms are defined in Rule 14a-1 under the Exchange Act, disregarding clause (iv) of Rule 14a-1(1)(2) under the Exchange Act and including any otherwise exempt solicitation pursuant to Rule 14a-2(b) under the Exchange Act) to vote, or seek or propose to advise, influence or encourage any Person with respect to the voting of, any TME Securities on any matter, or demand a copy of the Company’s register of members or other books and records;

(iv) initiate, induce or attempt to induce, cooperate or collaborate with, any other Person in connection with any shareholder proposal or withhold vote campaigns or any tender or exchange offer for equity securities of the Company, any change of control of the Company or the convening of a meeting of the Company’s shareholders;

(v) except as contemplated under Section 3.02, form, join or in any way participate in a “group” (within the meaning of Section 13(d)(3) of the Exchange Act) with respect to any TME Securities or in connection with (or otherwise act in concert with any Person in connection with) the matters that are the subject of this Section 3.01 with any Person (other than Parent or the Shareholder, as applicable, and their respective controlled Affiliates);

(vi) seek or propose to influence, advise, change or control the management, Board, governing instruments or policies, affairs or strategies of the Company;

(vii) bring any action or otherwise act to contest the validity of this Section 3.01;

(viii) advise, knowingly assist, knowingly encourage or knowingly act as a financing source for or otherwise invest in any Person in connection with, or enter into any discussions, negotiations, arrangements or understandings with any Person with respect to, any of the foregoing clauses (i) through (vii) of this Section 3.01(a) or propose any of such activities to any Person;

(ix) publicly request or otherwise publicly seek to amend or waive any provision of this Section 3.01, provided, that Parent, the Shareholder and their respective controlled Affiliates may make such request or proposal privately to the Board (which request or proposal the Board can accept or reject in its sole discretion) that is made in a manner that is not intended to and would not reasonably be likely to result in the Company being required to make any public disclosure or other public announcement related to such request or proposal; and

(x) make any statement or publicly disclose any intention, plan, arrangement or other contract that is prohibited by, or inconsistent with, any of the foregoing;

provided, however, that (A) any Transfer of TME Securities shall not constitute a breach of this Section 3.01(a) so long as Parent, the Shareholder and their respective controlled Affiliates comply with Article II (if applicable); and (B) if the TME Securities beneficially owned by Parent, the Shareholder and their respective controlled Affiliates collectively represent less than ten percent (10%) of the then Fully Diluted share capital of the Company, an acquisition by

Parent, the Shareholder or their respective controlled Affiliates during the Standstill Period of up to that number of additional TME Securities that, together with the TME Securities beneficially owned collectively by Parent, the Shareholder and their respective controlled Affiliates immediately prior to such acquisition, would not collectively represent more than ten percent (10%) of the then Fully Diluted share capital of the Company (the “Standstill Cap”) shall not constitute a breach of this Section 3.01(a). The Company shall provide in writing to the Shareholder, upon the Shareholder’s written request (which written request may be made by the Shareholder no more frequently than once each fiscal quarter), the total number of TME Securities representing the Fully Diluted share capital as of a recent date (without disclosing the identity of any holders of TME Securities), and Parent and the Shareholder shall be entitled to rely upon the most recently received such notice from the Company for all purposes of the preceding proviso. For the avoidance of doubt, if the TME Securities beneficially owned by Parent, the Shareholder and their respective controlled Affiliates exceed the Standstill Cap due to the decrease in the total number of TME Securities as a result of any share repurchase, share buyback or share redemption by the Company, Parent, the Shareholder and their respective controlled Affiliates are not required to reduce their beneficial ownership of TME Securities.

For purposes of this Section 3.01(a), the number of TME Securities beneficially owned by Parent, the Shareholder and their respective controlled Affiliates shall be determined without regard to the provisions set forth in Section 3.02.

(b) Nothing contained in this Section 3.01 shall restrict the right of Parent, the Shareholder, their respective controlled Affiliates or any other Person (i) to make or continue to hold *bona fide* investments in any Eligible Fund that holds or acquires any TME Securities or other securities (including any Derivative Securities) of the Company or otherwise engages in any of the activities otherwise restricted by this Section 3.01, so long as the investment in such Eligible Fund is made and held by such Person for investment purposes only and is not made or held for the purpose of engaging in or facilitating, or for the purpose of assisting or encouraging the Person(s) controlling such Eligible Fund to engage in or facilitate, any of the activities restricted by this Section 3.01 in any manner with respect to the Company or (ii) to acquire any TME Securities or other securities (including any Derivative Securities) of the Company pursuant to a *bona fide* distribution-in-kind by any Eligible Fund to all of its investors (including Parent, the Shareholder, their respective controlled Affiliates or such other Person) on a *pro rata* basis.

SECTION 3.02 Voting Agreement.

(a) Except as expressly provided for herein, the Investors hereby agree on behalf of themselves and on behalf of their respective controlled Affiliates that beneficially own any TME Securities that Tencent shall have the sole and exclusive right to vote, in its sole and absolute discretion, any TME Securities beneficially owned by the Investors and any of their respective controlled Affiliates on all proposals, resolutions and other matters for which a vote, consent or other approval (including by written consent) of the holders of TME Securities is sought or upon which such holders are otherwise entitled to vote or consent.

(b) The Investors hereby agree on behalf of themselves and on behalf of their respective controlled Affiliates that beneficially own any TME Securities that, unless Tencent

provides explicit written instructions to vote the TME Securities beneficially owned by the Investors or any of their respective controlled Affiliates or Tencent provides explicit written notice that the Investors and their respective controlled Affiliates shall be permitted to vote their TME Securities in their respective sole discretion without regard to any instructions of Tencent, the Investors shall not, and the Investors shall cause their respective controlled Affiliates not to, vote, or cause to be voted, or vote, consent or approve in any other circumstances, in which such vote, consent or other approval (including a written consent) is sought from the holders of TME Securities, any of the TME Securities beneficially owned by them (in person, by proxy or action by written consent).

(c) The Investors, on behalf of themselves and on behalf of their respective controlled Affiliates that beneficially own any TME Securities, hereby irrevocably appoint Tencent their true and lawful proxy and attorney with the power to act alone and with full power of substitution and re-substitution, to vote or act by written consent with respect to all TME Securities beneficially owned by them in accordance with this Section 3.02 and to execute all appropriate instruments consistent with this Agreement on behalf of the Investors and their respective controlled Affiliates. The proxy and power granted by the Investors and their respective controlled Affiliates are irrevocable and coupled with an interest and are given to secure the performance of their obligations under this Section 3.02. Tencent shall not be liable for any error of judgment nor for any act done or omitted, nor for any mistake of fact or law nor for anything which Tencent may do or refrain from doing in good faith, nor shall Tencent have any accountability hereunder, except for its own bad faith, gross negligence or willful misconduct. If and to the extent reasonably requested by Tencent, the Investors shall issue a separate power of attorney in the name of Tencent or any director, officer or internal or external legal counsel of Tencent, or any other representative acting on behalf of and in accordance with the instructions of Tencent, in each case duly appointed and authorized to exercise the rights assigned to Tencent under this Section 3.02, to govern the exercise of rights assigned to Tencent under this Section 3.02.

(d) Notwithstanding the foregoing, the provisions set forth in Section 3.02(a) through (c) shall not apply, and the Investors and their respective controlled Affiliates that beneficially own any TME Securities shall have the right to vote their TME Securities in their sole and absolute discretion, with respect to any proposal by the Company to make changes to any of the Control Documents (as such term is defined in the Company Articles) that is the subject of a shareholder vote, including any transfer or assignment of any party's rights and obligations under any of the Control Documents and any appointment of representatives, specified persons or proxies under the Control Documents.

(e) The provisions of this Section 3.02 shall terminate upon the earliest to occur of: (i) the mutual written agreement of the Company and the Shareholder, (ii) the time at which the Company ceases to be directly or indirectly controlled by Tencent (it being understood that solely for purposes of determining such direct or indirect control by Tencent, Tencent shall be deemed to have full and exclusive control of all TME Securities then subject to the proxy and power granted under this Section 3.02) and (iii) the tenth (10th) anniversary of the date of this Agreement.

ARTICLE IV

CERTAIN GOVERNANCE MATTERS

SECTION 4.01 Information Rights. Prior to the completion of the IPO of the Company, upon written request of the Investors, the Company shall, subject to Section 5.01, deliver to the Investors the information set forth below:

(a) as soon as practicable, but in any event within hundred and twenty (120) days after the end of each fiscal year of the Company, an unaudited income statement for such fiscal year, an unaudited balance sheet of the Company and unaudited statement of shareholder's equity as of the end of such fiscal year, and an unaudited statement of cash flows for such fiscal year, such year-end financial reports to be in reasonable detail, on a consolidated basis, prepared in accordance with IFRS or U.S. GAAP; and

(b) as soon as practicable, but in any event within fifty (50) days after the end of each of the first three (3) fiscal quarters of each fiscal year of the Company, an unaudited quarterly management account on a consolidated basis, prepared in accordance with IFRS or U.S. GAAP applied on a consistent basis.

SECTION 4.02 Potential Business Opportunities. To the fullest extent permitted by applicable Law, (i) Parent, the Shareholder, their respective controlled Affiliates and their respective managers, directors, officers, employees and/or other representatives (each of the foregoing Persons (other than Parent, the Shareholder and their respective controlled Affiliates), an "Identified Person") shall have the right to, and shall have no duty (contractual or otherwise) to, directly or indirectly, engage in the same or similar business activities or lines of business as the Company or any of its Subsidiaries, on their own account, or in partnership with, or as a manager, director, officer, employee or shareholder of any other Person, including those lines of business deemed to be competing with the Company or any of its Subsidiaries, (ii) the Company, on behalf of itself, its Subsidiaries and its and their respective shareholders, hereby renounces any interest or expectancy of the Company and its Subsidiaries in, or in being offered an opportunity to participate in, any business opportunity that may from time to time be presented to Parent, the Shareholder, their respective controlled Affiliates or any Identified Person, even if the opportunity is one that the Company or its Subsidiaries might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so (a "Potential Business Opportunity"), and none of the Company or its shareholders or any of its Subsidiaries or their shareholders shall have any rights in and to any Potential Business Opportunity of Parent, the Shareholder, their respective controlled Affiliates or any Identified Persons or the income or profits derived therefrom, (iii) Parent, the Shareholder, their respective controlled Affiliates and the Identified Persons may do business with any potential artist, subscriber, music label or other business relationships of the Company or any of its Subsidiaries and (iv) neither Parent, the Shareholder, their respective controlled Affiliates nor any Identified Person shall have any duty to communicate or offer any Potential Business Opportunity to the Company or any of its Subsidiaries or shall be liable to the Company or any of its Subsidiaries or any of their respective members, partners, shareholders or other equity holders for breach of any duty (fiduciary, contractual or otherwise) by reason of the fact that Parent, the Shareholder, their respective controlled Affiliates or such Identified Person pursue or acquire such Potential

Business Opportunity, direct such business opportunity to another Person or fail to present such business opportunity, or information regarding such business opportunity, to the Company or its Subsidiaries, unless, in each case of clauses (ii) and (iv), Parent, the Shareholder, their respective controlled Affiliates or such Identified Person first learn about such Potential Business Opportunity in any Confidential Information.

SECTION 4.03 Anti-Bribery Covenants. The Company hereby agrees that it shall not, and shall use reasonable good faith efforts to cause its controlled Affiliates and its and its controlled Affiliates' officers, directors, employees, agents and other persons acting for or on behalf of the Company or its controlled Affiliates not to, (i) offer, pay, promise to pay, or authorize the payment of any money, or offer, give, promise to give, or authorize the giving of anything of value, to any Government Official or to any Person in violation of applicable Anticorruption Laws; (ii) use any corporate funds or assets for unlawful contributions, gifts, entertainment, expenses or other unlawful conduct relating to political activity; (iii) make, offer, promise, authorize, solicit or receive any bribe, rebate, payoff, influence payment, kickback or other similar improper payment, whether directly or indirectly, to or from any private commercial entity for the purpose of gaining an improper business advantage in violation of applicable Anticorruption Laws; or (iv) take any action that would constitute a violation of, or cause the Company to be in violation of, or fail to take any action in violation of, any applicable Anticorruption Laws, in each of cases (i) through (iv), which conduct would reasonably be expected, individually or in the aggregate, to be material to the TME Group Companies, taken as a whole.

SECTION 4.04 Sanctions Covenant. The Company agrees that it shall not, shall cause its controlled Affiliates not to, and instruct any of its or their respective officers, directors, employees, and agents not to, use or cause to be used any funds of the Company for the purpose of funding, financing or facilitating any unlawful activities, business or transaction of or with (i) any OFAC Sanctioned Person, (ii) a Person that is subject to any sanctions of the European Union, the PRC or the Cayman Islands by Order of Her Majesty in Council or (iii) otherwise operate in any manner that would cause the Company or any of its Subsidiaries to be in violation of OFAC Sanctions or any sanctions of the European Union, the PRC or the Cayman Islands.

ARTICLE V

GENERAL PROVISIONS

SECTION 5.01 Confidentiality. During the period beginning on the date hereof and ending on the second (2nd) anniversary of the termination of this Agreement, each Investor shall, and each Investor shall cause its controlled Affiliates to, keep all Confidential Information strictly confidential and not disclose any Confidential Information, in whole or in part, in any manner whatsoever; provided that, notwithstanding anything to the contrary in this Agreement, Confidential Information may be disclosed by the Investors and their respective controlled Affiliates (i) to their respective Representatives and Affiliates, in each case, to the extent such Representative or Affiliate needs to be provided such Confidential Information to assist the Investors and their respective controlled Affiliates in evaluating or reviewing their investment in the Company (provided, that (A) such Representative or Affiliate is subject to an obligation to keep such information confidential on terms at least as favorable to the Company as

this Section 5.01 and (B) the Investors and their respective controlled Affiliates shall be responsible for any breach of this Section 5.01 by any of their respective Representatives or Affiliates), (ii) at any time following the expiration of the Lock-Up Period, to a prospective Transferee who is subject to an obligation to keep such information confidential on terms at least as favorable to the Company as this Section 5.01 (provided , that the Investors and their respective controlled Affiliates shall be responsible for any breach of this Section 5.01 by such prospective Transferee) and (iii) if any of the Investors or any of their respective controlled Affiliates, as applicable, has received advice from its outside counsel that it is legally required to make such disclosure to comply with applicable Law; provided , that prior to making such disclosure pursuant to this clause (iii), such Person shall, to the extent legally permissible, promptly notify the Company of such request or requirement and use its reasonable best efforts to preserve the confidentiality of the Confidential Information, including consulting with the Company regarding such disclosure and, if reasonably requested by the Company, assist the Company, at the Company's sole cost and expense, in seeking a protective order to prevent the requested disclosure; and provided , further , that such Person may disclose only that portion of the Confidential Information that is, based on the advice of its outside counsel, legally required or requested to be disclosed.

SECTION 5.02 Amendment . This Agreement may be amended, modified or supplemented only by an agreement in writing executed by all of the parties hereto.

SECTION 5.03 Notices . Unless otherwise provided herein, all notices and other communications hereunder shall be in the English language and writing and shall be deemed given and received if transmitted by electronic mail (with confirmation of receipt by the recipient, which confirmation shall be promptly delivered by the recipient if so requested by the sender in the applicable notice or other communication), on the Business Day after the date on which such notice is sent to the parties hereto at the following addresses (or at such other address for a party hereto as shall be specified by like notice):

(a) If to the Company, to:

Tencent Music Entertainment Group
7F, China Technology Trade Center
NO.66 North 4th Ring West Road
Hai Dian District, Beijing
P.R.China 100080
Attention: Hsiang Zhao
E-mail:

with a copy (which copy alone shall not constitute notice) to:

Davis Polk & Wardwell
The Hong Kong Club Building
3A Chater Road, 18/F
Hong Kong
Attention: Miranda So
E-mail:

(b) If to Tencent, to:

c/o Tencent Holdings Limited
Level 29, Three Pacific Place
1 Queen's Road East
Wanchai, Hong Kong
Attention: Compliance and Transactions Department
Email:

with a copy (which copy alone shall not constitute notice) to:

Tencent Building, Keji Zhongyi Avenue
Hi-tech Park, Nanshan District
Shenzhen 518057, PRC
Attention: Mergers and Acquisitions Department
Email:

and

Davis Polk & Wardwell
The Hong Kong Club Building
3A Chater Road, 18/F
Hong Kong
Attention: Miranda So
E-mail:

(c) If to Parent or the Shareholder, to:

Spotify AB
attn. Corporate Legal
Birger Jarlsgatan 61
113 56 Stockholm
Sweden

with a copy (which copy alone shall not constitute notice) to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Attention: Alan M. Klein
Sebastian Tiller
E-mail:

SECTION 5.04 Waivers. Any party hereto may waive in whole or in part any benefit or right provided to it under this Agreement, such waiver being effective only if contained in a writing executed by the waiving party. The failure of a party hereto at any time or

times to require performance of any provision hereof shall in no manner affect its right at a later time to enforce the same. No waiver by a party hereto of any condition or of any breach of any term or covenant contained in this Agreement shall be effective unless in writing, and no waiver in any one or more instances shall be deemed to be a further or continuing waiver of any such condition or breach in other instances or a waiver of any other condition or breach of any other term or covenant.

SECTION 5.05 Successors and Assignment. Except as expressly provided in Section 2.03, neither this Agreement, nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto, in whole or in part (whether by operation of law or otherwise), without the prior written consent of the other parties hereto, and any attempt to make any such assignment without such consent shall be null and void. Subject to the immediately preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by, the parties hereto and their respective permitted successors and assigns.

SECTION 5.06 No Third-Party Beneficiaries. This Agreement is solely for the benefit of the parties to this Agreement and no provision of this Agreement shall be deemed to confer upon any other Person any remedy, claim, liability, reimbursement, cause of action or other right.

SECTION 5.07 Severability. If any provision of this Agreement shall be held invalid, illegal or unenforceable, the validity, legality or enforceability of the other provisions hereof shall not be affected thereby, and there shall be deemed substituted for the provision at issue a valid, legal and enforceable provision as similar as possible to the provision at issue.

SECTION 5.08 Entire Understanding. This Agreement, together with the Subscription Agreement, sets forth the sole and entire agreement and understanding of the parties hereto with respect to the transactions contemplated hereby and all inducements to the making of this Agreement relied upon by the parties hereto and supersedes any and all prior representations, warranties, agreements, arrangements and understandings, both written and oral, among the parties hereto relating to the subject matter hereof (including that certain non-binding term sheet, dated August 21, 2017, by and among the parties hereto).

SECTION 5.09 Governing Documents; Other Shareholder Agreements. The parties hereto hereby acknowledge that the Investors and their respective controlled Affiliates may, in respect of the TME Securities they beneficially own, be or become party or subject to other Governing Documents of the Company, and the Investors shall, and the Investors shall cause their respective controlled Affiliates to, comply with the provisions of this Agreement (it being understood that the exercise by the Investors or any of their respective controlled Affiliates of any rights under such other Governing Documents shall at all times be subject to compliance with the provisions set forth herein). The Company shall not adopt or enter into any Governing Document with any Person with respect to, directly or indirectly, any TME Securities which would prevent the Company from complying with the provisions of this Agreement.

SECTION 5.10 Waiver of Separate Shareholder Class Rights. The Investors acknowledge and agree that, to the extent that there may be any inconsistency found or asserted between this Agreement and the Governing Documents of the Company in respect of the rights

and obligations attaching to the TME Shares beneficially owned by the Investors and their respective controlled Affiliates (the “Investor Shares”) as against any or all other TME Shares, unless otherwise requested or permitted by the Company in writing, (i) the Investors shall not, and shall cause their respective controlled Affiliates not to, in any way and for any purpose, (A) claim that any such inconsistency has the effect of rendering any or all of the Investor Shares as being in a separate class of shares in the Company from the other TME Shares; or (B) request that the Company acknowledge that the Investor Shares are in a separate class of shares from the other TME Shares or seek its consent as a holder of a separate class of shares in the Company from the other TME Shares in relation to any matter that may require the vote or consent of the holders of TME Shares; and (ii) the Investors shall not, and shall cause their respective controlled Affiliates not to, in any way and for any purpose vote or attempt to vote any or all of the Investor Shares in a separate shareholder class meeting or by way of a written resolution of holder(s) of a separate class of shares from other TME Shares in respect of any matter that may require the vote or consent of the holders of TME Shares.

SECTION 5.11 Dual-Class Structure.

(a) Each Investor, on behalf of itself and its Affiliates, acknowledges and agrees that (i) the Company may adopt a dual-class share structure such that its share capital will include Class A ordinary shares and Class B ordinary shares at any time at or prior to the completion of an IPO of the Company (the “Effective Event”); (ii) in connection with such adoption of a dual-class share structure, (x) the Investor Shares and any other shares of the Company that are owned by such Investor or any of its controlled Affiliates (whether as a result of any subscription of new shares by, or any Transfer by another holder of shares to, such Investor or any of its controlled Affiliates, or otherwise) immediately prior to the Effective Event may, if determined by the board of directors of the Company, be designated as Class A ordinary shares upon the Effective Event, (y) any shares of the Company issued and sold in the IPO may, if determined by the Board, be designated as Class A ordinary shares, and (z) all or a portion of the TME Securities that are owned by any Person that is a shareholder of the Company as of the date of the Subscription Agreement or any of its Affiliates or any other Person as may be designated by the Company (whether as a result of any subscription of new shares by, or any Transfer by another holder of shares to, such holder, its Affiliates or such other Person, or otherwise) immediately prior to the Effective Event may, if determined by the board of directors of the Company, be designated as Class B ordinary shares upon the Effective Event; (iii) each Class A ordinary share will be entitled to one vote and each Class B ordinary share will be entitled to up to fifteen (15) votes on all matters to be voted upon by or otherwise requiring the consent of the Company’s shareholders; and (iv) Class B ordinary shares will automatically and immediately convert into an equal number of Class A ordinary shares upon the occurrence of any transfer of such Class B ordinary shares by the holder thereof or an Affiliate of such holder to any Person that is not an Affiliate of such holder, or any other event that may be designated by the Company (the matters described in (i) through (iv) above being referred to as the “Dual-Class Structure and Re-Designation”).

(b) Each Investor, on behalf of itself and its controlled Affiliates, hereby unconditionally and irrevocably (i) consents to the Dual-Class Structure and Re-Designation, including without limitation for all purposes under the Governing Documents of the Company; (ii) waives any veto rights and all similar rights (whether arising at contract or in law or

otherwise) in respect of the Dual-Class Structure and Re-Designation; (iii) subject to Section 3.02, agrees to vote, or cause to be voted, the TME Securities or any other shares of the Company that are beneficially owned by such Investor or its controlled Affiliates from time to time and at any time after the date of this Agreement and until the Effective Event, (A) in favor of, and (B) against any action, proposal, transaction or agreement that could reasonably be expected to impede, interfere with, delay, discourage, adversely affect or inhibit, the Dual-Class Structure and Re-Designation and adoption of any amendment to the Company Articles to reflect the Dual-Class Structure and Re-Designation and other changes as necessary in facilitation of an IPO of the Company, at every meeting (or in connection with any action by written consent) of the Company's shareholders at which such matters are considered and at any adjournment or postponement thereof; and (iv) agrees to promptly execute, deliver or enter into any other agreement, document, consent, approval or instrument, and take any other actions, which may be reasonably necessary or advisable to effect the Dual-Class Structure and Re-Designation.

(c) Other than to effectuate the Dual-Class Structure and Re-Designation as provided in Section 5.11(a) and Section 5.11(b), the Company shall not exercise its right to purchase or redeem (for the purposes of Section 37 of the Companies Law of the Cayman Islands (as amended)) the TME Shares owned by any Investor or its controlled Affiliates pursuant to the Company Articles without the prior written consent of such Investor.

SECTION 5.12 Governing Law. This Agreement and its enforcement, and any controversy arising out of or relating to the making or performance of this Agreement, shall be governed by and construed in accordance with the law of the State of New York, without regard to New York's principles of conflicts of law.

SECTION 5.13 Arbitration. All disputes, controversies or claims arising out of or in connection with this Agreement and any and all claims arising out of or in connection with it, including any extra-contractual claims shall be resolved by final and binding arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce (the "ICC") by three (3) arbitrators appointed in accordance with the Rules of Arbitration of the ICC. The claimant(s) shall nominate one (1) arbitrator in the request for arbitration. The respondent(s) shall nominate one (1) arbitrator in the answer to the request. The two (2) arbitrators nominated by the claimant and the respondent may be nationals of any country. The two (2) party-nominated arbitrators shall then attempt to agree, in consultation with the claimant(s) and the respondent(s), upon the nomination of a third (3rd) arbitrator to act as president of the tribunal. If the third (3rd) arbitrator has not been nominated within thirty (30) days of the date of the appointment of the second (2nd) arbitrator, the third (3rd) arbitrator shall be nominated by the ICC International Court of Arbitration. The third (3rd) arbitrator and president of the tribunal shall not be a national of the PRC or Sweden. The place of arbitration shall be Wilmington, Delaware, United States of America. The language of the arbitration shall be English.

SECTION 5.14 Counterparts. This Agreement may be executed (including by e-mail delivery of a portable document format (".pdf") file) in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same original instrument.

SECTION 5.15 Specific Performance. The parties hereto hereby recognize, acknowledge and agree that the breach or violation of this Agreement by a party hereto would cause irreparable damage to the other parties hereto and that none of the parties hereto has an adequate remedy at Law. Each party hereto shall therefore be entitled, in addition to any other remedies that may be available, to obtain specific performance of the terms of this Agreement, and appropriate injunctive relief may be applied for and granted in connection therewith. Any party hereto seeking an order or injunction to prevent breaches of this Agreement or to enforce specifically the terms and provisions hereof shall not be required to provide, furnish or post any bond or other security in connection with or as a condition to obtaining any such order or injunction, and each party hereto hereby irrevocably waives any right it may have to require the provision, furnishing or posting of any such bond or other security. If any action is brought by any party hereto to enforce this Agreement, the other parties hereto shall waive the defense that there is an adequate remedy at Law.

SECTION 5.16 Termination. Except for Section 2.02(a), Section 3.01 and Section 3.02 (which shall expire in accordance with their respective terms), this Agreement shall terminate and be of no further force and effect as to Parent or the Shareholder and their respective controlled Affiliates upon the earlier to occur of (i) the mutual written agreement of Parent or the Shareholder, as applicable, and the Company and (ii) the date on which Parent or the Shareholder, as applicable, and its controlled Affiliates, taken together, no longer beneficially own any TME Securities, except that, in each case, the provisions set forth in this Article V shall survive the termination of this Agreement.

SECTION 5.17 Other Agreements. Neither Parent nor the Shareholder shall, and each of Parent and the Shareholder shall cause its controlled Affiliates not to, enter into any agreement of any kind with any Person with respect to, directly or indirectly, any TME Securities which is inconsistent with the provisions of this Agreement.

SECTION 5.18 Representations. Tencent hereby represents and warrants to Parent that, as of the date hereof, (i) except as set forth in Section 5.18 of the TME Disclosure Letter, none of Tencent or any of its Subsidiaries (other than the Company and its Subsidiaries) (A) conducts or otherwise operates any Music Business, (B) beneficially owns more than 2.5% of the outstanding capital stock or other equity interests of any Person that, directly or, to the Knowledge of TME, indirectly, primarily conducts or otherwise primarily operates any Music Business (other than any indirect ownership of the outstanding capital stock or other equity interests of any such Person through *bona fide* investments in any Eligible Fund) or (C) beneficially owns any outstanding capital stock or other equity interests of any of the Persons set forth in Section 5.18(i)(C) of the TME Disclosure Letter (other than the indirect ownership of any outstanding capital stock or other equity interests of any such Person through *bona fide* investments in any Eligible Fund) and (ii) Section 5.18 of the TME Disclosure Letter sets out the categories of assets, rights or properties owned by Tencent or any of its Subsidiaries (other than the Company and its Subsidiaries) and licensed to or used by the Company and its Subsidiaries to conduct their Music Business, except for such assets, rights or properties that, individually or in the aggregate, are not material to such Music Business.

[*The remainder of this page is intentionally left blank.*]

IN WITNESS WHEREOF , each of the following parties hereto has caused this Agreement to be duly executed and delivered in its name and on its behalf, all as of the day and year first above written.

TENCENT MUSIC ENTERTAINMENT GROUP

By: _____
Name:
Title:

TENCENT HOLDINGS LIMITED

By: _____
Name:
Title:

SPOTIFY TECHNOLOGY S.A.

By: _____
Name:
Title:

SPOTIFY AB

By: _____
Name:
Title:

Schedule II

Exhibit B

[See Attached]

INVESTOR AGREEMENT

among

SPOTIFY TECHNOLOGY S.A.,

TENCENT MUSIC ENTERTAINMENT GROUP,

TENCENT MUSIC ENTERTAINMENT HONG KONG LIMITED,

TENCENT HOLDINGS LIMITED,

IMAGE FRAME INVESTMENT (HK) LIMITED

and,

solely with respect to Section 1.02, Section 2.07, Section 3.02, Section 5.02, Section 5.03, Section 5.04, Section 5.05, Section 5.06, Section 5.07, Section 5.10, Section 5.11, Section 5.12, Section 5.13 and Section 5.14 thereof,

D.G.E. INVESTMENTS LTD

and,

solely with respect to Section 1.02, Section 2.07, Section 3.02, Section 5.02, Section 5.03, Section 5.04, Section 5.05, Section 5.06, Section 5.07, Section 5.10, Section 5.11, Section 5.12, Section 5.13 and Section 5.14 thereof,

ROSELLO COMPANY LIMITED

DATED AS OF [•], 2017

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I DEFINITIONS	2
SECTION 1.01 Certain Defined Terms	2
SECTION 1.02 Other Definitional Provisions; Interpretation	7
ARTICLE II TRANSFER OF SPOTIFY SECURITIES	8
SECTION 2.01 General Transfer Restrictions	8
SECTION 2.02 Restrictions on Transfer	8
SECTION 2.03 Joinder to Investor Agreement	10
SECTION 2.04 Notice of Transfer	10
SECTION 2.05 Legends	11
SECTION 2.06 Lock-Up Agreements	11
SECTION 2.07 Drag-Along Right	12
SECTION 2.08 Delay of Transfer	13
ARTICLE III STANDSTILL; VOTING	13
SECTION 3.01 Standstill Covenant	13
SECTION 3.02 Voting Agreement	16
ARTICLE IV CERTAIN GOVERNANCE MATTERS	17
SECTION 4.01 Information Rights	17
SECTION 4.02 Potential Business Opportunities	17
SECTION 4.03 Anti-Bribery Covenants	18
SECTION 4.04 Sanctions Covenant	18
ARTICLE V GENERAL PROVISIONS	19
SECTION 5.01 Confidentiality	19
SECTION 5.02 Amendment	19
SECTION 5.03 Notices	19
SECTION 5.04 Waivers	21
SECTION 5.05 Successors and Assignment	22
SECTION 5.06 No Third-Party Beneficiaries	22
SECTION 5.07 Severability	22
SECTION 5.08 Entire Understanding	22
SECTION 5.09 Governing Documents; Other Shareholder Agreements	22
SECTION 5.10 Governing Law	22
SECTION 5.11 Arbitration	22
SECTION 5.12 Counterparts	23
SECTION 5.13 Specific Performance	23
SECTION 5.14 Termination	23
SECTION 5.15 Other Agreements	23
SECTION 5.16 Representations	23

Index of Defined Terms

Affiliate	2	OFAC Sanctioned Person	5
Agreement	1	OFAC Sanctions	5
Anticorruption Laws	2	Permitted Transferee	5
beneficial owner	2	Person or person	5
beneficial ownership	2	Potential Business Opportunity	18
beneficially own	2	Prohibited Person	5
Board	2	Prohibited Person List	5
Brokerage Transaction	9	Qualified Transfer	8
Business Day	2	Representatives	5
Company	1	Rights Holder	5
Competing Business	2	Rosello	1
Confidential Information	2	SDN List	5
Convertible Notes	3	Secretary	5
Derivative Security	3	Securities Act	5
DGE Investments	1	Spotify Securities	6
Drag Transaction	12	Spotify Shares	1
Drag-Along Notice	12	Standstill Cap	15
Drag-Along Parties	12	Standstill Period	13
Eligible Fund	3	Strategic Investor	6
Exchange Act	3	Subscription Agreement	1
Foreign or State Act	10	Subsidiary	6
Founder Transfer	9	Tencent	1
Founders	1	Tencent Hong Kong	1
Fully Diluted	3	Tencent Hong Kong Secondary Purchase	1
ICC	23	Tencent Parties	1
Identified Person	17	TME	1
Institutional Fund	4	TME Hong Kong	1
Investor	4	TME Investor Agreement	6
IPO	4	Total Voting Power	6
Law	5	Transfer	6
Lock-Up Period	8	Transferee	7
Main Parties	1	Transferring Founder(s)	12
Main Party	1	Transferring Holders	12
non-marketable securities	13	VIE	7
OFAC	5		

INVESTOR AGREEMENT

INVESTOR AGREEMENT, dated as of [●], 2017 (this “Agreement”), among Spotify Technology S.A., a public limited company (*société anonyme*) incorporated under the laws of Luxembourg, having its registered office at 42-44 avenue de la Gare, L-1610 Luxembourg, and registered with the Luxembourg Trade and Companies Register under number B 123 052 (the “Company”), Tencent Music Entertainment Group, an exempted company incorporated with limited liability under the laws of the Cayman Islands (“TME”), Tencent Music Entertainment Hong Kong Limited, a company incorporated under the laws of Hong Kong (“TME Hong Kong”), Tencent Holdings Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands (“Tencent”), Image Frame Investment (HK) Limited, a company incorporated under the laws of Hong Kong and a wholly-owned Subsidiary of Tencent (“Tencent Hong Kong” and, together with TME, TME Hong Kong and Tencent, the “Tencent Parties” and the Tencent Parties, together with the Company, jointly the “Main Parties” and individually a “Main Party”), and, solely with respect to Section 1.02, Section 2.07, Section 3.02, Section 5.02, Section 5.03, Section 5.04, Section 5.05, Section 5.06, Section 5.07, Section 5.10, Section 5.11, Section 5.12, Section 5.13 and Section 5.14, D.G.E. Investments Limited, Reg. No. HE 169064, a company incorporated under the laws of Cyprus, with address Arch. Makariou & Kalograion 4, Nicolaides Sea View City, 9th Floor, Offices 903-904, Block A-B, 6016 Larnaca, Cyprus (“DGE Investments”), and, solely with respect to Section 1.02, Section 2.07, Section 3.02, Section 5.02, Section 5.03, Section 5.04, Section 5.05, Section 5.06, Section 5.07, Section 5.10, Section 5.11, Section 5.12, Section 5.13 and Section 5.14, Rosello Company Limited, Reg. No. HE 165082, a limited liability company incorporated under the laws of Cyprus, with address 22 Stasikratous Street, Office 104, 1065 Nicosia, Cyprus (“Rosello” and, together with DGE Investments, the “Founders”), and any other Person that becomes a party to this Agreement pursuant to Article II.

BACKGROUND

On the date hereof, the Company issued [●] common shares, €0.025 par value per share, of the Company (the “Spotify Shares”) to TME Hong Kong pursuant to that certain Subscription Agreement, dated as of December 8, 2017, by and among the Company, Spotify AB, a corporation incorporated under the laws of Sweden, TME and TME Hong Kong (the “Subscription Agreement”); and

Tencent Hong Kong intends to purchase and acquire from one or more holders of the Convertible Notes additional Spotify Shares, which will be issued to such holder(s) upon conversion or exchange of a portion of the Convertible Notes (such purchase, the “Tencent Hong Kong Secondary Purchase”).

NOW, THEREFORE, in consideration of the foregoing and the respective covenants and agreements set forth herein, and intending to be legally bound hereby, the parties hereto hereby agree as follows.

ARTICLE I

DEFINITIONS

SECTION 1.01 Certain Defined Terms. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Subscription Agreement. As used in this Agreement, the following terms shall have the following meanings:

“Affiliate” of any Person shall mean, as of any date, any Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such first Person. For purposes of this Agreement, a Person shall be deemed to “control” another Person if such first Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise. For the avoidance of doubt, for purposes of this Agreement, (i) none of the Investors or any of their respective controlled Affiliates shall be deemed to be an Affiliate of the Company, any Founder or any of their respective Affiliates, (ii) none of the Company, the Founders or any of their respective Affiliates shall be deemed to be an Affiliate of the Investors or any of their respective controlled Affiliates and (iii) any of the Investors’ VIEs and their respective Subsidiaries shall be deemed to be controlled Affiliates of such Investors.

“Anticorruption Laws” shall mean Laws governing bribery and corruption, including the U.S. Foreign Corrupt Practices Act of 1977, as amended (15 U.S.C. §§ 78a et seq. (1997 and 2000)), the UK Bribery Act 2010 and the anti-bribery and anticorruption Laws in the PRC (including the Criminal Law and Anti-Unfair Competition Law of the PRC).

“beneficial owner” and words of similar import (including “beneficially own” and “beneficial ownership”) shall have the meaning assigned to such terms in Rule 13d-3 promulgated under the Exchange Act (or any comparable successor rule thereto).

“Board” shall mean the board of directors or similar governing body of the Company.

“Business Day” shall mean any day of the year other than (i) any Saturday or Sunday or (ii) any other day on which banks located in New York City, New York, United States of America, London, United Kingdom, Stockholm, Sweden, Luxembourg, Grand Duchy of Luxembourg, Hong Kong S.A.R., Shenzhen, PRC or the Cayman Islands are closed for business.

“Competing Business” shall mean any activities that are in direct and material competition with the business activities of the Company and its Subsidiaries. Direct competition shall include offering audio or video streaming or download services to consumers and businesses.

“Confidential Information” shall mean all confidential and proprietary information (irrespective of the form of communication and whatever the form or storage medium and including any copies or reproductions thereof) obtained by or on behalf of the Investors or their respective controlled Affiliates or any Identified Persons from the Company or its Affiliates or their respective Representatives, through the ownership of any Spotify Securities

or the Investors' rights pursuant to this Agreement or otherwise, other than information which: (i) at the time of disclosure was, or thereafter becomes, available to the Investors, their respective controlled Affiliates or their respective Representatives; provided, that such information was not known by the Investors, their respective controlled Affiliates or their respective Representatives to have been obtained from a Person in violation of any obligation of confidentiality to the Company; (ii) at the time of disclosure was, or thereafter becomes, generally available to the public other than directly or indirectly as a result of a disclosure by the Investors, their respective controlled Affiliates or any of their respective Representatives in violation of this Agreement; or (iii) is or was generated independently by the Investors, their respective controlled Affiliates or any of their respective Representatives without reference to such information and without violating the confidentiality provisions of this Agreement.

“Convertible Notes” shall mean the Convertible Senior Notes issued by the Company on April 1, 2016 with an aggregate original principal amount of US\$1 billion.

“Derivative Security” shall mean, with respect to any Person, any right, option, other security or derivative position that has an exercise, exchange or conversion privilege or a settlement payment or mechanism at a price related to, or a value determined in whole or in part with reference to or derived in whole or in part from, the value of any securities, bank debt or other obligations of such Person or any of its Subsidiaries.

“Eligible Fund” shall mean, with respect to any Person, any investment fund or asset management vehicle (which may, for the avoidance of doubt, be a hedge fund, venture capital fund or private equity fund) that (i) engages in the types of activities restricted by Section 3.01 or other investment activities, in each case, in the ordinary course of its business, (ii) does not control, is not controlled by, and is not under common control or joint control with, directly or indirectly, such Person (and neither such Person nor any of its Affiliates has the power to (A) vote, or direct the voting of, or the power to dispose, or to direct the disposition of, the securities and other assets of such fund or vehicle, (B) invest, or direct the investment of, the funds of such fund or vehicle or (C) otherwise influence or direct the actions and operations of such fund or vehicle, including with respect to the amount, form and timing of any distributions), and (iii) is not in the possession of any Confidential Information provided by such Person.

“Exchange Act” shall mean the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Fully Diluted” shall mean, with respect to the share capital of the Company, the sum of (i) all shares of capital stock of the Company issued and outstanding as of such date, *plus* (ii) all shares of capital stock of the Company issuable upon exercise of all options, warrants and other rights to purchase or otherwise acquire shares of capital stock of the Company granted, issued and outstanding as of such date, *plus* (iii) all shares of capital stock issuable upon conversion, exchange or exercise of any securities of the Company that are convertible into, exchangeable or exercisable for shares of capital stock of the Company granted, issued and outstanding as of such date, and *plus* (iv) all restricted shares of the Company granted, issued and outstanding as of such date; provided, however, that (A) with respect to any convertible debt securities of the Company, the shares of capital stock issuable upon conversion of such securities shall be included in the calculation of the Fully Diluted share capital of the Company if the price

per share of capital stock of the Company into which such securities are convertible as of such date (regardless of whether such securities are convertible at that time) is greater than or equal to the applicable conversion price of such securities, in which case the number of shares of capital stock to be included in the calculation of the Fully Diluted share capital of the Company in respect of such convertible debt securities will be calculated by dividing the total principal amount (plus any accrued payment-in-kind interest) of such securities by the applicable conversion price and (B) with respect to any options or warrants of the Company, the number of shares of capital stock of the Company to be included in the calculation of the Fully Diluted share capital in respect of such options or warrants shall be the product of (x) a fraction, the numerator of which is the excess (if any) of the price per share of capital stock of the Company as of such date over the weighted average exercise price per share of capital stock of the Company as of such date for all such options and warrants (regardless of whether such options and/or warrants are exercisable at that time), and the denominator of which is the price per share of capital stock of the Company as of such date and (y) the total number of shares of capital stock of the Company issuable upon exercise of all such options and warrants; provided, further, that neither the Spotify Top-Up Options, nor the Convertible Notes (including any accrued payment-in-kind interest), nor any Beneficiary Certificates shall be included for purposes of calculating the Fully Diluted share capital of the Company. For purposes of this definition, the price per share of the capital stock of the Company shall be determined (1) if such shares are publicly traded on a national securities exchange in the United States or a non-U.S. securities exchange, the volume weighted average of the price per share for the ninety (90) trading days ending on (and including) the last trading day prior to the first day of the calendar month in which the Fully Diluted share capital is determined, as obtained from Bloomberg L.P. (or, if not reported therein, from another authoritative source) and (2) if such shares are not so publicly traded, the price per share determined by an internationally recognized valuation firm that is independent from the Company, the Investors and their respective controlled Affiliates and that is mutually selected by the Company and TME.

“Institutional Fund” shall mean any investment fund or asset management vehicle (which may, for the avoidance of doubt, be a hedge fund, venture capital fund or private equity fund) that (i) engages in the investment activities in the ordinary course of its business, and (ii) does not control, is not controlled by, and is not under common control or joint control with, directly or indirectly, any Prohibited Person (and neither any Prohibited Person nor any of its Affiliates has the power to (A) vote, or direct the voting of, or the power to dispose, or to direct the disposition of, the securities and other assets held by such fund or vehicle, (B) invest, or direct the investment of, the funds of such fund or vehicle or (C) otherwise influence or direct the actions and operations of such fund or vehicle, including with respect to the amount, form and timing of any distributions).

“Investor” shall mean any of (i) Tencent, Tencent Hong Kong, TME and TME Hong Kong to the extent it beneficially owns any Spotify Securities and (ii) each of their respective Transferees that beneficially own any Spotify Securities and that have executed and delivered to the Company a joinder agreement to be bound by the provisions of this Agreement pursuant to Section 2.03.

“IPO” shall mean the first listing of equity securities of the Company (or a holding company or any other Spotify Group Company that holds all or substantially all of the

assets of the Company and its Subsidiaries on a consolidated basis) on an internationally recognized stock exchange or similar marketplace of recognized national standing (excluding, for the avoidance of doubt, private secondary markets or similar), including the direct listing without conducting a concurrent offering.

“Law” shall mean any law, statute, code, regulation, ordinance or rule, in each case, enacted or promulgated by any Governmental Body, or any Order or other legally enforceable requirement of a Governmental Body, in each case, as amended, restated, supplemented or modified from time to time.

“OFAC Sanctioned Person” shall mean any government, country, corporation or other entity, group or individual with whom or which the OFAC Sanctions prohibit a U.S. Person from engaging in transactions, and includes any individual or corporation or other entity that appears on the current OFAC list of Specially Designated Nationals and Blocked Persons (the “SDN List”). For ease of reference, and not by way of limitation, OFAC Sanctioned Persons other than governments and countries can be found on the SDN List on OFAC’s website at www.treas.gov/offices/enforcement/ofac/sdn.

“OFAC Sanctions” shall mean any sanctions program administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury (“OFAC”) under authority delegated to the Secretary of the Treasury (the “Secretary”) by the President of the United States or provided to the Secretary by statute, and any order or license issued by, or under authority delegated by, the President or provided to the Secretary by statute in connection with a sanctions program thus administered by OFAC. For ease of reference, and not by way of limitation, OFAC Sanctions programs are described on OFAC’s website at www.treas.gov/ofac.

“Permitted Transferee” of any Person shall mean any Affiliate of such Person.

“Person” or “person” shall mean any individual, corporation, business trust, proprietorship, firm, partnership, limited partnership, limited liability partnership, limited liability company, trust, association, joint venture, Governmental Body or other entity.

“Prohibited Person” shall mean (i) each Person listed in Schedule I attached hereto (the “Prohibited Person List”), which list may be updated pursuant to [Section 2.02\(c\)](#), and (ii) any Affiliate of each of the foregoing Persons.

“Representatives” shall mean, with respect to any Person, such Person’s directors, managers, officers, employees and advisors (including financial advisors, attorneys, accountants and consultants); provided, however, that for the avoidance of doubt (i) a shareholder, member, partner or other equity holder of such Person or (ii) a music record label or other rights holder, in each case, shall not be deemed, and shall not constitute, a “Representative” for purposes of this Agreement.

“Rights Holder” shall mean (i) each Person listed in Schedule II attached hereto and (ii) any Affiliate of each of the foregoing Persons.

“Securities Act” shall mean the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Spotify Investor Agreement” shall mean that certain investor agreement, dated as of the date hereof, by and among the Company, Spotify AB, TME and Tencent, with respect to Spotify AB’s investment in the TME.

“Spotify Securities” shall mean shares of capital stock of the Company, warrants, options, convertible securities, exchangeable securities or similar rights or instruments of the Company exercisable, exchangeable or convertible into, or requiring the issuance, allotment or delivery of shares of capital stock of the Company, including the Spotify Shares. For purposes of this Agreement, each option to purchase Spotify Securities shall be considered a Spotify Security only together with the Spotify Securities underlying such option, and such option and the underlying Spotify Securities shall be considered one single Spotify Security.

“Strategic Investor” shall mean (i) each Person listed in Schedule III attached hereto and (ii) any Affiliate of each of the foregoing Persons; provided, that a “Strategic Investor” shall not include any Eligible Fund in which such Person makes or holds a *bona fide* investment.

“Subsidiary” shall mean, with respect to any Person, any other Person, whether incorporated or unincorporated, (i) of which more than fifty percent (50%) of either the equity interests in, or the voting control of, such other Person is, directly or indirectly through Subsidiaries or otherwise, beneficially owned by such first Person, (ii) of which such first Person is the general partner or managing member, (iii) which is a VIE of such first Person or (iv) which is a Subsidiary of any VIE of such first Person.

“Total Voting Power” shall mean the total number of votes entitled to be cast generally in the election of the members of the Board represented by the Spotify Securities.

“Transfer” shall mean (with its cognates having corresponding meanings), with respect to any securities, (i) any sale, exchange, transfer, redemption, grant, pledge, hypothecation or other disposition, whether voluntary or involuntary, and whether or not for value, of any of such securities, or any securities, options, warrants or rights convertible into or exercisable or exchangeable for, or for the purchase or other acquisition of, or otherwise with respect to, any of such securities or any contract or other binding arrangement or understanding (in each case, whether written or oral) to take any of the foregoing actions or (ii) entering into any swap or other agreement, arrangement or understanding, whether or not in writing, that, directly or indirectly, transfers, conveys or otherwise disposes of, in whole or in part, any of the economic or other risks or consequences of ownership of any of such securities, including short sales of applicable securities, option transactions with respect to securities, use of equity or other derivative financial instruments relating to such securities and other hedging arrangements with respect to such securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of such securities, other securities, cash or otherwise; provided, however, that any such sale, exchange, transfer, redemption, grant, pledge, hypothecation or other disposition referred to in clause (i) of, or any of the agreements, arrangements or understandings referred to in clause (ii) in respect of, the securities of any Person that beneficially owns any Spotify Securities (including any shares or other securities of Tencent or TME) shall not constitute a “Transfer” of Spotify Securities for purposes of this Agreement (and shall not be subject to any of the restrictions set forth in Article II), except that (A) the transfer of any shares

or other securities of TME Hong Kong shall constitute a “Transfer” of Spotify Securities for purposes of this Agreement (and such transfer shall be subject to the restrictions set forth in Article II) if, at the time of such transfer, TME Hong Kong and its Subsidiaries do not own or otherwise hold all or substantially all of the assets of TME and (B) the transfer of any shares or other securities of Tencent Hong Kong shall constitute a “Transfer” of Spotify Securities for purposes of this Agreement (and such transfer shall be subject to the restrictions set forth in Article II) if, at the time of such transfer, Tencent Hong Kong and its Subsidiaries do not own or otherwise hold all or substantially all of the assets of Tencent.

“Transferee” shall mean a Person that receives a Transfer.

“VIE” shall mean, with respect to any Person, any other Person (i) over which such first Person can effect direct or indirect control through direct or indirect contractual arrangements and (ii) whose financial results are consolidated with the net revenues of such first Person and are recorded on the books of such first Person for financial reporting purposes in accordance with the accounting standards applicable to such first Person.

SECTION 1.02 Other Definitional Provisions; Interpretation. The table of contents and headings preceding the text of articles and sections included in this Agreement and the headings to schedules and exhibits attached to this Agreement are for convenience only and shall not be deemed part of this Agreement or be given any effect in interpreting this Agreement. All exhibits and schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. The use of the masculine, feminine or neuter gender or the singular or plural form of words herein shall not limit any provision of this Agreement. The terms as set forth in this Agreement have been arrived at after mutual negotiation with the advice of counsel and, therefore, it is the intention of the parties hereto that its terms may not be construed against any of the parties hereto by reason of the fact that it was prepared by one of the parties hereto. Reference to any Person includes such Person’s successors (including by operation of law) and assigns to the extent such successors and assigns are permitted by the terms of any applicable agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually. Reference to any agreement (including this Agreement), document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof. All references to “Section,” “Sections,” “Article,” “Articles,” “Exhibit” or “Exhibits” refer to the corresponding Section, Sections, Article, Articles, Exhibit or Exhibits of this Agreement. The word “including” shall mean “including without limitation.” The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. “Extent” in the phrase to “to the extent” shall mean the degree to which a subject or other item extends and shall not simply mean “if”. The word “or” is used in the inclusive sense of “and/or”. All references to any Law means such Law as amended from time to time and shall include any successor legislation thereto and any rules and regulations promulgated therein.

ARTICLE II

TRANSFER OF SPOTIFY SECURITIES

SECTION 2.01 General Transfer Restrictions. The right of the Investors and any of their respective controlled Affiliates to Transfer any Spotify Securities they beneficially own is subject to the restrictions set forth in this Article II, and no Transfer of such Spotify Securities by the Investors or any of their respective controlled Affiliates may be effected except in compliance with this Article II. Any attempted Transfer in violation of this Agreement shall be null and void *ab initio* and of no effect, regardless of whether the purported Transferee has any actual or constructive knowledge of the Transfer restrictions set forth in this Agreement. Any purported Transfer in violation of this Agreement shall not be recorded (and the Company will instruct its transfer agent, registered office and other third parties not to record such purported Transfer) in the shareholders' register of the Company or result in the treatment of any purported Transferee of such Spotify Securities as the owner of such Spotify Securities for any purpose.

SECTION 2.02 Restrictions on Transfer.

(a) Restrictions During Lock-Up Period. During the period beginning on the date hereof and ending on the earlier of (i) the third (3rd) anniversary of the date hereof and (ii) the first date after the date hereof on which the number of Spotify Securities collectively beneficially owned by a Strategic Investor and its Affiliates exceeds the number of Spotify Securities then collectively beneficially owned by the Investors and their respective controlled Affiliates (such period, the "Lock-Up Period"), the Investors shall not, and the Investors shall cause their respective controlled Affiliates not to, Transfer any Spotify Securities beneficially owned by them, except:

(i) with the prior written consent of the Company (acting through its Board or a designated committee thereof);

(ii) to a Permitted Transferee, subject to compliance with Section 2.03; provided, that, (A) if such Person ceases to be a Permitted Transferee during the Lock-Up Period, then the applicable Investor shall cause, and shall cause its controlled Affiliates to cause, such Person to, and such Person shall, Transfer such Spotify Securities back to such Investor or its controlled Affiliates or (B) if such Person ceases to be a Permitted Transferee after the expiration of the Lock-Up Period and a Transfer of Spotify Securities to such Person at that time would be prohibited by Section 2.02(b), then the applicable Investor shall cause, and shall cause its controlled Affiliates to cause, such Person to, and such Person shall, Transfer such Spotify Securities back to such Investor or its controlled Affiliates;

(iii) pursuant to (A) a tender offer or exchange offer for at least a majority of the issued and outstanding Spotify Securities if the Board has affirmatively recommended to the holders of the issued and outstanding Spotify Securities that such holders tender their Spotify Securities into such tender or exchange offer and if the Board has not publicly withdrawn or changed such recommendation or (B) a merger, consolidation or other business combination transaction which has been approved by the Board (each, a "Qualified Transfer");

(iv) to the Company or any of its Subsidiaries; or

(v) to the extent necessary to avoid regulation as an “investment company” under the U.S. Investment Company Act of 1940, as amended.

For purposes of this Section 2.02(a), the number of Spotify Securities beneficially owned by the Investors and their respective controlled Affiliates shall be determined without regard to the provisions set forth in Section 3.02.

(b) Notwithstanding anything in this Article II to the contrary and irrespective of the expiration of the Lock-Up Period, for so long as the Investors or any of their respective controlled Affiliates beneficially own any Spotify Securities, the Investors shall not, and the Investors shall cause their respective controlled Affiliates not to, Transfer any Spotify Securities beneficially owned by them to (i) any Prohibited Person, (ii) any Rights Holder or (iii) any Transferee if, after giving effect to the proposed Transfer, the proposed Transferee would beneficially own Spotify Securities representing, in the aggregate, five percent (5%) or more of the Total Voting Power or five percent (5%) or more of the total issued and outstanding share capital of the Company; provided, that nothing in this Section 2.02(b) (but without limiting any of the other provisions of this Article II) shall prohibit any Transfer of Spotify Securities (w) to a Permitted Transferee, subject to compliance with Section 2.03; provided, that if such Person ceases to be a Permitted Transferee and a Transfer of Spotify Securities to such Person at that time would be prohibited by this Section 2.02(b), then the applicable Investor shall cause, and shall cause its controlled Affiliates to cause, such Person to, and such Person shall, Transfer such Spotify Securities back to such Investor or its controlled Affiliates, (x) if such Transfer (and the Transferee in such Transfer) is consented to in writing by the Board or a designated committee thereof; (y) pursuant to a Qualified Transfer; or (z) through open market brokerage transactions where the identity of the purchaser is unknown (and, for the avoidance of doubt, the Investors shall have no duty of inquiry in connection with such brokerage transactions) (such transaction, a “Brokerage Transaction”); provided, further, that nothing in Section 2.02(b)(iii) (but without limiting any of the other provisions of this Article II) shall prohibit any Transfer of Spotify Securities to Daniel Ek, Martin Lorentzon or their respective controlled Affiliates (such transaction, a “Founder Transfer”). The Company shall provide in writing to TME Hong Kong upon TME Hong Kong’s written request and, after the completion of the Tencent Hong Kong Secondary Purchase, to Tencent Hong Kong upon Tencent Hong Kong’s written request (which written request may be made by TME Hong Kong or Tencent Hong Kong, as applicable, no more frequently than once each fiscal quarter), the aggregate number of Spotify Securities representing the Total Voting Power and the aggregate number of issued and outstanding shares of capital stock of the Company as of a recent date (without disclosing the identity of any holder thereof), and the Investors shall be entitled to rely upon the most recently received such notice from the Company for all purposes of calculating the Total Voting Power and total issued and outstanding share capital of the Company under this Agreement. For the purposes of ensuring that a proposed Transfer is not in violation of the restrictions in Section 2.02(b)(iii), the Investors shall be entitled to rely upon (1) reports of beneficial ownership of such

Transferee that are publicly filed or available or (2) if such reports are not publicly filed or available, after due inquiry, the representation made by the relevant Transferee with respect to the total number of votes and total number of outstanding shares of the Company owned by such Transferee before such proposed Transfer.

(c) The Company may amend the Prohibited Person List following the date hereof to add or remove any Person to or from the Prohibited Person List, each such amendment to be effective upon delivery of written notice thereof to the Investors; provided that (i) any Person so added to the Prohibited Person List must be a Person that, directly or indirectly, conducts a Competing Business as determined in good faith by the Company, and (ii) the Company may not amend the Prohibited Person List more than once during any twelve (12) month period; provided, further, that any Institutional Fund which makes an investment in any Person that, directly or indirectly, conducts a Competing Business shall not be a Prohibited Person and shall not be included in the Prohibited Person List.

(d) Notwithstanding anything in this Agreement to the contrary, no Transfer of Spotify Securities otherwise permitted by this Agreement shall be made unless such Transfer is in compliance with the Securities Act or any other applicable securities Laws of any foreign, federal, state, local or other jurisdiction (a “Foreign or State Act”).

SECTION 2.03 Joinder to Investor Agreement. Each Investor shall (and shall cause its controlled Affiliates who beneficially own any Spotify Securities to), prior to the Transfer of any Spotify Securities to any Permitted Transferee (other than in a Transfer that is a Qualified Transfer, a Brokerage Transaction or a Founder Transfer) and as a condition thereto, cause such Permitted Transferee to execute and deliver to the Company a joinder agreement in form and substance reasonably acceptable to the Company, pursuant to which such Permitted Transferee agrees to be bound by the provisions of this Agreement. Without limiting the provisions in the immediately preceding sentence, (i) until the completion of the IPO of the Company, each Investor shall, prior to the Transfer of any Spotify Securities to any Transferee in accordance with the other provisions of this Article II (other than in a Transfer that is a Transfer of any Spotify Securities to the Company, a Qualified Transfer, a Brokerage Transaction or a Founder Transfer) and as a condition thereto, cause such Transferee to execute and deliver to the Company a joinder agreement in form and substance reasonably acceptable to the Company, pursuant to which such Transferee agrees to be bound by this Article II, Section 3.02, Section 4.01 and Article V, and (ii) after the completion of the IPO of the Company, each Investor shall, prior to the Transfer of any Spotify Securities to any Transferee in accordance with the other provisions of this Article II (other than in a Transfer that is a Transfer of any Spotify Securities to the Company, a Qualified Transfer, a Brokerage Transaction or a Founder Transfer) and as a condition thereto, cause such Transferee to execute and deliver to the Company a joinder agreement in form and substance reasonably acceptable to the Company, pursuant to which such Transferee agrees to be bound by this Article II (other than Section 2.02(a) and Section 2.07) and Article V.

SECTION 2.04 Notice of Transfer. Prior to Transferring any Spotify Securities in accordance with the provisions set forth in this Article II (other than in a Transfer that is a Transfer of any Spotify Securities to the Company, a Qualified Transfer, a Founder Transfer or, after the IPO of the Company, a Brokerage Transaction), an Investor or its controlled Affiliate, as applicable, shall, no later than five (5) Business Days prior to the consummation of such Transfer, deliver a written notice thereof to the Company.

SECTION 2.05 Legends. With respect to the Investors or any of their respective controlled Affiliates who beneficially own any Spotify Securities, each certificate for Spotify Securities, if any, shall bear a legend or legends (and appropriate comparable notations or other arrangements will be made with respect to any uncertificated shares in the shareholders' register or other books and records of the Company) referencing restrictions on Transfer of such Spotify Securities under the Securities Act, any applicable Foreign or State Act and this Agreement, which legend shall state in substance:

“THE SECURITIES EVIDENCED BY THIS CERTIFICATE MAY NOT BE OFFERED OR SOLD, TRANSFERRED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF, EXCEPT IN COMPLIANCE WITH (I) THE U.S. SECURITIES ACT OF 1933, AS AMENDED, AND (II) ANY OTHER APPLICABLE SECURITIES LAWS OF ANY FOREIGN, FEDERAL, STATE, LOCAL OR OTHER JURISDICTION.

THE SECURITIES EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER SET FORTH IN THE INVESTOR AGREEMENT DATED AS OF [●], 2017, BY AND AMONG THE COMPANY AND THE OTHER PARTIES THERETO (A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY).”

Notwithstanding the foregoing, the holder of any certificate(s) for Spotify Securities shall be entitled to receive from the Company new certificates for a like number of Spotify Securities not bearing such legend (or the elimination or termination of such notations or arrangements) upon the request of such holder (i) at such time as such restrictions are no longer applicable and (ii) with respect to the restriction on Transfer of such Spotify Securities under the Securities Act or any other applicable Foreign or State Act, at the reasonable request of the Company, upon the delivery to the Company of an opinion of counsel to such holder, which opinion is reasonably satisfactory in form and substance to the Company and its counsel, that the restriction referenced in such legend (or such notations or arrangements) is no longer required in order to ensure compliance with the Securities Act or any such other applicable Foreign or State Act.

SECTION 2.06 Lock-Up Agreements. In connection with any underwritten public offering by the Company of any Spotify Securities pursuant to an effective registration statement pursuant to the Securities Act or a prospectus or equivalent disclosure document pursuant to any Foreign and State Act (including in connection with an IPO of the Company), the Investors shall, and the Investors shall cause their respective controlled Affiliates that beneficially own any Spotify Securities to, enter into customary agreements restricting the public sale or distribution of equity securities of the Company (including sales pursuant to Rule 144 under the Securities Act) if and to the extent required in writing by the lead managing underwriter(s) with respect to such underwritten public offering; provided, however, that the

Investors and their respective controlled Affiliates shall not be required to enter into any such agreement covering a period that would end later than one hundred and eighty (180) days after the date of the final prospectus relating to an IPO of the Company or ninety (90) days after the date of the final prospectus relating to any such underwritten public offering other than an IPO of the Company; provided, further, that notwithstanding the foregoing any restrictions in such agreement shall not apply to Transfers to Permitted Transferees (subject to compliance with Section 2.03). The foregoing provisions of this Section 2.06 shall be applicable to the Investors only if (i) in the case of an IPO of the Company, all officers and directors of the Company and all shareholders owning, in the aggregate, more than fifty percent (50%) of the Total Voting Power or fifty percent (50%) of the total issued and outstanding share capital of the Company are subject to the same restrictions, or (ii) in the case of any underwriting public offering of the Company other than an IPO, all officers and directors of the Company are subject to the same restrictions.

SECTION 2.07 Drag-Along Right. Notwithstanding anything contained in this Article II to the contrary, at any time prior to an IPO of the Company, if (i) a *bona fide* firm offer has been made by an unaffiliated third party to acquire at least sixty-six percent (66%) of the Spotify Securities, on a fully diluted basis (which, for purposes of this Section 2.07, means the number of Spotify Shares issued and outstanding, together with the number of Spotify Shares issuable upon the exercise, conversion or exchange into Spotify Shares of all issued and outstanding Spotify Securities (excluding the Spotify Top-Up Options, the Convertible Notes and any Beneficiary Certificates) (such acquisition, a “Drag Transaction”) and (ii) the holders of Spotify Securities (the “Transferring Holders”) that (A) together beneficially own at least sixty-six percent (66%) of the outstanding Spotify Shares and (B) include at least one (1) of the Founders (the “Transferring Founder(s)”) accept such offer, the Transferring Founder(s) shall have the right, on behalf of the Transferring Holders, to require the Investors and their respective controlled Affiliates who beneficially own any Spotify Securities (the “Drag-Along Parties”) to Transfer all or a portion of their respective Spotify Securities to the third party Transferee in such Drag Transaction, all in accordance with the following provisions:

(a) The Transferring Founder(s) shall, on behalf of the Transferring Holders, notify the Investors in writing of the proposed Drag Transaction no later than forty-five (45) days prior to the completion of the proposed Drag Transaction (the “Drag-Along Notice”). The Drag-Along Notice shall specify whether the Transferring Holders wish to exercise their drag-along rights pursuant to this Section 2.07 and set forth the identity of the proposed third party Transferee, the number of Spotify Securities to be Transferred, the price per Spotify Security and the other terms and conditions for the Drag Transaction. The Drag-Along Notice shall be sent by the Transferring Founder(s) on behalf of the Transferring Holders and shall also identify one Transferring Holder to whom the Investors shall send notices or other communications.

(b) If required by the Transferring Founder(s) on behalf of the Transferring Holders in the Drag-Along Notice, the Drag-Along Parties shall be obligated to Transfer Spotify Securities to the third party Transferee in such Drag Transaction on the same terms and conditions (including at the same price (subject to adjustments to take into account the value of the Spotify Top-Up Options)) as the Transferring Holders. The Transferred Spotify Securities (being the Spotify Securities that the third party has offered to acquire) shall be allocated

among the Transferring Holders and such Drag-Along Parties on a *pro rata* basis, calculated as the total number of Spotify Securities beneficially owned by the Drag-Along Parties in relation to the total number of Spotify Securities beneficially owned by all Transferring Holders and the Drag-Along Parties, all on a fully diluted basis.

(c) If a Drag Transaction occurs pursuant to which the Drag-Along Parties are obligated to Transfer Spotify Securities as provided for in this Section 2.07 in exchange for securities other than cash and/or marketable securities (“non-marketable securities”), the Transferring Founder(s) and the Investors shall cooperate in good faith to procure that the issuer of such non-marketable securities replicates the economic rights and other rights and priorities of the Drag-Along Parties immediately prior to such Transfer in its own capital structure.

(d) For the purposes of this Section 2.07, (i) DGE Investments shall not be deemed a Founder should a majority of the outstanding shares of DGE Investments no longer be ultimately held by Daniel Ek and (ii) Rosello shall not be deemed a Founder should a majority of the outstanding shares of Rosello no longer be ultimately held by Martin Lorentzon.

SECTION 2.08 Delay of Transfer. The Company shall not incur any liability to the Investors, any of their respective controlled Affiliates or any other Person for any delay in recognizing any Transfer of Spotify Securities if the Company in good faith reasonably determines that such Transfer may have been or would be in violation in any material respect of the provisions of the Securities Act, any applicable Foreign or State Act or this Agreement.

ARTICLE III

STANDSTILL; VOTING

SECTION 3.01 Standstill Covenant.

(a) Except in connection with the consummation of the transactions contemplated by the Subscription Agreement, during the period beginning on the date hereof and ending on the earlier of (i) the fifth (5th) anniversary of the date hereof and (ii) the first date after the date hereof on which the number of Spotify Securities collectively beneficially owned by a Strategic Investor and its Affiliates exceeds the number of Spotify Securities then collectively beneficially owned by the Investors and their respective controlled Affiliates (such period, the “Standstill Period”), none of the Tencent Parties shall, and each of the Tencent Parties shall cause its controlled Affiliates and its controlled Affiliates’ Representatives (and with respect to such Representatives that are not directors, officers, managers or employees of such Tencent Party or any of its controlled Affiliates, only to the extent such Representatives are acting on behalf, or at the behest, of such Tencent Party or any of its controlled Affiliates) not to, directly or indirectly or alone or in concert with any other Person, unless invited to do so by the Board or with the prior written consent of the Company:

(i) acquire, offer or propose to acquire, or agree to acquire, by purchase or otherwise (other than as a result of a stock dividend, capitalization of profits, stock split

or subdivision of any Spotify Securities beneficially owned by the Tencent Parties and their respective controlled Affiliates) (A) any economic interest in, or any direct or indirect right to direct the voting or disposition of, any Spotify Securities or other securities (including any Derivative Securities) of the Company, whether or not any of the foregoing would give rise to beneficial ownership and, in each case, whether or not any of the foregoing is acquired or otherwise obtained by means of borrowing of securities or operation of any Derivative Security or (B) except in the ordinary course of business, any consolidated assets or indebtedness of the Company;

(ii) enter into, agree, offer, or propose to enter into (whether publicly or otherwise), effect, engage in, or participate in, any acquisition transaction, merger or other business combination, recapitalization, restructuring, liquidation, dissolution, share exchange, sale, disposition, purchase, acquisition or other extraordinary transaction relating to the Company or a transaction for all or a substantial portion of the consolidated assets of the Company or any of its businesses;

(iii) make, or in any way participate in, any “solicitation” of “proxies” (as such terms are defined in Rule 14a-1 under the Exchange Act, disregarding clause (iv) of Rule 14a-1(1)(2) under the Exchange Act and including any otherwise exempt solicitation pursuant to Rule 14a-2(b) under the Exchange Act) to vote, or seek or propose to advise, influence or encourage any Person with respect to the voting of, any Spotify Securities on any matter, or demand a copy of the Company’s shareholders’ register or other books and records;

(iv) initiate, induce or attempt to induce, cooperate or collaborate with, any other Person in connection with any shareholder proposal or withhold vote campaigns or any tender or exchange offer for equity securities of the Company, any change of control of the Company or the convening of a meeting of the Company’s shareholders;

(v) except as contemplated under Section 3.02, form, join or in any way participate in a “group” (within the meaning of Section 13(d)(3) of the Exchange Act) with respect to any Spotify Securities or in connection with (or otherwise act in concert with any Person in connection with) the matters that are the subject of this Section 3.01 with any Person (other than the other Tencent Parties and their respective controlled Affiliates);

(vi) seek or propose to influence, advise, change or control the management, Board, governing instruments or policies, affairs or strategies of the Company;

(vii) bring any action or otherwise act to contest the validity of this Section 3.01;

(viii) advise, knowingly assist, knowingly encourage or knowingly act as a financing source for or otherwise invest in any Person in connection with, or enter into any discussions, negotiations, arrangements or understandings with any Person with respect to, any of the foregoing clauses (i) through (vii) of this Section 3.01(a) or propose any of such activities to any Person;

(ix) publicly request or otherwise publicly seek to amend or waive any provision of this Section 3.01, provided, that the Tencent Parties and their respective controlled Affiliates may make such request or proposal privately to the Board (which request or proposal the Board can accept or reject in its sole discretion) that is made in a manner that is not intended to and would not reasonably be likely to result in the Company being required to make any public disclosure or other public announcement related to such request or proposal; and

(x) make any statement or publicly disclose any intention, plan, arrangement or other contract that is prohibited by, or inconsistent with, any of the foregoing;

provided, however, that (A) any Transfer of Spotify Securities shall not constitute a breach of this Section 3.01(a) so long as the Tencent Parties and their respective controlled Affiliates comply with Article II (if applicable); and (B) if the Spotify Securities beneficially owned by the Tencent Parties and their respective controlled Affiliates collectively represent less than ten percent (10%) of the then Fully Diluted share capital of the Company, an acquisition by any Tencent Party or its controlled Affiliates during the Standstill Period of up to that number of additional Spotify Securities that, together with the Spotify Securities beneficially owned collectively by the Tencent Parties and their respective controlled Affiliates immediately prior to such acquisition, would not collectively represent more than ten percent (10%) of the then Fully Diluted share capital of the Company (the “Standstill Cap”) shall not constitute a breach of this Section 3.01(a). The Company shall provide in writing to TME Hong Kong upon TME Hong Kong’s written request and, after the completion of the Tencent Hong Kong Secondary Purchase, to Tencent Hong Kong upon Tencent Hong Kong’s written request (which written request may be made by TME Hong Kong or Tencent Hong Kong, as applicable, no more frequently than once each fiscal quarter), the total number of Spotify Securities representing the Fully Diluted share capital as of a recent date (without disclosing the identity of any holders of Spotify Securities), and the Tencent Parties shall be entitled to rely upon the most recently received such notice from the Company for all purposes of the preceding proviso. For the avoidance of doubt, if the Spotify Securities beneficially owned by the Tencent Parties and their respective controlled Affiliates exceed the Standstill Cap due to the decrease in the total number of Spotify Securities as a result of any share repurchase, share buyback or share redemption by the Company, the Tencent Parties and their respective controlled Affiliates are not required to reduce their beneficial ownership of Spotify Securities.

For purposes of this Section 3.01(a), the number of Spotify Securities beneficially owned by the Tencent Parties and their respective controlled Affiliates shall be determined without regard to the provisions set forth in Section 3.02.

(b) Nothing contained in this Section 3.01 shall restrict the right of the Tencent Parties, their respective controlled Affiliates or any other Person (i) to make or continue to hold *bona fide* investments in any Eligible Fund that holds or acquires any Spotify Securities or other securities (including any Derivative Securities) of the Company or otherwise engages in any of the activities otherwise restricted by this Section 3.01, so long as the investment in such Eligible Fund is made and held by such Person for investment purposes only and is not made or held for the purpose of engaging in or facilitating, or for the purpose of assisting or encouraging the Person(s) controlling such Eligible Fund to engage in or facilitate,

any of the activities restricted by this Section 3.01 in any manner with respect to the Company or (ii) to acquire any Spotify Securities or other securities (including any Derivative Securities) of the Company pursuant to a *bona fide* distribution-in-kind by any Eligible Fund to all of its investors (including the Tencent Parties, their respective controlled Affiliates or such other Person) on a *pro rata* basis.

SECTION 3.02 Voting Agreement.

(a) Except as expressly provided for herein, the Investors hereby agree on behalf of themselves and on behalf of their respective controlled Affiliates that beneficially own any Spotify Securities that DGE Investments shall have the sole and exclusive right to vote, in its sole and absolute discretion, any Spotify Securities beneficially owned by the Investors and any of their respective controlled Affiliates on all proposals, resolutions and other matters for which a vote, consent or other approval (including by written consent) of the holders of Spotify Securities is sought or upon which such holders are otherwise entitled to vote or consent.

(b) The Investors hereby agree on behalf of themselves and on behalf of their respective controlled Affiliates that beneficially own any Spotify Securities that, unless DGE Investments provides explicit written instructions to vote the Spotify Securities beneficially owned by the Investors or any of their respective controlled Affiliates or DGE Investments provides explicit written notice that the Investors and their respective controlled Affiliates shall be permitted to vote their Spotify Securities in their respective sole discretion without regard to any instructions of DGE Investments, the Investors shall not, and the Investors shall cause their respective controlled Affiliates not to, vote, or cause to be voted, or vote, consent or approve in any other circumstances, in which such vote, consent or other approval (including a written consent) is sought from the holders of Spotify Securities, any of the Spotify Securities beneficially owned by them (in person, by proxy or action by written consent).

(c) The Investors, on behalf of themselves and on behalf of their respective controlled Affiliates that beneficially own any Spotify Securities, hereby irrevocably appoint DGE Investments their true and lawful proxy and attorney with the power to act alone and with full power of substitution and re-substitution, to vote or act by written consent with respect to all Spotify Securities beneficially owned by them in accordance with this Section 3.02 and to execute all appropriate instruments consistent with this Agreement on behalf of the Investors and their respective controlled Affiliates. The proxy and power granted by the Investors and their respective controlled Affiliates are irrevocable and coupled with an interest and are given to secure the performance of their obligations under this Section 3.02. DGE Investments shall not be liable for any error of judgment nor for any act done or omitted, nor for any mistake of fact or law nor for anything which DGE Investments may do or refrain from doing in good faith, nor shall DGE Investments have any accountability hereunder, except for its own bad faith, gross negligence or willful misconduct. If and to the extent reasonably requested by DGE Investments, the Investors shall issue a separate power of attorney in the name of DGE Investments or any director, officer or internal or external legal counsel of DGE Investments, or any other representative acting on behalf of and in accordance with the instructions of DGE Investments, in each case duly appointed and authorized to exercise the rights assigned to DGE Investments under this Section 3.02, to govern the exercise of rights assigned to DGE Investments under this Section 3.02.

(d) The provisions of this Section 3.02 shall terminate upon the earliest to occur of: (i) the mutual written agreement of the Company, TME and DGE Investments, (ii) the time at which (A) Daniel Ek ceases to be chief executive officer of the Company and (B) a majority of the outstanding shares of DGE Investments are no longer ultimately held by Daniel Ek and (iii) the tenth (10th) anniversary of the date of this Agreement. In case of termination of DGE Investments' rights in accordance with item (ii) above, the rights under this Section 3.02 shall instead transfer to Rosello and apply *mutatis mutandis*; provided, that, in such case, (x) all references to "DGE Investments" shall be replaced with references to "Rosello", (y) clause (ii) in the first sentence of this Section 3.02(d) shall be replaced by "the time at which (A) Martin Lorentzon ceases to be a director of the Board and (B) a majority of the outstanding shares of Rosello are no longer ultimately held by Martin Lorentzon", and (z) the period set forth in clause (iii) above shall not be extended as a result of such transfer of rights from DGE Investments to Rosello.

ARTICLE IV

CERTAIN GOVERNANCE MATTERS

SECTION 4.01 Information Rights. Prior to the completion of the IPO of the Company, upon written request of the Investors, the Company shall, subject to Section 5.01, deliver to the Investors the information set forth below:

(a) annual audited consolidated financial statements of the Spotify Company Group within one hundred and forty-five (145) days after the end of each fiscal year, audited by an internationally reputable accounting firm approved by the Board; and

(b) quarterly unaudited consolidated financial statements of the Spotify Company Group within thirty (30) days after the end of each quarter.

SECTION 4.02 Potential Business Opportunities. To the fullest extent permitted by applicable Law, (i) the Tencent Parties, their respective controlled Affiliates and their respective managers, directors, officers, employees and/or other representatives (each of the foregoing Persons (other than the Tencent Parties and their respective controlled Affiliates), an "Identified Person") shall have the right to, and shall have no duty (contractual or otherwise) to, directly or indirectly, engage in the same or similar business activities or lines of business as the Company or any of its Subsidiaries, on their own account, or in partnership with, or as a manager, director, officer, employee or shareholder of any other Person, including those lines of business deemed to be competing with the Company or any of its Subsidiaries, (ii) the Company, on behalf of itself, its Subsidiaries and its and their respective shareholders, hereby renounces any interest or expectancy of the Company and its Subsidiaries in, or in being offered an opportunity to participate in, any business opportunity that may from time to time be presented to the Tencent Parties, their respective controlled Affiliates or any Identified Person, even if the opportunity is one that the Company or its Subsidiaries might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so (a "Potential

Business Opportunity”), and none of the Company or its shareholders or any of its Subsidiaries or their shareholders shall have any rights in and to any Potential Business Opportunity of the Tencent Parties, their respective controlled Affiliates or any Identified Persons or the income or profits derived therefrom, (iii) the Tencent Parties, their respective controlled Affiliates and the Identified Persons may do business with any potential artist, subscriber, music label or other business relationships of the Company or any of its Subsidiaries and (iv) neither the Tencent Parties, their respective controlled Affiliates nor any Identified Person shall have any duty to communicate or offer any Potential Business Opportunity to the Company or any of its Subsidiaries or shall be liable to the Company or any of its Subsidiaries or any of their respective members, partners, shareholders or other equity holders for breach of any duty (fiduciary, contractual or otherwise) by reason of the fact that the Tencent Parties, their respective controlled Affiliates or such Identified Person pursue or acquire such Potential Business Opportunity, direct such business opportunity to another Person or fail to present such business opportunity, or information regarding such business opportunity, to the Company or its Subsidiaries, unless, in each case of clauses (ii) and (iv), the Tencent Parties, their respective controlled Affiliates or such Identified Person first learn about such Potential Business Opportunity in any Confidential Information.

SECTION 4.03 Anti-Bribery Covenants. The Company hereby agrees that it shall not, and shall use reasonable good faith efforts to cause its controlled Affiliates and its and its controlled Affiliates’ officers, directors, employees, agents, and other persons acting for or on behalf of the Company or its controlled Affiliates not to, (i) offer, pay, promise to pay, or authorize the payment of any money, or offer, give, promise to give, or authorize the giving of anything of value, to any Government Official or to any Person in violation of applicable Anticorruption Laws; (ii) use any corporate funds or assets for unlawful contributions, gifts, entertainment, expenses or other unlawful conduct relating to political activity; (iii) make, offer, promise, authorize, solicit or receive any bribe, rebate, payoff, influence payment, kickback or other similar improper payment, whether directly or indirectly, to or from any private commercial entity for the purpose of gaining an improper business advantage in violation of applicable Anticorruption Laws; or (iv) take any action that would constitute a violation of, or cause the Company to be in violation of, or fail to take any action in violation of, any applicable Anticorruption Laws, in each of cases (i) through (iv), which conduct would reasonably be expected, individually or in the aggregate, to be material to the Spotify Group Companies, taken as a whole.

SECTION 4.04 Sanctions Covenant. The Company agrees that it shall not, shall cause its controlled Affiliates not to, and instruct any of its or their respective officers, directors, employees, and agents not to, use or cause to be used any funds of the Company for the purpose of funding, financing or facilitating any unlawful activities, business or transaction of or with (i) any OFAC Sanctioned Person, (ii) a Person that is subject to any sanctions of the European Union, the PRC or the Cayman Islands by Order of Her Majesty in Council or (iii) otherwise operate in any manner that would cause the Company or any of its Subsidiaries to be in violation of OFAC Sanctions or any sanctions of the European Union, the PRC or the Cayman Islands.

ARTICLE V

GENERAL PROVISIONS

SECTION 5.01 Confidentiality. During the period beginning on the date hereof and ending on the second (2nd) anniversary of the termination of this Agreement, each Investor shall, and each Investor shall cause its controlled Affiliates to, keep all Confidential Information strictly confidential and not disclose any Confidential Information, in whole or in part, in any manner whatsoever; provided that, notwithstanding anything to the contrary in this Agreement, Confidential Information may be disclosed by the Investors and their respective controlled Affiliates (i) to their respective Representatives and Affiliates, in each case, to the extent such Representative or Affiliate needs to be provided such Confidential Information to assist the Investors and their respective controlled Affiliates in evaluating or reviewing their investment in the Company (provided, that (A) such Representative or Affiliate is subject to an obligation to keep such information confidential on terms at least as favorable to the Company as this Section 5.01 and (B) the Investors and their respective controlled Affiliates shall be responsible for any breach of this Section 5.01 by any of their respective Representatives or Affiliates), (ii) at any time following the expiration of the Lock-Up Period, to a prospective Transferee who is subject to an obligation to keep such information confidential on terms at least as favorable to the Company as this Section 5.01 (provided, that the Investors and their respective controlled Affiliates shall be responsible for any breach of this Section 5.01 by such prospective Transferee) and (iii) if any of the Investors or any of their respective controlled Affiliates, as applicable, has received advice from its outside counsel that it is legally required to make such disclosure to comply with applicable Law; provided, that prior to making such disclosure pursuant to this clause (iii), such Person shall, to the extent legally permissible, promptly notify the Company of such request or requirement and use its reasonable best efforts to preserve the confidentiality of the Confidential Information, including consulting with the Company regarding such disclosure and, if reasonably requested by the Company, assist the Company, at the Company's sole cost and expense, in seeking a protective order to prevent the requested disclosure; and provided, further, that such Person may disclose only that portion of the Confidential Information that is, based on the advice of its outside counsel, legally required or requested to be disclosed.

SECTION 5.02 Amendment. This Agreement may be amended, modified or supplemented only by an agreement in writing executed by all of the parties hereto.

SECTION 5.03 Notices. Unless otherwise provided herein, all notices and other communications hereunder shall be in the English language and writing and shall be deemed given and received if transmitted by electronic mail (with confirmation of receipt by the recipient, which confirmation shall be promptly delivered by the recipient if so requested by the sender in the applicable notice or other communication), on the Business Day after the date on which such notice is sent to the parties hereto at the following addresses (or at such other address for a party hereto as shall be specified by like notice):

(a) If to the Company, to:

Spotify AB
attn. Corporate Legal
Birger Jarlsgatan 61
113 56 Stockholm
Sweden

with a copy (which copy alone shall not constitute notice) to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Attention: Alan M. Klein
Sebastian Tiller

E-mail:

(b) If to DGE Investments, to:

Arch. Makariou & Kalograion Corner 4
Nicolaidis Sea View City, 9th Floor
Offices 903-904, Block A-B
6016 Larnaca
Cyprus
Attention: Olga Mavrou

E-mail:

(c) If to Rosello, to:

22 Stasikratous Street
Office 104
1065 Nicosia
Cyprus
Attention: Pär Ceder

E-mail:

(d) If to Tencent or Tencent Hong Kong, to:

c/o Tencent Holdings Limited
Level 29, Three Pacific Place
1 Queen's Road East
Wanchai, Hong Kong
Attention: Compliance and Transactions Department

Email:

with a copy (which copy alone shall not constitute notice) to:

Tencent Building, Keji Zhongyi Avenue
Hi-tech Park, Nanshan District
Shenzhen 518057, PRC
Attention: Mergers and Acquisitions Department
Email:

and

Davis Polk & Wardwell
The Hong Kong Club Building
3A Chater Road, 18/F
Hong Kong
Attention: Miranda So
E-mail:

(e) If to TME or TME Hong Kong, to:

Tencent Music Entertainment Group
7F, China Technology Trade Center
NO.66 North 4th Ring West Road
Hai Dian District, Beijing
P.R.China 100080
Attention: Hsiang Zhao
E-mail:

with a copy (which copy alone shall not constitute notice) to:

Davis Polk & Wardwell
The Hong Kong Club Building
3A Chater Road, 18/F
Hong Kong
Attention: Miranda So
E-mail:

SECTION 5.04 Waivers. Any party hereto may waive in whole or in part any benefit or right provided to it under this Agreement, such waiver being effective only if contained in a writing executed by the waiving party. The failure of a party hereto at any time or times to require performance of any provision hereof shall in no manner affect its right at a later time to enforce the same. No waiver by a party hereto of any condition or of any breach of any term or covenant contained in this Agreement shall be effective unless in writing, and no waiver in any one or more instances shall be deemed to be a further or continuing waiver of any such condition or breach in other instances or a waiver of any other condition or breach of any other term or covenant.

SECTION 5.05 Successors and Assignment. Except as expressly provided in Section 2.03, neither this Agreement, nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto, in whole or in part (whether by operation of law or otherwise), without the prior written consent of the other parties hereto, and any attempt to make any such assignment without such consent shall be null and void. Subject to the immediately preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by, the parties hereto and their respective permitted successors and assigns.

SECTION 5.06 No Third-Party Beneficiaries. This Agreement is solely for the benefit of the parties to this Agreement and no provision of this Agreement shall be deemed to confer upon any other Person any remedy, claim, liability, reimbursement, cause of action or other right.

SECTION 5.07 Severability. If any provision of this Agreement shall be held invalid, illegal or unenforceable, the validity, legality or enforceability of the other provisions hereof shall not be affected thereby, and there shall be deemed substituted for the provision at issue a valid, legal and enforceable provision as similar as possible to the provision at issue.

SECTION 5.08 Entire Understanding. This Agreement, together with the Subscription Agreement, sets forth the sole and entire agreement and understanding of the Main Parties hereto with respect to the transactions contemplated hereby and all inducements to the making of this Agreement relied upon by the Main Parties hereto and supersedes any and all prior representations, warranties, agreements, arrangements and understandings, both written and oral, among the Main Parties hereto relating to the subject matter hereof (including that certain non-binding term sheet, dated August 21, 2017, by and among the Main Parties hereto).

SECTION 5.09 Governing Documents; Other Shareholder Agreements. The Main Parties hereto hereby acknowledge that the Investors and their respective controlled Affiliates may, in respect of the Spotify Securities they beneficially own, be or become party or subject to other Governing Documents of the Company, and the Investors shall, and the Investors shall cause their respective controlled Affiliates to, comply with the provisions of this Agreement (it being understood that the exercise by the Investors or any of their respective controlled Affiliates of any rights under such other Governing Documents shall at all times be subject to compliance with the provisions set forth herein). The Company shall not adopt or enter into any Governing Document with any Person with respect to, directly or indirectly, any Spotify Securities which would prevent the Company from complying with the provisions of this Agreement.

SECTION 5.10 Governing Law. Except to the extent that mandatory provisions of the Laws of Luxembourg are applicable, this Agreement and its enforcement, and any controversy arising out of or relating to the making or performance of this Agreement, shall be governed by and construed in accordance with the law of the State of New York, without regard to New York's principles of conflicts of law.

SECTION 5.11 Arbitration. All disputes, controversies or claims arising out of or in connection with this Agreement and any and all claims arising out of or in connection with it, including any extra-contractual claims shall be resolved by final and binding arbitration in

accordance with the Rules of Arbitration of the International Chamber of Commerce (the “ICC”) by three (3) arbitrators appointed in accordance with the Rules of Arbitration of the ICC. The claimant(s) shall nominate one (1) arbitrator in the request for arbitration. The respondent(s) shall nominate one (1) arbitrator in the answer to the request. The two (2) arbitrators nominated by the claimant and the respondent may be nationals of any country. The two (2) party-nominated arbitrators shall then attempt to agree, in consultation with the claimant(s) and the respondent(s), upon the nomination of a third (3rd) arbitrator to act as president of the tribunal. If the third (3rd) arbitrator has not been nominated within thirty (30) days of the date of the appointment of the second (2nd) arbitrator, the third (3rd) arbitrator shall be nominated by the ICC International Court of Arbitration. The third (3rd) arbitrator and president of the tribunal shall not be a national of the PRC or Sweden. The place of arbitration shall be Wilmington, Delaware, United States of America. The language of the arbitration shall be English.

SECTION 5.12 Counterparts. This Agreement may be executed (including by e-mail delivery of a portable document format (“.pdf”) file) in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same original instrument.

SECTION 5.13 Specific Performance. The parties hereto hereby recognize, acknowledge and agree that the breach or violation of this Agreement by a party hereto would cause irreparable damage to the other parties hereto and that none of the parties hereto has an adequate remedy at Law. Each party hereto shall therefore be entitled, in addition to any other remedies that may be available, to obtain specific performance of the terms of this Agreement, and appropriate injunctive relief may be applied for and granted in connection therewith. Any party hereto seeking an order or injunction to prevent breaches of this Agreement or to enforce specifically the terms and provisions hereof shall not be required to provide, furnish or post any bond or other security in connection with or as a condition to obtaining any such order or injunction, and each party hereto hereby irrevocably waives any right it may have to require the provision, furnishing or posting of any such bond or other security. If any action is brought by any party hereto to enforce this Agreement, the other parties hereto shall waive the defense that there is an adequate remedy at Law.

SECTION 5.14 Termination. Except for Section 2.02(a), Section 3.01 and Section 3.02 (which shall expire in accordance with their respective terms), this Agreement shall terminate and be of no further force and effect as to any Tencent Party and its controlled Affiliates upon the earlier to occur of (i) the mutual written agreement of such Tencent Party and the Company and (ii) the date on which such Tencent Party and its controlled Affiliates, taken together, no longer beneficially own any Spotify Securities, except that, in each case, the provisions set forth in this Article V shall survive the termination of this Agreement.

SECTION 5.15 Other Agreements. The Tencent Parties shall not, and the Tencent Parties shall cause their controlled Affiliates not to, enter into any agreement of any kind with any Person with respect to, directly or indirectly, any Spotify Securities which is inconsistent with the provisions of this Agreement.

SECTION 5.16 Representations. Tencent hereby represents as of the date hereof that Tencent Hong Kong is, and as of the consummation of the Tencent Hong Kong

Secondary Purchase will be, a wholly owned Subsidiary of Tencent, and no Person other than Tencent owns as of the date hereof, and will own as of the consummation of the Tencent Hong Kong Secondary Purchase, any capital stock of Tencent Hong Kong. Tencent Hong Kong hereby agrees that no Person other than Tencent Hong Kong shall purchase and acquire any Spotify Shares pursuant to the Tencent Hong Kong Secondary Purchase.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, each of the following parties hereto has caused this Agreement to be duly executed and delivered in its name and on its behalf, all as of the day and year first above written.

SPOTIFY TECHNOLOGY S.A.

By: _____
Name:
Title:

TENCENT MUSIC ENTERTAINMENT GROUP

By: _____
Name:
Title:

TENCENT MUSIC ENTERTAINMENT HONG KONG LIMITED

By: _____
Name:
Title:

TENCENT HOLDINGS LIMITED

By: _____
Name:
Title:

IMAGE FRAME INVESTMENT (HK) LIMITED

By: _____

Name:

Title:

Solely with respect to solely with respect to
Section 1.02, Section 2.07, Section 3.02,
Section 5.02, Section 5.03, Section 5.04,
Section 5.05, Section 5.06, Section 5.07,
Section 5.10, Section 5.11, Section 5.12,
Section 5.13 and Section 5.14 :

D.G.E. INVESTMENTS LTD

By: _____

Name:

Title:

Solely with respect to solely with respect to
Section 1.02, Section 2.07, Section 3.02,
Section 5.02, Section 5.03, Section 5.04,
Section 5.05, Section 5.06, Section 5.07,
Section 5.10, Section 5.11, Section 5.12,
Section 5.13 and Section 5.14 :

ROSELLO COMPANY LIMITED

By: _____

Name:

Title:

Exhibit C

[See Attached]

THE COMPANIES LAW (AS AMENDED)

COMPANY LIMITED BY SHARES

THIRD AMENDED AND RESTATED
MEMORANDUM AND ARTICLES OF ASSOCIATION

OF

TENCENT MUSIC ENTERTAINMENT GROUP (腾讯音乐娱乐集团)

(AMENDED AND RESTATED BY SPECIAL RESOLUTION DATED , 2017)

THE COMPANIES LAW (AS AMENDED)

COMPANY LIMITED BY SHARES

**THIRD AMENDED AND RESTATED
MEMORANDUM OF ASSOCIATION**

TENCENT MUSIC ENTERTAINMENT GROUP (腾讯音乐娱乐集团)

(AMENDED AND RESTATED BY SPECIAL RESOLUTION DATED , 2017)

1. The name of the company is Tencent Music Entertainment Group (腾讯音乐娱乐集团) (the “**Company**”).
2. The registered office of the Company shall be at the office of Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands or at such other location as the Directors may from time to time determine.
3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by any law as provided by Section 7(4) of the Companies Law (as amended) of the Cayman Islands (the “**Companies Law**”).
4. The Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit as provided by Section 27(2) of the Companies Law.
5. The Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this section shall be construed as to prevent the Company effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.
6. The liability of the members and shareholders of the Company is limited to the amount, if any, unpaid on the shares respectively held by them.
7. The share capital of the Company is US\$398,400 divided into 4,800,000,000 shares of a nominal or par value of US\$0.000083 each; provided always that, subject to the Companies Law and the Articles of Association, the Company shall have power to redeem or purchase any of its shares and to sub-divide or consolidate the said shares or any of them and to issue all or any part of its capital whether original, redeemed, increased or reduced with or without any preference, priority, special privilege or other rights or subject to any postponement of rights or to any conditions or restrictions whatsoever and so that unless the conditions of issue shall otherwise expressly provide every issue of shares whether stated to be ordinary, preference or otherwise shall be subject to the powers on the part of the Company hereinbefore provided.
8. The Company may exercise the power contained in Section 206 of the Companies Law to deregister in the Cayman Islands and be registered by way of continuation in some other jurisdiction.

TABLE OF CONTENTS

CLAUSE	PAGE
TABLE A	1
INTERPRETATION	1
PRELIMINARY	9
SHARES	9
MODIFICATION OF RIGHTS	10
CERTIFICATES	10
FRACTIONAL SHARES	10
LIEN	11
CALLS ON SHARES	11
FORFEITURE OF SHARES	12
TRANSFER OF SHARES	13
RIGHT OF PARTICIPATION	13
RIGHT OF FIRST REFUSAL; OTHER TRANSFER RESTRICTIONS	14
RIGHT OF CO-SALE	17
DRAG-ALONG RIGHT	18
ANTI-DILUTION ISSUANCE TO TENCENT	19
TRANSMISSION OF SHARES	20
ALTERATION OF SHARE CAPITAL	20
REDEMPTION, PURCHASE AND SURRENDER OF SHARES	21
TREASURY SHARES	21
GENERAL MEETINGS	22
NOTICE OF GENERAL MEETINGS	22
PROCEEDINGS AT GENERAL MEETINGS	23
VOTES OF MEMBERS	24
CORPORATIONS ACTING BY REPRESENTATIVES AT MEETINGS	27

DIRECTORS	27
ALTERNATE DIRECTOR	30
POWERS AND DUTIES OF DIRECTORS	30
BORROWING POWERS OF DIRECTORS	32
THE SEAL	32
REMOVAL AND DISQUALIFICATION OF DIRECTORS	32
PROCEEDINGS OF DIRECTORS	33
DIVIDENDS	34
ACCOUNTS, AUDIT AND ANNUAL RETURN AND DECLARATION	35
CAPITALISATION OF RESERVES	36
SHARE PREMIUM ACCOUNT	36
NOTICES	37
INDEMNITY	38
NON-RECOGNITION OF TRUSTS	38
WINDING UP	39
AMENDMENT OF ARTICLES OF ASSOCIATION	39
CLOSING OF REGISTER OR FIXING RECORD DATE	39
REGISTRATION BY WAY OF CONTINUATION	39
MERGERS AND CONSOLIDATION	40
DISCLOSURE	40

COMPANIES LAW (AS AMENDED)

COMPANY LIMITED BY SHARES

THIRD AMENDED AND RESTATED
ARTICLES OF ASSOCIATION

OF

TENCENT MUSIC ENTERTAINMENT GROUP (腾讯音乐娱乐集团)

(AMENDED AND RESTATED BY SPECIAL RESOLUTION DATED _____, 2017)

TABLE A

The Regulations contained or incorporated in Table 'A' in the First Schedule of the Companies Law shall not apply to Tencent Music Entertainment Group (腾讯音乐娱乐集团) (the "Company") and the following Articles shall comprise the Articles of Association of the Company.

INTERPRETATION

1. In these Articles the following defined terms will have the meanings ascribed to them, if not inconsistent with the subject or context:

"**2014 ESOP**" means the 2014 share incentive plan of the Company approved by the Board, under which 116,400,000 Ordinary Shares were originally reserved, among which 11,640,000 reserved Ordinary Shares had been canceled as of July 12, 2016.

"**Affiliate**" means, (i) with respect to a person that is a natural person, such person's relatives and any other person (other than natural persons) directly or indirectly Controlled by such person, and (ii) with respect to a person that is not a natural person, as person that directly, or indirectly through one or more intermediaries, Controls, or is Controlled by, or is under common Control with, such person. For the purposes of this definition, "relative" of a person means such person's spouse, parent, grandparent, child, grandchild, sibling, uncle, aunt, nephew, niece or great-grandparent or the spouse of such person's child, grandchild, sibling, uncle, aunt, nephew or niece. Notwithstanding the foregoing, for purposes of these Articles, no Member shall be deemed an Affiliate of any other Member solely by reason of the existence of any rights or obligations under the Shareholders Agreement or these Articles or holding of the Company Securities by such Member and any other Member. Further, for purposes of these Articles, none of Spotify Technology S.A., Spotify AB or any of their respective Controlled Affiliates, on the one hand, and the Company, Tencent or any of their respective Affiliates, on the other hand, shall be deemed an Affiliate of the other.

"**Amended Control Documents**" has the meaning ascribed to it in Article 104A.

"**Anti-Dilution Issuance Shares**" has the meaning ascribed to it in Article 61.

"**Anti-Dilution Issuance to Tencent**" has the meaning ascribed to it in Article 61.

"**Articles**" means these articles of association of the Company, as amended or substituted from time to time.

“ **Available For Sale Target Shares** ” has the meaning ascribed to it in Article 49.

“ **Board** ” means the board of directors of the Company.

“ **Branch Register** ” means any branch Register of such category or categories of Members as the Company may from time to time determine.

“ **Chairman** ” has the meaning ascribed to it in Article 76.

“ **CIFH** ” means PAGAC Music Holding II Limited, an exempted company incorporated under the Laws of the Cayman Islands.

“ **Class** ” or “ **Classes** ” means any class or classes of Shares as may from time to time be issued by the Company.

“ **Companies Law** ” means the Companies Law (as amended) of the Cayman Islands.

“ **Company GC** ” has the meaning ascribed to it in Article 115.

“ **Company Securities** ” means any share, share capital, registered capital, ownership interest, partnership interest, equity interest, joint venture or other ownership interest of the Company, or any option, warrant, or right to subscribe for, acquire or purchase any of the foregoing, or any other security or instrument convertible into or exercisable or exchangeable for any of the foregoing, or any equity appreciation, phantom equity, equity plan or similar right with respect to the Company, or any contract of any kind for the purchase or acquisition from the Company of any of the foregoing, either directly or indirectly.

“ **Control** ” means the possession, direct or indirect, of the power to direct, or cause the direction of, the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise.

“ **Control Documents** ” means a series of agreements and documents entered into by and between any wholly-owned PRC Subsidiary of the Company and VIE Affiliates and their shareholders, through which such wholly-owned PRC Subsidiary has acquired the Control and is able to consolidate the financial statements of such VIE Affiliates.

“ **Core Business** ” includes:

- (a) provision of digital music service;
- (b) production and sales of digital music devices;
- (c) provision of online and offline music show service and other performance;
- (d) production and promotion of music content;
- (e) operation of music-related licensing business;
- (f) other music-related business;
- (g) operation, research and development of online gaming and commercial advertisement; and
- (h) other business as approved by the Board.

“**Co-Sale Notice**” has the meaning ascribed to it in Article 52.

“**Directors**” means, unless the context clearly is meant otherwise, the directors of the Company for the time being assembled as a board or as a duly appointed committee thereof, and if the context refers to one or more particular directors, then it means those one or more particular directors of the Company for the time being.

“**Disposition Notice**” has the meaning ascribed to it in Article 48.

“**Drag-Along Right**” has the meaning ascribed to it in Article 58.

“**ESOP**” means collectively, the 2014 ESOP, the 2017 Share Option Plan approved by the Board under which the maximum aggregate number of Ordinary Shares available for exercise of the options to be granted thereunder is 34,826,662 Ordinary Shares (including awards of up to 8,055,153 Ordinary Shares that had not been granted under the 2014 ESOP and have been granted under the 2017 Share Option Plan) and the 2017 Restricted Share Award Scheme approved by the Board under which the maximum aggregate number of Ordinary Shares which may be issued pursuant to all awards of restricted shares to be granted thereunder is 40,157,263 Ordinary Shares (including awards of up to 12,637,194 Ordinary Shares reserved for issuance under the Tencent ESOP).

“**Excluded Related Party Transaction**” has the meaning ascribed to it in Article 127A.

“**First Participation Notice**” has the meaning ascribed to it in Article 39(a).

“**Fully-Exercising ROFR Shareholders**” has the meaning ascribed to it in Article 48.

“**GMHL**” means Guomin Holdings Limited, a company limited by shares incorporated under the Laws of the British Virgin Islands.

“**Group Companies**” means the Company and the entities whose financial results are consolidated with those of the Company in accordance with US GAAP, and each a “**Group Company**”.

“**Issuance Obligation**” has the meaning ascribed to it in the Shareholders Agreement.

“**Key Management**” means Xie Zhenyu, a PRC citizen, and Xie Guomin, a PRC citizen.

“**Largest Financial Investor**” has the meaning ascribed to it in Article 110.

“**Law**” means any law, rule, constitution, code, ordinance, statute, treaty, decree, regulation, common law, order, official policy, circular, provision, administrative order, interpretation, injunction, judgment, ruling, assessment, writ or other legislative measure, in each case of any governmental authority.

“**Member**” means a Person who is registered as the holder of Shares in the Register.

“**Memorandum of Association**” means the memorandum of association of the Company, as amended or substituted from time to time.

“**Music Fund**” means an investment fund formed for the purpose of making investments in music content businesses, whose limited partners include (i) Tencent or its Affiliates and (ii) the Company or another Group Company. Notwithstanding the definition of Affiliates, the parties agree that for purposes of this definition of “Music Fund”, Affiliates of Tencent shall exclude the Group Companies or any of the Group Companies’ Controlled Affiliates.

“**New Securities**” means any share, share capital, registered capital, ownership interest, partnership interest, equity interest, joint venture or other ownership interest of the Company, or any option, warrant, or right to subscribe for, acquire or purchase any of the foregoing, or any other security or instrument convertible into or exercisable or exchangeable for any of the foregoing, or any equity appreciation, phantom equity, equity plan or similar right with respect to the Company, or any contract of any kind for the purchase or acquisition from the Company of any of the foregoing, either directly or indirectly, **provided, however,** that the term “**New Securities**” does not include:

- (a) 104,760,000 Ordinary Shares issued or issuable to qualified employees of the Company pursuant to the 2014 ESOP, or any options to purchase such shares;
- (b) any other Company Securities issued or to be issued under the ESOP;
- (c) any securities issued in connection with any share dividend, distribution, share split, share consolidation, or other similar event in which the Members are otherwise entitled to participate;
- (d) any shares issued upon exercise of options, warrants or other types of awards as approved by the Board;
- (e) any shares issued pursuant to the QIPO;
- (f) any securities of the Company issued or issuable pursuant to the Issuance Obligation;
- (g) any Anti-Dilution Issuance Shares or any securities of the Company issued or issuable pursuant to the Anti-Dilution Issuance to Tencent;
- (h) any shares reserved and issuable to any Shareholder, if applicable, pursuant to its exercise of right of participation under the Prior SHAs in relation to the transactions contemplated under the Tencent Subscription Agreement; and
- (i) any shares issued under the R2G Agreement (**provided** that, if any shares are issued under this clause (i), CIFH shall have returned an equivalent number of Ordinary Shares to the Company);
- (j) the Ordinary Shares issued or issuable pursuant to the Spotify Subscription Agreement; and
- (k) any securities of the Company issued pursuant to the acquisition of another corporation or entity by the Company by consolidation, merger, purchase of assets, or other reorganization in a single transaction or series of related transactions, in each case, duly approved in accordance with Article 104.

“**Non-Tencent Shareholders**” has the meaning ascribed to it in Article 110(b).

“**Non-Transferring Shareholder**” has the meaning ascribed to it in Article 48.

“**Office**” means the registered office of the Company as required by the Companies Law.

“**Officers**” means the officers for the time being and from time to time of the Company.

“**Ordinary Resolution**” means a resolution:

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- (a) passed by a simple majority of the votes cast by such Members as, being entitled to do so, attend and vote in person or, where proxies are allowed, by proxy, at a general meeting of the Company and where a poll is taken regard shall be had in computing a majority to the number of votes to which each Member is entitled; or
- (b) approved in writing by all of such Members entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Members and the effective date of the resolution so adopted shall be the date on which the instrument, or the last of such instruments, if more than one, is executed.

“**Ordinary Shares**” means the ordinary shares of a nominal or par value of US\$0.000083 each in the share capital of the Company.

“**Overallotment Notice**” has the meaning ascribed to it in Article 48.

“**paid up**” means paid up as to the par value in respect of the issue of any Shares and includes credited as paid up.

“**Participation Pro Rata Share**” of any Shareholder means, the ratio of (a) the number of Ordinary Shares held by such Shareholder, to (b) the total number of Ordinary Shares then outstanding and held by all Shareholders immediately prior to the issuance of New Securities giving rise to the Right of Participation.

“**Person**” means any natural person, firm, company, joint venture, partnership, corporation, association or other entity (whether or not having a separate legal personality) or any of them as the context so requires, other than in respect of a Director or Officer in which circumstances Person shall mean any person or entity permitted to act as such in accordance with the laws of the Cayman Islands.

“**PRC**” means the People’s Republic of China and for purposes of these Articles, excludes Hong Kong, Macao Special Administrative Region and Taiwan.

“**Preemptive Right Participants**” has the meaning ascribed to it in Article 39(b).

“**Principal Register**”, where the Company has established one or more Branch Registers pursuant to the Companies Law and these Articles, means the Register maintained by the Company pursuant to the Companies Law and these Articles that is not designated by the Directors as a Branch Register.

“**Prior SHAs**” means the Amended and Restated Shareholders Agreement dated July 12, 2016 by and among the Company and certain other parties named therein, the Amended and Restated Shareholders Agreement dated March 8, 2016 by and among the Company and certain other parties named therein, the Shareholders Agreement dated May 26, 2014 by and among the Company and certain other parties named therein, and the Amended and Restated Shareholders Agreement dated December 4, 2013 by and among the Company and certain other parties named therein.

“**Prospective Transferee**” has the meaning ascribed to it in Article 48.

“**Qualified Stock Exchange**” means the Hong Kong Stock Exchange, New York Stock Exchange, NASDAQ Stock Market, A-Share Market or such other stock exchange approved by the Board.

“**Qualified Transfer**” has the meaning ascribed to it in Article 44.

“**QIPO**” means a firm underwritten public offering of the Ordinary Shares or any equity securities in any of the Company’s Subsidiaries in the U.S., pursuant to an effective registration statement under the Securities Act, or in a similar public offering of the Ordinary Shares or any equity securities in any of the Company’s Subsidiaries in another jurisdiction which results in such shares trading publicly on the Hong Kong Stock Exchange, New York Stock Exchange, NASDAQ Stock Market, A-Share Market or such other stock exchange approved by the Board (each, a “**Qualified Stock Exchange**”) where the Company meets the listing requirements of such Qualified Stock Exchange, and which, in each case, has an offering price per share that results in a post-money valuation of the Company at a minimum of US\$6 billion on a fully diluted basis upon the consummation of the public offering.

“**R2G Agreement**” means the amended and restated share purchase and exchange agreement dated as of October 30, 2013, by and among R2G Limited, certain of its shareholders and the Company, as amended, supplemented, or otherwise modified from time to time.

“**Register**” means the register of Members of the Company required to be kept pursuant to the Companies Law and includes any Branch Register(s) established by the Company in accordance with the Companies Law.

“**Related Party**” means any shareholder, officer or director of a Group Company, or any Affiliate of any such person or of any Group Company, except for any other Group Company. Notwithstanding the definition of Affiliates, the parties agree that for purposes of this definition of “Related Party”, Affiliates of Tencent shall exclude the Group Companies or any of the Group Companies’ Controlled Affiliates.

“**Related Party Transaction**” means a transaction between any Group Company, on the one hand, and any Related Party, on the other hand; *provided* that the following transactions shall not be considered as Related Party Transaction for purposes of this Agreement: (i) any co-investment transaction by a Group Company and a Related Party in a third party; and (ii) any issuance of Company Securities to any Related Party in compliance with the provisions of these Articles.

“**Replacement Nominee**” has the meaning ascribed to it in Article 112.

“**Restricted Person**” means each Person listed on Schedule B of the Shareholders Agreement and each of their respective Affiliates and any entity that a Restricted Person or any of its Affiliates directly or indirectly holds or beneficially owns at least twenty percent (20%) in ownership interest, registered capital, voting power or the decision-making power, whether through contractual arrangements or otherwise.

“**Right of First Refusal**” has the meaning ascribed to it in Article 47.

“**Right of Participation**” means the preemptive right of each Shareholder under Articles 38 through 41 to purchase such Shareholder’s Participation Pro Rata Share of all (or any part) of any New Securities that the Company may from time to time issue after the date of the Shareholders Agreement.

“**ROFR First Response Period**” has the meaning ascribed to it in Article 48.

“**ROFR Pro Rata Portion**” has the meaning ascribed to it in Article 48.

“**ROFR Second Response Period**” has the meaning ascribed to it in Article 48.

“**Sale Notice**” has the meaning ascribed to it in Article 58.

“**Seal**” means the common seal of the Company (if adopted) including any facsimile thereof.

“**Second Largest Financial Investor**” has the meaning ascribed to it in Article 110.

“**Second Participation Notice**” has the meaning ascribed to it in Article 39.

“**Secretary**” means any Person appointed by the Directors to perform any of the duties of the secretary of the Company.

“**Share**” means a share in the capital of the Company. All references to “Shares” herein shall be deemed to be Shares of any or all Classes as the context may require. For the avoidance of doubt in these Articles the expression “Share” shall include a fraction of a Share.

“**Shareholder**” means a Member of the Company other than the Spotify Investors.

“**Shareholders Agreement**” means the Second Amended and Restated Shareholders Agreement dated as of December 8, 2017 by and among the Company and certain other parties thereto.

“**Share Premium Account**” means the share premium account established in accordance with these Articles and the Companies Law.

“**Shortened Lock-up Triggering Event**” has the meaning ascribed to it in Article 44.

“**signed**” means bearing a signature or representation of a signature affixed by mechanical means.

“**Special Resolution**” means a special resolution of the Company passed in accordance with the Companies Law, being a resolution:

- (a) passed by a majority of not less than two-thirds of the votes cast by such Members as, being entitled to do so, attend and vote in person or, where proxies are allowed, by proxy, at a general meeting of the Company of which notice specifying the intention to propose the resolution as a special resolution has been duly given and where a poll is taken regard shall be had in computing a majority to the number of votes to which each Member is entitled; or
- (b) approved in writing by all of the Members entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Members and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments, if more than one, is executed.

“**Spotify Investor Agreement**” means that certain Investor Agreement to be entered into by and among the Company, Spotify AB, Spotify Technology S.A. and Tencent Holdings Limited at the closing of the transactions contemplated by the Spotify Subscription Agreement, as it may be amended or restated from time to time.

“**Spotify Investor**” has the meaning ascribed to “Investor” in the Spotify Investor Agreement.

“**Spotify Subscription Agreement**” means that certain Subscription Agreement, dated December 8, 2017, by and among the Company, Tencent Music Entertainment Hong Kong Limited, Spotify Technology S.A. and Spotify AB.

“**Subsidiary**” means, with respect to any given Person, any Person of which the given Person directly or indirectly Controls.

“**Target Shares**” has the meaning ascribed to it in Article 48.

“**Tencent**” means Min River Investment Limited, a company limited by shares incorporated under the laws of the British Virgin Islands.

“**Tencent Closing Date**” has the same meaning as ascribed to the definition of “Closing Date” in the Tencent Subscription Agreement.

“**Tencent Directors**” has the meaning ascribed to it in Article 110.

“**Tencent ESOP**” means the equity incentive, purchase or participation plan, employee stock option plan or similar plan of the Company to be approved by the Board, under which 12,637,194 Ordinary Shares have been reserved for issuance.

“**Tencent GC**” has the meaning ascribed to it in Article 115.

“**Tencent Subscription Agreement**” means the Share Subscription Agreement dated as of July 12, 2016 by and among the Company, Tencent and certain other parties thereto.

“**Tencent Transaction Documents**” has the meaning ascribed to the term “Transaction Documents” in the Tencent Subscription Agreement.

“**Trade Sale**” means (i) a sale, lease, transfer or other disposition of all or substantially all of the assets of the Group Companies as a whole, (ii) an exclusive licensing out of all or substantially all of the Intellectual Property of the Group Companies as a whole, (iii) any transaction (or a series of related transactions) in which a majority of the Company’s voting power or a majority of the voting power of any material Subsidiary of the Company is transferred to a third party (or multiple third parties) or to Tencent or its Affiliates (whether by share transfer or share issuance), or (iv) a merger, consolidation or other business combination of the Company or any material Subsidiary of the Company with or into any other Person.

“**Transfer**” means, with respect to any Company Securities, (i) when used as a verb, to sell, assign, dispose of, exchange, pledge, encumber, hypothecate or otherwise transfer such Company Securities or any participation or interest therein, whether directly or indirectly (including pursuant to a derivative transaction or a transfer or new issuance of ownership interests in a direct or indirect holder of such Company Securities), or agree or commit to do any of the foregoing and (ii) when used as a noun, a direct or indirect sale, assignment, disposition, exchange, pledge, encumbrance, hypothecation, or other transfer of such Company Securities or any participation or interest therein or any agreement or commitment to do any of the foregoing.

“**Transferring Shareholder**” has the meaning ascribed to it in Article 48.

“**Treasury Shares**” means Shares that were previously issued but were purchased, redeemed, surrendered or otherwise acquired by the Company and not cancelled.

“**US GAAP**” means the generally accepted accounting principles and practices in the United States as in effect from time to time.

“**VIE Affiliates**” means collectively Beijing Kuwo Technology Co., Ltd. (北京酷我科技有限公司) and Guangzhou Kugou Computer Technology Co., Ltd. (广州酷狗计算机科技有限公司).

2. In these Articles, save where the context requires otherwise:

(a) words importing the singular number shall include the plural number and vice versa;

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- (b) words importing the masculine gender only shall include the feminine gender and any Person as the context may require;
 - (c) the word “may” shall be construed as permissive and the word “shall” shall be construed as imperative;
 - (d) reference to a dollar or dollars or USD (or \$) and to a cent or cents is reference to dollars and cents of the United States of America;
 - (e) reference to a statutory enactment shall include reference to any amendment or re-enactment thereof for the time being in force;
 - (f) reference to any determination by the Directors shall be construed as a determination by the Directors in their sole and absolute discretion and shall be applicable either generally or in any particular case; and
 - (g) reference to “in writing” shall be construed as written or represented by any means reproducible in writing, including any form of print, lithograph, email, facsimile, photograph or telex or represented by any other substitute or format for storage or transmission for writing or partly one and partly another.
3. Subject to the preceding Articles, any words defined in the Companies Law shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

PRELIMINARY

4. The business of the Company may be commenced at any time after incorporation.
5. The Office shall be at such address in the Cayman Islands as the Directors may from time to time determine. The Company may in addition establish and maintain such other offices and places of business and agencies in such places as the Directors may from time to time determine.
6. The expenses incurred in the formation of the Company and in connection with the offer for subscription and issue of Shares shall be paid by the Company. Such expenses may be amortised over such period as the Directors may determine and the amount so paid shall be charged against income and/or capital in the accounts of the Company as the Directors shall determine.
7. The Directors shall keep, or cause to be kept, the Register at such place or (subject to compliance with the Companies Law and these Articles) places as the Directors may from time to time determine. In the absence of any such determination, the Register shall be kept at the Office. The Directors may keep, or cause to be kept, one or more Branch Registers as well as the Principal Register in accordance with the Companies Law, provided always that a duplicate of such Branch Register(s) shall be maintained with the Principal Register in accordance with the Companies Law.

SHARES

8. Subject to Articles 103 and 104, and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all Shares for the time being unissued shall be under the control of the Directors who may:
 - (a) issue, allot and dispose of the same to such Persons, in such manner, on such terms and having such rights and being subject to such restrictions as they may from time to time determine; and

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- (b) grant options with respect to such Shares and issue warrants or similar instruments with respect thereto;
- (c) and, for such purposes, the Directors may reserve an appropriate number of Shares for the time being unissued.
9. Subject to Articles 103 and 104, the Members by Special Resolution, may authorise the division of Shares into any number of Classes and sub-classes and the different Classes and sub-classes shall be authorised, established and designated (or re-designated as the case may be) and the variations in the relative rights (including, without limitation, voting, dividend and redemption rights), restrictions, preferences, privileges and payment obligations as between the different Classes (if any) may be fixed and determined by the Members by Special Resolution.
10. The Company may insofar as may be permitted by law, pay a commission to any Person in consideration of his subscribing or agreeing to subscribe whether absolutely or conditionally for any Shares. Such commissions may be satisfied by the payment of cash or the lodgement of fully or partly paid-up Shares or partly in one way and partly in the other. The Company may also pay such brokerage as may be lawful on any issue of Shares.
11. The Directors may refuse to accept any application for Shares, and may accept any application in whole or in part, for any reason or for no reason.

MODIFICATION OF RIGHTS

12. Whenever the capital of the Company is divided into different Classes, the rights attached to any such Class may, subject to any rights or restrictions for the time being attached to any Class, only be materially adversely varied or abrogated with the consent in writing of the holders of not less than two-thirds of the issued Shares of the relevant Class, or with the sanction of a resolution passed at a separate meeting of the holders of the Shares of such Class by two-thirds of the votes cast at such a meeting. To every such separate meeting all the provisions of these Articles relating to general meetings of the Company or to the proceedings thereat shall, *mutatis mutandis*, apply, except that the necessary quorum shall be one or more Persons at least holding or representing by proxy one-third in nominal or par value amount of the issued Shares of the relevant Class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those Members who are present shall form a quorum) and that, subject to any rights or restrictions for the time being attached to the Shares of that Class, every Member of the Class shall on a poll have one vote for each Share of the Class held by him.
13. The rights conferred upon the holders of the Shares of any Class issued with preferred or other rights shall not, subject to any rights or restrictions for the time being attached to the Shares of that Class, be deemed to be materially adversely varied or abrogated by, *inter alia*, the creation, allotment or issue of further Shares ranking *pari passu* with or subsequent to them or the redemption or purchase of any Shares of any Class by the Company.

CERTIFICATES

14. No Person shall be entitled to a certificate for any or all of his Shares, unless the Directors shall determine otherwise.

FRACTIONAL SHARES

15. The Directors may issue fractions of a Share and, if so issued, a fraction of a Share shall be subject to and carry the corresponding fraction of liabilities (whether with respect to nominal or par value, premium, contributions, calls or otherwise), limitations, preferences, privileges, qualifications, restrictions, rights (including, without prejudice to the generality of the foregoing,

voting and participation rights) and other attributes of a whole Share. If more than one fraction of a Share of the same Class is issued to or acquired by the same Member such fractions shall be accumulated.

LIEN

16. The Company has a first and paramount lien on every Share (whether or not fully paid) for all amounts (whether presently payable or not) payable at a fixed time or called in respect of that Share. The Company also has a first and paramount lien on every Share (whether or not fully paid) registered in the name of a Person indebted or under liability to the Company (whether he is the sole registered holder of a Share or one of two or more joint holders) for all amounts owing by him or his estate to the Company (whether or not presently payable). The Directors may at any time declare a Share to be wholly or in part exempt from the provisions of this Article. The Company's lien on a Share extends to any amount payable in respect of it.
17. The Company may sell, in such manner as the Directors may determine, any Share on which the Company has a lien, but no sale shall be made unless an amount in respect of which the lien exists is presently payable nor until the expiration of fourteen days after a notice in writing, demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the Share, or the Persons entitled thereto by reason of his death or bankruptcy.
18. For giving effect to any such sale the Directors may authorise some Person to transfer the Shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the Shares comprised in any such transfer and he shall not be bound to see to the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
19. The proceeds of the sale after deduction of expenses, fees and commission incurred by the Company shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue shall (subject to a like lien for sums not presently payable as existed upon the Shares prior to the sale) be paid to the Person entitled to the Shares immediately prior to the sale.

CALLS ON SHARES

20. The Directors may from time to time make calls upon the Members in respect of any moneys unpaid on their Shares, and each Member shall (subject to receiving at least fourteen days' notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on such Shares.
21. The joint holders of a Share shall be jointly and severally liable to pay calls in respect thereof.
22. If a sum called in respect of a Share is not paid before or on the day appointed for payment thereof, the Person from whom the sum is due shall pay interest upon the sum at the rate of eight percent per annum from the day appointed for the payment thereof to the time of the actual payment, but the Directors shall be at liberty to waive payment of that interest wholly or in part.
23. The provisions of these Articles as to the liability of joint holders and as to payment of interest shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the amount of the Share, or by way of premium, as if the same had become payable by virtue of a call duly made and notified.

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24. The Directors may make arrangements on the issue of partly paid Shares for a difference between the Members, or the particular Shares, in the amount of calls to be paid and in the times of payment.
 25. The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon any partly paid Shares held by him, and upon all or any of the moneys so advanced may (until the same would, but for such advance, become presently payable) pay interest at such rate (not exceeding without the sanction of an Ordinary Resolution, eight percent per annum) as may be agreed upon between the Member paying the sum in advance and the Directors.

FORFEITURE OF SHARES

26. If a Member fails to pay any call or instalment of a call in respect of any Shares on the day appointed for payment, the Directors may, at any time thereafter during such time as any part of such call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.
27. The notice shall name a further day (not earlier than the expiration of fourteen days from the date of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed the Shares in respect of which the call was made will be liable to be forfeited.
28. If the requirements of any such notice as aforesaid are not complied with, any Share in respect of which the notice has been given may at any time thereafter, before the payment required by notice has been made, be forfeited by a resolution of the Directors to that effect.
29. A forfeited Share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit.
30. A Person whose Shares have been forfeited shall cease to be a Member in respect of the forfeited Shares, but shall, notwithstanding, remain liable to pay to the Company all moneys which at the date of forfeiture were payable by him to the Company in respect of the Shares forfeited, but his liability shall cease if and when the Company receives payment in full of the amount unpaid on the Shares forfeited.
31. A statutory declaration in writing that the declarant is a Director, and that a Share has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts in the declaration as against all Persons claiming to be entitled to the Share.
32. The Company may receive the consideration, if any, given for a Share on any sale or disposition thereof pursuant to the provisions of these Articles as to forfeiture and may execute a transfer of the Share in favour of the Person to whom the Share is sold or disposed of and that Person shall be registered as the holder of the Share, and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the disposition or sale.
33. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a Share becomes due and payable, whether on account of the amount of the Share, or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
- 33A. Notwithstanding the foregoing, Articles 16 through 33 shall not apply to the Ordinary Shares issued to Spotify AB pursuant to the Spotify Subscription Agreement.

TRANSFER OF SHARES

34. The instrument of transfer of any Share shall be in any usual or common form or such other form as the Directors may determine and be executed by or on behalf of the transferor and if in respect of a nil or partly paid up Share, or if so required by the Directors, shall also be executed on behalf of the transferee and shall be accompanied by the certificate (if any) of the Shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain a Member until the name of the transferee is entered in the Register in respect of the relevant Shares.
35. Subject to the terms of issue thereof, the Directors may determine to decline to register any transfer of Shares without assigning any reason therefor, provided that the Directors shall not decline to register any transfer of Shares expressly permitted by or made in compliance with the Shareholders Agreement or the Spotify Investor Agreement. If the Board refuses to register a transfer of any share, it shall, within ten days after the date on which the transfer was lodged with the Company, send to each of the transferor and transferee notice of the refusal.
36. The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine, provided that the Directors shall not suspend the registration of transfers of Shares in violation of the Spotify Investor Agreement. If the Board has suspended registrations of transfers of shares, it shall, within ten days after the date on which any transfer is lodged with the Company, send to each of the transferor and transferee notice of such suspension.
37. All instruments of transfer that are registered shall be retained by the Company, but any instrument of transfer that the Directors decline to register shall (except in any case of fraud) be returned to the Person depositing the same.

RIGHT OF PARTICIPATION

38. Each Shareholder shall have the Right of Participation to purchase its Participation Pro Rata Share of any New Securities that the Company may from time to time issue after the date of the Shareholders Agreement, provided that the Shareholder exercising the Right of Participation must undertake to the Company and the other Shareholders that it purchases the New Securities entirely for its own account, and not as a nominee holder for any third party.
39. Procedures.

(a) First Participation Notice. In the event that the Company proposes to issue New Securities, it shall give to each Shareholder a written notice (the “First Participation Notice”), describing the amount and type of New Securities, the price and the general terms upon which the Company proposes to issue such New Securities. Each Shareholder shall have the right to purchase all or a portion of such Shareholder’s Participation Pro Rata Share of such New Securities for the price and upon the terms and conditions specified in the First Participation Notice by giving a written notice to the Company within twenty (20) days from the date of receipt of such First Participation Notice and stating therein the quantity of New Securities to be purchased by such Shareholder (not to exceed its Participation Pro Rata Share of such New Securities). If any Shareholder fails to so notify in writing within such twenty (20) day period to purchase its full Participation Pro Rata Share of the New Securities, such Shareholder shall forfeit the right hereunder to purchase that part of its Participation Pro Rata Share of such New Securities that it did not elect to purchase but without prejudice to participating in any future or other offerings of New Securities.

(b) Second Participation Notice: Oversubscription. If any Shareholder does not exercise in full its Right of Participation within the above twenty (20) day period, the Company

shall promptly give a written notice (the “**Second Participation Notice**”) to each of the Shareholders who has exercised in full its Right of Participation in accordance with Article 39(a) above (the “**Preemptive Right Participants**”). Each Preemptive Right Participant shall have ten (10) days from the date of receipt of the Second Participation Notice to notify the Company of its desire to purchase more than its Participation Pro Rata Share of the New Securities, stating the number of the additional New Securities it proposes to buy. If, as a result thereof, such oversubscription exceeds the total number of the remaining New Securities available for purchase, each oversubscribing Preemptive Right Participant will be cut back by the Company with respect to its oversubscription to that number of remaining New Securities equal to the lesser of (x) the number of the additional New Securities such oversubscribing Preemptive Right Participant proposed to buy, and (y) the product obtained by multiplying (i) the number of the remaining New Securities available for subscription by (ii) a fraction, the numerator of which is the number of Ordinary Shares held by such oversubscribing Preemptive Right Participant and the denominator of which is the total number of Ordinary Shares held by all the oversubscribing Preemptive Right Participants. Each Preemptive Right Participant shall be obligated to buy such number of New Securities as determined by the Company pursuant to this Article 39(b).

(c) Notwithstanding anything to the contrary in these Articles or the Shareholders Agreement, the Company shall have the right to consummate an issuance of New Securities at any time with one or more Shareholders who have exercised their Right of Participation and are able to consummate such issuance before the expiration of the periods contemplated in Articles 39(a) and 39(b); provided that (i) such Shareholders shall not be entitled to acquire more New Securities than they would have been entitled to acquire if such periods had lapsed in full, and (ii) each other Shareholder shall continue to be entitled to acquire the same number of New Securities during such periods contemplated above as such Shareholder would have been entitled to acquire if the Company had not consummated any issuances before such periods had lapsed in full.

40. Upon the expiration of a ten (10) day period from the date of the Second Participation Notice, or the twenty (20) day period from the date of the First Participation Notice (if no Shareholder exercises its Right of Participation within such 20-day period), the Company shall have ninety (90) days thereafter to sell the New Securities described in the First Participation Notice (with respect to which the Rights of Participation hereunder were not exercised) at the same or higher price and on terms not more favorable to the purchasers thereof than those specified in the First Participation Notice. In the event that the Company has not issued and sold such New Securities within such ninety (90) day period, the Company shall not thereafter issue or sell any such New Securities without again first offering such New Securities to the Shareholders pursuant to these Articles 38 through 41.
41. The Company shall not be obligated to consummate any proposed issuance of New Securities, nor be liable to any Shareholder if the Company has not consummated any proposed issuance of New Securities pursuant to these Articles 38 through 41 for whatever reason, regardless of whether it shall have delivered a First Participation Notice or received any exercise notice in respect of such proposed issuance (provided that in such case the Company shall use its best efforts to consummate the issuance of New Securities to the Shareholders that have delivered such exercise notice).

RIGHT OF FIRST REFUSAL; OTHER TRANSFER RESTRICTIONS

42. For so long as there are Company Securities issued and outstanding, none of the Shareholders shall directly or indirectly Transfer any Company Securities in contravention of these Articles. Such restrictions, however, shall not be applicable to any Transfer of the Company Securities (a) to an Affiliate of such Shareholder, (b) to a custodian or a trustee, including a trustee of a voting trust, or partnership solely for the account and benefit of a Shareholder, (c) among the Shareholders, (d) by CIFH to certain designees of shareholders of R2G Limited of up to 9,977,004 Ordinary Shares, in one or more transactions, as an alternative method to achieve the

economic purpose contemplated by the R2G Agreement (in which case (i) the Company shall pay to CIFH on behalf of the relevant recipients of such shares at US\$0.3333 per share, as if the Company had repurchased such shares from CIFH and re-issued the same to the relevant shareholders of R2G Limited and (ii) the Company's right to issue an equivalent number of shares under (i) of the definition of "New Securities" shall forfeit) or (e) by the designees of shareholders of R2G Limited by way of waiving or non-exercising their right to receive any shares under the above (d) in exchange for cash consideration payable by CIFH, provided that in each case of (a), (b), (c) and (d), each such transferee or assignee, prior to the completion of the Transfer shall have executed documents fully and unconditionally assuming all of the obligations of such Shareholder under the Shareholders Agreement with respect to the Transferred Company Securities; provided, further, that in the case of (a), if such transferee at any time ceases to be an Affiliate of such Shareholder, such transferee shall, prior to its ceasing to be an Affiliate of such Shareholder, Transfer such Company Securities back to such Shareholder.

43. [Reserved.]

44. Notwithstanding anything otherwise provided in the Shareholders Agreement or these Articles, without the prior written consent of Tencent, (i) at any time during the first three (3) years after the Tencent Closing Date, each of the Key Management will not, Transfer, directly or indirectly, any Company Securities that are in excess of thirty percent (30%) of the aggregate Company Securities held or beneficially owned by such Key Management (subject to subsequent adjustment for share splits, share dividends, reverse share splits, re-capitalizations and the like) as of the Tencent Closing Date, whether in a single transaction or a series of transactions; and (ii) at any time during each one-year period for the three (3) years after the third (3rd) anniversary of the Tencent Closing Date, each of the Key Management will not, Transfer, directly or indirectly, any Company Securities that are in excess of one-third (1/3) of the aggregate remaining Company Securities held or beneficially owned by such Key Management (subject to subsequent adjustment for share splits, share dividends, reverse share splits, re-capitalizations and the like) as of the third (3rd) anniversary of the Tencent Closing Date, whether in a single transaction or a series of transactions; *provided* that with respect to any Key Management, if at any time during the four-year period after the Tencent Closing Date, (x) such Key Management has been removed as officer and employee of all Group Companies and all the employment agreements with such Key Management have been terminated by all Group Companies, or (y) such Key Management becomes a key executive of the general partner of the Music Fund (for the avoidance of doubt, once such Key Management becomes a key executive of the general partner of the Music Fund, such Key Management should have resigned and no longer been a director, officer or employee of any Group Company) (either (x) or (y), the "**Shortened Lock-up Triggering Event**"), then upon the resignation by such Key Management as directors of all Group Companies, the above Key Management lock-up provision shall be replaced by the following: without the prior written consent of Tencent, at any time during each one-year period for the two (2) years after the Shortened Lock-up Triggering Event, each of the Key Management will not, Transfer, directly or indirectly, any Company Securities that are in excess of one-half (1/2) of the aggregate Company Securities held or beneficially owned by such Key Management (subject to subsequent adjustment for share splits, share dividends, reverse share splits, re-capitalizations and the like) as of the Shortened Lock-up Triggering Event, whether in a single transaction or a series of transactions (any Transfer made as permitted pursuant to this proviso shall be a "**Qualified Transfer**"); *provided further* that, notwithstanding anything to the contrary in Article 42, any proposed Transfer of Company Securities held or beneficially owned by such Key Management that is a Qualified Transfer (including any Transfer made by such Key Management's Affiliates or permitted transferees) to any person (including to any other Shareholder) shall comply with, and be subject to the Right of First Refusal of each Shareholder in accordance with the respective provisions under these Articles 42 through 51. The lock-up contemplated under this Article 44 shall terminate upon the earliest of (i) the second (2nd) anniversary of the Shortened Lock-up Triggering Event (only if the Shortened Lock-up Triggering Event is applicable); (ii) the sixth (6th) anniversary of the Tencent Closing Date; and (iii) six months after the consummation of a QIPO .

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45. Notwithstanding anything to the contrary contained in the Shareholders Agreement or these Articles, without the prior written consent of Tencent, none of the Shareholders other than Tencent shall Transfer, directly or indirectly, any Company Securities held or beneficially owned by it to any Restricted Person.
46. [Reserved.]
47. Grant of Right of First Refusal. Subject to the Drag-Along Right as set forth in Articles 58 through 60 below, each of the Shareholders is hereby granted a right of first refusal (the “**Right of First Refusal**”), exercisable in connection with any proposed Transfer of the Company Securities held by any other Shareholder, provided that the Shareholder exercising such Right of First Refusal must undertake to the Company and the other Shareholders that it purchases such Company Securities entirely for its own account, and not as a nominee holder for any third party. These Articles 42 through 51 shall not apply to any of the permitted Transfers under Article 42.
48. In the event a Shareholder (the “**Transferring Shareholder**”) desires to accept a bona fide offer from a third party (other than the Restricted Persons) (the “**Prospective Transferee**”) for any or all of the Company Securities then held by such Transferring Shareholder (the Company Securities subject to such offer to be hereinafter called the “**Target Shares**”), the Transferring Shareholder shall promptly (i) deliver to each of the other Shareholders (the “**Non-Transferring Shareholders**”) a written notice (the “**Disposition Notice**”) describing the terms and conditions of the offer, including the purchase price and the identity of the Prospective Transferee; and (ii) provide satisfactory proof that the disposition of the Target Shares to such Prospective Transferee would not be in contravention of the provisions set forth in these Articles 42 through 51. Each Non-Transferring Shareholder may exercise the Right of First Refusal and, thereby, purchase all or any part of its ROFR Pro Rata Portion (as defined below and with any re-allotments as provided below) of the Target Shares at the same price and subject to the same material terms and conditions as described in the Disposition Notice, by notifying the Transferring Shareholder in writing within thirty (30) days after receiving the Disposition Notice (the “**ROFR First Response Period**”) as to the number of such Target Shares that it wishes to purchase. No Shareholder shall have a right to purchase any of the Target Shares unless it exercises its Right of First Refusal within the ROFR First Response Period. If any Prospective Transferee has offered to pay for any Target Shares with property, services or any other non-cash consideration, the Non-Transferring Shareholders shall nevertheless have the right to pay for such Target Shares with cash in an amount equal to the fair market value of the non-cash consideration offered by the Prospective Transferee in question, where the fair market value of such non-cash consideration shall be conclusively determined in good faith by the Board. For purposes of this Article 48, the term “**ROFR Pro Rata Portion**” means that number of Company Securities equal to the product obtained by multiplying (i) the aggregate number of Target Shares covered by the Disposition Notice by (ii) a fraction, the numerator of which is the number of Company Securities held by such Non-Transferring Shareholder (assuming the conversion of all securities convertible into Ordinary Shares and exercise of all warrants, options and other securities exercisable for Ordinary Shares) at the time of the sale or transfer and the denominator of which is the total number of Company Securities held by all Non-Transferring Shareholders (assuming the conversion of all securities convertible into Ordinary Shares and exercise of all warrants, options and other securities exercisable for Ordinary Shares). If any Non-Transferring Shareholder fails to notify the Transferring Shareholder of such Non-Transferring Shareholder’s exercise of its Right of First Refusal, or, if any Non-Transferring Shareholder notifies the Transferring Shareholder that such Non-Transferring Shareholder will only partially exercise its Right of First Refusal, in each case within the ROFR First Response Period, then the Transferring Shareholder shall, as soon as possible but in any event within two (2) days after the expiration of the ROFR First Response Period, give a written notice (the “**Overallocation Notice**”) to each Non-Transferring Shareholder who has elected to exercise in full its ROFR Pro Rata Portion of the Target Shares (the “**Fully-Exercising ROFR Shareholders**”) specifying the Target Shares that are still available to be purchased by the Fully-Exercising ROFR Shareholders. Such Overallocation Notice may be made by telephone if confirmed in writing within two (2) days. The

Fully-Exercising ROFR Shareholders shall have a right of overallocation, exercisable within five (5) days upon receiving the Overallocation Notice (the “**ROFR Second Response Period**”), to buy up to all of the unsold Target Shares, or if more than one Fully-Exercising ROFR Shareholders exercise their overallocation right, the number of unsold Target Shares to be purchased by each Fully-Exercising ROFR Shareholder shall be reduced, to the extent necessary, to such number based on the number of Company Securities held by each Fully-Exercising ROFR Shareholder who has exercised its overallocation right (assuming the conversion of all securities convertible into Ordinary Shares and exercise of all warrants, options and other securities exercisable for Ordinary Shares) divided by the number of Company Securities held by all Fully-Exercising ROFR Shareholders who have exercised their overallocation right (assuming the conversion of all securities convertible into Ordinary Shares and exercise of all warrants, options and other securities exercisable for Ordinary Shares).

49. If, after applying the procedure set forth in Article 48, there are still Target Shares not yet been purchased by the Non-Transferring Shareholders (such shares, the “**Available For Sale Target Shares**”), the Transferring Shareholder shall have a period of ninety (90) days thereafter to sell or otherwise dispose of such Available For Sale Target Shares, subject to the provisions of Articles 52 through 57 set forth below, to the Prospective Transferee(s) identified in the Disposition Notice, upon terms and conditions (including the purchase price) no more favorable to such Prospective Transferee(s) than those specified in the Disposition Notice. If the Transferring Shareholder has not completed the sale or disposition of the Available For Sale Target Shares within the specified ninety (90) day period, the Non-Transferring Shareholders’ Right of First Refusal hereunder shall once again apply to the transfer of the Available For Sale Target Shares.
50. In the event of any share dividend, share split, sub-division or consolidation of shares, recapitalization or other transaction affecting the Company’s outstanding Company Securities as a class effected without receipt of consideration, then any new, substituted or additional securities or other property that is by reason of such transaction distributed with respect to the Company Securities shall be immediately subject to the Non-Transferring Shareholders’ Right of First Refusal hereunder.
51. Payment of the purchase price for the Target Shares (or a portion thereof, as applicable) shall be made at the time as agreed between the Transferring Shareholder and each of the Non-Transferring Shareholders that has elected to exercise the Right of First Refusal, provided that such time shall not be later than the closing time specified in the Disposition Notice, unless otherwise agreed by the Transferring Shareholder and the relevant Non-Transferring Shareholders. Payment of the purchase price shall be made by wire transfer or check as directed by the Transferring Shareholder against delivery of the Target Shares to be purchased (or a portion thereof, as applicable).
- 51A. Notwithstanding anything to the contrary contained in these Articles, Articles 42 through 51 shall not apply to the Ordinary Shares issued to Spotify AB pursuant to the Spotify Subscription Agreement.

RIGHT OF CO-SALE

52. Subject to Articles 42 through 51 above, and to the extent that (i) there are Available For Sale Target Shares, and (ii) the sale of Available For Sale Target Shares would result in a third party other than Tencent owning at least 50% of the total share capital of the Company on a fully diluted basis, each Non-Transferring Shareholder shall have the right, exercisable upon written notice (the “**Co-Sale Notice**”) delivered to the Transferring Shareholder within ten (10) days after the expiration of the ROFR Second Response Period or, if none of the Non-Transferring Shareholders have exercised their Right of First Refusal within the ROFR First Response Period, within ten (10) days after the expiration of the ROFR First Response Period, to participate in the sale of the Available For Sale Target Shares on the terms and conditions as set forth in Article 53 below.

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53. Each Non-Transferring Shareholder may participate in the proposed sale and sell that number of Company Securities not to exceed the number of shares calculated by multiplying the aggregate number of the Available For Sale Target Shares by a fraction, the numerator of which is the number of Company Securities held by such Non-Transferring Shareholder (assuming the conversion of all securities convertible into Ordinary Shares and exercise of all warrants, options and other securities exercisable for Ordinary Shares) at the time of the Co-Sale Notice and the denominator of which is the sum of (A) the aggregate number of Company Securities held by all Shareholders exercising the co-sale right hereunder plus (B) the number of the Company Securities held by the Transferring Shareholder (assuming the conversion of all securities convertible into Ordinary Shares and exercise of all warrants, options and other securities exercisable for Ordinary Shares), and the Company Securities that can be sold by the Transferring Shareholder to the Prospective Transferee shall be correspondingly reduced.
 54. The Non-Transferring Shareholders shall effect their participation in the proposed sale by promptly delivering to the Transferring Shareholder an instrument of transfer, together with one or more certificates that represent the number of Company Securities that the Non-Transferring Shareholder elects to sell.
 55. The Transferring Shareholder shall deliver to the Company the instrument(s) of transfer and share certificate(s) in respect of the transfer of any Company Securities pursuant to Article 54 promptly upon receipt of the same. Upon receipt of the instrument(s) of transfer and share certificate(s) referred to above from the Transferring Shareholder, the Company shall register such transfer and make the appropriate entries on the register of members of the Company to reflect such transfer, and the Transferring Shareholder shall concurrently therewith remit to the Company for delivery to each of the Non-Transferring Shareholders that portion of the sale proceeds to which such Non-Transferring Shareholder is entitled by reason of its participation in such transfer. To the extent that any Prospective Transferee prohibits such assignment or otherwise refuses to purchase Company Securities from a Non-Transferring Shareholder exercising its right of co-sale hereunder, the Transferring Shareholder shall not sell to such Prospective Transferee any Company Securities unless and until, simultaneously with such sale, the Prospective Transferee shall purchase from such Non-Transferring Shareholder the Company Securities that such Non-Transferring Shareholder is entitled to sell under these Articles 52 through 57.
 56. The exercise or non-exercise of the right of co-sale by the Non-Transferring Shareholders hereunder shall not adversely affect their right to participate in subsequent sales of Company Securities subject to Article 52.
 57. Notwithstanding anything to the contrary, these Articles 52 through 57 shall not apply to any transfer permitted under Article 42.

DRAG-ALONG RIGHT

58. Subject to Article 60, at any time prior to an initial public offering of the Company's Shares on a Qualified Stock Exchange, if Tencent proposes a Trade Sale at an equity valuation of the Company of not less than US\$6 billion on a fully diluted basis, and:
 - (a) in the event that such proposed Trade Sale is to a bona fide third party (other than Tencent or any Affiliate of Tencent), such Trade Sale has been approved by (x) no less than 75% of the Board, and (y) Members holding no less than 75% of the issued and outstanding Ordinary Shares of the Company; or
 - (b) in the event that such proposed Trade Sale is to Tencent or any Affiliate of Tencent, such Trade Sale has been approved by Members holding no less than 66.7% of the issued and outstanding Ordinary Shares of the Company (other than any Ordinary Shares held by Tencent or any of its Affiliates),

then upon a written request from Tencent, each of the other Shareholders shall (i) vote all voting Company Securities held by them in favour of the Trade Sale and cause each Director designated by it to vote in favour of the Trade Sale, (ii) refrain from exercising any dissenters' rights or rights of appraisal under applicable Law at any time with respect to the Trade Sale, (iii) execute and deliver all related documentation and take such other action in support of the Trade Sale as shall reasonably be requested by Tencent or the Company, and (iv) if the Trade Sale is structured as a transfer of Ordinary Shares or other Company Securities, transfer all of the Ordinary Shares or other Company Securities to the third party to consummate the Trade Sale (the "**Drag-Along Right**"). When exercising the Drag-Along Right, Tencent shall send written notice (the "**Sale Notice**") to all other Shareholders with copy to the Company specifying the names of the purchaser(s), the nature of the Trade Sale, the consideration payable per share or the total consideration payable and a summary of the material terms and conditions of such transaction. Upon receipt of a Sale Notice, all other Shareholders shall be obligated to consummate such Trade Sale in accordance with this Article 58. Notwithstanding the definition of Affiliates, for purposes of this Article 58, Affiliates of Tencent shall exclude the Group Companies or any of the Group Companies' Controlled Affiliates.

59. In the event that any other Shareholder fails for any reason to take any of the foregoing actions specified in Article 58 after reasonable notice thereof, such Shareholder hereby grants an irrevocable power of attorney and proxy to any Director approving the Trade Sale to take all necessary actions and execute and deliver all documents deemed by such Director to be reasonably necessary to effectuate the terms hereof. None of the transfer restrictions set forth in Articles 42 through 51 or Articles 52 through 57 shall apply in connection with the Trade Sale proposed by Tencent pursuant to Article 58, notwithstanding anything contained to the contrary herein. The power of attorney granted hereby is intended to secure an interest in property and, in addition, the obligations of each relevant Shareholder under these Articles, and shall be irrevocable.
60. Notwithstanding anything to the contrary contained herein, without the prior written consent of Tencent, no Trade Sale shall be effected, or be permitted to be effected, to any Restricted Person.

ANTI-DILUTION ISSUANCE TO TENCENT

61. Notwithstanding anything to the contrary contained herein, (i) concurrently with or before the issuance, delivery or sale of any Company Securities by the Company to any Person (other than Tencent) in connection with any Issuance Obligation, the Company shall unconditionally issue, at no consideration, to Tencent such number of Ordinary Shares that equals to the result of (x) 110%, multiplied by (y) the same number of the Company Securities proposed to be issued, delivered or sold by the Company in connection with such Issuance Obligations (the "**Anti-Dilution Issuance to Tencent**"), and such Ordinary Shares issuable to Tencent, the "**Anti-Dilution Issuance Shares**"); and (ii) all consideration received by the Company as a result of the issuance, delivery or sale of any Company Securities to any Person in connection with any Issuance Obligation shall be distributed or otherwise allocated to all the shareholders of the Company immediately prior to July 12, 2016 (including Tencent) ratably in proportion to the number of Ordinary Shares held by such shareholder in the Company immediately prior to July 12, 2016. The Company and each Shareholder shall take all necessary actions to give effect to and consummate the Anti-Dilution Issuance to Tencent in accordance with the foregoing provisions, and any Anti-Dilution Issuance Shares, when issued and delivered to Tencent, shall be deemed fully paid, duly issued and non-assessable. In the event that the Company receives a request from any Person for the issuance, delivery or sale by the Company of any Company Securities to such Person in connection with the Issuance Obligation, the Board shall ascertain, and if any director of the Company reasonably objects to such request with good faith basis for such objection, use reasonable efforts to take all necessary actions to contest the validity of such request before the issuance, delivery or sale by the Company of any Company Securities to such Person. The obligation of the Company with respect to the Anti-Dilution Issuance to Tencent

under this Article 61 shall terminate and be of no further force or effect upon the earlier of (i) immediately prior to the consummation of a QIPO, or (ii) the date when the Company becomes subject to the reporting requirements of the Exchange Act or analogous reporting requirements in an alternative listing jurisdiction.

TRANSMISSION OF SHARES

62. The legal personal representative of a deceased sole holder of a Share shall be the only Person recognised by the Company as having any title to the Share. In the case of a Share registered in the name of two or more holders, the survivors or survivor, or the legal personal representatives of the deceased holder of the Share, shall be the only Person recognised by the Company as having any title to the Share.
63. Any Person becoming entitled to a Share in consequence of the death or bankruptcy of a Member shall upon such evidence being produced as may from time to time be required by the Directors, have the right either to be registered as a Member in respect of the Share or, instead of being registered himself, to make such transfer of the Share as the deceased or bankrupt Person could have made; but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by the deceased or bankrupt Person before the death or bankruptcy.
64. A Person becoming entitled to a Share by reason of the death or bankruptcy of a Member shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered Member, except that he shall not, before being registered as a Member in respect of the Share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

ALTERATION OF SHARE CAPITAL

65. Subject to Article 104, the Company may from time to time by Ordinary Resolution increase the share capital by such sum, to be divided into Shares of such Classes and amount, as the resolution shall prescribe.
66. The Company may by Ordinary Resolution:
 - (a) consolidate and divide all or any of its share capital into Shares of a larger amount than its existing Shares;
 - (b) convert all or any of its paid up Shares into stock and reconvert that stock into paid up Shares of any denomination;
 - (c) subdivide its existing Shares, or any of them into Shares of a smaller amount provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in case of the Share from which the reduced Share is derived; and
 - (d) Subject to Article 104, cancel any Shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any Person and diminish the amount of its share capital by the amount of the Shares so cancelled.
67. Subject to Article 104, the Company may by Special Resolution reduce its share capital and any capital redemption reserve in any manner authorised by law.

REDEMPTION, PURCHASE AND SURRENDER OF SHARES

68. Subject to the Companies Law and Article 104, the Company may:
- (a) issue Shares on terms that they are to be redeemed or are liable to be redeemed at the option of the Company or the Member on such terms and in such manner as the Directors may determine;
 - (b) purchase its own Shares (including any redeemable Shares) (i) on such terms and in such manner as the Directors may determine and agree with the Member or (ii) upon authorisation by a Special Resolution of Members on such terms and in such manner as specified in the Special Resolution; provided that the Company shall not act with respect to the Shares issued pursuant to the Spotify Subscription Agreement in violation of the Spotify Investor Agreement;
 - (c) make a payment in respect of the redemption or purchase of its own Shares in any manner authorised by the Companies Law, including out of its capital; and
 - (d) accept the surrender for no consideration of any paid up Share (including any redeemable Share) on such terms and in such manner as the Directors may determine.
69. Any Share in respect of which notice of redemption has been given shall not be entitled to participate in the profits of the Company in respect of the period after the date specified as the date of redemption in the notice of redemption.
70. The redemption, purchase or surrender of any Share shall not be deemed to give rise to the redemption, purchase or surrender of any other Share.
71. The Directors may when making payments in respect of redemption or purchase of Shares, if authorised by the terms of issue of the Shares being redeemed or purchased or with the agreement of the holder of such Shares, make such payment either in cash or in specie including, without limitation, interests in a special purpose vehicle holding assets of the Company or holding entitlement to the proceeds of assets held by the Company or in a liquidating structure.

TREASURY SHARES

72. Shares that the Company purchases, redeems or acquires (by way of surrender or otherwise) may, at the option of the Company, be cancelled immediately or held as Treasury Shares in accordance with the Companies Law. In the event that the Directors do not specify that the relevant Shares are to be held as Treasury Shares, such Shares shall be cancelled.
73. No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be declared or paid in respect of a Treasury Share.
74. The Company shall be entered in the Register as the holder of the Treasury Shares provided that:
- (a) the Company shall not be treated as a member for any purpose and shall not exercise any right in respect of the Treasury Shares, and any purported exercise of such a right shall be void;
 - (b) a Treasury Share shall not be voted, directly or indirectly, at any meeting of the Company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of these Articles or the Companies Law, save that an

allotment of Shares as fully paid bonus shares in respect of a Treasury Share is permitted and Shares allotted as fully paid bonus shares in respect of a treasury share shall be treated as Treasury Shares.

75. Treasury Shares may be disposed of by the Company on such terms and conditions as determined by the Directors.

GENERAL MEETINGS

76. The Company may hold an annual general meeting and shall specify the meeting as such in the notices calling it. An annual general meeting of the Company shall be held at such time and place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting. General meetings may be held at such times and in any location in the world as may be determined by the Board. The Chairman of the Board (the “**Chairman**”) or any two Directors may, whenever they think fit, convene a general meeting of the Company.
77. The Directors may cancel or postpone any duly convened general meeting at any time prior to such meeting, except for general meetings requisitioned by the Members in accordance with these Articles, for any reason or for no reason at any time prior to the time for holding such meeting or, if the meeting is adjourned, the time for holding such adjourned meeting. The Directors shall give Members notice in writing of any cancellation or postponement. A postponement may be for a stated period of any length or indefinitely as the Directors may determine.
78. General meetings shall also be convened on the requisition in writing of any Member or Members entitled to attend and vote at general meetings of the Company holding at least five percent of the paid up voting share capital of the Company deposited at the Office specifying the objects of the meeting by notice given no later than 21 days from the date of deposit of the requisition signed by the requisitionists, and if the Directors do not convene such meeting for a date not later than 21 days after the date of such deposit, the requisitionists themselves may convene the general meeting in the same manner, as nearly as possible, as that in which general meetings may be convened by the Directors, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Directors to convene the general meeting shall be reimbursed to them by the Company.
79. If at any time there are no Directors, any two Members entitled to vote at general meetings of the Company holding at least fifteen percent of the paid up voting share capital of the Company (or if there is only one Member then that Member) may convene a general meeting in the same manner as nearly as possible as that in which general meetings may be convened by the Directors.

NOTICE OF GENERAL MEETINGS

80. At least five calendar days’ notice in writing counting from the date service is deemed to take place as provided in these Articles specifying the place, the day and the hour of the meeting and the general nature of the business, shall be given in the manner hereinafter provided or in such other manner (if any) as may be prescribed by the Company by Ordinary Resolution to such Persons as are, under these Articles, entitled to receive such notices from the Company, but with the consent of the Members holding at least 90% of the then total issued and outstanding Ordinary Shares and are entitled to receive notice of some particular meeting and attend and vote thereat, that meeting may be convened by such shorter notice or without notice and in such manner as those Members may think fit.

81. The accidental omission to give notice of a meeting to or the non-receipt of a notice of a meeting by any Member shall not invalidate the proceedings at any meeting.

PROCEEDINGS AT GENERAL MEETINGS

82. Subject to the Companies Law and to these Articles, any resolution at any general meeting shall be decided by Ordinary Resolution.
83. No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Save as otherwise provided by these Articles, two or more Members holding at least 66.7% of the paid up voting share capital of the Company present in person or by proxy and entitled to vote at that meeting shall form a quorum.
84. If within half an hour from the time appointed for the meeting a quorum is not present, it shall stand adjourned to the fifth (5th) following calendar day at the same time and place (or to such other time or such other place as the Directors may determine) and at such adjourned meeting, two or more Members holding at least 50% of the paid up voting share capital of the Company present in person or by proxy and entitled to vote at that adjourned meeting shall form a quorum. If within half an hour from the time appointed for the adjourned meeting such quorum is not present, the meeting shall be dissolved.
85. If the Directors wish to make this facility available for a specific general meeting or all general meetings of the Company, participation in any general meeting of the Company may be by means of a telephone or similar communication equipment by way of which all Persons participating in such meeting can communicate with each other and such participation shall be deemed to constitute presence in person at the meeting.
86. The Chairman shall preside as chairman at every general meeting of the Company.
87. If there is no such Chairman, or if at any general meeting he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as chairman, any Director or Person nominated by the Directors shall preside as chairman, failing which the Members present in person or by proxy shall choose any Person present to be chairman of that meeting.
88. The chairman may adjourn a meeting from time to time and from place to place either:
- (a) with the consent of any general meeting at which a quorum is present (and shall if so directed by the meeting); or
 - (b) without the consent of such meeting if, in his sole opinion, he considers it necessary to do so to:
 - (i) secure the orderly conduct or proceedings of the meeting; or
 - (ii) give all persons present in person or by proxy and having the right to speak and / or vote at such meeting, the ability to do so,
- but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting, or adjourned meeting, is adjourned for fourteen days or more, notice of the adjourned meeting shall be given in the manner provided for the original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
89. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded

by the chairman or one or more Members present in person or by proxy entitled to vote, and unless a poll is so demanded, a declaration by the chairman that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, that resolution.

90. If a poll is duly demanded it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
91. [Reserved.]
92. A poll demanded on the election of a chairman of the meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs.

VOTES OF MEMBERS

93. Subject to these Articles and any rights and restrictions for the time being attached to any Share, on a show of hands every Member present in person and every Person representing a Member by proxy shall, at a general meeting of the Company, each have one vote and on a poll every Member and every Person representing a Member by proxy shall have one vote for each Share of which he or the Person represented by proxy is the holder.
94. In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register.
95. A Member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote in respect of Shares carrying the right to vote held by him, whether on a show of hands or on a poll, by his committee, or other Person in the nature of a committee appointed by that court, and any such committee or other Person, may vote in respect of such Shares by proxy.
96. No Member shall be entitled to vote at any general meeting of the Company unless all calls, if any, or other sums presently payable by him in respect of Shares carrying the right to vote held by him have been paid.
97. On a poll votes may be given either personally or by proxy.
98. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an Officer or attorney duly authorised. A proxy need not be a Member.
99. An instrument appointing a proxy may be in any usual or common form or such other form as the Directors may approve.
100. The instrument appointing a proxy shall be deposited at the Office or at such other place as is specified for that purpose in the notice convening the meeting no later than the time for holding the meeting or, if the meeting is adjourned, the time for holding such adjourned meeting.
101. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

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102. A resolution in writing signed by all the Members for the time being entitled to receive notice of and to attend and vote at general meetings of the Company (or being corporations by their duly authorised representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held.
103. The Company shall not sell or issue any New Securities without first obtaining the approval (by vote or written consent, as provided by applicable Laws or the Articles) of the Shareholders holding at least 66.7% of the then total issued and outstanding Ordinary Shares held by all Shareholders. The Company shall not sell or issue any New Securities at a purchase price that has a pre-money valuation of the Company of less than US\$6 billion without first obtaining the approval (by vote or written consent, as provided by applicable Laws or the Articles) of the Shareholders holding at least 90% of the then total issued and outstanding Ordinary Shares held by all Shareholders.
104. Without prejudice to Article 103 above, the Company shall not, and shall not permit any other applicable Group Company to, unless expressly permitted under these Articles or the Shareholders Agreement, carry out any of the following actions involving itself or any of its Subsidiaries as applicable without first obtaining the approval (by vote or written consent, as provided by applicable Laws or the Articles) of the Shareholders holding at least 66.7% of the then total issued and outstanding Ordinary Shares held by all Shareholders:
- (a) altering or changing the rights, or privileges of the Ordinary Shares or creating (by reclassification or otherwise) any new class or series of shares having rights, preferences or privileges senior to or on a parity with the Ordinary Shares;
 - (b) reclassifying any outstanding Ordinary Shares into shares having rights, preferences or privileges with respect to dividends or assets senior to or on a parity with the Ordinary Shares;
 - (c) declaring or paying any dividend or distribution or otherwise redeeming or repurchasing any issued and outstanding shares of the Company;
 - (d) making any acquisition, sale of control or assets, merger, consolidation, joint venture or partnership arrangements exceeding the materiality threshold established by the Board from time to time, except pursuant to the exercise of the Drag-Along Right;
 - (e) effecting an increase or reduction of the authorised share capital, split-off, spin-off, dissolution, liquidation, winding-up or bankruptcy of the Company or any material Subsidiary thereof (for the avoidance of doubt, issuance of any securities under the exceptional proviso of the definition of “New Securities” shall not be subject to such approvals);
 - (f) selling, mortgaging, pledging, leasing, transferring, incurring a lien on or otherwise disposing of substantially all of its assets or any of the assets which are outside the ordinary course of business of the Company and exceeding the materiality threshold established by the Board from time to time;
 - (g) making any material changes to or engaging in any business materially different from the Core Business, or ceasing any material existing business line or activities of the Company;
 - (h) incurring any material indebtedness or assuming any material financial obligation exceeding the materiality threshold established by the Board from time to time and outside the ordinary course of business of the Company;

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- (i) making any capital expenditures or investment in any other company exceeding US\$400,000,000 or such other materiality threshold established by the Board from time to time;
 - (j) creating any encumbrance over the whole or part of the share capital, undertaking, material property or material assets of the Company or any material Subsidiary thereof, other than as permitted by the annual budget or the business and financial plan approved by the Board;
 - (k) increasing or decreasing the authorised size of the Board; or
 - (l) amending or waiving any provision of the Articles in a manner that would alter or change the rights, preferences or privileges of the Ordinary Shares.
- 104A. Unless expressly permitted or required under these Articles, the Company shall not, and shall not permit any other applicable Group Company to, make any changes to any of the Control Documents including any transfer or assignment of any party's rights and obligations under any of the Control Documents and any appointment of representatives, specified persons or proxies under the Control Documents, except as contemplated by the Tencent Transaction Documents, without first obtaining the approval (by vote or written consent, as provided by applicable Laws or the Articles) of the Members holding at least 66.7% of the then total issued and outstanding Ordinary Shares. Prior to the earlier of (x) the completion of a QIPO or (y) the date when the Company becomes subject to the reporting requirements of the Exchange Act or analogous reporting requirements in an alternative listing jurisdiction:
- (a) the Company and the Shareholders shall, and shall cause the other applicable Group Companies and their respective Controlled Affiliates or nominee shareholders to, take all actions necessary or desirable in order to amend the Control Agreements in form and substance approved by Tencent (“**Amended Control Documents**”), such that following the entry of the Amended Control Documents by the respective parties thereto, (i) the registered capital of each of the VIE Affiliates shall be held in the manner as provided in the Amended Control Documents; and (ii) the Company, indirectly through its Subsidiary, shall continue to exercise control over the economic interest in, and the operations of, the VIE Affiliates, such that the financial statements of the VIE Affiliates can be consolidated with those of the other applicable Group Companies in accordance with the U.S. GAAP;
 - (b) in the event that the shareholding percentages of the Shareholders in the Company have changed, at the request of the Company, the Shareholders shall, and shall cause the other applicable Group Companies and their respective Controlled Affiliates or nominee shareholders to, take all actions necessary or desirable to adjust the corresponding shareholding percentages in each of the VIE Affiliates in a tax efficient manner, such that the shareholding percentages in each of the VIE Affiliates shall be consistent with those in the Company.
105. Without prejudice to Article 104 above, the Company shall not, and shall not permit any other Group Company to, carry out any of the following actions involving itself or any of its Subsidiaries without first obtaining the prior written approval of Tencent:
- (a) any merger, consolidation, transfer of shares or other form of restructuring of the Company involving a Restricted Person;
 - (b) any sale of all or substantially all of the assets of the Group Companies to a Restricted Person;
 - (c) any issuance of New Securities by the Company to any Restricted Person;
 - (d) entering into any joint venture or partnership arrangement with a Restricted Person; or
 - (e) engaging in any business other than the Core Business.

CORPORATIONS ACTING BY REPRESENTATIVES AT MEETINGS

106. Any corporation which is a Member or a Director may by resolution of its Directors or other governing body authorise such Person as it thinks fit to act as its representative at any meeting of the Company or of any meeting of holders of a Class or of the Directors or of a committee of Directors, and the Person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Member or Director.

DIRECTORS

107. The authorised number of Directors of the Company shall be nine (9) and the term of a Director shall be three (3) years.
108. The remuneration of the Directors may be determined by the Directors or by Ordinary Resolution.
109. There shall be no shareholding qualification for Directors unless determined otherwise by Ordinary Resolution.
110. Each Member shall be entitled to vote on all matters relating to the election of the Directors of the Company; provided that the rights of the Spotify Investors under Articles 107 through 115 shall in all cases be subject to the Spotify Investor Agreement. On all matters relating to the election of one or more Directors of the Company, each Shareholder shall vote at the shareholders meetings, or give written consents with respect to all their Ordinary Shares, to elect Directors to the Board in the following manner:
- (a) (v) five (5) Directors shall be appointed by Tencent and its Affiliates (the “**Tencent Directors**”) by notice in writing to the Company as long as Tencent and its Affiliates directly or indirectly hold no less than 50% of the Company’s issued and outstanding share capital; (w) four (4) Directors shall be appointed by Tencent and its Affiliates by notice in writing to the Company as long as Tencent and its Affiliates directly or indirectly hold 35% or more than 35% but less than 50% of the Company’s issued and outstanding share capital; (x) three (3) Directors shall be appointed by Tencent and its Affiliates by notice in writing to the Company as long as Tencent and its Affiliates directly or indirectly hold 25% or more than 25% but less than 35% of the Company’s issued and outstanding share capital; (y) two (2) Directors shall be appointed by Tencent and its Affiliates by notice in writing to the Company as long as Tencent and its Affiliates directly or indirectly hold 10% or more than 10% but less than 25% of the Company’s issued and outstanding share capital; and (z) one (1) Director shall be appointed by Tencent and its Affiliates by notice in writing to the Company as long as Tencent and its Affiliates directly or indirectly hold 5% or more than 5% but less than 10% of the Company’s issued and outstanding share capital. For the avoidance of doubt, subclauses (v), (w), (x), (y) and (z) are mutually exclusive;
- (b) (w) four (4) Directors shall be appointed by all Shareholders other than Tencent and its Affiliates (such other Shareholders, the “**Non-Tencent Shareholders**”) to the Company as long as the holders of Ordinary Shares other than Tencent and its Affiliates collectively hold not less than 35% of the Company’s issued and outstanding share capital; (x) three (3) Directors shall be appointed by all Non-Tencent Shareholders by notice in writing to the Company as long as the holders of Ordinary Shares other than Tencent and its Affiliates collectively hold 25% or more than 25% but less than 35% of the Company’s

issued and outstanding share capital; (y) two (2) Directors shall be appointed by all Non-Tencent Shareholders by notice in writing to the Company as long as the holders of Ordinary Shares other than Tencent and its Affiliates collectively hold 10% or more than 10% but less than 25% of the Company's issued and outstanding share capital; and (z) one (1) Director shall be appointed by all Non-Tencent Shareholders by notice in writing to the Company as long as the holders of Ordinary Shares other than Tencent and its Affiliates collectively hold 5% or more than 5% but less than 10% of the Company's issued and outstanding share capital. For the avoidance of doubt, subclauses (w), (x), (y) and (z) are mutually exclusive. In the event that subclause (w) applies, the four (4) Directors shall be appointed as follows: (i) each Key Management shall be a Director as long as (A) such Key Management continues to hold not less than 70% of the Ordinary Shares held by such Key Management as of the date of the Shareholders Agreement; and (B) such Key Management remains as an officer or employee of any Group Company and complies with the provisions under Article 116 hereof (for the avoidance of doubt, (A) the failure of any one Key Management to meet the foregoing qualification requirements will not result in the other Key Management forfeiting his right to serve as a Director of the Company if the other Key Management satisfies the foregoing qualification requirements; and (B) upon the occurrence of any Shortened Lock-up Triggering Event with respect to any Key Management, such Key Management's right to serve as a director of the Company shall be immediately forfeited); and (ii) the remaining two (2) Directors shall be appointed by the Shareholders holding the largest and the second largest portion of the Company's share capital, other than Tencent, the Key Management and, for the avoidance of doubt, the Spotify Investors, respectively (such Shareholder holding the largest portion, the "**Largest Financial Investor**"; and such Shareholder holding the second largest portion, the "**Second Largest Financial Investor**") by notice in writing, as long as the Largest Financial Investor and the Second Largest Financial Investor each holds not less than 5% of the Company's issued and outstanding share capital (for the avoidance of doubt, the failure of the Largest Financial Investor to meet the foregoing qualification requirement will not result in the Second Largest Financial Investor forfeiting its right to appoint a director of the Company if the Second Largest Financial Investor satisfies the foregoing qualification requirement, and vice versa); provided that if (i) any one of the Key Management fails to satisfy the qualification requirements as described in this Article 110(b) for him to serve as a Director to the Board or loses the director seat upon the occurrence of any Shortened Lock-up Triggering Event, or (ii) either the Largest Financial Investor or the Second Largest Financial Investor holds less than 5% of the Company's issued and outstanding share capital, the Non-Tencent Shareholders shall hold a special meeting to fill the vacancy of the Board as a result thereof, and any Shareholder who has obtained the highest vote at such special meeting shall have the right to appoint one (1) Director to fill in such vacant Director seat. In the event that subclause (x), (y) or (z) applies, the Non-Tencent Shareholders shall hold a special meeting, on which meeting each Non-Tencent Shareholder has the right to nominate three (3), two (2) or one (1) candidates, as applicable, and the candidate(s) who have received the highest votes of the Non-Tencent Shareholders at such special meeting shall serve as the three (3), two (2) or one (1) directors, as applicable;

- (c) one of the Tencent Directors shall be the Chairman of the Board as long as Tencent holds not less than 35% of the Company's issued and outstanding share capital; and
- (d) each Shareholder shall vote in favour of the appointee as indicated above to ensure that any such appointment, of a Director appointed pursuant to this Article 110 shall be made in accordance with this Article 110 as soon as practicable after the relevant notice in writing is delivered to the Company.

Notwithstanding the definition of Affiliates, for purposes of this Article 110, Affiliates of Tencent shall exclude the Group Companies or any of the Group Companies' Controlled Affiliates.

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111. Each Shareholder shall have the right to require the removal or replacement of a Director appointed by it at any time. Each Shareholder agrees that, if at any time it is then entitled to vote for the removal of Directors from the Board, it shall not vote any of its Ordinary Shares or execute proxies or written consents, as the case may be, in favour of the removal of any Director who shall have been designated pursuant to Article 110 or Article 112, unless the person or persons entitled to appoint such Director pursuant to Article 110 shall have consented to such removal in writing; provided that, if the person or persons entitled to appoint any Director pursuant to Article 110 shall request in writing the removal, with or without cause, of such Director, each Shareholder shall vote all of its Ordinary Shares or execute proxies or written consents, as the case may be, in favour of such removal.
112. If, as a result of death, disability, retirement, resignation, removal or otherwise, there shall exist or occur any vacancy on the Board:
- (a) the person or persons entitled under Article 110 to designate such Director whose death, disability, retirement, resignation or removal resulted in such vacancy, subject to the provisions of Article 110, shall have the exclusive right to designate another individual (the “**Replacement Nominee**”) to fill such vacancy and serve as a Director on the Board; and
 - (b) subject to Article 110, each Shareholder agrees that if it is then entitled to vote for the election of Directors to the Board, it shall vote all of its Ordinary Shares, or execute proxies or written consents, as the case may be, in order to ensure that the Replacement Nominee be elected to the Board.
113. The Board may establish such committees with such powers as may be permitted by applicable Law and the Articles; provided that any such committees shall be subject to the direction of and any policies adopted by the Board. Unless otherwise prohibited by applicable Law, as long as Tencent directly or indirectly holds no less than 50% of the Company’s issued and outstanding share capital, at least a majority of the members of each such committee shall be the Tencent Directors.
114. The Company and the Shareholders shall, unless otherwise prohibited by applicable Law, and to the extent agreed by the relevant Directors, cause the board of directors of each other Group Company to consist of the same persons as those Directors then on the Board.
115. Each Shareholder shall cause the Directors appointed by it to vote at the Board meetings to ensure that the candidates nominated by Tencent be appointed as the chief executive officer, the chief financial officer and the general counsel of the Company. The chief financial officer of the Company and the general counsel of the Company shall report to the chief executive officer of the Company. The chief financial officer of Tencent Holdings Limited shall have the consultation right to discuss and consult with the chief financial officer of the Company regarding the business, operations, affairs, finances and accounts of the Group Companies and to examine the books of account and records of the Group Companies at any time. The chief financial officer of the Company shall work closely with the chief financial officer of Tencent Holdings Limited to ensure compliance with the requirement of Tencent Holdings Limited regarding the treasury and financing policies of Tencent Holdings Limited, and those financial policies related to compliance under the rules of The Stock Exchange of Hong Kong Limited. The general counsel of the Company (the “**Company GC**”) will work closely with the general counsel of Tencent Holdings Limited (the “**Tencent GC**”) so as to ensure full compliance with all applicable requirements of The Stock Exchange of Hong Kong Limited, and the Tencent GC shall have the right to discuss and consult with the Company GC regarding the Company’s legal function and legal strategy, including without limitation matters relating to litigation, intellectual property and regulatory compliance. The remaining senior management members of the Company shall be proposed by the chief executive officer of the Company and appointed by the Board.

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116. Each Key Management shall, for so long as he remains an officer or employee of any Group Company, manage the affairs of the Group Companies on a full time basis and be fully devoted to developing and operating the business of the Group Companies and will not pursue any other business or investment interests, or any other opportunities outside of the Group Companies.

ALTERNATE DIRECTOR

117. Any Director may in writing appoint another Person to be his alternate and, save to the extent provided otherwise in the form of appointment, such alternate shall have authority to sign written resolutions on behalf of the appointing Director, but shall not be authorised to sign such written resolutions where they have been signed by the appointing Director, and to act in such Director's place at any meeting of the Directors. Every such alternate shall be entitled to attend and vote at meetings of the Directors as the alternate of the Director appointing him and where he is a Director to have a separate vote in addition to his own vote. A Director may at any time in writing revoke the appointment of an alternate appointed by him. Such alternate shall not be an Officer solely as a result of his appointment as an alternate other than in respect of such times as the alternate acts as a Director. The remuneration of such alternate shall be payable out of the remuneration of the Director appointing him and the proportion thereof shall be agreed between them.

POWERS AND DUTIES OF DIRECTORS

118. Subject to the Companies Law, these Articles and to any resolutions passed in a general meeting, the business of the Company shall be managed by the Directors, who may pay all expenses incurred in setting up and registering the Company and may exercise all powers of the Company. No resolution passed by the Company in general meeting shall invalidate any prior act of the Directors that would have been valid if that resolution had not been passed.
119. Subject to Article 110, the Directors may from time to time appoint any Person, whether or not a Director to hold such office in the Company as the Directors may think necessary for the administration of the Company, including but not limited to, the office of president, one or more vice-presidents, treasurer, assistant treasurer, manager or controller, and for such term and at such remuneration (whether by way of salary or commission or participation in profits or partly in one way and partly in another), and with such powers and duties as the Directors may think fit. Any Person so appointed by the Directors may be removed by the Directors or by the Company by Ordinary Resolution. The Directors may also appoint one or more of their number to the office of managing Director upon like terms, but any such appointment shall ipso facto terminate if any managing Director ceases from any cause to be a Director, or if the Company by Ordinary Resolution resolves that his tenure of office be terminated.
120. The Directors may appoint any Person to be a Secretary (and if need be an assistant Secretary or assistant Secretaries) who shall hold office for such term, at such remuneration and upon such conditions and with such powers as they think fit. Any Secretary or assistant Secretary so appointed by the Directors may be removed by the Directors or by the Company by Ordinary Resolution.
121. Subject to Article 113, the Directors may delegate any of their powers to committees; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors.
122. The Directors may from time to time and at any time by power of attorney (whether under Seal or under hand) or otherwise appoint any company, firm or Person or body of Persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys or authorised signatory (any such person being an “ **Attorney** ” or “ **Authorised Signatory** ”, respectively) of the Company for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and

- subject to such conditions as they may think fit, and any such power of attorney or other appointment may contain such provisions for the protection and convenience of Persons dealing with any such Attorney or Authorised Signatory as the Directors may think fit, and may also authorise any such Attorney or Authorised Signatory to delegate all or any of the powers, authorities and discretion vested in him.
123. The Directors may from time to time provide for the management of the affairs of the Company in such manner as they shall think fit and the provisions contained in the three next following Articles shall not limit the general powers conferred by this Article.
124. The Directors from time to time and at any time may establish any local boards or agencies for managing any of the affairs of the Company and may appoint any Person to be a member of such local boards and may appoint any managers or agents of the Company and may fix the remuneration of any such Person.
125. The Directors from time to time and at any time may delegate to any such local board, manager or agent any of the powers, authorities and discretions for the time being vested in the Directors and may authorise the members for the time being of any such local board, or any of them to fill any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit and the Directors may at any time remove any Person so appointed and may annul or vary any such delegation, but no Person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.
126. Any such delegates as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities, and discretion for the time being vested in them.
127. The Directors may agree with a Member to waive or modify the terms applicable to such Member's subscription for Shares without obtaining the consent of any other Member; provided that such waiver or modification does not amount to a variation or abrogation of the rights attaching to the Shares of such other Members.
- 127A. Without limiting any other provision of the Shareholders Agreement and these Articles, prior to earlier of (x) the completion of a QIPO or (y) the date when the Company becomes subject to the reporting requirements of the Exchange Act or analogous reporting requirements in an alternative listing jurisdiction, other than as expressly provided in the Shareholders Agreement, these Articles, the Tencent Transaction Documents, or the Spotify Subscription Agreement or the other agreements, documents or instruments executed and delivered in connection with the transactions contemplated by the Spotify Subscription Agreement, and except for all the existing Related Party Transactions as of the date of the Shareholders Agreement (each, an “ **Excluded Related Party Transaction** ”), (i) any Related Party Transaction that involves a transaction value in excess of RMB35,000,000 individually or RMB150,000,000 in the aggregate during any twelve (12)-month period shall be approved by at least 50% of the directors who are not interested in such Related Party Transaction before any Group Company may carry out or agree to carry out such Related Party Transaction; (ii) the Company shall provide a semi-annual written report to all directors of all the Related Party Transactions which the Company or other Group Companies entered into during the past six months (other than any Related Party Transaction approved pursuant to clause (i) as described above and any Excluded Related Party Transaction) setting out material terms and conditions of such Related Party Transactions in reasonable detail. A majority of the directors of the Company who are not interested in a Related Party Transaction (a) may request the management of the Company to provide any further information on such Related Party Transaction, (b) may oppose such Related Party Transaction (other than any Related Party Transaction approved pursuant to clause (i) as described above and any Excluded Related Party Transaction), and (c) shall have the right to give direction to the Company to terminate such Related Party Transaction if such non-interested directors determine in good faith and consistent with their fiduciary duties that such Related Party Transaction is not on arm's

length basis and is not in the best interest of the Company, upon receipt of which direction the Company shall, and the Members shall procure the Company to, take all necessary actions to terminate such Related Party Transaction.

BORROWING POWERS OF DIRECTORS

128. The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof, or to otherwise provide for a security interest to be taken in such undertaking, property or uncalled capital, and to issue debentures, debenture stock and other securities whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.

THE SEAL

129. The Seal shall not be affixed to any instrument except by the authority of a resolution of the Directors provided always that such authority may be given prior to or after the affixing of the Seal and if given after may be in general form confirming a number of affixings of the Seal. The Seal shall be affixed in the presence of a Director or a Secretary (or an assistant Secretary) or in the presence of any one or more Persons as the Directors may appoint for the purpose and every Person as aforesaid shall sign every instrument to which the Seal is so affixed in their presence.
130. The Company may maintain a facsimile of the Seal in such countries or places as the Directors may appoint and such facsimile Seal shall not be affixed to any instrument except by the authority of a resolution of the Directors provided always that such authority may be given prior to or after the affixing of such facsimile Seal and if given after may be in general form confirming a number of affixings of such facsimile Seal. The facsimile Seal shall be affixed in the presence of such Person or Persons as the Directors shall for this purpose appoint and such Person or Persons as aforesaid shall sign every instrument to which the facsimile Seal is so affixed in their presence and such affixing of the facsimile Seal and signing as aforesaid shall have the same meaning and effect as if the Seal had been affixed in the presence of and the instrument signed by a Director or a Secretary (or an assistant Secretary) or in the presence of any one or more Persons as the Directors may appoint for the purpose.
131. Notwithstanding the foregoing, a Secretary or any assistant Secretary shall have the authority to affix the Seal, or the facsimile Seal, to any instrument for the purposes of attesting authenticity of the matter contained therein but which does not create any obligation binding on the Company.

REMOVAL AND DISQUALIFICATION OF DIRECTORS

132. Any Member may from time to time remove any Director appointed by such Member by serving a ten (10) day advance notice to the Company.
133. Subject to Articles 111, 112 and 132, the office of Director shall be vacated, if the Director:
- (a) becomes bankrupt or makes any arrangement or composition with his creditors;
 - (b) dies or is found to be or becomes of unsound mind;
 - (c) resigns his office by notice in writing to the Company; or
 - (d) is removed from office pursuant to any other provision of these Articles.

PROCEEDINGS OF DIRECTORS

134. The Directors may meet together (either within or outside the Cayman Islands) for the despatch of business, adjourn, and otherwise regulate their meetings and proceedings as they think fit. Questions arising at any meeting shall be decided by a majority of votes of the Directors present at the meeting. A Director may, and a Secretary or assistant Secretary on the requisition of a Director shall, at any time summon a meeting of the Directors. Notice of a Board meeting shall be given five calendar days prior to the meeting counting from the date service is deemed to take place as provided in these Articles. Notice of a Board meeting shall be deemed to be duly given to a Director if it is given to such Director verbally (including in person or by telephone) or otherwise communicated or sent to such Director by post, electronic means or other mode of representing words in a visible form at such Director's last known address or in accordance with any other instructions given by such Director to the Company for this purpose.
135. A Director may participate in any meeting of the Directors, or of any committee appointed by the Directors of which such Director is a member, by means of telephone or similar communication equipment by way of which all Persons participating in such meeting can communicate with each other and such participation shall be deemed to constitute presence in person at the meeting.
136. The quorum necessary for the transaction of the business of the Directors at a board meeting shall be seven (7) Directors; provided that if the quorum is not present within half an hour from the time appointed for such meeting, such meeting shall be adjourned to the fifth (5th) following calendar day at the same time and place (or to such other time or such other place as the directors may determine) and at such adjourned meeting, the quorum necessary for the transaction of the business of the Directors at such adjourned board meeting shall be five (5) Directors. If within half an hour from the time appointed for the adjourned meeting such quorum is not present, the meeting shall be dissolved. A Director represented by an alternate Director at any meeting shall be deemed to be present for the purposes of determining whether or not a quorum is present.
137. A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Directors. A general notice given to the Directors by any Director to the effect that he is to be regarded as interested in any contract or other arrangement which may thereafter be made with that company or firm shall be deemed a sufficient declaration of interest in regard to any contract so made. A Director may vote in respect of any contract or proposed contract or arrangement notwithstanding that he may be interested therein and if he does so his vote shall be counted and he may be counted in the quorum at any meeting of the Directors at which any such contract or proposed contract or arrangement shall come before the meeting for consideration.
138. A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established. A Director, notwithstanding his interest, may be counted in the quorum present at any meeting of the Directors whereat he or any other Director is appointed to hold any such office or place of profit under the Company or whereat the terms of any such appointment are arranged and he may vote on any such appointment or arrangement.
139. Any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; provided that nothing herein contained shall authorise a Director or his firm to act as auditor to the Company.

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140. The Directors shall cause minutes to be made in books or loose-leaf folders provided for the purpose of recording:
 - (a) all appointments of Officers made by the Directors;
 - (b) the names of the Directors present at each meeting of the Directors and of any committee of the Directors; and
 - (c) all resolutions and proceedings at all meetings of the Company, and of the Directors and of committees of Directors.
 141. When the chairman of a meeting of the Directors signs the minutes of such meeting the same shall be deemed to have been duly held notwithstanding that all the Directors have not actually come together or that there may have been a technical defect in the proceedings.
 142. A resolution in writing signed by all the Directors or all the members of a committee of Directors entitled to receive notice of a meeting of Directors or committee of Directors, as the case may be (an alternate Director, subject as provided otherwise in the terms of appointment of the alternate Director, being entitled to sign such a resolution on behalf of his appointer), shall be as valid and effectual as if it had been passed at a duly called and constituted meeting of Directors or committee of Directors, as the case may be. When signed a resolution may consist of several documents each signed by one or more of the Directors or his duly appointed alternate.
 143. The Chairman shall preside as chairman at every board meeting of the Company. If there is no such Chairman, or if at any meeting the Chairman is not present within fifteen minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be chairman of the meeting.
 144. Subject to any regulations imposed on it by the Directors, a committee appointed by the Directors may elect a chairman of its meetings. If no such chairman is elected, or if at any meeting the chairman is not present within fifteen minutes after the time appointed for holding the meeting, the committee members present may choose one of their number to be chairman of the meeting.
 145. A committee appointed by the Directors may meet and adjourn as it thinks proper. Subject to any regulations imposed on it by the Directors, questions arising at any meeting shall be determined by a majority of votes of the committee members present.
 146. All acts done by any meeting of the Directors or of a committee of Directors, or by any Person acting as a Director, shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or Person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such Person had been duly appointed and was qualified to be a Director.

DIVIDENDS

147. Subject to any rights and restrictions for the time being attached to any Shares, or as otherwise provided for in the Companies Law and these Articles, the Directors may from time to time declare dividends (including interim dividends) and other distributions on Shares in issue and authorise payment of the same out of the funds of the Company lawfully available therefor.

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148. Subject to any rights and restrictions for the time being attached to any Shares and to Article 104, the Company by Ordinary Resolution may declare dividends, but no dividend shall exceed the amount recommended by the Directors.
 149. The Directors may determine, before recommending or declaring any dividend, to set aside out of the funds legally available for distribution such sums as they think proper as a reserve or reserves which shall be applicable for meeting contingencies, or for equalising dividends or for any other purpose to which those funds may be properly applied and pending such application may, at the determination of the Directors, either be employed in the business of the Company or be invested in such investments as the Directors may from time to time think fit.
 150. Any dividend may be paid in any manner as the Directors may determine. If paid by cheque it will be sent through the post to the registered address of the Member or Person entitled thereto, or in the case of joint holders, to any one of such joint holders at his registered address or to such Person and such address as the Member or Person entitled, or such joint holders as the case may be, may direct. Every such cheque shall be made payable to the order of the Person to whom it is sent or to the order of such other Person as the Member or Person entitled, or such joint holders as the case may be, may direct.
 151. The Directors when paying dividends to the Members in accordance with the foregoing provisions of these Articles may make such payment either in cash or in specie and may determine the extent to which amounts may be withheld therefrom (including, without limitation, any taxes, fees, expenses or other liabilities for which a Member (or the Company, as a result of any action or inaction of the Member) is liable).
 152. Subject to any rights and restrictions for the time being attached to any Shares, all dividends shall be declared and paid according to the amounts paid up on the Shares, but if and for so long as nothing is paid up on any of the Shares dividends may be declared and paid according to the par value of the Shares.
 153. If several Persons are registered as joint holders of any Share, any of them may give effectual receipts for any dividend or other moneys payable on or in respect of the Share.
 154. No dividend shall bear interest against the Company.

ACCOUNTS, AUDIT AND ANNUAL RETURN AND DECLARATION

155. The books of account relating to the Company's affairs shall be kept in such manner as may be determined from time to time by the Directors.
156. The books of account shall be kept at the Office, or at such other place or places as the Directors think fit, and shall always be open to the inspection of the Directors.
157. The Directors may from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors, and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Directors or by Ordinary Resolution.
158. The accounts relating to the Company's affairs shall only be audited if the Directors so determine, in which case the financial year end and the accounting principles will be determined by the Directors.

159. The Directors in each year shall prepare, or cause to be prepared, an annual return and declaration setting forth the particulars required by the Companies Law and deliver a copy thereof to the Registrar of Companies in the Cayman Islands.

CAPITALISATION OF RESERVES

160. Subject to the Companies Law and these Articles, the Directors may:

- (a) resolve to capitalise an amount standing to the credit of reserves (including a Share Premium Account, capital redemption reserve and profit and loss account), whether or not available for distribution;
- (b) appropriate the sum resolved to be capitalised to the Members in proportion to the nominal amount of Shares (whether or not fully paid) held by them respectively and apply that sum on their behalf in or towards:
 - (i) paying up the amounts (if any) for the time being unpaid on Shares held by them respectively, or
 - (ii) paying up in full unissued Shares or debentures of a nominal amount equal to that sum,
and allot the Shares or debentures, credited as fully paid, to the Members (or as they may direct) in those proportions, or partly in one way and partly in the other, but the Share Premium Account, the capital redemption reserve and profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up unissued Shares to be allotted to Members credited as fully paid;
- (c) make any arrangements they think fit to resolve a difficulty arising in the distribution of a capitalised reserve and in particular, without limitation, where Shares or debentures become distributable in fractions the Directors may deal with the fractions as they think fit;
- (d) authorise a Person to enter (on behalf of all the Members concerned) into an agreement with the Company providing for either:
 - (i) the allotment to the Members respectively, credited as fully paid, of Shares or debentures to which they may be entitled on the capitalisation, or
 - (ii) the payment by the Company on behalf of the Members (by the application of their respective proportions of the reserves resolved to be capitalised) of the amounts or part of the amounts remaining unpaid on their existing Shares,
and any such agreement made under this authority being effective and binding on all those Members; and
- (e) generally do all acts and things required to give effect to any of the actions contemplated by this Article.

SHARE PREMIUM ACCOUNT

161. The Directors shall in accordance with the Companies Law establish a Share Premium Account and shall carry to the credit of such account from time to time a sum equal to the amount or value of the premium paid on the issue of any Share.

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162. There shall be debited to any Share Premium Account on the redemption or purchase of a Share the difference between the nominal value of such Share and the redemption or purchase price provided always that at the determination of the Directors such sum may be paid out of the profits of the Company or, if permitted by the Companies Law, out of capital.

NOTICES

163. Any notice or document may be served by the Company or by the Person entitled to give notice to any Member either personally, or by posting it airmail or air courier service in a prepaid letter addressed to such Member at his address as appearing in the Register, or by electronic mail to any electronic mail address such Member may have specified in writing for the purpose of such service of notices, or by facsimile should the Directors deem it appropriate. In the case of joint holders of a Share, all notices shall be given to that one of the joint holders whose name stands first in the Register in respect of the joint holding, and notice so given shall be sufficient notice to all the joint holders.
164. Any Member present, either personally or by proxy, at any meeting of the Company shall for all purposes be deemed to have received due notice of such meeting and, where requisite, of the purposes for which such meeting was convened.
165. Any notice or other document, if served by:
- (a) post, shall be deemed to have been served five clear days after the time when the letter containing the same is posted;
 - (b) facsimile, shall be deemed to have been served upon production by the transmitting facsimile machine of a report confirming transmission of the facsimile in full to the facsimile number of the recipient;
 - (c) recognised courier service, shall be deemed to have been served 48 hours after the time when the letter containing the same is delivered to the courier service; or
 - (d) electronic mail, shall be deemed to have been served immediately upon the time of the transmission by electronic mail.
 - (e) In proving service by post or courier service it shall be sufficient to prove that the letter containing the notice or documents was properly addressed and duly posted or delivered to the courier service.
166. Any notice or document delivered or sent in accordance with the terms of these Articles shall notwithstanding that such Member be then dead or bankrupt, and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served in respect of any Share registered in the name of such Member as sole or joint holder, unless his name shall at the time of the service of the notice or document, have been removed from the Register as the holder of the Share, and such service shall for all purposes be deemed a sufficient service of such notice or document on all Persons interested (whether jointly with or as claiming through or under him) in the Share.
167. Notice of every general meeting of the Company shall be given to:
- (a) all Members holding Shares with the right to receive notice and who have supplied to the Company an address for the giving of notices to them; and

- (b) every Person entitled to a Share in consequence of the death or bankruptcy of a Member, who but for his death or bankruptcy would be entitled to receive notice of the meeting.

No other Person shall be entitled to receive notices of general meetings.

INDEMNITY

168. Every Director (including for the purposes of this Article any alternate Director appointed pursuant to the provisions of these Articles), Secretary, assistant Secretary, or other Officer (but not including the Company's auditors) and the personal representatives of the same (each an "**Indemnified Person**") shall be indemnified and secured harmless against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such Indemnified Person, other than by reason of such Indemnified Person's own dishonesty, wilful default or fraud as determined by a court of competent jurisdiction, in or about the conduct of the Company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such Indemnified Person in defending (whether successfully or otherwise) any civil proceedings concerning the Company or its affairs in any court whether in the Cayman Islands or elsewhere.
169. No Indemnified Person shall be liable:
- (a) for the acts, receipts, neglects, defaults or omissions of any other Director or Officer or agent of the Company; or
 - (b) for any loss on account of defect of title to any property of the Company; or
 - (c) on account of the insufficiency of any security in or upon which any money of the Company shall be invested; or
 - (d) for any loss incurred through any bank, broker or other similar Person; or
 - (e) for any loss occasioned by any negligence, default, breach of duty, breach of trust, error of judgement or oversight on such Indemnified Person's part; or
 - (f) for any loss, damage or misfortune whatsoever which may happen in or arise from the execution or discharge of the duties, powers, authorities, or discretions of such Indemnified Person's office or in relation thereto;

unless the same shall happen through such Indemnified Person's own dishonesty, wilful default or fraud as determined by a court of competent jurisdiction.

NON-RECOGNITION OF TRUSTS

170. Subject to the proviso hereto, no Person shall be recognised by the Company as holding any Share upon any trust and the Company shall not, unless required by law, be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any Share or (except only as otherwise provided by these Articles or as the Companies Law requires) any other right in respect of any Share except an absolute right to the entirety thereof in each Member registered in the Register, provided that, notwithstanding the foregoing, the Company shall be entitled to recognise any such interests as shall be determined by the Directors.

WINDING UP

171. If the Company shall be wound up the liquidator shall apply the assets of the Company in such manner and order as he thinks fit in satisfaction of creditors' claims.
172. If the Company shall be wound up, the liquidator may, with the sanction of a Special Resolution divide amongst the Members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different Classes. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator, with the like sanction shall think fit, but so that no Member shall be compelled to accept any assets whereon there is any liability.

AMENDMENT OF ARTICLES OF ASSOCIATION

173. Subject to the Companies Law and the rights attaching to the various Classes and subject to Article 104, the Company may at any time and from time to time by Special Resolution alter or amend these Articles in whole or in part.

CLOSING OF REGISTER OR FIXING RECORD DATE

174. For the purpose of determining those Members that are entitled to receive notice of, attend or vote at any meeting of Members or any adjournment thereof, or those Members that are entitled to receive payment of any dividend, or in order to make a determination as to who is a Member for any other purpose, the Directors may provide that the Register shall be closed for transfers for a stated period which shall not exceed in any case 40 days. If the Register shall be so closed for the purpose of determining those Members that are entitled to receive notice of, attend or vote at a meeting of Members the Register shall be so closed for at least ten days immediately preceding such meeting and the record date for such determination shall be the date of the closure of the Register.
175. In lieu of or apart from closing the Register, the Directors may fix in advance a date as the record date for any such determination of those Members that are entitled to receive notice of, attend or vote at a meeting of the Members and for the purpose of determining those Members that are entitled to receive payment of any dividend the Directors may, at or within 90 days prior to the date of declaration of such dividend, fix a subsequent date as the record date for such determination.
176. If the Register is not so closed and no record date is fixed for the determination of those Members entitled to receive notice of, attend or vote at a meeting of Members or those Members that are entitled to receive payment of a dividend, the date on which notice of the meeting is posted or the date on which the resolution of the Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of Members. When a determination of those Members that are entitled to receive notice of, attend or vote at a meeting of Members has been made as provided in this Article, such determination shall apply to any adjournment thereof.

REGISTRATION BY WAY OF CONTINUATION

177. The Company may by Special Resolution resolve to be registered by way of continuation in a jurisdiction outside the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing. In furtherance of a resolution adopted pursuant to this Article, the Directors may cause an application to be made to the Registrar of Companies to deregister the Company in the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing and may cause all such further steps as they consider appropriate to be taken to effect the transfer by way of continuation of the Company.

MERGERS AND CONSOLIDATION

178. The Company may merge or consolidate in accordance with the Companies Law and these Articles.
179. Subject to Articles 104 and 105, to the extent required by the Companies Law, the Company may by Special Resolution resolve to merge or consolidate the Company.

DISCLOSURE

180. The Directors, or any authorised service providers (including the Officers, the Secretary and the registered office agent of the Company), shall be entitled to disclose to any regulatory or judicial authority, or to any stock exchange on which the Shares may from time to time be listed, any information regarding the affairs of the Company including, without limitation, information contained in the Register and books of the Company.

Exhibit D

[See Attached]

SECOND AMENDED AND RESTATED SHAREHOLDERS AGREEMENT

Dated , 2017

by and among

TENCENT MUSIC ENTERTAINMENT GROUP

(腾讯音乐娱乐集团),

PARTIES LISTED ON SCHEDULE A,

XIE GUOMIN,

XIE ZHENYU,

and

**OTHER PERSON WHO BECOMES A PARTY BY EXECUTING JOINDER
AGREEMENT**

AMENDED AND RESTATED SHAREHOLDERS AGREEMENT

THIS SECOND AMENDED AND RESTATED SHAREHOLDERS AGREEMENT (this “**Agreement**”) is made on _____, 2017 by and among:

- (a) Tencent Music Entertainment Group (腾讯音乐娱乐集团), an exempted company incorporated under the Laws of the Cayman Islands (the “**Company**”),
- (b) parties listed on Schedule A (collectively, the “**Shareholders**”, and each a “**Shareholder**”),
- (c) Mr. Xie Guomin, a PRC citizen with his identification card number being **** (“**Xie Guomin**”),
- (d) Mr. Xie Zhenyu, a PRC citizen with his identification card number being **** (“**Xie Zhenyu**”), and
- (e) any other person who becomes a party hereto by executing the Joinder Agreement.

RECITALS

- A. The Company, the Shareholders, Xie Guomin, Xie Zhenyu and certain other parties thereto have entered into the Amended and Restated Shareholders Agreement on July 12, 2016 (the “**Prior Agreement**”).
- B. Prior to or substantially concurrently with the signing of this Agreement, the Board of the Company has approved the issuance of ordinary shares, par value \$0.000083 each, of the Company (the “**Ordinary Shares**”) pursuant to that certain Subscription Agreement, dated December 8, 2017, by and among the Company, Tencent Music Entertainment Hong Kong Limited, Spotify Technology S.A. and Spotify AB (the “**Spotify Subscription Agreement**”).
- C. The parties hereto desire to amend and restate in its entirety the Prior Agreement by entering into this Agreement with respect to the rights and obligations between and among the Company and its shareholders.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

AGREEMENT

1. **DEFINITIONS**

For purposes of this Agreement the following terms have the following meanings:

“**2014 ESOP**” means the 2014 share incentive plan of the Company approved by the Board, under which 116,400,000 Ordinary Shares were originally reserved, among which 11,640,000 reserved Ordinary Shares had been canceled as of July 12, 2016.

“**ADRs**” means American Depositary Receipts representing the right to receive Ordinary Shares.

“**ADSs**” means American Depositary Shares representing the right to receive Ordinary Shares.

“**Affiliate**” means, (i) with respect to a person that is a natural person, such person’s relatives and any other person (other than natural persons) directly or indirectly Controlled by such person, and (ii) with respect to a person that is not a natural person, a person that directly, or indirectly through one or more intermediaries, Controls, or is Controlled by, or is under common Control with, such person. For the purposes of this definition, “relative” of a person means such person’s spouse, parent, grandparent, child, grandchild, sibling, uncle, aunt, nephew, niece or great-grandparent or the spouse of such person’s child, grandchild, sibling, uncle, aunt, nephew or niece. Notwithstanding the foregoing, for purposes of this Agreement, no Shareholder shall be deemed an Affiliate of any other Shareholder solely by reason of the existence of any rights or obligations under this Agreement or holding of the Company Securities by such Shareholder and any other Shareholder.

“**Agreement**” has the meaning ascribed to it in the preamble.

“**Amended Control Documents**” has the meaning ascribed to it in Section 10.3 (Control Documents).

“**Arbitration Notice**” has the meaning ascribed to it in Section 11.4 (Governing Law and Dispute Resolution).

“**Articles**” means the Memorandum and Articles of Association of the Company as the same may be amended from time to time.

“**Anti-Dilution Issuance Shares**” has the meaning ascribed to it in Section 11.20 (Release of Obligations).

“**Anti-Dilution Issuance to Tencent**” has the meaning ascribed to it in Section 11.20 (Release of Obligations).

“**Available For Sale Target Share s**” has the meaning ascribed to it in Section 4.7 (Non-Exercise of Right).

“**Board**” means the board of directors of the Company.

“**Business Day**” means a day (other than a Saturday or a Sunday) that the banks in New York, London, Hong Kong, the PRC or the Cayman Islands are generally open for business.

“**Cap Table**” has the meaning ascribed to it in Section 11.20 (Release of Obligations).

“**CIFH**” means PAGAC Music Holding II Limited, an exempted company incorporated under the Laws of the Cayman Islands.

“**Company**” has the meaning ascribed to it in the preamble.

“**Company GC**” has the meaning ascribed to it in Section 8.8 (Management).

“**Company Securities**” means any share, share capital, registered capital, ownership interest, partnership interest, equity interest, joint venture or other ownership interest of the Company, or any option, warrant, or right to subscribe for, acquire or purchase any of the foregoing, or any other security or instrument convertible into or exercisable or exchangeable for any of the foregoing, or any equity appreciation, phantom equity, equity plan or similar right with respect to the Company, or any contract of any kind for the purchase or acquisition from the Company of any of the foregoing, either directly or indirectly.

“**Confidential Information**” has the meaning ascribed to it in Section 11.12 (Confidentiality).

“**Control**” means the possession, direct or indirect, of the power to direct, or cause the direction of, the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise.

“**Control Documents**” means a series of agreements and documents entered into by and between any wholly-owned PRC Subsidiary of the Company and VIE Affiliates and their shareholders, through which such wholly-owned PRC Subsidiary has acquired the Control and is able to consolidate the financial statements of such VIE Affiliates.

“**Core Business**” includes:

- (i) provision of digital music service;
- (ii) production and sales of digital music devices;
- (iii) provision of online and offline music show service and other performance;
- (iv) production and promotion of music content;
- (v) operation of music-related licensing business;
- (vi) other music-related business;
- (vii) operation, research and development of online gaming and commercial advertisement; and
- (viii) other business as approved by the Board.

“**Co-Sale Notice**” has the meaning ascribed to it in Section 5.1 (Right of Co-Sale).

“**Disclosed Issuance Obligation**” means the following:

- (i) 104,760,000 Ordinary Shares issued or issuable as of July 12, 2016 to qualified employees of the Company pursuant to the 2014 ESOP, or any options to purchase such shares; and
- (ii) the issuance of Ordinary Shares in connection with the acquisition of 彩虹世纪(北京) 文化传媒有限公司 as contemplated by the form of share purchase agreement attached to

the loan agreement entered into between Ocean Interactive (Beijing) Technology Co., Ltd. and 彩虹世纪 (北京) 文化传媒有限公司 on February 20, 2014, which issuance has been completed as of the date of this Agreement.

“**Disclosing Party**” has the meaning ascribed to it in Section 11.12 (Confidentiality).

“**Disposition Notice**” has the meaning ascribed to it in Section 4.6 (Exercise of Right of First Refusal).

“**Dispute**” has the meaning ascribed to it in Section 11.4 (Governing Law and Dispute Resolution).

“**Drag-Along Right**” has the meaning ascribed to it in Section 7.1 (Grant of Drag-Along Right).

“**ESOP**” means collectively, the 2014 ESOP, the 2017 Share Option Plan approved by the Board under which the maximum aggregate number of Ordinary Shares available for exercise of the options to be granted thereunder is 34,826,662 Ordinary Shares (including awards of up to 8,055,153 Ordinary Shares that had not been granted under the 2014 ESOP and have been granted under the 2017 Share Option Plan) and the 2017 Restricted Share Award Scheme approved by the Board under which the maximum aggregate number of Ordinary Shares which may be issued pursuant to all awards of restricted shares to be granted thereunder is 40,157,263 Ordinary Shares (including awards of up to 12,637,194 Ordinary Shares reserved for issuance under the Tencent ESOP).

“**Exchange Act**” has the meaning ascribed to it in Section 2.9(a) (Indemnification).

“**Excluded Related Party Transaction**” has the meaning ascribed to it in Section 8.10 (Related Party Transactions).

“**Existing Shareholders**” means the holders of Ordinary Shares of the Company as of the date immediately prior to the date of this Agreement.

“**First Participation Notice**” has the meaning ascribed to it in Section 3.2(a) (First Participation Notice).

“**Form F-3**” or “**Form S-3**” means such form under the Securities Act as in effect on the date hereof or any successor form under the Securities Act.

“**Form F-4**” or “**Form S-4**” means such form under the Securities Act as in effect on the date hereof or any successor form under the Securities Act.

“**Fully-Exercising ROFR Shareholder**” has the meaning ascribed to it in Section 4.6 (Exercise of Right of First Refusal).

“**GMHL**” means Guomin Holdings Limited, a company limited by shares incorporated under the Laws of the British Virgin Islands.

“**Group Companies**” means the Company and the entities whose financial results are consolidated with those of the Company in accordance with US GAAP, and each, a “**Group Company**”.

“**Holder**” means any Shareholder holding Registrable Securities or any assignee thereof in accordance with Section 2.10 (Assignment of Registration Rights).

“**HKIAC**” has the meaning ascribed to it in Section 11.4 (Governing Law and Dispute Resolution).

“**HKIAC Rules**” has the meaning ascribed to it in Section 11.4 (Governing Law and Dispute Resolution).

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China.

“**IFRS**” means the International Financial Reporting Standards.

“**Initiating Holders**” has the meaning ascribed to it in Section 2.1(b) (Demand Registration).

“**IPO**” has the meaning ascribed to it in Section 10.4 (IPO).

“**Issuance Obligation**” has the meaning ascribed to it in Section 11.2.0 (Release of Obligations).

“**Key Management**” means Xie Zhenyu and Xie Guomin.

“**Kugou**” means Guangzhou Kugou Computer Technology Co., Ltd. (广州酷狗计算机科技有限公司).

“**Largest Financial Investor**” has the meaning ascribed to it in Section 8.2 (Election of Directors).

“**Law**” means any law, rule, constitution, code, ordinance, statute, treaty, decree, regulation, common law, order, official policy, circular, provision, administrative order, interpretation, injunction, judgment, ruling, assessment, writ or other legislative measure, in each case of any governmental authority.

“**Lechang**” means Guangzhou Lechang Software Technology Co., Ltd. (广州乐畅软件科技有限公司), a company incorporated under the laws of the PRC.

“**Lechang Spinoff**” means a series of transactions that contemplate: (i) the transfer of Lechang to Beijing Quku Technology Co., Ltd. (北京趣酷科技有限公司) (“**Quku**”); (ii) the joint ownership in Quku by (A) Beijing Quxing Tianxia Technology Co., Ltd. (北京趣行天下科技有限公司 (“**Quxing**”)), (B) a holding entity (“**Entity A**”) to be jointly owned by the Shareholders or their respective nominees and (C) certain other persons, with Quxing and Entity A collectively owning 75.5% of Quku; and (iii) the subscription by the Shareholders or their respective nominees for, and the issuance by Entity A to the Shareholders or their respective nominees, the equity interests in Entity A on a pro rata basis in proportion to the Shareholders’ equity interests in the issued and outstanding share capital of the Company immediately after the Tencent Closing.

“**Lock-up Period**” has the meaning ascribed to it in Section 2.13 (“Market StandOff” Agreement).

“**March 2016 SHA**” has the meaning ascribed to it in Section 11.3 (Entire Agreement).

“**Material Adverse Effect**” means, with respect to the Company, any change, event, or effect that is materially adverse to the business, operations, assets, liabilities, financial condition, results of operations or prospects of that person and its Subsidiaries taken as a whole.

“**Music Fund**” means an investment fund formed for the purpose of making investments in music content businesses, whose limited partners include (i) Tencent or its Affiliates and (ii) the Company or another Group Company. Notwithstanding the definition of Affiliates, the parties agree that for purposes of this definition of “Music Fund”, Affiliates of Tencent shall exclude the Group Companies or any of the Group Companies’ Controlled Affiliates.

“**New Securities**” means any share, share capital, registered capital, ownership interest, partnership interest, equity interest, joint venture or other ownership interest of the Company, or any option, warrant, or right to subscribe for, acquire or purchase any of the foregoing, or any other security or instrument convertible into or exercisable or exchangeable for any of the foregoing, or any equity appreciation, phantom equity, equity plan or similar right with respect to the Company, or any contract of any kind for the purchase or acquisition from the Company of any of the foregoing, either directly or indirectly, provided, however, that the term “**New Securities**” does not include:

- (i) 104,760,000 Ordinary Shares issued or issuable to qualified employees of the Company pursuant to the 2014 ESOP, or any options to purchase such shares;
- (ii) any other Company Securities issued or to be issued under the ESOP;
- (iii) any securities issued in connection with any share dividend, distribution, share split, share consolidation, or other similar event in which the Shareholders are otherwise entitled to participate;
- (iv) any shares issued upon exercise of options, warrants or other types of awards as approved by the Board;
- (v) any shares issued pursuant to the QIPO;
- (vi) any securities of the Company issued or issuable pursuant to the Issuance Obligation;
- (vii) any Anti-Dilution Issuance Shares or any securities of the Company issued or issuable pursuant to the Anti-Dilution Issuance to Tencent;
- (viii) any shares reserved and issuable to any Shareholder, if applicable, pursuant to its exercise of right of participation under the Prior SHAs in relation to the transactions contemplated under the Tencent Subscription Agreement;

- (ix) any shares issued under the R2G Agreement (provided that, if any shares are issued under this clause (ix), CIFH shall have returned an equivalent number of Ordinary Shares to the Company);
- (x) the Ordinary Shares issued or issuable pursuant to the Spotify Subscription Agreement; and
- (xi) any securities of the Company issued pursuant to the acquisition of another corporation or entity by the Company by consolidation, merger, purchase of assets, or other reorganization in a single transaction or series of related transactions, in each case, duly approved in accordance with Section 10.2(b) (Protective Provisions).

“**Non-Disclosing Party**” has the meaning ascribed to it in Section 11.12 (Confidentiality).

“**Non-Tencent Shareholders**” has the meaning ascribed to it in Section 8.2(b) (Election of Directors).

“**Non-Transferring Shareholders**” has the meaning ascribed to it in Section 4.6 (Exercise of Right of First Refusal).

“**Ordinary Shares**” has the meaning ascribed to it in the Recitals.

“**Overallotment Notice**” has the meaning ascribed to it in Section 4.6 (Exercise of Right of First Refusal).

“**Participation Pro Rata Share**” of any Shareholder means, the ratio of (a) the number of Ordinary Shares held by such Shareholder, to (b) the total number of Ordinary Shares then outstanding and held by all Shareholders immediately prior to the issuance of New Securities giving rise to the Right of Participation.

“**PRC**” means the People’s Republic of China and for purposes of this Agreement, excludes Hong Kong, Macao Special Administrative Region and Taiwan.

“**Preemptive Right Participants**” has the meaning ascribed to it in Section 3.2(b) (Second Participation Notice; Oversubscription).

“**Prior Agreement**” has the meaning ascribed to it in the preamble.

“**Prior SHAs**” has the meaning ascribed to it in Section 11.3 (Entire Agreement).

“**Prospective Transferee**” has the meaning ascribed to it in Section 4.6 (Exercise of Right of First Refusal).

“**Qualified Transfer**” has the meaning ascribed to it in Section 4.2(a) (Key Management Lock-up).

“**QIPO**” means a firm underwritten public offering of the Ordinary Shares or any equity securities in any of the Company’s Subsidiaries in the U.S., pursuant to an effective registration statement under the Securities Act, or in a similar public offering of the Ordinary

Shares or any equity securities in any of the Company's Subsidiaries in another jurisdiction which results in such shares trading publicly on the Hong Kong Stock Exchange, New York Stock Exchange, NASDAQ Stock Market, A-Share Market or such other stock exchange approved by the Board (each, a "**Qualified Stock Exchange**") where the Company meets the listing requirements of such Qualified Stock Exchange, and which, in each case, has an offering price per share that results in a post-money valuation of the Company at a minimum of US\$6 billion on a fully diluted basis upon the consummation of the public offering.

"**Related Party**" means any shareholder, officer or director of a Group Company, or any Affiliate of any such person or of any Group Company, except for any other Group Company. Notwithstanding the definition of Affiliates, the parties agree that for purposes of this definition of "Related Party", Affiliates of Tencent shall exclude the Group Companies or any of the Group Companies' Controlled Affiliates.

"**Related Party Transaction**" means a transaction between any Group Company, on the one hand, and any Related Party, on the other hand; *provided* that the following transactions shall not be considered as Related Party Transaction for purposes of this Agreement: (i) any co-investment transaction by a Group Company and a Related Party in a third party; and (ii) any issuance of Company Securities to any Related Party in compliance with the provisions of this Agreement.

"**Released Parties**" has the meaning ascribed to it in Section 11.20 (Release of Obligations).

"**Releasing Parties**" has the meaning ascribed to it in Section 11.20 (Release of Obligations).

"**Replacement Nominee**" has the meaning ascribed to it in Section 8.4 (Vacancies).

"**R2G Agreement**" means the amended and restated share purchase and exchange agreement dated as of October 30, 2013, by and among R2G Limited, certain of its shareholders and the Company, as amended, supplemented, or otherwise modified from time to time.

"**register**," "**registered**," and "**registration**" refer to a registration effected by preparing and filing a registration statement or similar document in compliance with the Securities Act (or other applicable securities regulations, as the case may be) and the declaration or ordering of effectiveness of such registration statement or document.

"**Registrable Securities**" means any Ordinary Shares held by any Shareholder including any Ordinary Shares issued as (or issuable upon the exchange, conversion or exercise of any warrant, right or other security which is issued as) a dividend or other distribution; provided, however, that the foregoing definition shall exclude in all cases any Registrable Securities sold by a person in a transaction in which his or her rights under this Agreement are not assigned. Notwithstanding the foregoing, Ordinary Shares or other securities shall only be treated as Registrable Securities if and so long as they have not been (A) sold to or through a broker or dealer or underwriter in a public distribution or a public securities transaction, (B) sold in a transaction exempt from the registration and prospectus delivery requirements of the Securities Act under Section 4(1) thereof or analogous rule of another jurisdiction so that all transfer restrictions, and restrictive legends with respect

thereto, if any, are removed upon the consummation of such sale, or (C) sold pursuant to Rule 144 promulgated under the Securities Act or analogous rule of another jurisdiction. Reference to Registrable Securities in this Agreement shall include ADRs or ADSs representing such Registrable Securities.

The number of shares of “ **Registrable Securities then outstanding** ” shall be determined by the number of Ordinary Shares outstanding which are, and the number of Ordinary Shares issuable pursuant to then exchangeable, exercisable or convertible securities which are, Registrable Securities.

“ **Restricted Person** ” means each person listed on Schedule B hereto and each of their respective Affiliates and any entity that a Restricted Person or any of its Affiliates directly or indirectly holds or beneficially owns at least twenty percent (20%) in ownership interest, registered capital, voting power or the decision-making power, whether through contractual arrangements or otherwise.

“ **Right of First Refusal** ” has the meaning ascribed to it in Section 4.5 (Grant of Right of First Refusal).

“ **Right of Participation** ” means the pre-emptive right of each Shareholder under Section 3 (Right of Participation) to purchase such Shareholder’s Participation Pro Rata Share of all (or any part) of any New Securities that the Company may from time to time issue after the date hereof.

“ **ROFR First Response Period** ” has the meaning ascribed to it in Section 4.6 (Exercise of Right of First Refusal).

“ **ROFR Pro Rata Portion** ” has the meaning ascribed to it in Section 4.6 (Exercise of Right of First Refusal).

“ **ROFR Second Response Period** ” has the meaning ascribed to it in Section 4.6 (Exercise of Right of First Refusal).

“ **Sale Notice** ” has the meaning ascribed to it in Section 7.1 (Grant of Drag-Along Right).

“ **SEC** ” means the United States Securities and Exchange Commission.

“ **Second Largest Financial Investor** ” has the meaning ascribed to it in Section 8.2 (Election of Directors).

“ **Second Participation Notice** ” has the meaning ascribed to it in Section 3.2(b) (Second Participation Notice: Oversubscription).

“ **Securities Act** ” means the U.S. Securities Act of 1933, as amended, and any successor statute.

“ **Selection Period** ” has the meaning ascribed to it in Section 11.4 (Governing Law and Dispute Resolution).

“ **Shareholder** ” and “ **Shareholders** ” has the meaning ascribed to it in the preamble.

“**Shareholder Representative**” has the meaning ascribed to it Section 8.11 (Enforcement of Tencent Transaction Documents).

“**Shortened Lock-up Triggering Event**” has the meaning ascribed to it in Section 4.2(a) (Key Management Lock-up).

“**Spotify Investor Agreement**” means that certain Investor Agreement to be entered into by and among the Company, Spotify AB, Spotify Technology S.A. and Tencent Holdings Limited at the closing of the transactions contemplated by the Spotify Subscription Agreement.

“**Spotify Investor**” has the meaning ascribed to “Investor” in the Spotify Investor Agreement.

“**Spotify Subscription Agreement**” has the meaning ascribed to it in the recitals.

“**Subsidiary**” means, with respect to any given person, any person of which the given person directly or indirectly Controls.

“**Target Shares**” has the meaning ascribed to it in Section 4.6 (Exercise of Right of First Refusal).

“**Tencent**” means Min River Investment Limited, a company incorporated under the laws of the British Virgin Islands.

“**Tencent Closing**” has the same meaning as ascribed to the definition of “Closing” in the Tencent Subscription Agreement.

“**Tencent Closing Date**” has the same meaning as ascribed to the definition of “Closing Date” in the Tencent Subscription Agreement.

“**Tencent Directors**” has the meaning ascribed to it in Section 8.2 (Election of Directors).

“**Tencent ESOP**” means the equity incentive, purchase or participation plan, employee stock option plan or similar plan of the Company approved by the Board, under which 12,637,194 Ordinary Shares have been issued or reserved for issuance.

“**Tencent GC**” has the meaning ascribed to it in Section 8.8 (Management).

“**Tencent Subscription Agreement**” means that certain Share Subscription Agreement, dated July 12, 2016, by and among the Company, Tencent and certain other parties thereto.

“**Tencent Transaction Documents**” has the meaning ascribed to the term “Transaction Documents” in the Tencent Subscription Agreement.

“**Territory**” means the People’s Republic of China, excluding Hong Kong, the Macao Special Administrative Region and Taiwan.

“**Trade Sale**” means (i) a sale, lease, transfer or other disposition of all or substantially all of the assets of the Group Companies as a whole, (ii) an exclusive licensing

out of all or substantially all of the Intellectual Property of the Group Companies as a whole, (iii) any transaction (or a series of related transactions) in which a majority of the Company's voting power or a majority of the voting power of any material Subsidiary of the Company is transferred to a third party (or multiple third parties) or to Tencent or its Affiliates (whether by share transfer or share issuance), or (iv) a merger, consolidation or other business combination of the Company or any material Subsidiary of the Company with or into any other person.

“**Transaction Documents**” means the Spotify Subscription Agreement, this Agreement, the Articles, and any other agreement, document or instrument required to be executed and delivered in connection with the transactions contemplated by the Spotify Subscription Agreement.

“**Transfer**” means, with respect to any Company Securities, (i) when used as a verb, to sell, assign, dispose of, exchange, pledge, encumber, hypothecate or otherwise transfer such Company Securities or any participation or interest therein, whether directly or indirectly (including pursuant to a derivative transaction or a transfer or new issuance of ownership interests in a direct or indirect holder of such Company Securities), or agree or commit to do any of the foregoing and (ii) when used as a noun, a direct or indirect sale, assignment, disposition, exchange, pledge, encumbrance, hypothecation, or other transfer of such Company Securities or any participation or interest therein or any agreement or commitment to do any of the foregoing.

“**Transferring Shareholder**” has the meaning ascribed to it in Section 4.6 (Exercise of Right of First Refusal).

“**US GAAP**” means the generally accepted accounting principles and practices in the United States as in effect from time to time.

“**VIE Affiliate**” means each of Beijing Kuwo Technology Co., Ltd. (北京酷我科技有限公司) and Kugou, collectively, the “**VIE Affiliates**”.

“**Violation**” has the meaning ascribed to it in Section 2.9(a) (Indemnification).

“**Xie Guomin**” has the meaning ascribed to it in the preamble.

“**Xie Zhenyu**” has the meaning ascribed to it in the preamble.

“**2013 SHA**” has the meaning ascribed to it in Section 11.3 (Entire Agreement).

“**2014 SHA**” has the meaning ascribed to it in Section 11.3 (Entire Agreement).

2. REGISTRATION RIGHTS

2.1 Demand Registration.

(a) If the Company receives, upon the expiration of six (6) months after the effective date of a QIPO, a written request from Holders of at least thirty percent (30%) of the Registrable Securities then outstanding, then the Company shall, within thirty (30) days after the receipt thereof, give a written notice of such request to all Holders and shall, subject to the limitations of Section 2.1(b) (Demand Registration), use its best efforts to

effect as soon as practicable, the registration under the Securities Act of all Registrable Securities which the Holders request to be registered within twenty (20) days after the mailing of such notice by the Company. Registrations under this Section 2.1 (Demand Registration) shall be on such appropriate registration form of the SEC or other governmental entity as shall be selected by the Company and shall permit the disposition of such Registrable Securities in accordance with the intended method or methods of disposition specified in the request for such registration.

(b) If the Holders initiating the registration request under this Section 2.1 (Demand Registration) (the “ **Initiating Holders** ”) intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to this Section 2.1 (Demand Registration) and the Company shall include such information in the written notice referred to in Section 2.1(a) (Demand Registration). The underwriter will be selected by the Company and shall be reasonably acceptable to a majority in interest of the Initiating Holders. In such event, the right of any Holder to include its Registrable Securities in such registration shall be conditioned upon such Holder’s participation in such underwriting and the inclusion of such Holder’s Registrable Securities in the underwriting (unless otherwise mutually agreed by a majority in interest of the Initiating Holders and such Holder) to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall (together with the Company as provided in Section 2.4(e) (Obligations of the Company)) enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting. Notwithstanding any other provision of this Section 2.1 (Demand Registration), if the underwriter advises the Initiating Holders in writing that marketing factors require a limitation on the number of shares to be underwritten, then the Initiating Holders shall so advise all Holders of the Registrable Securities which would otherwise be underwritten pursuant hereto, and the amount of Registrable Securities that may be included in the underwriting shall be allocated among all Holders thereof, including the Initiating Holders, in proportion (as nearly as practicable) to the amount of Registrable Securities of the Company held by each Holder; provided, however, that in each case the amount of Registrable Securities to be included in such underwriting shall not be reduced unless all securities other than Registrable Securities are first entirely excluded from the underwriting; and provided, further, that in the case of registration pursuant to Section 2.1(a) (Demand Registration), that if the reduction reduces the total amount of Registrable Securities included in such underwriting to less than thirty percent (30%) of the Registrable Securities initially requested for registration by the Initiating Holders, such offering shall not be counted as a registration for the purpose of subsection (d) (i).

(c) Notwithstanding the foregoing, if the Company furnishes to the Initiating Holders a certificate signed by the president or chief executive officer of the Company stating that in the good faith judgment of the Board, it would be seriously detrimental to the Company and its shareholders for such registration statement to be filed and it is therefore essential to defer the filing of such registration statement, the Company shall have the right to defer such filing for a period of not more than one hundred and twenty (120) days after receipt of the request from the Initiating Holders; provided, however, that the Company may not utilize this right more than twice in any twelve (12) month period.

(d) In addition to and without prejudice to Section 2.14 (Termination of Registration Rights), the Company shall not be obligated to effect, or take any action to effect, any registration pursuant to this Section 2.1 (Demand Registration):

(i) after the Company has effected two (2) registrations pursuant to Section 2.1(a) (Demand Registration) (with ADRs or ADSs and their underlying Ordinary Shares constituting a single registration) and such registrations (x) have been declared or ordered effective, or (y) have been closed or withdrawn at the request of the Initiating Holders (other than as a result of a Material Adverse Effect);

(ii) during the period commencing on the date sixty (60) days prior to the date of filing (as estimated by the Company in good faith) of, and ending on the date one hundred and eighty (180) days after the effective date of (subject to such extension as provided in Section 2.13 (“ Market Stand-Off” Agreement)), a registration subject to Section 2.2 (Company Registration) (other than a registration relating solely to the sale of securities to participants in a Company share plan, a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities, or a registration in which the only Ordinary Shares being registered are Ordinary Shares issuable upon conversion of debt securities that are also being registered or an SEC Rule 145 transaction); provided that the Company uses its reasonable best efforts to cause such registration statement under Section 2.2 (Company Registration) to become effective; or

(iii) if the Initiating Holders propose to dispose of Registrable Securities that may be immediately registered on Form F-3 or Form S-3 (or any successor form that provides for short-form registration), as the case may be.

2.2 Company Registration. If (but without any obligation to do so) the Company proposes to register (including, for this purpose, a registration effected by the Company for Shareholders other than the Holders) any of its securities under the Securities Act (or such applicable securities laws, as the case may be), in connection with the public offering of such securities solely for cash (other than a registration relating solely to the sale of securities to participants in a Company share plan, an offering or sale of securities pursuant to a registration statement on Form F-4 or Form S-4 (or any successor form), as the case may be, a registration in which the only shares being registered are Ordinary Shares issuable upon conversion of debt securities which are also being registered, a registration of securities in a transaction under Rule 145 promulgated under the Securities Act, or in any registration on any form which does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities), the Company shall, at such time, promptly give each Holder a written notice of such registration. Upon the written request of any Holder given within twenty (20) days after mailing of such notice by the Company, the Company shall, subject to the provisions of Section 2.7 (Underwriting Requirements), cause to be registered under the Securities Act the Registrable Securities that each such Holder has requested to be registered. For the avoidance of doubt, registration pursuant to this Section 2.2 (Company Registration) shall not be deemed to be a demand registration as described in Section 2.1 (Demand Registration) above. There shall be no limit on the number of times the Holders may request registration of Registrable Securities under this Section 2.2 (Company Registration).

2.3 Form F-3 or S-3 Registration. In case the Company receives from Holders of at least thirty percent (30%) of the Registrable Securities then outstanding, a written request or requests that the Company effect a registration on Form F-3 or Form S-3, as the case may be, and any related qualification or compliance with respect to all or a part of the Registrable Securities held by such Holders, as the case may be, the Company shall:

(a) promptly give a written notice of the proposed registration, and any related qualification or compliance, to all other Holders; and

(b) as soon as practicable, effect such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holder or Holders joining in such request as are specified in a written request given within fifteen (15) days after receipt of such written notice from the Company; provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance, pursuant to this Section 2.3 (Form F-3 or S-3 Registration):

(i) if Form F-3 or Form S-3, as the case may be, is not available for such offering by the Holder(s);

(ii) if the Holder(s), together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate offering price to the public (before any underwriters' discounts or commissions) of less than one million U.S. dollars (US\$1,000,000);

(iii) if the Company furnishes to the Holder(s) a certificate signed by the president or chief executive officer of the Company stating that, in the good faith judgment of the Board, it would be seriously detrimental to the Company and its shareholders for such registration on Form F-3 or Form S-3 (as the case may be) to be effected at such time, the Company shall have the right to defer the filing of the registration statement on Form F-3 or Form S-3 (as the case may be) for a period of not more than sixty (60) days after receipt of the request of the Holder or Holders under this Section 2.3 (Form F-3 or S-3 Registration); provided, however, that the Company shall not utilize this right more than twice in any twelve (12) month period;

(iv) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance; or

(v) during the period ending on the date one hundred and eighty (180) days after the effective date of a registration statement subject to Section 2.2 (Company Registration), which period may be extended pursuant to Section 2.13 (" Market Stand-Off " Agreement).

(c) Subject to the foregoing, the Company shall file a registration statement covering the Registrable Securities and other securities so requested to be registered as soon as practicable after receipt of the request or requests of the Holders. Registrations effected pursuant to this Section 2.3 (Form F-3 or S-3 Registration) shall not be counted as demands for registration or registrations effected pursuant to Sections 2.1 (Demand Registration) or 2.2 (Company Registration).

2.4 Obligations of the Company. Whenever required under this Section 2 (Registration Rights) to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) prepare and file with the SEC (or such other governmental authorities, as the case may be) a registration statement with respect to such Registrable Securities and use its best efforts to cause such registration statement to become effective, and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for up to one hundred and twenty (120) days;

(b) prepare and file with the SEC (or such other governmental authorities, as the case may be) such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act (or such other applicable securities laws, as the case may be) with respect to the disposition of all securities covered by such registration statement for up to one hundred and twenty (120) days;

(c) furnish to the Holders such number of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act (or such other applicable securities laws, as the case may be), and such other documents as they may reasonably request in order to facilitate the disposition of the Registrable Securities held by them;

(d) use its reasonable best efforts to register and qualify the securities covered by such registration statement under such other securities or blue sky laws of such jurisdictions as may be reasonably requested by the Holders; provided, however, that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions;

(e) in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter of such offering, and each Holder participating in such underwriting shall also enter into and perform its obligations under such agreement;

(f) notify each Holder of the Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act (or such other applicable securities laws, as the case may be) of the occurrence of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances then existing, not misleading; such obligation shall continue until the earlier of (i) the sale of all Registrable Securities registered pursuant to the registration statement of which such prospectus forms a part, or (ii) withdrawal of such registration statement;

(g) cause all such Registrable Securities registered pursuant to this Agreement to be listed on each securities exchange on which similar securities issued by the Company are then listed;

(h) provide a transfer agent and registrar for all Registrable Securities registered pursuant hereunder and a CUSIP number for all such Registrable Securities, in each case no later than the effective date of such registration; and

(i) use its reasonable best efforts to furnish, at the request of any Holder requesting registration of the Registrable Securities pursuant to this Section 2 (Registration Rights), on the date such Registrable Securities are delivered to the underwriters for sale in connection with a registration pursuant to this Section 2 (Registration Rights), if such securities are being sold through underwriters, or on the date the registration statement with respect to such securities becomes effective, if such securities are not being sold through underwriters, (i) an opinion, dated such date, from the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering, addressed to the underwriters, if any, and to the Holders requesting registration of the Registrable Securities; and (ii) a letter dated such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the underwriters, if any, and to the Holders requesting registration of the Registrable Securities.

2.5 Furnish Information. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 2 (Registration Rights) with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as shall be required to effect the registration of such Holder's Registrable Securities. The Company shall have no obligation with respect to any registration requested pursuant to Sections 2.1 (Demand Registration) and 2.3 (Form F-3 or S-3 Registration) if, as a result of the application of the preceding sentence, the number of shares or the anticipated aggregate offering price of the Registrable Securities to be included in the registration fails to reach or exceed the number of shares or the anticipated aggregate offering price originally required to trigger the Company's obligation to initiate such registration as specified in Sections 2.1(a) (Demand Registration) or 2.3(b)(ii) (Form F-3 or S-3 Registration), whichever is applicable.

2.6 Expenses of Registration.

(a) Expenses of Demand Registration. All expenses (other than underwriting discounts and commissions and such underwriting expenses to be borne by the underwriters and stock transfer taxes) incurred in connection with registrations, filings or qualifications pursuant to Section 2.1 (Demand Registration), including all registration, filing and qualification fees, printers' and accounting fees, fees and disbursements of counsel for the Company and the reasonable fees and disbursements of counsel for the selling Holders shall be borne by the Company; provided, however, that the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Section 2.1 (Demand Registration) if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (in which case all participating Holders shall bear such expenses pro rata based on their Registrable Securities included in such registration), unless the Holders of a majority of the Registrable Securities agree to forfeit their right to one demand registration pursuant to Section 2.1 (Demand Registration).

(b) Expenses of Company Registration. All expenses (other than underwriting discounts and commissions and such underwriting expenses to be borne by the underwriters) incurred in connection with registrations, filings or qualifications of Registrable Securities pursuant to Section 2.2 (Company Registration) for each Holder (which right may

be assigned as provided in Section 2.10 (Assignment of Registration Rights)), including all registration, filing, and qualification fees, printers' and accounting fees, fees and disbursements of counsel for the Company and the reasonable fees and disbursements of counsel for the selling Holder or Holders shall be borne by the Company.

(c) Expenses of Registration on Form F-3 or Form S-3. All expenses (other than underwriting discounts and commissions and such underwriting expenses to be borne by the underwriters) incurred in connection with registrations requested pursuant to Section 2.3 (Form F-3 or S-3 Registration), including all registration, filing, qualification, printers' and legal and accounting fees, fees and disbursements of counsel for the Company and the reasonable fees and disbursements of counsel for the selling Holders shall be borne by the Company.

2.7 Underwriting Requirements. If a registration statement for which the Company gives a notice pursuant to Section 2.2 (Company Registration) is for an underwritten offering, then the Company shall so advise the Holders of Registrable Securities as part of such written notice. In such event, the right of any Holder to include its Registrable Securities in a registration pursuant to Section 2.2 (Company Registration) shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their Registrable Securities through such underwriting shall (together with the Company and the other holders of securities of the Company whose securities are to be included in such registration and underwriting) enter into an underwriting agreement in customary form with the managing underwriter or underwriters selected for such underwriting. Notwithstanding any other provision of this Agreement, if the managing underwriter(s) determine(s) in good faith that marketing factors require a limitation on the number of shares to be underwritten, then the managing underwriter(s) may exclude shares (including Registrable Securities) from the registration and the underwriting, and the number of shares that may be included in the registration and the underwriting shall be allocated (i) first, to the Company, (ii) second, to each of the Holders requesting inclusion of their Registrable Securities in such registration statement on a pro rata basis based upon the total number of Registrable Securities then held by each such Holder; provided, however, that no exclusion of such Holders' Registrable Securities shall be made unless all other Shareholders' securities are first excluded; and provided, further, that in any underwriting that is not in connection with the Company's initial public offering, the amount of Registrable Securities included in the offering shall not be reduced below twenty percent (20%) of the Registrable Securities requested to be included in such offering, and (iii) third, to the other Shareholders. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the underwriter at least thirty (30) days prior to the effective date of the registration statement. Any Registrable Securities excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration. For any Holder that is a venture capital fund, partnership or corporation, the affiliated venture capital funds, partners, retired partners and stockholders of such Holder, or the estates and family members of any such partners, stockholders and retired partners and any trusts for the benefit of any of the foregoing persons shall be deemed to be a single "Holder," and any pro rata reduction with respect to such "Holder" shall be based upon the aggregate amount of shares carrying registration rights owned by all entities and individuals included in such "Holder," as defined in this sentence.

2.8 Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 2 (Registration Rights).

2.9 Indemnification. In the event any Registrable Securities are included in a registration statement under this Section 2 (Registration Rights):

(a) To the extent permitted by applicable Laws, the Company will indemnify and hold harmless each Holder, any “underwriter” (as defined in the Securities Act) for such Holder and each person, if any, who Controls such Holder or underwriter within the meaning of the Securities Act or the Securities Exchange Act of 1934, as amended (the “Exchange Act”), against any losses, claims, damages, or liabilities (joint or several) to which they may become subject under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages, or liabilities (or actions, proceedings or settlements in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (each, a “Violation”): (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained in such registration statement or any amendments or supplements thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, any state securities law or any rule or regulation promulgated under the Securities Act, the Exchange Act or any state securities law; and the Company will pay to each such Holder, underwriter or Controlling person, as incurred, any legal or other expenses reasonably incurred by them in connection with investigating, defending or settling any such loss, claim, damage, liability, or action; provided, however, that the indemnity agreement contained in this Section 2.9(a) (Indemnification) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability, or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld), nor shall the Company be liable to any Holder, underwriter or Controlling person for any such loss, claim, damage, liability, or action to the extent that it arises out of or is based upon a Violation which occurs solely as a result of any written information furnished expressly for use in connection with such registration by such Holder, underwriter or Controlling person.

(b) To the extent permitted by applicable Laws, each selling Holder will indemnify and hold harmless the Company, each of its directors, each of its officers who has signed the registration statement, each person, if any, who Controls the Company within the meaning of the Securities Act, any underwriter, any other Holder selling securities in such registration statement and any Controlling person of any such underwriter or other Holder, against any losses, claims, damages, or liabilities (joint or several) to which any of the foregoing persons may become subject, under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages, or liabilities (or actions in respect thereto) arise out of or are based upon any Violation by such Holder, in each case to the extent (and only to the extent) that such Violation occurs solely as a result of any written information furnished by such Holder expressly for use in connection with such registration; and each such Holder will pay, as incurred, any legal or other expenses reasonably incurred by any person intended to be indemnified pursuant to this Section 2.9(b) (Indemnification), in connection with investigating, defending or settling any such loss, claim, damage, liability, or action; provided, however, that the indemnity agreement

contained in this Section 2.9(b) (Indemnification) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder (which consent shall not be unreasonably withheld); provided further, that in no event shall any indemnity under this Section 2.9(b) (Indemnification) exceed the net proceeds from the offering received by such Holder.

(c) Promptly after receipt by an indemnified party under this Section 2.9 (Indemnification) of a notice of the commencement of any action (including any governmental action), such indemnified party shall, if a claim in respect thereof is to be made against any indemnifying party under this Section 2.9 (Indemnification), deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party (together with all other indemnified parties which may be represented without conflict by one counsel) shall have the right to retain one (1) separate counsel, with the reasonable fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver a written notice to the indemnifying party within a reasonable time after the commencement of any such action, if actually and materially prejudicial to its ability to defend such action, shall relieve such indemnifying party from any liability to the indemnified party under this Section 2.9 (Indemnification), but the omission to deliver a written notice to the indemnifying party will not relieve the indemnifying party from any liability that it may have to any indemnified party otherwise than under this Section 2.9 (Indemnification). No indemnifying party, in the defense of any such claim or litigation, shall, except with the consent of each indemnified party, consent to entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect of such claim or litigation.

(d) If the indemnification provided for in this Section 2.9 (Indemnification) is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage or expense referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage, or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the statements or omissions that resulted in such loss, liability, claim, damage or expense as well as any other relevant equitable considerations; provided, however, that in no event shall any contribution by a Holder under this Section 2.9(d) (Indemnification) exceed the net proceeds from the offering received by such Holder. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission.

(e) The obligations of the Company and Holders under this Section 2.9 (Indemnification) shall survive the completion of any offering of Registrable Securities in a registration statement under this Section 2 (Registration Rights).

2.10 Assignment of Registration Rights. The rights to cause the Company to register Registrable Securities pursuant to this Section 2 (Registration Rights) may be assigned (but only with all related obligations) by a Holder to (i) any partner or retired partner or affiliated fund of any Holder which is a partnership, (ii) any member or former member of any Holder which is a limited liability company, (iii) any family member or trust for the benefit of any individual Holder, (iv) any Affiliate of a Holder, or (v) a transferee or assignee who acquires at least 20% of the shares of Registrable Securities originally purchased by the Holder (as adjusted for any share dividends, combinations, reclassifications or splits with respect to such shares); provided, in each case, that the Company is, within a reasonable time after such transfer, furnished with a written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being assigned, and, provided further, that the transferee or assignee of such registration rights assumes in writing the obligations of such Holder under this Section 2 (Registration Rights). For the purposes of determining the amount of Registrable Securities held by a transferee or assignee, the holdings of transferees and assignees of a business entity who are Affiliates, retired Affiliates of such entity (including spouses and ancestors, lineal descendants and siblings of such Affiliates or Affiliates who acquire Registrable Securities by gift, will or intestate succession) shall be aggregated together and with the business entity; provided that all assignees and transferees who would not qualify individually for assignment of registration rights shall have a single attorney-in-fact for the purpose of exercising any rights, receiving notices or taking any action under this Section 2 (Registration Rights).

2.11 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the prior written consent of the Holders of a majority of the outstanding Registrable Securities, enter into any agreement with any holder or prospective holder of any securities of the Company which would allow such holder or prospective holder (a) to include such securities in any registration filed under Section 2.2 (Company Registration), unless under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of its securities will not reduce the amount of the Registrable Securities of the Holders which is included, or (b) to make a demand registration.

2.12 Reports under the Exchange Act. With a view to making available to the Holders the benefits of Rule 144 and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public pursuant to a registration on Form F-3 or Form S-3, as the case may be, or without registration, the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144, at all times after the effective date of the first registration statement filed by the Company for the offering of its securities to the general public so long as the Company remains subject to the periodic reporting requirements under Sections 13 or 15(d) of the Exchange Act;

(b) take such action, including the voluntary registration of its Ordinary Shares under Section 12 of the Exchange Act, as is necessary to enable the Holders

to utilize Form F-3 or Form S-3 (or any successor form that provides for short-form registration), as the case may be, for the sale of their Registrable Securities, such action to be taken as soon as practicable after the end of the fiscal year in which the first registration statement filed by the Company for the offering of its securities to the general public is declared effective;

(c) file with the SEC (or such governing authorities, as applicable) in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act, or other applicable securities regulations; and

(d) furnish to any Holder, so long as accurate and so long as the Holder owns any Registrable Securities, forthwith upon request (i) a written statement by the Company that it has complied with the reporting requirements of Rule 144 (at any time after ninety (90) days after the effective date of the first registration statement filed by the Company), the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form F-3 or Form S-3 (or any successor form that provides for short-form registration) (at any time after it so qualifies), as the case may be, (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and (iii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC which permits the selling of any such securities without registration or pursuant to such form.

2.13 “Market Stand-Off” Agreement.

(a) Each Holder hereby agrees that, during the period (the “**Lock-up Period**”) of duration (up to, but not exceeding, one hundred and eighty (180) days unless extended as provided below) specified in the relevant underwriting agreement by the Company and an underwriter of the Ordinary Shares, following the date of the final prospectus which forms a part of a registration statement of the Company filed under the Securities Act, it shall not, to the extent requested by the Company and such underwriter, directly or indirectly sell, offer to sell, contract to sell (including any short sale), grant any option to purchase or otherwise transfer or dispose of (other than to donees who agree to be similarly bound) any securities of the Company held by it at any time during such period except Registrable Securities included in such registration, if any. Each Holder agrees to execute an agreement with said underwriters in customary form consistent with the provisions of this Section 2.13 (“Market Stand-Off” Agreement), provided, however, that (i) all directors, officers and holders of the outstanding Ordinary Shares shall sign substantially identical agreements and (ii) the agreement permits transfers to Affiliates or other transferees if, in each case, the transferee enters into a substantially similar agreement.

(b) In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the Registrable Securities of each Holder (and the shares or securities of every other person subject to the foregoing restriction) until the end of such Lock-up Period and each Holder agrees that, if so requested, such Holder will execute an agreement in the form provided by the underwriter containing terms which are essentially consistent with the provisions of this Section 2.13 (“Market Stand-Off” Agreement).

(c) Notwithstanding the foregoing, the obligations described in this Section 2.13 (“Market Stand-Off” Agreement) shall not apply to a registration relating solely to employee benefit plans on Form S-8 or similar forms which may be promulgated in the future, or a registration relating solely to an SEC Rule 145 transaction on Form S-4 or similar forms which may be promulgated in the future.

2.14 Termination of Registration Rights. No Holder shall be entitled to exercise any right provided for in this Section 2 (Registration Rights) (except for Section 2.9 (Indemnification)) after the earlier of (i) five (5) years following the consummation of a QIPO, and (ii) such time as Rule 144 is available for the sale of all (and not less than all) of such Holder’s Ordinary Shares (with all transfer restrictions and restrictive legends removed upon such sale) to the public during a ninety (90) day period without registration.

2.15 Foreign Registrations. To the extent the Company effects a public offering or registration in a jurisdiction outside the U.S., the registration rights afforded to the Holders, and the intent of the related provisions hereunder shall, subject to the applicable securities regulations, be carried out and applied as nearly as possible in such foreign jurisdiction as if such public offering or registration were effected in the U.S.

3. **RIGHT OF PARTICIPATION**

3.1 General. Each Shareholder shall have the Right of Participation to purchase its Participation Pro Rata Share of any New Securities that the Company may from time to time issue after the date of this Agreement, provided that the Shareholder exercising the Right of Participation must undertake to the Company and the other Shareholders that it purchases the New Securities entirely for its own account, and not as a nominee holder for any third party.

3.2 Procedures.

(a) First Participation Notice. In the event that the Company proposes to issue New Securities, it shall give to each Shareholder a written notice (the “**First Participation Notice**”), describing the amount and type of New Securities, the price and the general terms upon which the Company proposes to issue such New Securities. Each Shareholder shall have the right to purchase all or a portion of such Shareholder’s Participation Pro Rata Share of such New Securities for the price and upon the terms and conditions specified in the First Participation Notice by giving a written notice to the Company within twenty (20) days from the date of receipt of such First Participation Notice and stating therein the quantity of New Securities to be purchased by such Shareholder (not to exceed its Participation Pro Rata Share of such New Securities). If any Shareholder fails to so notify in writing within such twenty (20) day period to purchase its full Participation Pro Rata Share of the New Securities, such Shareholder shall forfeit the right hereunder to purchase that part of its Participation Pro Rata Share of such New Securities that it did not elect to purchase but without prejudice to participating in any future or other offerings of New Securities.

(b) Second Participation Notice: Oversubscription. If any Shareholder does not exercise in full its Right of Participation within the above twenty (20) day period, the Company shall promptly give a written notice (the “**Second Participation Notice**”) to each of the Shareholders who has exercised in full its Right of Participation in

accordance with Section 3.2(a) (First Participation Notice) above (the “ **Preemptive Right Participants** ”). Each Preemptive Right Participant shall have ten (10) days from the date of receipt of the Second Participation Notice to notify the Company of its desire to purchase more than its Participation Pro Rata Share of the New Securities, stating the number of the additional New Securities it proposes to buy. If, as a result thereof, such oversubscription exceeds the total number of the remaining New Securities available for purchase, each oversubscribing Preemptive Right Participant will be cut back by the Company with respect to its oversubscription to that number of remaining New Securities equal to the lesser of (x) the number of the additional New Securities such oversubscribing Preemptive Right Participant proposed to buy, and (y) the product obtained by multiplying (i) the number of the remaining New Securities available for subscription by (ii) a fraction, the numerator of which is the number of Ordinary Shares held by such oversubscribing Preemptive Right Participant and the denominator of which is the total number of Ordinary Shares held by all the oversubscribing Preemptive Right Participants. Each Preemptive Right Participant shall be obligated to buy such number of New Securities as determined by the Company pursuant to this Section 3.2(b) (Second Participation Notice; Oversubscription).

(c) Notwithstanding anything to the contrary in this Section 3 (Right of Participation), the Company shall have the right to consummate an issuance of New Securities at any time with one or more Shareholders who have exercised their Right of Participation and are able to consummate such issuance before the expiration of the periods contemplated in Section 3.2(a) (First Participation Notice) and Section 3.2(b) (Second Participation Notice; Oversubscription); provided that (i) such Shareholders shall not be entitled to acquire more New Securities than they would have been entitled to acquire if such periods had lapsed in full, and (ii) each other Shareholder shall continue to be entitled to acquire the same number of New Securities during such periods contemplated above as such Shareholder would have been entitled to acquire if the Company had not consummated any issuances before such periods had lapsed in full.

3.3 Failure to Exercise. Upon the expiration of a ten (10) day period from the date of the Second Participation Notice, or the twenty (20) day period from the date of the First Participation Notice (if no Shareholder exercises its Right of Participation within such 20-day period), the Company shall have ninety (90) days thereafter to sell the New Securities described in the First Participation Notice (with respect to which the Rights of Participation hereunder were not exercised) at the same or higher price and on terms not more favorable to the purchasers thereof than those specified in the First Participation Notice. In the event that the Company has not issued and sold such New Securities within such ninety (90) day period, the Company shall not thereafter issue or sell any such New Securities without again first offering such New Securities to the Shareholders pursuant to this Section 3 (Right of Participation).

3.4 No Obligation to Consummate. The Company shall not be obligated to consummate any proposed issuance of New Securities, nor be liable to any Shareholder if the Company has not consummated any proposed issuance of New Securities pursuant to this Section 3 (Right of Participation) for whatever reason, regardless of whether it shall have delivered a First Participation Notice or received any exercise notice in respect of such proposed issuance (provided that in such case the Company shall use its best efforts to consummate the issuance of New Securities to the Shareholders that have delivered such exercise notice).

4. **RIGHT OF FIRST REFUSAL; OTHER TRANSFER RESTRICTIONS**

4.1 **Restriction on Transfer**. For so long as there are Company Securities issued and outstanding, none of the Shareholders shall directly or indirectly Transfer any Company Securities in contravention of the Articles, this **Section 4 (Right of First Refusal; Other Transfer Restrictions)** or **Section 5 (Right of Co-sale)**. Such restrictions, however, shall not be applicable to any Transfer of the Company Securities (a) to an Affiliate of such Shareholder, (b) to a custodian or a trustee, including a trustee of a voting trust, or partnership solely for the account and benefit of a Shareholder, (c) among the Shareholders, (d) by CIFH to certain designees of shareholders of R2G Limited of up to 9,977,004 Ordinary Shares, in one or more transactions, as an alternative method to achieve the economic purpose contemplated by the R2G Agreement (in which case (i) the Company shall pay to CIFH on behalf of the relevant recipients of such shares at US\$0.3333 per share, as if the Company had repurchased such shares from CIFH and re-issued the same to the relevant shareholders of R2G Limited and (ii) the Company's right to issue an equivalent number of shares under (ix) of the definition of "New Securities" shall forfeit) or (e) by the designees of shareholders of R2G Limited by way of waiving or non-exercising their right to receive any shares under the above (d) in exchange for cash consideration payable by CIFH, **provided** that in each case of (a), (b), (c) and (d), each such transferee or assignee, prior to the completion of the Transfer shall have executed documents fully and unconditionally assuming all of the obligations of such Shareholder under this Agreement with respect to the Transferred Company Securities; **provided, further**, that in the case of (a), if such transferee at any time ceases to be an Affiliate of such Shareholder, such transferee shall, prior to its ceasing to be an Affiliate of such Shareholder, Transfer such Company Securities back to such Shareholder.

4.2 **Lock-up Covenant**.

(a) **Key Management Lock-up**. Notwithstanding anything otherwise provided in this Agreement, each of the Key Management agrees and covenants that, without the prior written consent of Tencent, (i) at any time during the first three (3) years after the Tencent Closing Date, he will not, Transfer, directly or indirectly, any Company Securities that are in excess of thirty percent (30%) of the aggregate Company Securities held or beneficially owned by him (subject to subsequent adjustment for share splits, share dividends, reverse share splits, re-capitalizations and the like) as of the Tencent Closing Date, whether in a single transaction or a series of transactions; and (ii) at any time during each one-year period for the three (3) years after the third (3rd) anniversary of the Tencent Closing Date, he will not, Transfer, directly or indirectly, any Company Securities that are in excess of one-third (1/3) of the aggregate remaining Company Securities held or beneficially owned by him (subject to subsequent adjustment for share splits, share dividends, reverse share splits, re-capitalizations and the like) as of the third (3rd) anniversary of the Tencent Closing Date, whether in a single transaction or a series of transactions; **provided** that with respect to any Key Management, if at any time during the four-year period after the Tencent Closing Date, (x) such Key Management has been removed as officer and employee of all Group Companies and all the employment agreements with such Key Management have been terminated by all Group Companies, or (y) such Key Management becomes a key executive of the general partner of the Music Fund (for the avoidance of doubt, once such Key Management becomes a key executive of the general partner of the Music Fund, such Key Management should have resigned and no longer been a director, officer or employee of any Group Company) (either (x) or (y), the "**Shortened Lock-up Triggering Event**"), then

upon the resignation by such Key Management as directors of all Group Companies, the above Key Management lock-up provision shall be replaced by the following: without the prior written consent of Tencent, at any time during each one-year period for the two (2) years after the Shortened Lock-up Triggering Event, he will not, Transfer, directly or indirectly, any Company Securities that are in excess of one-half (1/2) of the aggregate Company Securities held or beneficially owned by him (subject to subsequent adjustment for share splits, share dividends, reverse share splits, re-capitalizations and the like) as of the Shortened Lock-up Triggering Event, whether in a single transaction or a series of transactions (any Transfer made as permitted pursuant to this proviso shall be a “ **Qualified Transfer** ”); *provided further* that, notwithstanding anything to the contrary in Section 4.1, any proposed Transfer of Company Securities held or beneficially owned by such Key Management that is a Qualified Transfer (including any Transfer made by such Key Management’s Affiliates or permitted transferees) to any person (including to any other Shareholder) shall comply with, and be subject to the Right of First Refusal of each Shareholder in accordance with the respective provisions under this Section 4 (Right of First Refusal; Other Transfer Restrictions). The lock-up contemplated under this Section 4.2(a) (Key Management Lock-up) shall terminate upon the earliest of (i) the second (2nd) anniversary of the Shortened Lock-up Triggering Event (only if the Shortened Lock-up Triggering Event is applicable); (ii) the sixth (6th) anniversary of the Tencent Closing Date; and (iii) six months after the consummation of a QIPO.

4.3 Restrictions on Transfer to Restricted Persons. Notwithstanding anything to the contrary contained herein, without the prior written consent of Tencent, none of the Shareholders other than Tencent shall Transfer, directly or indirectly, any Company Securities held or beneficially owned by it to any Restricted Person.

4.4 Transferee Obligations; Future Holders. Each person to whom the Company Securities are Transferred by means of one of the permitted Transfers specified in Section 4.1 (Restriction on Transfer) must, as a condition precedent to the validity of such Transfer, execute and deliver to each of the other parties a Joinder in the form set forth in Exhibit A, pursuant to which such transferee or assignee shall agree to be bound by this Agreement as if it were an original party hereto. Additionally, the Company agrees that any future issuance of any New Securities to any person or entity which results in such person or entity holding any Ordinary Shares (including Ordinary Shares issued or issuable upon the conversion or exercise of convertible or exercisable securities outstanding on the date of, and immediately following, the adoption of this Agreement, the issuance of which shall have been approved pursuant to the Articles), as a condition for such issuance, the recipient must execute and deliver to the parties hereto a Joinder in the form set forth in Exhibit A, pursuant to which such subscriber shall agree to be bound by this Agreement as if it were an original party hereto. This Section 4.4 shall not apply to the issuance, or permitted Transfer by any Shareholder, of Ordinary Shares to any Spotify Investor, or to any Transfers by any Spotify Investor in accordance with the Spotify Investor Agreement. Further, each Shareholder understands and agrees that the Spotify Investors are not parties to or bound by this Agreement and that the Spotify Investor Agreement shall apply to the Spotify Investors in lieu of any provisions of this Agreement.

4.5 Grant of Right of First Refusal. Subject to the Drag-Along Right as set forth in Section 6, each of the Shareholders is hereby granted a right of first refusal (the “ **Right of First Refusal** ”), exercisable in connection with any proposed Transfer of the Company Securities held by any other Shareholder, provided that the Shareholder exercising

such Right of First Refusal must undertake to the Company and the other Shareholders that it purchases such Company Securities entirely for its own account, and not as a nominee holder for any third party. This Section 4 (Right of First Refusal; Other Transfer Restrictions) shall not apply to any of the permitted Transfers under Section 4.1 (Restriction on Transfer).

4.6 Exercise of Right of First Refusal. In the event a Shareholder (the “**Transferring Shareholder**”) desires to accept a bona fide offer from a third party (other than the Restricted Persons) (the “**Prospective Transferee**”) for any or all of the Company Securities then held by such Transferring Shareholder (the Company Securities subject to such offer to be hereinafter called the “**Target Shares**”), the Transferring Shareholder shall promptly (i) deliver to each of the other Shareholders (the “**Non-Transferring Shareholders**”) a written notice (the “**Disposition Notice**”) describing the terms and conditions of the offer, including the purchase price and the identity of the Prospective Transferee; and (ii) provide satisfactory proof that the disposition of the Target Shares to such Prospective Transferee would not be in contravention of the provisions set forth in this Section 4 (Right of First Refusal; Other Transfer Restrictions). Each Non-Transferring Shareholder may exercise the Right of First Refusal and, thereby, purchase all or any part of its ROFR Pro Rata Portion (as defined below and with any re-allotments as provided below) of the Target Shares at the same price and subject to the same material terms and conditions as described in the Disposition Notice, by notifying the Transferring Shareholder in writing within thirty (30) days after receiving the Disposition Notice (the “**ROFR First Response Period**”) as to the number of such Target Shares that it wishes to purchase. No Shareholder shall have a right to purchase any of the Target Shares unless it exercises its Right of First Refusal within the ROFR First Response Period. If any Prospective Transferee has offered to pay for any Target Shares with property, services or any other non-cash consideration, the Non-Transferring Shareholders shall nevertheless have the right to pay for such Target Shares with cash in an amount equal to the fair market value of the non-cash consideration offered by the Prospective Transferee in question, where the fair market value of such non-cash consideration shall be conclusively determined in good faith by the Board. For purposes of this Section 4.6 (Exercise of Right of First Refusal), the term “**ROFR Pro Rata Portion**” means that number of Company Securities equal to the product obtained by multiplying (i) the aggregate number of Target Shares covered by the Disposition Notice by (ii) a fraction, the numerator of which is the number of Company Securities held by such Non-Transferring Shareholder (assuming the conversion of all securities convertible into Ordinary Shares and exercise of all warrants, options and other securities exercisable for Ordinary Shares) at the time of the sale or transfer and the denominator of which is the total number of Company Securities held by all Non-Transferring Shareholders (assuming the conversion of all securities convertible into Ordinary Shares and exercise of all warrants, options and other securities exercisable for Ordinary Shares). If any Non-Transferring Shareholder fails to notify the Transferring Shareholder of such Non-Transferring Shareholder’s exercise of its Right of First Refusal, or, if any Non-Transferring Shareholder notifies the Transferring Shareholder that such Non-Transferring Shareholder will only partially exercise its Right of First Refusal, in each case within the ROFR First Response Period, then the Transferring Shareholder shall, as soon as possible but in any event within two (2) days after the expiration of the ROFR First Response Period, give a written notice (the “**Overallotment Notice**”) to each Non-Transferring Shareholder who has elected to exercise in full its ROFR Pro Rata Portion of the Target Shares (the “**Fully-Exercising ROFR Shareholders**”) specifying the Target Shares that are still available to be purchased by the Fully-Exercising ROFR Shareholders. Such Overallotment Notice may be made by telephone if confirmed in writing within two (2) days. The Fully-Exercising ROFR Shareholders shall have a right of

overallotment, exercisable within five (5) days upon receiving the Overallotment Notice (the “**ROFR Second Response Period**”), to buy up to all of the unsold Target Shares, or if more than one Fully-Exercising ROFR Shareholders exercise their overallotment right, the number of unsold Target Shares to be purchased by each Fully-Exercising ROFR shall be reduced, to the extent necessary, to such number based on the number of Company Securities held by each Fully-Exercising ROFR Shareholder who has exercised its overallotment right (assuming the conversion of all securities convertible into Ordinary Shares and exercise of all warrants, options and other securities exercisable for Ordinary Shares) divided by the number of Company Securities held by all Fully-Exercising ROFR Shareholders who have exercised their overallotment right (assuming the conversion of all securities convertible into Ordinary Shares and exercise of all warrants, options and other securities exercisable for Ordinary Shares).

4.7 **Non-Exercise of Right**. If, after applying the procedure set forth in **Section 4.6 (Exercise of Right of First Refusal)**, there are still Target Shares not yet been purchased by the Non-Transferring Shareholders (such shares, the “**Available For Sale Target Shares**”), the Transferring Shareholder shall have a period of ninety (90) days thereafter to sell or otherwise dispose of such Available For Sale Target Shares, subject to the provisions of **Section 5 (Right of Co-sale)** below, to the Prospective Transferee(s) identified in the Disposition Notice, upon terms and conditions (including the purchase price) no more favorable to such Prospective Transferee(s) than those specified in the Disposition Notice. If the Transferring Shareholder has not completed the sale or disposition of the Available For Sale Target Shares within the specified ninety (90) day period, the Non-Transferring Shareholders’ Right of First Refusal hereunder shall once again apply to the transfer of the Available For Sale Target Shares.

4.8 **Recapitalization**. In the event of any share dividend, share split, sub-division or consolidation of shares, recapitalization or other transaction affecting the Company’s outstanding Company Securities as a class effected without receipt of consideration, then any new, substituted or additional securities or other property that is by reason of such transaction distributed with respect to the Company Securities shall be immediately subject to the Non-Transferring Shareholders’ Right of First Refusal hereunder.

4.9 **Payment**. Payment of the purchase price for the Target Shares (or a portion thereof, as applicable) shall be made at the time as agreed between the Transferring Shareholder and each of the Non-transferring Shareholders that has elected to exercise the Right of First Refusal, provided that such time shall not be later than the closing time specified in the Disposition Notice, unless otherwise agreed by the Transferring Shareholder and the relevant Non-transferring Shareholders. Payment of the purchase price shall be made by wire transfer or check as directed by the Transferring Shareholder against delivery of the Target Shares to be purchased (or a portion thereof, as applicable).

5. **RIGHT OF CO-SALE**

5.1 Subject to **Section 4 (Right of First Refusal; Other Transfer Restrictions)** above, and to the extent that (i) there are Available For Sale Target Shares, and (ii) the sale of Available For Sale Target Shares would result in a third party other than Tencent owning at least 50% of the total share capital of the Company on a fully diluted basis, each Non-Transferring Shareholder shall have the right, exercisable upon written notice (the “**Co-Sale Notice**”) delivered to the Transferring Shareholder within ten (10) days

after the expiration of the ROFR Second Response Period or, if none of the Non-Transferring Shareholders have exercised their Right of First Refusal within the ROFR First Response Period, within ten (10) days after the expiration of the ROFR First Response Period, to participate in the sale of the Available For Sale Target Shares on the terms and conditions as set forth in Section 5.2 below.

5.2 Each Non-Transferring Shareholder may participate in the proposed sale and sell that number of Company Securities not to exceed the number of shares calculated by multiplying the aggregate number of the Available For Sale Target Shares by a fraction, the numerator of which is the number of Company Securities held by such Non-Transferring Shareholder (assuming the conversion of all securities convertible into Ordinary Shares and exercise of all warrants, options and other securities exercisable for Ordinary Shares) at the time of the Co-Sale Notice and the denominator of which is the sum of (A) the aggregate number of Company Securities held by all Shareholders exercising the co-sale right hereunder plus (B) the number of the Company Securities held by the Transferring Shareholder (assuming the conversion of all securities convertible into Ordinary Shares and exercise of all warrants, options and other securities exercisable for Ordinary Shares), and the Company Securities that can be sold by the Transferring Shareholder to the Prospective Transferee shall be correspondingly reduced.

5.3 The Non-Transferring Shareholders shall effect their participation in the proposed sale by promptly delivering to the Transferring Shareholder an instrument of transfer, together with one or more certificates that represent the number of Company Securities that the Non-Transferring Shareholder elects to sell.

5.4 The Transferring Shareholder shall deliver to the Company the instrument(s) of transfer and share certificate(s) in respect of the transfer of any Company Securities pursuant to Section 5.3 promptly upon receipt of the same. Upon receipt of the instrument(s) of transfer and share certificate(s) referred to above from the Transferring Shareholder, the Company shall register such transfer and make the appropriate entries on the register of members of the Company to reflect such transfer, and the Transferring Shareholder shall concurrently therewith remit to the Company for delivery to each of the Non-Transferring Shareholders that portion of the sale proceeds to which such Non-Transferring Shareholder is entitled by reason of its participation in such transfer. To the extent that any Prospective Transferee prohibits such assignment or otherwise refuses to purchase Company Securities from a Non-Transferring Shareholder exercising its right of co-sale hereunder, the Transferring Shareholder shall not sell to such Prospective Transferee any Company Securities unless and until, simultaneously with such sale, the Prospective Transferee shall purchase from such Non-Transferring Shareholder the Company Securities that such Non-Transferring Shareholder is entitled to sell under this Section 5 (Right of Co-Sale).

5.5 The exercise or non-exercise of the right of co-sale by the Non-Transferring Shareholders hereunder shall not adversely affect their right to participate in subsequent sales of Company Securities subject to Section 5.1.

5.6 Exempt Transfers. Notwithstanding anything to the contrary, this Section 5 (Right of Co-Sale) shall not apply to any transfer permitted under Section 4.1 (Restriction on Transfer).

6. **LEGEND**

6.1 Each certificate representing the Ordinary Shares now or hereafter owned by the Shareholders or issued to any person in connection with a transfer pursuant to Sections 4 (Right of First Refusal; Other Transfer Restrictions) or 5 (Right of Co-sale) or otherwise shall be endorsed with the following legend:

“THE SALE, PLEDGE, HYPOTHECATION OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF A SHAREHOLDERS AGREEMENT BY AND AMONG THE HOLDER HEREOF, THE COMPANY AND THE OTHER SHAREHOLDERS OF THE COMPANY. COPIES OF SUCH AGREEMENT MAY BE OBTAINED UPON WRITTEN REQUEST TO THE SECRETARY OF THE COMPANY.”

6.2 The register of members of the Company shall be endorsed with the following legend during the term of this Agreement:

“CERTAIN ORDINARY SHARES OF THE COMPANY ARE SUBJECT TO THE TERMS AND CONDITIONS OF A SHAREHOLDERS AGREEMENT BY AND AMONG THE HOLDER OF THE SHARES, THE COMPANY AND THE OTHER SHAREHOLDERS OF THE COMPANY, CONTAINING TRANSFER AND OTHER RESTRICTIONS, AND BY ACCEPTING ANY INTEREST IN SUCH SHARES THE PERSON ACCEPTING SUCH SHARES SHALL BE DEEMED TO AGREE AND SHALL BECOME BOUND BY THE PROVISIONS OF SAID AGREEMENT. COPIES OF SUCH AGREEMENT MAY BE OBTAINED UPON WRITTEN REQUEST TO THE SECRETARY OF THE COMPANY.”

6.3 Each Shareholder agrees that the Company may instruct its transfer agent to impose transfer restrictions on the Ordinary Shares represented by certificates bearing the legend referred to in this Section 6 (Legend) above to enforce the provisions of this Agreement and the Company agrees to promptly do so. The legend shall be removed upon termination of this Agreement.

7. **DRAG-ALONG RIGHT**

7.1 Grant of Drag-Along Right. Subject to Section 7.3 (No Trade Sale to Restricted Persons), at any time prior to an IPO, if Tencent proposes a Trade Sale at an equity valuation of the Company of not less than US\$6 billion on a fully diluted basis, and:

(a) in the event that such proposed Trade Sale is to a bona fide third party (other than Tencent or any Affiliate of Tencent), such Trade Sale has been approved by (x) no less than 75% of the Board, and (y) holders of no less than 75% of the issued and outstanding Ordinary Shares of the Company; or

(b) in the event that such proposed Trade Sale is to Tencent or any Affiliate of Tencent, such Trade Sale has been approved by holders of no less than 66.7% of the issued and outstanding Ordinary Shares of the Company (other than any Ordinary Shares held by Tencent or any of its Affiliates),

then upon a written request from Tencent, each of the other Shareholders shall (i) vote all voting Company Securities held by them in favor of the Trade Sale and cause each director designated by it to vote in favor of the Trade Sale, (ii) refrain from exercising any dissenters' rights or rights of appraisal under applicable Law at any time with respect to the Trade Sale, (iii) execute and deliver all related documentation and take such other action in support of the Trade Sale as shall reasonably be requested by Tencent or the Company, and (iv) if the Trade Sale is structured as a transfer of Ordinary Shares or other Company Securities, transfer all of the Ordinary Shares or other Company Securities to the third party to consummate the Trade Sale (the "**Drag-Along Right**"). When exercising the Drag-Along Right, Tencent shall send written notice (the "**Sale Notice**") to all other Shareholders with copy to the Company specifying the names of the purchaser(s), the nature of the Trade Sale, the consideration payable per share or the total consideration payable and a summary of the material terms and conditions of such transaction. Upon receipt of a Sale Notice, all other Shareholders shall be obligated to consummate such Trade Sale in accordance with this Section 7.1 (Grant of Drag- Along Right). Notwithstanding the definition of Affiliates, the parties agree that for purposes of this Section 7.1, Affiliates of Tencent shall exclude the Group Companies or any of the Group Companies' Controlled Affiliates.

7.2 Other Provisions. In the event that any other Shareholder fails for any reason to take any of the foregoing actions specified in Section 7.1 after reasonable notice thereof, such Shareholder hereby grants an irrevocable power of attorney and proxy to any director approving the Trade Sale to take all necessary actions and execute and deliver all documents deemed by such director to be reasonably necessary to effectuate the terms hereof. None of the transfer restrictions set forth in Section 4 (Right of First Refusal; Other Transfer Restrictions) or Section 5 (Right of Co-Sale) of this Agreement shall apply in connection with the Trade Sale proposed by Tencent pursuant to Section 7.1, notwithstanding anything contained to the contrary herein. The power of attorney granted hereby is intended to secure an interest in property and, in addition, the obligations of each relevant Shareholder under this Agreement, and shall be irrevocable.

7.3 No Trade Sale to Restricted Persons. Notwithstanding anything to the contrary contained herein, without the prior written consent of Tencent, no Trade Sale shall be effected, or be permitted to be effected, to any Restricted Person.

8. **BOARD AND MANAGEMENT**

8.1 Board Size. Each Shareholder shall vote at the shareholders meetings, or give written consents with respect to all its Ordinary Shares, to ensure that the size of the Board shall be set and remain at nine (9) directors and the term of a director shall be three (3) years.

8.2 Election of Directors. On all matters relating to the election of one or more directors of the Company, each Shareholder shall vote at the shareholders meetings, or give written consents with respect to all their Ordinary Shares, to elect directors to the Board in the following manner:

(a) (v) five (5) directors shall be appointed by Tencent and its Affiliates (the “**Tencent Directors**”) by notice in writing to the Company as long as Tencent and its Affiliates directly or indirectly hold no less than 50% of the Company’s issued and outstanding share capital; (w) four (4) directors shall be appointed by Tencent and its Affiliates by notice in writing to the Company as long as Tencent and its Affiliates directly or indirectly hold 35% or more than 35% but less than 50% of the Company’s issued and outstanding share capital; (x) three (3) directors shall be appointed by Tencent and its Affiliates by notice in writing to the Company as long as Tencent and its Affiliates directly or indirectly hold 25% or more than 25% but less than 35% of the Company’s issued and outstanding share capital; (y) two (2) directors shall be appointed by Tencent and its Affiliates by notice in writing to the Company as long as Tencent and its Affiliates directly or indirectly hold 10% or more than 10% but less than 25% of the Company’s issued and outstanding share capital; and (z) one (1) director shall be appointed by Tencent and its Affiliates by notice in writing to the Company as long as Tencent and its Affiliates directly or indirectly hold 5% or more than 5% but less than 10% of the Company’s issued and outstanding share capital. For the avoidance of doubt, subclauses (v), (w), (x), (y) and (z) are mutually exclusive;

(b) (w) four (4) directors shall be appointed by all Shareholders other than Tencent and its Affiliates (such other Shareholders, the “**Non-Tencent Shareholders**”) to the Company as long as the holders of Ordinary Shares other than Tencent and its Affiliates collectively hold not less than 35% of the Company’s issued and outstanding share capital; (x) three (3) directors shall be appointed by all Non-Tencent Shareholders by notice in writing to the Company as long as the holders of Ordinary Shares other than Tencent and its Affiliates collectively hold 25% or more than 25% but less than 35% of the Company’s issued and outstanding share capital; (y) two (2) directors shall be appointed by all Non-Tencent Shareholders by notice in writing to the Company as long as the holders of Ordinary Shares other than Tencent and its Affiliates collectively hold 10% or more than 10% but less than 25% of the Company’s issued and outstanding share capital; and (z) one (1) director shall be appointed by all Non-Tencent Shareholders by notice in writing to the Company as long as the holders of Ordinary Shares other than Tencent and its Affiliates collectively hold 5% or more than 5% but less than 10% of the Company’s issued and outstanding share capital. For the avoidance of doubt, subclauses (w), (x), (y) and (z) are mutually exclusive. In the event that subclause (w) applies, the four (4) directors shall be appointed as follows: (i) each Key Management shall be a director as long as (A) such Key Management continues to hold not less than 70% of the Ordinary Shares held by such Key Management as of the date hereof; and (B) such Key Management remains as an officer or employee of any Group Company and complies with the provisions under Section 8.9 hereof (for the avoidance of doubt, (A) the failure of any one Key Management to meet the foregoing qualification requirements will not result in the other Key Management forfeiting his right to serve as a director of the Company if the other Key Management satisfies the foregoing qualification requirements; and (B) upon the occurrence of any Shortened Lock-up Triggering Event with respect to any Key Management, such Key Management’s right to serve as a director of the Company shall be immediately forfeited); and (ii) the remaining two (2) directors shall be appointed by the Shareholders holding the largest and the second largest portion of the Company’s share capital, other than Tencent, the Key Management and, for the avoidance of doubt, the Spotify Investors, respectively (such Shareholder holding the largest portion, the “**Largest Financial Investor**”; and such Shareholder holding the second largest portion, the “**Second Largest Financial Investor**”) by notice in writing, as long as the Largest Financial Investor and the Second Largest Financial Investor each holds not less than

5% of the Company's issued and outstanding share capital (for the avoidance of doubt, the failure of the Largest Financial Investor to meet the foregoing qualification requirement will not result in the Second Largest Financial Investor forfeiting its right to appoint a director of the Company if the Second Largest Financial Investor satisfies the foregoing qualification requirement, and vice versa); *provided* that if (i) any one of the Key Management fails to satisfy the qualification requirements as described in this Section 8.2(b) for him to serve as a director to the Board or loses the director seat upon the occurrence of any Shortened Lock-up Triggering Event, or (ii) either the Largest Financial Investor or the Second Largest Financial Investor holds less than 5% of the Company's issued and outstanding share capital, the Non-Tencent Shareholders shall hold a special meeting to fill the vacancy of the Board as a result thereof, and any Shareholder who has obtained the highest vote at such special meeting shall have the right to appoint one (1) director to fill in such vacant director seat. In the event that subclause (x), (y) or (z) applies, the Non-Tencent Shareholders shall hold a special meeting, on which meeting each Non-Tencent Shareholder has the right to nominate three (3), two (2) or one (1) candidates, as applicable, and the candidate(s) who have received the highest votes of the Non-Tencent Shareholders at such special meeting shall serve as the three (3), two (2) or one (1) directors, as applicable;

(c) one of the Tencent Directors shall be the chairman of the Board as long as Tencent holds not less than 35% of the Company's issued and outstanding share capital; and

(d) each Shareholder agrees to vote in favor of the appointees as indicated above to ensure that any such appointment, of a director appointed pursuant to this Section 8.2 shall be made in accordance with this Section 8.2 and the Articles as soon as practicable after the relevant notice in writing is delivered to the Company.

Notwithstanding the definition of Affiliates, the parties agree that for purposes of this Section 8.2, Affiliates of Tencent shall exclude the Group Companies or any of the Group Companies' Controlled Affiliates.

8.3 Removal. Each Shareholder shall have the right to require the removal or replacement of a Director appointed by it at any time. Each Shareholder agrees that, if at any time it is then entitled to vote for the removal of directors from the Board, it shall not vote any of its Ordinary Shares or execute proxies or written consents, as the case may be, in favor of the removal of any director who shall have been designated pursuant to Section 8.2 (Election of Directors) or Section 8.4 (Vacancies), unless the person or persons entitled to appoint such director pursuant to Section 8.2 (Election of Directors) shall have consented to such removal in writing; *provided* that, if the person or persons entitled to designate any director pursuant to Section 8.2 (Election of Directors) shall request in writing the removal, with or without cause, of such director, each Shareholder shall vote all of its Ordinary Shares or execute proxies or written consents, as the case may be, in favor of such removal.

8.4 Vacancies. If, as a result of death, disability, retirement, resignation, removal or otherwise, there shall exist or occur any vacancy on the Board:

(a) the person or persons entitled under Section 8.2 (Election of Directors) to designate such director whose death, disability, retirement, resignation or removal resulted in such vacancy, subject to the provisions of Section 8.2 (Election of Directors), shall have the exclusive right to designate another individual (the "Replacement Nominee") to fill such vacancy and serve as a director on the Board; and

(b) subject to Section 8.2 (Election of Directors), each Shareholder agrees that if it is then entitled to vote for the election of directors to the Board, it shall vote all of its Ordinary Shares, or execute proxies or written consents, as the case may be, in order to ensure that the Replacement Nominee be elected to the Board.

8.5 Actions of the Board. All actions of the Board shall require at least a majority of the votes cast by the directors present at a duly-convened meeting of the Board at which a quorum is present or by written consent of all the directors of the Board.

8.6 Committees. The Board may establish such committees with such powers as may be permitted by applicable Law and the Articles; provided, that any such committees shall be subject to the direction of and any policies adopted by the Board. Unless otherwise prohibited by applicable Law, as long as Tencent directly or indirectly holds no less than 50% of the Company's issued and outstanding share capital, at least a majority of the members of each such committee shall be the Tencent Directors.

8.7 Board Composition of the Other Group Companies. The Company and the Shareholders shall, unless otherwise prohibited by applicable Law, and to the extent agreed by the relevant directors, cause the board of directors of each other Group Company to consist of the same persons as those directors then on the Board.

8.8 Management. Each Shareholder shall cause the directors appointed by it to vote at the Board meetings to ensure that the candidates nominated by Tencent be appointed as the chief executive officer, the chief financial officer and the general counsel of the Company. The chief financial officer of the Company and the general counsel of the Company shall report to the chief executive officer of the Company. The chief financial officer of Tencent Holdings Limited shall have the consultation right to discuss and consult with the chief financial officer of the Company regarding the business, operations, affairs, finances and accounts of the Group Companies and to examine the books of account and records of the Group Companies at any time. The chief financial officer of the Company shall work closely with the chief financial officer of Tencent Holdings Limited to ensure compliance with the requirement of Tencent Holdings Limited regarding the treasury and financing policies of Tencent Holdings Limited, and those financial policies related to compliance under the rules of The Stock Exchange of Hong Kong Limited. The general counsel of the Company (the "Company GC") will work closely with the general counsel of Tencent Holdings Limited (the "Tencent GC") so as to ensure full compliance with all applicable requirements of The Stock Exchange of Hong Kong Limited, and the Tencent GC shall have the right to discuss and consult with the Company GC regarding the Company's legal function and legal strategy, including without limitation matters relating to litigation, intellectual property and regulatory compliance. The remaining senior management members of the Company shall be proposed by the chief executive officer of the Company and appointed by the Board.

8.9 Key Management Covenant. Each Key Management covenants and undertakes to the Company and Tencent that, for so long as he remains an officer or employee of any Group Company, he will manage the affairs of the Group Companies on a full time basis and be fully devoted to developing and operating the business of the Group Companies and will not pursue any other business or investment interests, or any other opportunities outside of the Group Companies.

8.10 Related Party Transactions. Notwithstanding any other provision of this Agreement, other than as expressly provided in this Agreement, the Tencent Transaction Documents, the Spotify Subscription Agreement or the other Transaction Documents, and except for all the existing Related Party Transactions as of the date hereof (each, an “**Excluded Related Party Transaction**”), (i) any Related Party Transaction that involves a transaction value in excess of RMB 35,000,000 individually or RMB 150,000,000 in the aggregate during any twelve (12)-month period shall be approved by at least 50% of the directors who are not interested in such Related Party Transaction before any Group Company may carry out or agree to carry out such Related Party Transaction; (ii) the Company shall provide a semi-annual written report to all directors of all the Related Party Transactions which the Company or other Group Companies entered into during the past six months (other than any Related Party Transaction approved pursuant to Section 8.10(i) as described above and any Excluded Related Party Transaction) setting out material terms and conditions of such Related Party Transactions in reasonable detail. A majority of the directors of the Company who are not interested in a Related Party Transaction (a) may request the management of the Company to provide any further information on such Related Party Transaction, (b) may oppose such Related Party Transaction (other than any Related Party Transaction approved pursuant to Section 8.10(i) as described above and any Excluded Related Party Transaction), and (c) shall have the right to give direction to the Company to terminate such Related Party Transaction if such non-interested directors determine in good faith and consistent with their fiduciary duties that such Related Party Transaction is not on arm’s length basis and is not in the best interest of the Company, upon receipt of which direction the Company shall, and the Shareholders shall procure the Company to, take all necessary actions to terminate such Related Party Transaction.

8.11 Enforcement of Tencent Transaction Documents.

(a) Each of the Company and Tencent hereby agrees that the Shareholders (other than Tencent or its Affiliates) shall be deemed third party beneficiaries under the Tencent Subscription Agreement, including, without limitation, Section 8 (Indemnity) of the Tencent Subscription Agreement (subject to the limitations on liability set forth therein) and shall have the full power and authority to make a direct claim against Tencent or its Affiliates with respect to any and all claims under the Tencent Subscription Agreement, including, without limitation, Section 8 (Indemnity) of the Tencent Subscription Agreement (subject to the limitations on liability set forth therein); *provided* that such third party beneficiary right may be exercised by the Shareholders (other than Tencent or its Affiliates) if and only if (x) (i) any director of the Company believes in good faith that the Company has a valid claim against Tencent or its Affiliates under the Tencent Subscription Agreement and (ii) the Company has failed to initiate any claim against Tencent or its Affiliates thereunder within thirty (30) days after written request by such director to the Company to make such claim, and (y) the Shareholders holding at least 66.7% of the issued and outstanding Ordinary Shares of the Company (other than any Ordinary Shares held by Tencent or its Affiliates) and representing no less than 3.3% of the issued and outstanding share capital of the Company, agree in writing, in their own discretion, to appoint a Shareholder as a representative (the “**Shareholder Representative**”) to so pursue a claim against Tencent on behalf of the Shareholders (other than Tencent or its Affiliates) pursuant to this Section 8.11; *provided further* that any claims by the Company under Section 8

(Indemnity) of the Tencent Subscription Agreement and any claim by the Shareholder Representative pursuant to this Section 8.11 shall be taken together when determining the application of the limitations on liability under Section 8 (Indemnity) of the Tencent Subscription Agreement. Any such claim pursued by the Shareholder Representative pursuant to this Section 8.11 shall follow the provisions set forth in Section 9.10 (Dispute Resolution) of the Tencent Subscription Agreement, *mutatis mutandis*. Notwithstanding the definition of Affiliates, the parties agree that for purposes of this Section 8.11, Affiliates of Tencent shall exclude the Group Companies or any of the Group Companies' Controlled Affiliates.

(b) The Shareholders (other than Tencent or its Affiliates) hereby irrevocably appoint the Shareholder Representative as the attorney-in-fact of the Shareholders (other than Tencent or its Affiliates), with full power and authority to act in the name of and for and on behalf of the Shareholders (other than Tencent or its Affiliates) with respect to all matters arising in connection with a claim against Tencent made by such Shareholders pursuant to Section 8.11(a) hereof, including, but not limited to, the power and authority to take any and all of the following actions: (i) to seek any preliminary injunctive relief from any court of competent jurisdiction and/or to commence any arbitral proceedings in accordance with Section 9.10 (Dispute Resolution) of the Tencent Subscription Agreement, as provided under Section 8.11(a) hereof, (ii) to negotiate any settlement agreement or settle any arbitral proceedings, (iv) to enforce any arbitration awards, (v) to retain legal counsel in connection with any and all matters referred to herein, (vi) to disclose to the court or arbitration tribunal such Confidential Information necessary for the Shareholder Representative to pursue a claim pursuant to Section 8.11(a) hereof, and (vii) to incur reasonable costs and expenses including legal costs in connection with such actions. It is understood that the Shareholder Representative shall serve without compensation. For the avoidance of doubt, any actions taken by the Shareholder Representative shall be fully binding upon all Shareholders (other than Tencent or its Affiliates).

(c) Each of the Company and Tencent hereby acknowledges the appointment, powers and authority of the Shareholder Representative pursuant to this Section 8.11 and agrees that it will not, and it will procure its Affiliates and the Group Companies and their Controlled Affiliates not to, dispute the appointment, powers and authority of the Shareholder Representative at any court or arbitral proceedings; *provided* that the Shareholder Representative is duly appointed pursuant to Section 8.11(a). Each of the Company and Tencent further agrees that, in respect to any claim pursued by the Shareholder Representative on behalf of the Shareholders (other than Tencent or its Affiliates) pursuant to this Section 8.11, the Shareholder Representative (i) shall have the full power and authority to claim against Tencent and its Affiliates (other than the Group Companies and their Controlled Affiliates) with respect to any and all claims that the Company may be entitled to under the Tencent Subscription Agreement, including injunctive relief and monetary indemnity, and (ii) shall be entitled to claim the full amount of any and all Losses (as defined in the Tencent Subscription Agreement) incurred by the Company Indemnitees (for the avoidance of doubt, the Losses that may be claimed by the Shareholder Representative are not limited to the Losses suffered by the Shareholders (other than Tencent or its Affiliates) in their capacity of the shareholders of the Company), *provided* that any such Losses payable by Tencent or its Affiliates pursuant to this Section 8.11 shall be subject to applicable limitations on liability under Section 8 (Indemnity) of the Tencent Subscription Agreement.

(d) The Company agrees, promptly and in any event within ten (10) Business Days upon demand, to pay and reimburse the Shareholder Representative any and all reasonable and documented costs and expenses (including legal costs) incurred by the Shareholder Representative in connection with claiming against Tencent pursuant to this Section 8.11; *provided* that the Company is not obligated to pay or reimburse any costs and expenses that are incurred by the Shareholder Representative in bad faith or as a result of gross negligence or willful misconduct of the Shareholder Representative, or if such costs and expenses are unreasonably wasteful.

(e) The Shareholders (other than Tencent or its Affiliates) agree that any and all Losses recovered by the Shareholder Representative pursuant to this Section 8.11 shall be held to the account of the Company and transferred in full to the Company, net of reasonable out-of-pocket costs and expenses incurred by such Shareholder Representative in such claim for which the Shareholder Representative shall be entitled to be reimbursed pursuant to Section 8.11(d) but had not been so reimbursed.

(f) Nothing in this Section 8.11 shall be interpreted to limit or restrict the ability or power of any Shareholder to make any claim against the Company or any other Shareholder under this Agreement (in respect of matters not covered by this Section 8.11) or applicable law.

8.12 Tencent Information Right.

(a) The Company shall timely provide to Tencent any financial information of the Group Companies and its Controlled Affiliates and portfolio companies reasonably requested by it that is available to the Company in order for Tencent Holdings Limited to consolidate financial statements of the Group Companies, including such financial statements of the Group Companies converted from US GAAP to IFRS.

(b) Tencent shall have (i) the right to inspect facilities, records and books of the Group Companies at any time during regular working hours on reasonable prior notice to the Company, and (ii) the right to discuss the business, operations and conditions of the Company and any of the Group Companies with the Company's directors, officers, employees, accountants and legal counsel.

9. INFORMATION RIGHTS

9.1 Delivery of Financial Statements and Other Information. Upon written request of any Shareholder, the Company shall deliver to such Shareholder, for as long as such Shareholder (together with its Affiliates) continues to hold at least 2% of the Company's share capital on a fully diluted basis, the information set forth below:

(a) as soon as practicable, but in any event within one hundred and twenty (120) days after the end of each fiscal year of the Company, an unaudited income statement for such fiscal year, an unaudited balance sheet of the Company and statement of shareholder's equity as of the end of such fiscal year, and an unaudited statement of cash flows for such fiscal year, such year-end financial reports to be in reasonable detail, on a consolidated basis, prepared in accordance with IFRS or US GAAP; and

(b) as soon as practicable, but in any event within fifty (50) days after the end of each of the first three (3) fiscal quarters of each fiscal year of the Company, an unaudited quarterly management accounts on a consolidated basis, prepared in accordance with IFRS or US GAAP applied on a consistent basis;

10. **ADDITIONAL COVENANTS**

10.1 Directors Indemnification: Insurance. The Articles shall at all times provide for the indemnification of the directors and their Affiliates to the maximum extent provided by the Law of the jurisdiction in which the Company is organized. At the request of any director of the Board, the Company will promptly enter into an indemnification agreement with such director on customary terms and conditions covering such director and such director's Affiliates and in form and substance reasonably satisfactory to the Shareholder designating such director. At the request of any director of the Board, the Company shall obtain and pay for (subject to a reasonable annual premium) directors' and officers' insurance covering each of its directors and officers.

10.2 Protective Provisions.

(a) The Company shall not sell or issue any New Securities without first obtaining the approval (by vote or written consent, as provided by applicable Laws or the Articles) of the Shareholders holding at least 66.7% of the then total issued and outstanding Ordinary Shares held by all Shareholders. The Company shall not sell or issue any New Securities at a purchase price that has a pre-money valuation of the Company of less than US\$6 billion without first obtaining the approval (by vote or written consent, as provided by applicable Laws or the Articles) of the Shareholders holding at least 90% of the then total issued and outstanding Ordinary Shares held by all Shareholders.

(b) Without prejudice to Section 10.2(a) above, the Company shall not, and shall not permit any other applicable Group Company to, unless expressly permitted under this Agreement, carry out any of the following actions involving itself or any of its Subsidiaries as applicable without first obtaining the approval (by vote or written consent, as provided by applicable Laws or the Articles) of the Shareholders holding at least 66.7% of the then total issued and outstanding Ordinary Shares held by all Shareholders:

(i) altering or changing the rights, or privileges of the Ordinary Shares or creating (by reclassification or otherwise) any new class or series of shares having rights, preferences or privileges senior to or on a parity with the Ordinary Shares;

(ii) reclassifying any outstanding Ordinary Shares into shares having rights, preferences or privileges with respect to dividends or assets senior to or on a parity with the Ordinary Shares;

(iii) declaring or paying any dividend or distribution or otherwise redeeming or repurchasing any issued and outstanding shares of the Company;

(iv) making any acquisition, sale of control or assets, merger, consolidation, joint venture or partnership arrangements exceeding the materiality threshold established by the Board from time to time, except pursuant to the exercise of the Drag-Along Right;

(v) effecting an increase or reduction of the authorized share capital, split-off, spin-off, dissolution, liquidation, winding-up or bankruptcy of the Company or any material Subsidiary thereof (for the avoidance of doubt, issuance of any shares under the exceptional proviso of the definition of “New Securities” shall not be subject to such approvals);

(vi) selling, mortgaging, pledging, leasing, transferring, incurring a lien on or otherwise disposing of substantially all of its assets or any of the assets which are outside the ordinary course of business of the Company and exceeding the materiality threshold established by the Board from time to time;

(vii) making any material changes to or engaging in any business materially different from the Core Business, or ceasing any material existing business line or activities of the Company;

(viii) incurring any material indebtedness or assuming any material financial obligation exceeding the materiality threshold established by the Board from time to time and outside the ordinary course of business of the Company;

(ix) making any capital expenditures or investment in any other company exceeding US\$400,000,000 or such other materiality threshold established by the Board from time to time;

(x) creating any encumbrance over the whole or part of the share capital, undertaking, material property or material assets of the Company or any material Subsidiary thereof, other than as permitted by the annual budget or the business and financial plan approved by the Board;

(xi) increasing or decreasing the authorized size of the Board; or

(xii) amending or waiving any provision of the Articles in a manner that would alter or change the rights, preferences or privileges of the Ordinary Shares.

(c) The Company shall not, and shall not permit any other Group Company to, make any changes to any of the Control Documents including any transfer or assignment of any party’s rights and obligations under any of the Control Documents and any appointment of representatives, specified persons or proxies under the Control Documents, except as contemplated in this Agreement or by the Tencent Transaction Documents, without first obtaining the approval (by vote or written consent, as provided by applicable Laws or the Articles) of the holders of at least 66.7% of the then total issued and outstanding Ordinary Shares of the Company.

(d) Without prejudice to Section 10.2(b) above, the Company shall not, and shall not permit any other Group Company to, carry out any of the following actions involving itself or any of its Subsidiaries without first obtaining the prior written approval of Tencent:

(i) any merger, consolidation, transfer of shares or other form of restructuring of the Company involving a Restricted Person;

- (ii) any sale of all or substantially all of the assets of the Group Companies to a Restricted Person;
- (iii) any issuance of New Securities by the Company to any Restricted Person;
- (iv) entering into any joint venture or partnership arrangement with a Restricted Person; or
- (v) engaging in any business other than the Core Business.

10.3 Control Documents. The Company and the Shareholders shall, and shall cause the other applicable Group Companies and their respective Controlled Affiliates or nominee shareholders to, take all actions necessary or desirable in order to amend the Control Agreements in form and substance approved by Tencent (“**Amended Control Documents**”), such that following the entry of the Amended Control Documents by the respective parties thereto, (i) the registered capital of each of the VIE Affiliates shall be held in the manner as provided in the Amended Control Documents; and (ii) the Company, indirectly through its Subsidiary, shall continue to exercise control over the economic interest in, and the operations of, the VIE Affiliates, such that the financial statements of the VIE Affiliates can be consolidated with those of the other applicable Group Companies in accordance with the generally accepted accounting principles of the U.S. In the event that the shareholding percentages of the Shareholders in the Company have changed, at the request of the Company, the Shareholders shall, and shall cause the other applicable Group Companies and their respective Controlled Affiliates or nominee shareholders to, take all actions necessary or desirable to adjust the corresponding shareholding percentages in each of the VIE Affiliates in a tax efficient manner, such that the shareholding percentages in each of the VIE Affiliates shall be consistent with those in the Company.

10.4 IPO. Each of the Shareholders agrees to use its reasonable best efforts to cause an IPO of the Company on the Qualified Stock Exchange (“**IPO**”) as soon as practicable and no later than the second anniversary of the Tencent Closing Date. If the IPO of the Company fails to occur on or prior to the second anniversary of the Tencent Closing Date, each of the Shareholders agrees to use its reasonable best efforts to cause the IPO of the Company as soon as practicable thereafter. In the event that an IPO would meet all the conditions for an QIPO, (i) in any applicable proceeding of a meeting of the Board, all Shareholders shall procure their respective appointed directors to vote in favor of such IPO, and (ii) in any applicable proceeding of a general meeting of the Company, all Shareholders shall vote in favor of such IPO.

10.5 Tencent ESOP. The parties hereto agree and acknowledge that (a) 12,637,194 Ordinary Shares have been reserved for issuance under the Tencent ESOP as of the date hereof; (b) the Board shall administer the Tencent ESOP; *provided* that Tencent shall have the sole discretion and full and exclusive power to determine (x) the participants who are to receive awards under the Tencent ESOP and (y) the number and types of awards that each such participant shall be granted under the Tencent ESOP; and (c) upon the request of Tencent, the Board shall promptly adopt and approve the Tencent ESOP and the form of award agreements.

10.6 Ownership Interest in Lechang. The Company and the Shareholders shall take all actions necessary or desirable, including passing board and/or shareholder resolutions, in order to ensure that (i) upon the consummation of the Lechang Spinoff, each Shareholder's ultimate beneficial ownership in Lechang shall be in proportion to such Shareholder's equity interest in the issued and outstanding share capital of the Company as of July 12, 2016 immediately after the Tencent Closing, unless such Shareholder elects not to subscribe for its pro rata portion of the equity interest in Entity A; (ii) each Shareholder shall be paid a special dividend in proportion to such Shareholder's equity interest in the issued and outstanding share capital of the Company as of July 12, 2016 immediately after the Tencent Closing, so that each such Shareholder may use such special dividend to subscribe for the equity interest in Entity A, *provided* that the Shareholder may use such special dividend for any purpose it may deem fit in the event that such Shareholder elects not to subscribe for its pro rata portion of the equity interest in Entity A; *provided further* that the unsubscribed portion of the equity interest in Entity A as a result of any Shareholder electing not to subscribe such portion shall be allocated to the other Shareholders who elects to subscribe the equity interest in Entity A on a pro rata basis in proportion to such other Shareholders' equity interests in the issued and outstanding share capital of the Company (excluding those unsubscribed shareholder(s)) as of July 12, 2016 immediately after the Tencent Closing; (iii) if any Shareholder has been paid any special dividend that is inconsistent with the arrangement in subclause (ii), such Shareholder shall return the same amount of such special dividend to the Company, so that the arrangement in subclause (ii) will be achieved.

11. MISCELLANEOUS

11.1 Effectiveness of Agreement /Termination of the Covenants. This Agreement shall be effective (a) with respect to the Company, Xie Guomin, Xie Zhenyu and each Shareholder listed on Schedule A, upon the due execution and delivery of this Agreement by the Company and the Shareholders holding at least 75% of the issued and outstanding Ordinary Shares as of the date hereof, and (b) with respect to the other persons that become Shareholders after the date hereof, upon their due execution and delivery of a Joinder in the form set forth in Exhibit A. The covenants set forth in Section 3 (Right of Participation), Section 4 (Right of First Refusal; Other Transfer Restrictions), Section 5 (Right of Co-sale), Section 6 (Legend), Section 7 (Drag-Along Right), Section 8.10 (Related Party Transactions), Section 8.11 (Enforcement of Tencent Transaction Documents), Section 9 (Information Rights), Section 10.2(a), (b) and (c) (Protective Provisions), Section 10.3 (Control Documents) and Section 10.4 (IPO) shall terminate as to each Shareholder and be of no further force or effect upon the earlier of (i) immediately prior to the consummation of a QIPO, or (ii) the date when the Company becomes subject to the reporting requirements of the Exchange Act or analogous reporting requirements in an alternative listing jurisdiction. The covenants set forth in and Section 10.2(d) (Protective Provisions) shall terminate and be of no further force or effect if it is determined by the underwriter of a QIPO and the Company's legal counsel with respect to a QIPO that such covenants constitute a commercial or regulatory substantive impediment to the process of the QIPO. The parties hereto agree that each party shall negotiate in good faith to terminate or amend the covenants set forth in Section 8 (Board and Management) (other than those in Section 8.10 (Related Party Transactions) and Section 8.11 (Enforcement of Tencent Transaction Documents)) upon the earlier of (i) immediately prior to the consummation of a QIPO, or (ii) the date when the Company becomes subject to the reporting requirements of the Exchange Act or analogous reporting requirements in an alternative listing jurisdiction, to the extent that the termination

or amendment of any such covenant shall be necessary or desirable in order for the Company to comply with applicable Law or rules or regulations of applicable securities exchanges in connection with a QIPO. Any person who ceases to be a Shareholder shall have no further right under this Agreement, but for the avoidance of doubt, such person shall continue to be subject to the obligations hereunder that by their terms apply to such person after it ceases to be a Shareholder.

11.2 Enforceability/Severability. The parties hereto agree that each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable Laws. If any provision of this Agreement is found to be invalid or unenforceable, then such provision shall be construed, to the extent feasible, so as to render the provision enforceable and to provide for the consummation of the transactions contemplated hereby on substantially the same terms as originally set forth herein, and if no feasible interpretation would save such provision, it shall be severed from the remainder of this Agreement, which shall remain in full force and effect unless the severed provision is essential to the rights or benefits intended by the parties. In such event, the parties shall use best efforts to negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most nearly effects the parties' intent in entering into this Agreement.

11.3 Entire Agreement. This Agreement, together with all the exhibits hereto and thereto, and the Transaction Documents constitute and contain the entire agreement and understanding of the parties with respect to the subject matter hereof and supersedes any and all prior negotiations, correspondence, agreements, understandings, duties or obligations between the parties respecting the subject matter hereof, including the Prior Agreement, the Shareholders Agreement dated March 8, 2016 by and among the Company and certain other parties named therein ("**March 2016 SHA**"), the Shareholders Agreement dated May 26, 2014 by and among the Company and certain other parties named therein ("**2014 SHA**") and the Amended and Restated Shareholders Agreement dated December 4, 2013 by and among the Company and certain other parties named therein ("**2013 SHA**", together with the 2014 SHA, the March 2016 SHA and the Prior Agreement, the "**Prior SHAs**").

Without limiting the generality of the foregoing, the Shareholders agree that in the event of any conflict or inconsistency between any of the terms of this Agreement and any of the terms of the Articles, the terms of this Agreement shall prevail in all respects as among the Shareholders. The Shareholders shall give full effect to and act in accordance with the provisions of this Agreement over the provisions of the Articles and the parties hereto shall exercise all voting and other rights and powers (including the power to procure any required alteration to the Articles to the extent permitted by applicable Law to resolve such conflict or inconsistency) to make the provisions of this Agreement effective. Without limitation of the foregoing, each Shareholder agrees to vote all of its Company Securities or execute proxies or written consents, as the case may be, and to take all other actions necessary, to ensure that the Articles (i) facilitate, and do not at any time conflict with, any provision of this Agreement, (ii) permit each Shareholder to receive the benefits to which each such Shareholder is entitled under this Agreement and (iii) are adopted concurrently with or as soon as practicable after the effectiveness of this Agreement pursuant to Section 11.1 and registered promptly thereafter.

11.4 Governing Law and Dispute Resolution. This Agreement shall be governed by and construed exclusively in accordance with the Laws of Hong Kong without

giving effect to any choice of law rule that would cause the application of the Laws of any jurisdiction other than the Laws of Hong Kong to the rights and duties of the parties hereunder.

Any dispute, controversy or claim (each, a “**Dispute**”) arising out of or relating to this Agreement, or the interpretation, breach, termination, validity or invalidity thereof, shall be referred to arbitration upon the demand of either party to the dispute with notice (the “**Arbitration Notice**”) to the other. The Dispute shall be settled by arbitration in Hong Kong by the Hong Kong International Arbitration Centre (the “**HKIAC**”) in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules (the “**HKIAC Rules**”) in force at the time when the Arbitration Notice is submitted. The seat of arbitration shall be Hong Kong. There shall be three (3) arbitrators. The complainant and the respondent to such dispute shall each select one arbitrator within thirty (30) days after giving or receiving the demand for arbitration (the “**Selection Period**”). Such arbitrators shall be freely selected, and the parties shall not be limited in their selection to any prescribed list. The chairman of the HKIAC shall select the third arbitrator. If either party to the arbitration fail to appoint an arbitrator with the Selection Period, the relevant appointment shall be made by the chairman of the HKIAC. The arbitral proceedings shall be conducted in English. To the extent that the HKIAC Rules are in conflict with the provisions of this Section 11.4 (Governing Law and Dispute Resolution), including the provisions concerning the appointment of the arbitrators, this Section 11.4 (Governing Law and Dispute Resolution) shall prevail. Each party to the arbitration shall cooperate with each other party to the arbitration in making full disclosure of and providing complete access to all information and documents requested by such other party in connection with such arbitral proceedings, subject only to any confidentiality obligations binding on such party. The award of the arbitral tribunal shall be final and binding upon the parties thereto, and the prevailing party may apply to a court of competent jurisdiction for enforcement of such award. Any party to the Dispute shall be entitled to seek preliminary injunctive relief, if possible, from any court of competent jurisdiction pending the constitution of the arbitral tribunal. During the course of the arbitral tribunal’s adjudication of the Dispute, this Agreement shall continue to be performed except with respect to the part in dispute and under adjudication.

11.5 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any counterpart or signature of a party delivered by facsimile, email or similar electronic transmission pursuant to which the signature of (or on behalf of) such party can be seen shall be deemed for all purposes as being a good and valid execution and delivery of this Agreement by such party.

11.6 Headings. The section headings of this Agreement are for convenience and shall not by themselves determine the interpretation of this Agreement.

11.7 Notices. Except as may be otherwise provided herein, any notice required or permitted hereunder shall be given in writing and shall be conclusively deemed effectively given (i) upon personal delivery, (ii) upon delivery by overnight courier, or (iii) five (5) days after deposit in the mail, by registered or certified mail, postage prepaid, addressed (a) if to the Company, to its principal office, and (b) if to a Shareholder, to such Shareholder’s address as is on file with the records of the Company, or at such other address as the parties may designate by a ten (10) days’ advance written notice to the other parties.

11.8 Amendment of Agreement. Any provision of this Agreement may be amended by a written instrument signed by the Company and the Shareholders holding at least 75% of the then issued and outstanding Ordinary Shares held by all Shareholders (which Shareholders must include Tencent); provided that any provision herein that expressly requires the consent of a higher threshold of Ordinary Shares may not be amended except with the consent of such higher threshold of Ordinary Shares. In addition, any amendment, waiver or modification of any provision of this Agreement that would materially and adversely affect any Shareholder in a manner that is disparate from the manner in which it affects other Shareholders may be effected only with the written consent of the Shareholder so affected. Any amendment or modification to Section 4.2(a) may be effected only with the written consent of the Key Management.

11.9 Successors and Assigns. Except as otherwise expressly provided to the contrary, the provisions of this Agreement and the rights and obligations of the parties hereunder shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and be binding upon each Shareholder and each Shareholder's legal representatives, heirs, legatees, distributees, assigns and transferees by operation of Law, whether or not any such person has become a party to this Agreement or has agreed in writing to join herein and to be bound by the terms, conditions and restrictions hereof. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective permitted successors and assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement. No party may assign any rights or delegate any obligations hereunder except in connection with the Transfer of Company Securities in accordance with the terms of this Agreement.

11.10 Expenses. Each party shall bear its own expenses, including legal fees, in connection with the transactions contemplated by this Agreement.

11.11 Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any party, upon any breach or default of another party under this Agreement shall impair any such right, power or remedy of such first party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any party shall be cumulative and not alternative.

11.12 Confidentiality.

(a) The existence, terms and conditions of this Agreement, the Spotify Subscription Agreement, the other Transaction Documents, the Tencent Transaction Documents and any information received by any Shareholder pursuant to Section 9 (Information Rights) or any other confidential information, knowledge or data concerning or relating to the business or financial affairs of the Company to which such Shareholder has been or shall become privy by reason of this Agreement or the other

Transaction Documents, discussions or negotiations relating to this Agreement or the other Transaction Documents, and the performance of its obligations hereunder or thereunder (collectively, the “**Confidential Information**”) shall be considered confidential information and shall not be disclosed by any party to any third party except in accordance with the provisions set forth below; provided that such Confidential Information shall not include any information that is in the public domain other than by reason of the breach of the confidentiality obligations hereunder.

(b) Each party may disclose the existence of the transactions contemplated under the Tencent Subscription Agreement and the other Tencent Transaction Documents in a press release jointly approved by the Company, Tencent and the Shareholders holding at least 66.7% of the then issued and outstanding Ordinary Shares. No other announcement regarding any of the Confidential Information in a press release, conference, advertisement, announcement, professional or trade publication, mass marketing materials or otherwise to the general public may be made without the prior written consent of the Company, Tencent and the Shareholders holding at least 66.7% of the then issued and outstanding Ordinary Shares held by all Shareholders.

(c) Notwithstanding the foregoing, any party may disclose any of the Confidential Information to its current or bona fide prospective investors, permitted assignees or transferees, directors, officers, shareholders, employees, investment bankers, lenders, partners, accountants and attorneys, in each case only where such persons or entities are under appropriate nondisclosure obligations.

(d) In the event that any party is requested or becomes legally compelled (including, without limitation, pursuant to securities laws and regulations and other applicable laws and stock exchange rules) to disclose any Confidential Information in contravention of the provisions of this Section 11.12 (Confidentiality), such party (the “**Disclosing Party**”) shall provide the Company and any other Party to whom such Confidential Information relates (the “**Non-Disclosing Parties**”) with prompt written notice of that fact and use all reasonable efforts to seek (with the cooperation and reasonable efforts of the other parties) a protective order, confidential treatment or other appropriate remedy. In such event, the Disclosing Party shall furnish only that portion of the information which is requested or legally required to be disclosed and shall exercise reasonable efforts to keep confidential such information to the extent reasonably requested by any Non-Disclosing Party.

(e) The provisions of this Section 11.12 (Confidentiality) shall be in addition to, and not in substitution for, the provisions of any separate nondisclosure agreement executed by any of the parties hereto.

(f) All notices required under this section shall be made pursuant to Section 11.7 (Notices) of this Agreement.

11.13 Specific Performance. Each of the parties hereto recognizes and acknowledges that a breach by it of any covenants or agreements contained in this Agreement will cause the other parties to sustain damage for which they would not have an adequate remedy at law for money damages, and therefore each of the parties hereto agrees that in the event of any such breach the aggrieved parties shall be entitled to the remedy of specific performance of such covenants and agreements and injunctive and other equitable relief in addition to any other remedy to which they may be entitled, at law or in equity.

11.14 Parties in Interest. Except as expressly provided elsewhere in this Agreement, a person who is not a party to this Agreement shall not have any rights under the Contracts (Right of Third Parties) Ordinance (Chapter 623, Laws of Hong Kong) to enforce any terms of this Agreement. This does not affect any right or remedy of a third party which exists, or is available, apart from the Contracts (Right of Third Parties) Ordinance. For the avoidance of doubt, any holder of Company Securities that is not a party to this Agreement is not, and shall not be deemed, a Shareholder and shall not have any rights, interests, obligations or remedies as a Shareholder under this Agreement.

11.15 Adjustments for Share Splits, Etc. Wherever in this Agreement there is a reference to a specific number of shares of Company Securities of the Company, then, upon the occurrence of any subdivision, combination or share dividend of the Company Securities, the specific number of shares so referenced in this Agreement shall automatically be proportionally adjusted to reflect the effect on the outstanding shares of such class or series of shares by such subdivision, combination or share dividend.

11.16 Aggregation of Shares. All Company Securities held or acquired by affiliated entities or persons (as defined in Rule 144 under the Securities Act) shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

11.17 Amendment and Restatement of Prior Agreement. The Prior Agreement is hereby amended and superseded in its entirety and restated in this Agreement. Such amendment and restatement is effective upon effectiveness of this Agreement in accordance with Section 11.1. Upon such effectiveness, all provisions of, rights granted and covenants made in the Prior Agreement are hereby waived, released and superseded in their entirety and shall have no further force and effect.

11.18 Representations and Warranties. Each party hereby represents and warrants to each other party, as of the date hereof, and as of the effective date of this Agreement, as follows:

(a) such party, if not a natural person, is duly organized, validly existing and, to the extent applicable, in good standing under the applicable law of its jurisdiction of organization;

(b) such party is a natural person, or is a corporate body with the legal capacity, power, authority and right to execute, deliver and perform its obligations under this Agreement, and all actions on its part necessary for the authorization, execution, delivery of and the performance of all of its obligations under this Agreement have been taken;

(c) this Agreement will when executed be a legal, valid and binding obligation, enforceable against it in accordance with its terms, except where such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally; and

(d) the execution and delivery by such party of this Agreement and the consummation by it of all the transactions contemplated hereunder (i) do not and will not require any approval, consent or authorization, except for such approvals, consents or authorizations that have been duly obtained and remain in full force and effect as of the date hereof; (ii) breach or constitute (or with notice or lapse of time or both constitute) a default under its constitutional documents, existing shareholders agreement or any material contract or agreement to which such party is bound; and (iii) result in a violation or breach of or constitute (or with notice or lapse of time or both constitute) a default under any applicable Law by which such party or any of its assets is bound.

11.19 Waivers; Consents. Each Shareholder hereby consents to the transactions contemplated by the Spotify Subscription Agreement and this Agreement, including the issue and allotment of the Ordinary Shares under the Spotify Subscription Agreement, and irrevocably waives any and all rights arising under the Prior SHAs, the Articles or under applicable Law, in respect of pre-emptive rights, notice rights, rights of participation, rights of first refusal, co-sale rights, veto rights and all similar rights, and irrevocably waives any breach of the Prior SHAs or the Articles relating to such issuance.

11.20 Release of Obligations. The Company hereby irrevocably agrees and confirms that with respect to each Shareholder that is an Existing Shareholder and the Company itself, and each Shareholder that is an Existing Shareholder hereby irrevocably agrees and confirms only with respect to subclauses (i) and (iii) below, severally and not jointly, that, solely with respect to such Shareholder, (i) the number of Ordinary Shares held by such Shareholder as set forth in the Cap Table in Schedule D to the Prior Agreement (“**Cap Table**”) was true and accurate as of July 12, 2016; (ii) each issuance of shares by the Company as shown in the Cap Table and the register of members of the Company to each Shareholder as of July 12, 2016 had been duly authorized and approved; and (iii) as of July 12, 2016, other than the Tencent ESOP and the Disclosed Issuance Obligation, there were no outstanding options, warrants, convertible securities or other rights, agreements, arrangements or commitments of any kind by which the Company is bound obligating it to issue, deliver or sell any Company Securities to such Shareholder or any other person (such obligations of the Company as of July 12, 2016, together with the Disclosed Issuance Obligation but, for the avoidance of doubt, excluding the Tencent ESOP and the issuance of Ordinary Shares upon the exercise of options under the 2014 ESOP, the “**Issuance Obligation**”). This Agreement shall constitute an unconditional and irrevocable waiver and release by each Shareholder that is an Existing Shareholder, on behalf of itself and its Subsidiaries, Affiliates, current and former officers, directors, employees, commissioners, and agents, and predecessors, successors and assigns (collectively, “**Releasing Parties**”) of (a) all Issuance Obligations of the Company to each such Shareholder or its Affiliates, except for the Disclosed Issuance Obligation, and (b) any and all actions, causes of action, suits, proceedings, claims and demands whatsoever, in law or in equity, of every kind and description, which such Releasing Party ever had, now has, or hereafter can, shall or may have against the Company, its Subsidiaries, Affiliates, current and former officers, directors, employees, commissioners, and agents, and predecessors, successors and assigns (collectively, “**Released Parties**”), in each case in respect of any of the Released Parties with respect to any breach of any provisions under the Prior SHAs, the subscription or purchase agreement that such Shareholder or its Affiliates invest or acquire shareholding in the Company or any other Group Company, the Articles and applicable Law occurring or arising prior to July 12, 2016. Notwithstanding anything to the contrary contained herein, the Company and each Shareholder that is an Existing Shareholder hereby agree that,

(i) concurrently with or before the issuance, delivery or sale of any Company Securities by the Company to any person (other than Tencent) in connection with any Issuance Obligation, the Company shall unconditionally issue, at no consideration, to Tencent such number of Ordinary Shares that equals to the result of (x) 110%, multiplied by (y) the same number of the Company Securities proposed to be issued, delivered or sold by the Company in connection with such Issuance Obligations (the “**Anti-Dilution Issuance to Tencent**”, and such Ordinary Shares issuable to Tencent, the “**Anti-Dilution Issuance Shares**”); and (ii) all consideration received by the Company as a result of the issuance, delivery or sale of any Company Securities to any person in connection with any Issuance Obligation shall be distributed or otherwise allocated to all the shareholders of the Company immediately prior to July 12, 2016 (including Tencent) ratably in proportion to the number of Ordinary Shares held by such shareholder in the Company immediately prior to July 12, 2016. The Company and each Shareholder shall take all necessary actions to give effect to and consummate the Anti-Dilution Issuance to Tencent in accordance with the foregoing provisions, and any Anti-Dilution Issuance Shares, when issued and delivered to Tencent, shall be deemed fully paid, duly issued and non-assessable. In the event that the Company receives a request from any person for the issuance, delivery or sale by the Company of any Company Securities to such person in connection with the Issuance Obligation, the Board shall ascertain, and if any director of the Company reasonably objects to such request with good faith basis for such objection, use reasonable efforts to take all necessary actions to contest the validity of such request before the issuance, delivery or sale by the Company of any Company Securities to such person. The obligation of the Company with respect to the Anti-Dilution Issuance to Tencent under this Section 11.20 shall terminate and be of no further force or effect upon the earlier of (i) immediately prior to the consummation of a QIPO, or (ii) the date when the Company becomes subject to the reporting requirements of the Exchange Act or analogous reporting requirements in an alternative listing jurisdiction. Notwithstanding the definition of Affiliates, the parties agree that for purposes of this Section 11.20, Affiliates of Tencent shall exclude the Group Companies or any of the Group Companies’ Controlled Affiliates.

11.21 Interpretation: Absence of Presumption.

(a) For the purposes hereof, (i) words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other gender as the context requires; (ii) the terms “hereof,” “herein,” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including the schedules, exhibits and annexes hereto) and not to any particular provision of this Agreement, and Article, Section, paragraph, and clause references are to the Articles, Sections, paragraphs, and clauses to this Agreement unless otherwise specified; (iii) the word “including” and words of similar import when used in this Agreement shall mean “including without limitation”; (iv) the word “or” shall not be exclusive; (v) references to a person are also to its successors and permitted assigns; provisions shall apply, when appropriate, to successive events and transactions; (vi) all references to any period of days shall be deemed to be to the relevant number of calendar days unless otherwise specified; (vii) references to any agreement, instrument or statute means such agreement, instrument or statute as from time to time amended, qualified or supplemented, including (in the case of agreements and instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and all attachments thereto and instruments incorporated therein and (viii) all terms defined herein shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

(b) The parties have participated jointly in negotiating and drafting this Agreement. In the event that an ambiguity or a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

-- REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK --

IN WITNESS WHEREOF, the parties to this Agreement have executed this Shareholders Agreement as of the date first above written.

THE COMPANY:
TENCENT MUSIC ENTERTAINMENT GROUP
(騰訊音樂娛樂集團)

By: _____
Name:
Title:

[*Signature Page to Shareholders Agreement*]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Shareholders Agreement as of the date first above written.

**SHAREHOLDER:
MIN RIVER INVESTMENT LIMITED**

By: _____
Name:
Title:

[*Signature Page to Shareholders Agreement*]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Shareholders Agreement as of the date first above written.

**SHAREHOLDER:
PAGAC MUSIC HOLDING II LIMITED**

By: _____
Name:
Title:

[*Signature Page to Shareholders Agreement*]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Shareholders Agreement as of the date first above written.

**SHAREHOLDER:
PAGAC MUSIC HOLDING II LP**

By: _____
Name:
Title:

[*Signature Page to Shareholders Agreement*]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Shareholders Agreement as of the date first above written.

**SHAREHOLDER:
GUOMIN HOLDINGS LIMITED**

By: _____
Name:
Title:

[*Signature Page to Shareholders Agreement*]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Shareholders Agreement as of the date first above written.

**SHAREHOLDER:
CICFH GROUP LIMITED**

By: _____
Name:
Title:

[*Signature Page to Shareholders Agreement*]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Shareholders Agreement as of the date first above written.

**SHAREHOLDER:
CHINA INVESTMENT CORPORATION FINANCIAL
HOLDINGS**

By: _____
Name:
Title:

[*Signature Page to Shareholders Agreement*]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Shareholders Agreement as of the date first above written.

**SHAREHOLDER:
CICFH MUSIC INVESTMENT LIMITED**

By: _____
Name:
Title:

[*Signature Page to Shareholders Agreement*]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Shareholders Agreement as of the date first above written.

**SHAREHOLDER:
PAN ASIA VENTURE GROUP LIMITED**

By: _____
Name:
Title:

[*Signature Page to Shareholders Agreement*]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Shareholders Agreement as of the date first above written.

**SHAREHOLDER:
EMI GROUP LIMITED**

By: _____
Name:
Title:

[*Signature Page to Shareholders Agreement*]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Shareholders Agreement as of the date first above written.

**SHAREHOLDER:
XIEZHENYU HOLDING LIMITED**

By: _____
Name:
Title:

[*Signature Page to Shareholders Agreement*]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Shareholders Agreement as of the date first above written.

**SHAREHOLDER:
LOFTY TIMES INVESTMENTS LIMITED**

By: _____
Name:
Title:

[*Signature Page to Shareholders Agreement*]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Shareholders Agreement as of the date first above written.

**SHAREHOLDER:
ALANDING HOLDING LIMITED**

By: _____
Name:
Title:

[*Signature Page to Shareholders Agreement*]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Shareholders Agreement as of the date first above written.

**SHAREHOLDER:
BRAVE PLUS HOLDINGS LIMITED**

By: _____
Name:
Title:

[*Signature Page to Shareholders Agreement*]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Shareholders Agreement as of the date first above written.

**SHAREHOLDER:
QUANTUM INVESTMENTS LIMITED**

By: _____
Name:
Title:

[*Signature Page to Shareholders Agreement*]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Shareholders Agreement as of the date first above written.

**SHAREHOLDER:
CITYWAY INVESTMENTS LIMITED**

By: _____
Name:
Title:

[*Signature Page to Shareholders Agreement*]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Shareholders Agreement as of the date first above written.

**SHAREHOLDER:
GREEN TECHNOLOGY HOLDINGS LIMITED**

By: _____
Name:
Title:

[*Signature Page to Shareholders Agreement*]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Shareholders Agreement as of the date first above written.

**SHAREHOLDER:
POWER STREAM HOLDINGS LIMITED**

By: _____
Name:
Title:

[*Signature Page to Shareholders Agreement*]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Shareholders Agreement as of the date first above written.

**SHAREHOLDER:
CAGICO TECHNOLOGY LIMITED**

By: _____
Name:
Title:

[*Signature Page to Shareholders Agreement*]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Shareholders Agreement as of the date first above written.

SHAREHOLDER:
QIFEI INTERNATIONAL DEVELOPMENT CO.
LIMITED

By: _____
Name:
Title:

[*Signature Page to Shareholders Agreement*]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Shareholders Agreement as of the date first above written.

SHAREHOLDER:
RED EARTH INNOVATION INTERNATIONAL
COMPANY LIMITED

By: _____
Name:
Title:

[*Signature Page to Shareholders Agreement*]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Shareholders Agreement as of the date first above written.

**SHAREHOLDER:
POLYCON INVESTMENT LIMITED**

By: _____
Name:
Title:

[*Signature Page to Shareholders Agreement*]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Shareholders Agreement as of the date first above written.

**SHAREHOLDER:
BEST TACTIC GLOBAL LIMITED**

By: _____
Name:
Title:

[*Signature Page to Shareholders Agreement*]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Shareholders Agreement as of the date first above written.

XIE GUOMIN

[*Signature Page to Shareholders Agreement*]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Shareholders Agreement as of the date first above written.

XIE ZHENYU

[*Signature Page to Shareholders Agreement*]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Shareholders Agreement as of the date first above written.

**SHAREHOLDER:
TIME HERITAGE ENTERPRISES LIMITED**

By: _____
Name:
Title

[*Signature Page to Shareholders Agreement*]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Shareholders Agreement as of the date first above written.

SHAREHOLDER:
EMI MUSIC PUBLISHING GROUP HONG KONG LIMITED

By: _____
Name:
Title:

[*Signature Page to Shareholders Agreement*]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Shareholders Agreement as of the date first above written.

**SHAREHOLDER:
SONY/ATV MUSIC PUBLISHING (HONG KONG)**

By: _____
Name:
Title:

[*Signature Page to Shareholders Agreement*]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Shareholders Agreement as of the date first above written.

**SHAREHOLDER:
CAPITAL STAR HOLDINGS LIMITED**

By: _____
Name:
Title:

[*Signature Page to Shareholders Agreement*]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Shareholders Agreement as of the date first above written.

**SHAREHOLDER:
AL STONE LIMITED**

By: _____
Name:
Title:

[*Signature Page to Shareholders Agreement*]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Shareholders Agreement as of the date first above written.

**SHAREHOLDER:
RAMCITY INVESTMENTS LIMITED**

By: _____
Name:
Title:

[*Signature Page to Shareholders Agreement*]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Shareholders Agreement as of the date first above written.

**SHAREHOLDER:
FEIYANG HOLDINGS LIMITED**

By: _____
Name:
Title:

[*Signature Page to Shareholders Agreement*]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Shareholders Agreement as of the date first above written.

**SHAREHOLDER:
BALAENA INVESTMENTS LIMITED**

By: _____
Name:
Title:

[*Signature Page to Shareholders Agreement*]

Schedule A

List of Shareholders

1. Min River Investment Limited
2. PAGAC Music Holding II Limited
3. PAGAC Music Holding II LP
4. CICFH Group Limited
5. China Investment Corporation Financial Holdings
6. CICFH Music Investment Limited
7. Pan Asia Venture Group Limited
8. Guomin Holdings Limited
9. XieZhenYu Holding Limited
10. AlanDing Holding Limited
11. Brave Plus Holdings Limited
12. Quantum Investments Limited
13. Cityway Investments Limited
14. EMI Group Limited
15. Green Technology Holdings Limited
16. Power Stream Holdings Limited
17. CAGICO TECHNOLOGY LIMITED
18. Time Heritage Enterprises Limited
19. Qifei International Development Co. Limited
20. Red Earth Innovation International Company Limited
21. Lofty Times Investments Limited
22. Polycon Investment Limited
23. Best Tactic Global Limited
24. EMI Music Publishing Group Hong Kong Limited
25. Sony/ATV Music Publishing (Hong Kong)

-
26. Capital Star Holdings Limited
 27. Al Stone Limited
 28. RamCity Investments Limited
 29. FeiYang Holdings Limited
 30. Balaena Investments Limited

Schedule B

阿里巴巴

百度

万达

小米

蚂蚁金服

网易

新浪

EXHIBIT A

Joinder Agreement

Reference is made to a shareholders agreement, a copy of which is attached hereto (as amended from time to time, the “**SHA**”), among Tencent Music Entertainment Group (腾讯音乐 娱乐集团), an exempted company incorporated under the Laws of the Cayman Islands (the “**Company**”), and the other persons signatory thereto. Capitalized terms used herein and not otherwise defined shall have the meanings given in the SHA.

The undersigned, _____, in order to purchase / subscribe _____ Ordinary Shares and become a Shareholder of the Company, hereby agrees that by the undersigned’s execution hereof, the undersigned is a party to the SHA, subject to all of the restrictions, conditions, and obligations, and entitled to all the rights and privileges, applicable to [the transferring Shareholder set forth in the SHA][a Shareholder in general set forth in the SHA]. This Joinder Agreement shall take effect and shall become a part of said SHA immediately upon execution.

Executed on _____.

Address for Notices:

Signature

Telephone: _____

Email: _____

Exhibit E

[See Attached]

[Date]
[Addressee Name
Addressee Address]

Our Ref: DW/WL/T3551/H15535

Dear Sir or Madam

TENCENT MUSIC ENTERTAINMENT GROUP

We have been asked to provide this legal opinion to you with regard to the laws of the Cayman Islands in relation to the Documents (as defined in Schedule 1) being entered into by **Tencent Music Entertainment Group** (the “**Company**”).

For the purposes of giving this opinion, we have examined and relied upon the originals, copies or translations of the documents listed in Schedule 1.

In giving this opinion we have relied upon the assumptions set out in Schedule 2, which we have not independently verified.

We are Cayman Islands Attorneys at Law and express no opinion as to any laws other than the laws of the Cayman Islands in force and as interpreted at the date of this opinion. We have not, for the purposes of this opinion, made any investigation of the laws, rules or regulations of any other jurisdiction. Except as explicitly stated herein, we express no opinion in relation to any representation or warranty contained in the Documents nor upon matters of fact or the commercial terms of the transactions contemplated by the Documents.

Based upon the foregoing examinations and assumptions and upon such searches as we have conducted and having regard to legal considerations which we consider relevant, and subject to the qualifications set out in Schedule 3, and under the laws of the Cayman Islands, we give the following opinions in relation to the matters set out below.

1. The Company is an exempted company duly incorporated with limited liability, validly existing under the laws of the Cayman Islands and in good standing with the Registrar of Companies in the Cayman Islands (the “**Registrar**”).
2. The Company has full corporate power and authority to execute and deliver the Documents to which it is a party and to perform its obligations under the Documents.
3. The Documents to which the Company is a party have been duly authorised and executed and, when delivered by the Company, will constitute the legal, valid and binding obligations of the Company enforceable in accordance with their respective terms.

4. The execution, delivery and performance of the Documents to which the Company is a party, the consummation of the transactions contemplated thereby and the compliance by the Company with the terms and provisions thereof do not:
 - (a) contravene any law, public rule or regulation of the Cayman Islands applicable to the Company which is currently in force; or
 - (b) contravene the Memorandum and Articles (as defined in Schedule 1).
5. Neither:
 - (a) the execution, delivery or performance of any of the Documents to which the Company is a party; nor
 - (b) the consummation or performance of any of the transactions contemplated thereby by the Company,requires the consent or approval of, the giving of notice to, or the registration with, or the taking of any other action in respect of any Cayman Islands governmental or judicial authority or agency.
6. The law (if any) chosen in each of the Documents to which the Company is a party to govern its interpretation would be upheld as a valid choice of law in any action on that Document in the courts of the Cayman Islands (the “**Courts**” and each a “**Court**”).
7. Save as set out in qualification 2 in Schedule 3, there are no stamp duties, income taxes, withholdings, levies, registration taxes, or other duties or similar taxes or charges now imposed, or which under the present laws of the Cayman Islands could in the future become imposed, in connection with the enforcement or admissibility in evidence of the Documents or on any payment to be made by the Company or any other person pursuant to the Documents. The Cayman Islands currently have no form of income, corporate or capital gains tax and no estate duty, inheritance tax or gift tax.
8. None of the parties to the Documents is or will be deemed to be resident, domiciled or carrying on business in the Cayman Islands by reason only of the execution, delivery, performance or enforcement of the Documents to which any of them is party.
9. A judgment obtained in a foreign court (other than certain judgments of a superior court of any state of the Commonwealth of Australia) will be recognised and enforced in the Courts without any re-examination of the merits at common law, by an action commenced on the foreign judgment in the Grand Court of the Cayman Islands (the “**Grand Court**”), where the judgment:
 - (a) is final and conclusive;
 - (b) is one in respect of which the foreign court had jurisdiction over the defendant according to Cayman Islands conflict of law rules;
 - (c) is either for a liquidated sum not in respect of penalties or taxes or a fine or similar fiscal or revenue obligations or, in certain circumstances, for in personam non-money relief (following *Bandone Sdn Bhd v Sol Properties Inc* . [2008] CILR 301) ; and

- (d) was neither obtained in a manner, nor is of a kind enforcement of which is contrary to natural justice or the public policy of the Cayman Islands.
10. It is not necessary under the laws of the Cayman Islands that any of the Documents be registered or recorded in any public office or elsewhere in the Cayman Islands in order to ensure the validity or enforceability of any of the Documents.
11. It is not necessary under the laws of the Cayman Islands:
- (a) in order to enable any party to any of the Documents to enforce their rights under the Documents; or
- (b) solely by reason of the execution, delivery and performance of the Documents,
- that any party to any of the Documents should be licensed, qualified or otherwise entitled to carry on business in the Cayman Islands or any other political subdivision thereof.
12. Based solely upon our examination of the Court Register (as defined in Schedule 1) we confirm that at the Search Time (as defined in Schedule 1) there are no actions, suits or proceedings pending against the Company before the Grand Court and no steps have been, or are being, taken compulsorily to wind up the Company.
13. In relation to the ordinary shares of a par value of US\$0.000083 each in the capital of the Company (“**Ordinary Shares**”):
- (a) [*Number*] Ordinary Shares (the “**Subscription Shares**”) have been duly authorised and were validly allotted and issued to *Spotify AB* (“**S AB**”) on [*Date*] and, when paid for in accordance with the terms of the Documents for the consideration expressed therein, will be fully paid and without obligation to make further payment to the Company in respect of the issue of the Subscription Shares.
- (b) the Subscription Shares carry such rights as are attributed to them in the Memorandum and Articles and the Documents.

This opinion is limited to the matters referred to herein and shall not be construed as extending to any other matter or document not referred to herein. This opinion is given solely for your benefit and the benefit of your legal advisers acting in that capacity in relation to this transaction and may not be relied upon by any other person without our prior written consent.

We agree that a copy of this opinion may be disclosed to (1) the professional advisers (including, without limitation, auditors) of the Addressee (acting in that capacity in connection with the transactions contemplated by the Documents) (the “**Addressee’s Advisers**”) and (2) specified persons if required by law or regulation or in connection with any actual or potential dispute or claim to which the Addressee is a party in relation to the Documents (the “**Specified Persons**”) and their advisers, in each case for information purposes only, in circumstances

where they wish to know that an opinion has been given and to be made aware of its terms, on the strict understanding that:

- a) the Addressee's Advisers and the Specified Persons and their advisers may not rely on this opinion for their own benefit or for the benefit of any persons; and
- b) we assume no responsibility or legal liability to them as a result of such disclosure or otherwise.

This opinion shall be construed in accordance with the laws of the Cayman Islands.

Yours faithfully

WALKERS

SCHEDULE 1

LIST OF DOCUMENTS EXAMINED

1. The Certificate of Incorporation of the Company dated 6 June 2012, the Certificate of Incorporation on Change of Name of the Company dated 5 January 2017, the Third Amended and Restated Memorandum and Articles of Association of the Company as adopted on [*Date*] (the “ **Memorandum and Articles** ”), Register of Members and Register of Directors, in each case, of the Company and dated [*Date*], copies of which have been provided to us by [its registered office in the Cayman Islands] (together the “ **Company Records** ”).
2. The Cayman Online Registry Information System (CORIS), the Cayman Islands’ General Registry’s online database, searched on [*Date*].
3. The Register of Writs and other Originating Process of the Grand Court kept at the Clerk of Court’s Office, George Town, Grand Cayman (the “ **Court Register** ”), examined at 9.00am on [*Date*] (the “ **Search Time** ”).
4. A copy of a Certificate of Good Standing dated [*Date*] in respect of the Company issued by the Registrar (the “ **Certificate of Good Standing** ”).
5. A copy of signed minutes of a meeting of the members of the Company dated [*Date*] and [executed written resolutions][signed minutes of a meeting] of the Board of Directors of the Company dated [*Date*] (the “ **Resolutions** ”).
6. Copies of the following:
 - (a) an investor agreement between, *inter alia* , the Company and S AB dated [*Date*]; [and]
 - (b) a subscription agreement between, *inter alia* , the Company and S AB dated [*Date*]; [and]
 - (c) a shareholders’ agreement between, *inter alia* , the Company and [*Insert*].]

The documents listed in paragraphs 6(a) to [(c)] above inclusive are collectively referred to in this opinion as the “ **Documents** ”.

SCHEDULE 2

ASSUMPTIONS

1. There are no provisions of the laws of any jurisdiction outside the Cayman Islands which would be contravened by the execution or delivery of the Documents and, insofar as any obligation expressed to be incurred under the Documents is to be performed in or is otherwise subject to the laws of any jurisdiction outside the Cayman Islands, its performance will not be illegal by virtue of the laws of that jurisdiction.
2. The Documents are within the capacity, power, and legal right of, and have been or will be duly authorised, executed and delivered by, each of the parties thereto (other than the Company).
3. The Documents constitute or, when executed and delivered, will constitute the legal, valid and binding obligations of each of the parties thereto enforceable in accordance with their terms as a matter of the laws of all relevant jurisdictions (other than the Cayman Islands).
4. The choice of the laws of the jurisdiction selected to govern each of the Documents has been made in good faith and will be regarded as a valid and binding selection which will be upheld in the courts of that jurisdiction and all relevant jurisdictions (other than the Cayman Islands).
5. All authorisations, approvals, consents, licences and exemptions required by, and all filings and other steps required of each of the parties to the Documents outside the Cayman Islands to ensure the legality, validity and enforceability of the Documents have been or will be duly obtained, made or fulfilled and are and will remain in full force and effect and any conditions to which they are subject have been satisfied.
6. All conditions precedent, if any, contained in the Documents have been or will be satisfied or waived.
7. The Board of Directors of the Company considers the execution of the Documents and the transactions contemplated thereby to be in the best interests of the Company.
8. No disposition of property effected by the Documents is made for an improper purpose or wilfully to defeat an obligation owed to a creditor and at an undervalue.
9. The Company was on the date of execution of the Documents to which it is a party able to pay its debts as they became due from its own moneys, and any disposition or settlement of property effected by any of the Documents is made in good faith and for valuable consideration and at the time of each disposition of property by the Company pursuant to the Documents the Company will be able to pay its debts as they become due from its own moneys.
10. The originals of all documents examined in connection with this opinion are authentic. The signatures, initials and seals on the Documents are genuine and are those of a person or persons given power to execute the Documents under the Resolutions or any power of attorney given by the Company to execute the Documents. All documents purporting to be sealed have been so sealed. All copies are complete and conform to their originals. Any translations are a true translation of the original document they purport to translate. The Documents conform in every material respect to the latest drafts of the same produced to us and, where provided in successive drafts, have been marked up to indicate all changes to such Documents.
11. Any Document was either executed as a single physical document (whether in counterpart or not) in full and final form or, where any Document was executed by or on behalf of any company, body corporate or corporate entity, the relevant signature page was attached to such Document by, or on behalf of, the relevant person or otherwise with such person's express or implied authority.

12. The Memorandum and Articles are the memorandum and articles of association of the Company and are in force at the date hereof.
13. The Company Records are complete and accurate and all matters required by law and the Memorandum and Articles to be recorded therein are completely and accurately so recorded.
14. There are no records of the Company (other than the Company Records), agreements, documents or arrangements other than the documents expressly referred to herein as having been examined by us which materially affect, amend or vary the transactions envisaged in the Documents or restrict the powers and authority of the Directors of the Company in any way or which would affect any opinion given herein.
15. The Resolutions have been duly executed (and where by a corporate entity such execution has been duly authorised if so required) by or on behalf of each Director, or by or on behalf of each member in respect of the member resolutions, and the signatures and initials thereon are those of a person or persons in whose name the Resolutions have been expressed to be signed.
16. The Resolutions and any power of attorney given by the Company to execute the Documents remain in full force and effect and have not been revoked or varied.
17. No resolution voluntarily to wind up the Company has been adopted by the members and no event of a type which is specified in the Memorandum and Articles as giving rise to the winding up of the Company (if any) has in fact occurred.
18. No amounts paid to or for the account of any party under the Documents or any property received or disposed of by any party to the Documents in each case in connection with the performance of the Documents or the consummation of the transactions contemplated thereby (any such amount or property, the “ **Relevant Property** ”), represent or will represent proceeds of criminal conduct, criminal property or terrorist property as defined in the Proceeds of Crime Law (2017 Revision) or the Terrorism Law (2017 Revision) (the “ **Terrorism Law** ”), each of the Cayman Islands.
19. As a matter of all relevant laws (other than the laws of the Cayman Islands), any power of attorney given by the Company to execute the Documents has been duly executed by the Company and constitutes the persons named therein as the duly appointed attorney of the Company with such authority as is specified therein.
20. As a matter of all relevant laws (other than the laws of the Cayman Islands) none of the Documents constitute a security interest.

SCHEDULE 3
QUALIFICATIONS

1. The term “**enforceable**” and its cognates as used in this opinion means that the obligations assumed by any party under the Documents are of a type which the Courts enforce. This does not mean that those obligations will necessarily be enforced in all circumstances in accordance with their terms. In particular:
 - (a) enforcement of obligations and the priority of obligations may be limited by bankruptcy, insolvency, liquidation, reorganisation, readjustment of debts or moratorium and other laws of general application relating to or affecting the rights of creditors or by prescription or lapse of time;
 - (b) enforcement may be limited by general principles of equity and, in particular, the availability of certain equitable remedies such as injunction or specific performance of an obligation may be limited where a Court considers damages to be an adequate remedy;
 - (c) claims may become barred under statutes of limitation or may be or become subject to defences of set-off, counterclaim, estoppel and similar defences;
 - (d) where obligations are to be performed in a jurisdiction outside the Cayman Islands, they may not be enforceable in the Cayman Islands to the extent that performance would be illegal under the laws of, or contrary to the public policy of, that jurisdiction;
 - (e) a judgment of a Court may be required to be made in Cayman Islands dollars;
 - (f) to the extent that any provision of the Documents is adjudicated to be penal in nature, it will not be enforceable in the Courts; in particular, the enforceability of any provision of the Documents that is adjudicated to constitute a secondary obligation which imposes a detriment on the contract-breaker out of all proportion to any legitimate interest of the innocent party in the enforcement of the primary obligation may be limited;
 - (g) to the extent that the performance of any obligation arising under the Documents would be fraudulent or contrary to public policy, it will not be enforceable in the Courts;
 - (h) in the case of an insolvent liquidation of the Company, its liabilities are required to be translated into the functional currency of the Company (being the currency of the primary economic environment in which it operated as at the commencement of the liquidation) at the exchange rates prevailing on the date of commencement of the voluntary liquidation or the day on which the winding up order is made (as the case may be);
 - (i) a Court will not necessarily award costs in litigation in accordance with contractual provisions in this regard;
 - (j) the effectiveness of terms in the Documents excusing any party from a liability or duty otherwise owed or indemnifying that party from the consequences of incurring such liability or breaching such duty shall be construed in accordance with, and shall be limited by, applicable law, including generally applicable rules and principles of common law and equity.
2. Cayman Islands stamp duty will be payable on any Document if it is executed in or brought to the Cayman Islands, or produced before a Court.

3. A certificate, determination, calculation or designation of any party to the Documents as to any matter provided therein might be held by a Court not to be conclusive, final and binding, notwithstanding any provision to that effect therein contained, for example if it could be shown to have an unreasonable, arbitrary or improper basis or in the event of manifest error.
4. If any provision of the Documents is held to be illegal, invalid or unenforceable, severance of such provision from the remaining provisions will be subject to the discretion of the Courts notwithstanding any express provisions in this regard.
5. Every conveyance or transfer of property, or charge thereon, and every payment obligation and judicial proceeding, made, incurred, taken or suffered by a company at a time when that company was unable to pay its debts within the meaning of section 93 of the Companies Law (2016 Revision) of the Cayman Islands (the “**Companies Law**”), and made or granted in favour of a creditor with a view to giving that creditor a preference over the other creditors of the company, would be invalid pursuant to section 145(1) of the Companies Law, if made, incurred, taken or suffered within the six months preceding the commencement of a liquidation of that company. Such actions will be deemed to have been made with a view to giving such creditor a preference if it is a “related party” of the company. A creditor shall be treated as a related party if it has the ability to control the company or exercise significant influence over the company in making financial and operating decisions.
6. Any disposition of property made at an undervalue by or on behalf of a company and with an intent to defraud its creditors (which means an intention to wilfully defeat an obligation owed to a creditor), shall be voidable:
 - (a) under section 146(2) of the Companies Law at the instance of the company’s official liquidator; and
 - (b) under the Fraudulent Dispositions Law (1996 Revision) of the Cayman Islands, at the instance of a creditor thereby prejudiced, provided that in either case, no such action may be commenced more than six years after the date of the relevant disposition.
7. If any business of a company has been carried on with intent to defraud creditors of the company or creditors of any other person or for any fraudulent purpose, the Court may declare that any persons who were knowingly parties to the carrying on of the business of the company in such manner are liable to make such contributions, if any, to the company’s assets as the Court thinks proper.
8. Notwithstanding any purported date of execution in any of the Documents, the rights and obligations therein contained take effect only on the actual execution and delivery thereof but the Documents may provide that they have retrospective effect as between the parties thereto alone.
9. The obligations of the Company may be subject to restrictions pursuant to United Nations sanctions and/or measures adopted by the European Union Council for Common Foreign & Security Policy extended to the Cayman Islands by the Order of Her Majesty in Council.
10. Under the laws of the Cayman Islands, persons who are not party to a Document have no direct rights or obligations under such Document unless:
 - (a) such Document expressly provides in writing that such persons may in their own right enforce a term of such Document under The Contracts (Rights of Third Parties) Law, 2014 of the Cayman Islands;

- (b) they are persons acting pursuant to powers contained in a deed poll; or
 - (c) they are beneficiaries under properly constituted trusts.
11. Our opinion as to good standing is based solely upon receipt of the Certificate of Good Standing issued by the Registrar. The Company shall be deemed to be in good standing under section 200A of the Companies Law on the date of issue of the certificate if all fees and penalties under the Companies Law have been paid and the Registrar has no knowledge that the Company is in default under the Companies Law.
12. The Court Register may not reveal whether any out of court appointment of a liquidator or a receiver has occurred. The Court Register may not constitute a complete record of the proceedings before the Grand Court as at the Search Time including for the following reasons:
- (a) it may not reveal whether any documents filed subsequently to an originating process by which new causes of action and/or new parties are or may be added (including amended pleadings, counterclaims and third party notices) have been filed with the Grand Court;
 - (b) it may not reveal any originating process (including a winding up petition) in respect of the Company in circumstances where the Court has prior to the issuance of such process ordered that such process upon issuance be anonymised (whether on a temporary basis or otherwise);
 - (c) it may not be updated every day;
 - (d) documents may have been removed from it, or may not have been placed on it, where an order has been made to that effect in a particular cause or matter; and
 - (e) it may not reveal any orders made ex parte on an urgent basis where the originating process is issued subsequently pursuant to an undertaking given to the Court at the time the order is made.
13. We express no opinion upon any provisions in the Memorandum and Articles or any document which contains a reference to any law or statute that is not a Cayman Islands law or statute.
14. We express no opinion upon the effectiveness of any clause of the Documents which provides that the terms of such Document may only be amended in writing.
15. We render no opinion as to the specific enforcement as against the Company of covenants granted by the Company to do or to omit to do any action or other matter which is reserved by applicable law or the Company's constitutional documents to the Company's members or any other person.
16. Based on the decision in the English case of *Houldsworth v City of Glasgow Bank (1880) 5 App Cas 317 HL*, in the event of a misrepresentation by a company on which a member relied in agreeing to subscribe for shares in such company, the member may be entitled to rescind the share subscription agreement and thereafter claim damages against such company for any additional loss suffered as a result of the misrepresentation. Such a claim for damages will not arise unless and until the member has successfully rescinded the share subscription agreement. A member may be barred from rescinding on the grounds of delay or affirmation and if such company is wound up (whether voluntarily or compulsorily), such member will lose the right to rescind the share subscription agreement.
17. Where a document provides for an exclusive or non-exclusive jurisdiction clause submitting (or permitting the submission) to the jurisdiction of the Courts, a Court may decline to accept jurisdiction in any matter where:
- (a) it determines that some other jurisdiction is a more appropriate or convenient forum;

- (b) another court of competent jurisdiction has made a determination in respect of the same matter; or
- (c) litigation is pending in respect of the same matter in another jurisdiction.

Proceedings may be stayed in the Cayman Islands if concurrent proceedings in respect of the same matter are or have been commenced in another jurisdiction.

18. Where a document provides for an exclusive jurisdiction clause submitting to a jurisdiction of a court other than the Courts, notwithstanding any provision of the document providing for the exclusive jurisdiction of a court other than the Courts, the Court may, if it is satisfied that it is just and equitable to allow such proceedings to continue in the Cayman Islands:
 - (a) decline to stay proceedings issued in contravention of such provision; or
 - (b) grant leave to serve Cayman Islands proceedings out of the Cayman Islands.
19. If the performance of the Documents or the consummation of the transactions contemplated thereby constitutes an arrangement which facilitates the retention or control by or on behalf of another person of terrorist property by concealment, by removal from the jurisdiction or by transfer to nominees or if any party to the Documents:
 - (a) pays, disposes of or receives any Relevant Property with the intention that it should be used, or with reasonable cause to suspect that it will or may be used, for the purposes of terrorism;
 - (b) knows or has reasonable cause to suspect that Relevant Property has been used directly or indirectly in the commission of an act of terrorism or will or may be used for the purposes of terrorism; or
 - (c) acquires Relevant Property as a result of or in connection with acts of terrorism,then an offence may be committed under the Terrorism Law.
20. We express no opinion on and our opinions are subject to the effect, if any, of any provisions of any Document that relies upon financial or numerical computation.
21. The Company may be required to submit (or to cause to be submitted on its behalf) a notification and report to the Cayman Islands Department for International Tax Cooperation to ensure compliance with any obligations it may have under the laws of the Cayman Islands relating to the automatic exchange of financial account information.
14. Shares, voting rights in a Cayman Islands' company or the right to appoint or remove a majority of directors of a Cayman Islands' company (a "**Relevant Interest**") will be affected by a restrictions notice issued by such company pursuant to the Companies Law (a "**Restrictions Notice**"). If a Restrictions Notice is issued, then in respect of such Relevant Interest: any transfer or agreement to transfer shall be void; no rights shall be exercisable; no additional shares may be issued in respect of the Relevant Interest or pursuant to an offer made to the interest holder; and, except in a liquidation, an agreement to transfer certain rights shall be void.
15. No Restrictions Notice is permitted to be issued in relation to a Relevant Interest if it is subject to a security interest granted to a third party who is not affiliated with the person who holds such Relevant Interest.

Exhibit F

[See Attached]

TENCENT MUSIC ENTERTAINMENT GROUP

Certificate

[•], 2017

The undersigned, a duly elected Director of Tencent Music Entertainment Group, an exempted company with limited liability incorporated under the laws of the Cayman Islands (the “Company”), DOES HEREBY CERTIFY that:

- (i) Attached hereto as Exhibit A-1 is a true, correct and complete copy of the certificate of incorporation and certificate of incorporation on change of name (together, the “TME Certificate of Incorporation”) of the Company issued by the Registrar of Companies of the Cayman Islands as of the date given on the certification. The TME Certificate of Incorporation has not been amended or restated, and no document with respect to an amendment to the TME Certificate of Incorporation has been filed in the office of the Registrar of Companies of the Cayman Islands, since the date shown on the face of the Cayman Islands certification attached hereto. Since such date, no proceeding has been commenced for the merger, consolidation, winding up, dissolution or liquidation of the Company or the sale of all or substantially all of its assets and, to the best of his/her knowledge, no action or proceeding threatening the Company’s existence or which would result in the forfeiture of the TME Certificate of Incorporation has been commenced or threatened.
- (ii) Attached hereto as Exhibit A-2 is a true, correct and complete copy of the Third Amended and Restated Memorandum and Articles of Association of the Company (the “Articles”), which have been in full force and effect at all times, and which have not been amended or restated, since [•], 2017 through and including the date hereof.
- (iii) Attached hereto as Exhibit A-3 is a true, correct and complete copy of a certificate of good standing issued by the Registrar of Companies of the Cayman Islands on the date set forth thereon and certifying to the good standing of the Company in the Cayman Islands as of the date set forth therein.
- (iv) Exhibit A-4 attached hereto sets forth, as of the date hereof, the Fully Diluted share capital of the Company after giving effect to the issuance of the Acquired TME Shares and assuming the consummation of the issuance pursuant to the TME Equity Offering and the Distribution to Other Shareholders (each as defined in the Subscription Agreement, dated as of December 8, 2017 (the “Subscription Agreement”), by and among Tencent Music Entertainment Hong Kong Limited, a company incorporated under the laws of Hong Kong, the Company, Spotify Technology S.A., a public limited company (*société anonyme*) incorporated under the laws of Luxembourg, having its registered office at 42-44 avenue de la Gare, L-1610 Luxembourg, and registered with the Luxembourg Trade and Companies Register under number B 123 052, and Spotify AB, a corporation incorporated under the laws of Sweden) of an aggregate of 208,120,931 TME Shares.

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- (v) Attached hereto as Exhibit A-5 is a true, correct and complete copy of the Second Amended and Restated Shareholders Agreement of the Company (“Shareholders Agreement”), which has been in full force and effect at all times, and which has not been amended or restated, since [•], 2017 through and including the date hereof.
- (vi) Attached hereto as Exhibit A-6 is a true, correct and complete copy of the minutes of a meeting of the Directors held on [•], 2017. Said resolutions authorize the execution, delivery and performance of the Subscription Agreement and the Other Transaction Agreements (as defined in the Subscription Agreement) and the consummation of the transactions contemplated thereby. The aforementioned resolutions have not been amended, rescinded or modified since their adoption and execution, remain in full force and effect as of the date hereof and represent the only resolutions adopted or actions taken by, or on behalf of, the Directors relating to the matters described therein.
- (vii) Attached hereto as Exhibit A-7 is a true, correct and complete copy of the minutes of an extraordinary general meeting of the shareholders of the Company held on [•], 2017 in accordance with the Companies Law (as amended) of the Cayman Islands (the “EGM”). Resolutions duly passed at said EGM authorize the execution, delivery and performance of the Subscription Agreement, the Other Transaction Agreements and the consummation of the transactions contemplated thereby and approves the Articles. The aforementioned resolutions have not been amended, rescinded or modified since their adoption and execution, remains in full force and effect as of the date hereof and represents the only resolutions adopted or actions taken by, or on behalf of, the shareholders of the Company relating to the matters described therein.
- (viii) Each person, who as a Director or officer of the Company, signed the Subscription Agreement, the Other Transaction Agreements or the certificates delivered by, as of or on the date hereof in connection with the closing of the transactions contemplated by the Subscription Agreement, was duly elected and qualified as a Director or officer of the Company and held office or offices indicated thereon on the date of, and was duly authorized to take, such action and each signature of such signing Director or officer is his or her genuine signature.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the date first above written.

Name: [•]

Title: Director

The undersigned, the duly qualified officer of the Company, DOES HEREBY CERTIFY that [•] is the duly elected Director of the Company and that the signature set forth above his/her name is his/her true signature.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the date first written above.

Name: [•]

Title: [•]

Exhibit G

[See Attached]

To the Addressee

Luxembourg, [date] 2017

GH/BLG/JHEN- 49797.22412306v8

PROJECT TENCENT

Dear Madam, dear Sir,

We have acted as legal advisors to the Company in the Grand Duchy of Luxembourg in connection with the Contractual Documents. We have taken instructions exclusively from the Company and we are addressing this Opinion to you at the request of the Company; we therefore expressly reserve the right to represent and advise the Company in relation to the Contractual Documents now and in the future. We are not your legal advisors and nothing in this Opinion should be read as implying that we owe you any duty of care in relation to the Contractual Documents.

1. In arriving at the opinions expressed below, we have examined and relied exclusively on the Documents.

Capitalised terms used herein are defined in appendix A.

A reference to a convention, law or regulation herein is to be construed as a reference to such convention, law and regulation as the same may have been amended or re-enacted.

2. This Opinion is limited to Luxembourg Law. Accordingly, we express no opinion with regard to any system of law other than Luxembourg Law. We express no opinion (a) on public international law or on the rules promulgated under any treaty or by any treaty organisation or on any accounting, criminal or tax laws or regulations of any jurisdiction (including Luxembourg), except as specifically set out herein and (b) with regard to the effect of any systems of law other than Luxembourg Law even in cases where, under Luxembourg Law, any foreign law or regulation should be applied, and we therefore assume that no provisions of any foreign law or regulation would affect, qualify or have any bearing on this Opinion.

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3. We express no opinion as to whether any representations and warranties set out in the Contractual Documents (other than representations and warranties as to matters of Luxembourg Law on which we express an opinion herein) are and will be true and accurate when made, nor do we express any opinion on the rationale of the transactions considered by, referred to in, provided for or effected by the Documents. We have not investigated or verified the accuracy of the facts (or statements of foreign law) or the reasonableness of any statements of opinion or intention contained in any of the Documents, or verified that no material facts or provisions have been omitted therefrom, save if any such matter is the subject of a specific opinion herein, and we do not have detailed knowledge of the transactions considered by, referred to in, provided for or effected by the Documents nor of any documents other than the Documents even if referred to in the Documents.
 4. For the purpose of this Opinion we have assumed:
 - 4.1. the genuineness of all signatures, seals and stamps on any of the Documents and the completeness and conformity to originals of the Documents submitted to us as certified, photostatic, faxed, scanned or e-mailed copies;
 - 4.2. the conformity to the signed originals of the Contractual Documents examined by us in draft or execution form only and that, to the extent made, any completion and/or amendment of such draft or execution forms does not affect, qualify or have any bearing on this Opinion;
 - 4.3. that the Contractual Documents have been signed and entered into by each of the parties thereto in the form examined by us and substantially in the form approved by the board of directors of the Company in the Resolutions;
 - 4.4. that, in respect of the Contractual Documents and each of the transactions contemplated by, referred to in, provided for or effected by the Documents, (a) the parties to the Contractual Documents entered into the same in good faith and for the purpose of carrying out their business, on arms' length commercial terms, without any intention to defraud or deprive of any legal benefit any other persons (such as third parties and, in particular, creditors) or to circumvent any applicable mandatory laws or regulations of any jurisdiction, (b) the entry into the Contractual Documents and the performance of any rights and obligations thereunder are in the best corporate interest (*intérêt social*) of the Company and (c) the legality, validity, binding effect and enforceability of the Contractual Documents on each party is not affected by any matter or factual circumstance such as fraud, coercion, duress, undue influence or mistake;
 - 4.5. the absence of any other arrangements between any of the parties to the Contractual Documents which modify or supersede any of the terms of the Contractual Documents;
 - 4.6. that the Company does not meet the criteria for the opening of any insolvency proceedings such as bankruptcy (*faillite*), insolvency, winding-up, liquidation, moratorium, controlled management (*gestion contrôlée*), suspension of payment (*sursis de paiement*), voluntary arrangement with creditors (*concordat préventif de la faillite*), fraudulent conveyance, general settlement with creditors, reorganisation or similar order or proceedings affecting the rights of creditors generally;

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- 4.7. that the Corporate Documents are true, complete, up-to-date and have not been rescinded, supplemented or amended in any way since the date thereof; that no other corporate documents exist which would have a bearing on this Opinion; and that all statements contained therein are true and correct;
 - 4.8. that the resolutions of the board directors were properly taken as reflected in the Resolutions, that the meeting of the board of directors of the Company was properly convened for the purpose of adopting the Resolutions, that each director has properly performed his duties and that all provisions relating to the declaration of opposite interests or the power of the interested directors to vote were fully observed;
 - 4.9. that the individuals purported to have signed the Documents have in fact signed such Documents and that these individuals had legal capacity when they signed;
 - 4.10. that the head office (*administration centrale*) and the place of effective management (*siège de direction effective*) of the Company are located at the place of its registered office (*siège statutaire*) in Luxembourg; that, for the purposes of the Insolvency Regulation, the centre of main interests (*centre des intérêts principaux*) of the Company is located at the place of its registered office (*siège statutaire*) in Luxembourg;
 - 4.11. that during the search made on [date] on the *RESA* and in the *Mémorial* , the information published regarding the Company was complete, up-to-date and accurate at the time of such search and has not been modified since such search;
 - 4.12. that the Company has complied with all legal requirements of the Domiciliation Law or, if the Company rents office space, that the premises rented by the Company meet the factual criteria set out in the circulars issued by the CSSF in connection with the Domiciliation Law;
 - 4.13. that the choice of the laws of the State of New York to govern the Contractual Documents and the submission of the Contractual Documents to the arbitration of the International Chamber of Commerce with regard to any disputes under the Contractual Documents is legal, valid, binding and enforceable under the laws of the State of New York and that such choice and submission would be recognised by the courts of any jurisdiction (other than the courts of Luxembourg);
 - 4.14. that the Contractual Documents are legal, valid, binding and enforceable in accordance with their terms under the laws of the State of New York.
 5. This Opinion is given on the basis that it will be governed by and construed in accordance with Luxembourg Law and will be subject to Luxembourg jurisdiction only.

On the basis of the assumptions set out above and subject to the qualifications set out below and to any factual matters, documents or events not disclosed to us, we are of the opinion that:

- 5.1. The Company is a *société anonyme* duly incorporated before a Luxembourg notary for an unlimited duration and validly existing under Luxembourg Law.
- 5.2. According to, and based solely on, the Non-Registration Certificate, on **[date preceding the date of the certificate]** none of the following judicial decisions has been recorded with the Luxembourg Trade and Companies' Register with respect to the Company: (a) judgments or decisions pertaining to the opening of insolvency proceedings (*faillite*), (b) judgments or court orders approving a voluntary arrangement with creditors (*concordat préventif de la faillite*), (c) court orders pertaining to a suspension of payments (*sursis de paiement*), (d) judicial decisions regarding controlled management (*gestion contrôlée*), (e) judicial decisions pronouncing its dissolution or deciding on its liquidation, (f) judicial decisions regarding the appointment of an interim administrator (*administrateur provisoire*), or (g) judicial decisions taken by foreign judicial authorities concerning insolvency, voluntary arrangements or any similar proceedings in accordance with the Insolvency Regulation.
- 5.3. The Company has the necessary corporate power and authority under the Articles of Association to execute and deliver the Contractual Documents and perform its obligations thereunder.
- 5.4. The Company has taken all necessary corporate action to duly and validly authorise and approve the execution and delivery of the Contractual Documents to which it is a party, the performance of its obligations thereunder and the consummation by the Company of the transactions contemplated thereby, and no other corporate or other similar action on the part of the Company is necessary to authorise and approve the execution and delivery of the Contractual Documents to which it is a party, the performance of its obligations thereunder and the consummation by the Company of the transactions contemplated thereby.
- 5.5. The Contractual Documents have been duly and validly executed and delivered on behalf of the Company in accordance with Luxembourg Law, the Articles of Association and the Resolutions.
- 5.6. The execution of the Contractual Documents by the Company and the performance by the Company of its obligations under the Contractual Documents do not violate or conflict with any provision of its Articles of Association, the Companies Law or Luxembourg international public policy (*ordre public international*).
- 5.7. In any proceedings instituted in Luxembourg for the enforcement of any provisions of the Contractual Documents which are stipulated to be governed by the laws of the State of New York, the choice of the laws of the State of New York law as the governing law thereof will be recognised by the courts of Luxembourg subject to and in accordance with the provisions of the Rome I Regulation.
- 5.8. As regards the arbitration clause in the Contractual Documents, the courts of Luxembourg will recognize and declare enforceable any final and conclusive civil or commercial arbitral award duly rendered in relation to the Contractual Documents, subject to Articles 1224 *et seq.* of the Luxembourg *Nouveau Code de Procédure Civile* and/or to the New York Convention.

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- 5.9. Based on the Corporate Documents, all Shares (including the shares that the Company issued to TME HK) issued and outstanding on [*insert date of Closing*] are duly authorised, validly issued, fully paid and non-assessable (*non susceptible d'appels de versement*) .
- 5.10. It is not necessary under Luxembourg Law that the Contractual Documents be filed, recorded or enrolled with any court or other authority in Luxembourg or that any stamp, registration or similar tax be paid on or in relation to the Contractual Documents.
- 5.11. Non-Luxembourg parties to the Contractual Documents will not become resident in Luxembourg, or be deemed to be resident or otherwise subject to tax filings in Luxembourg (except as expressly stated in this Opinion) by reason only of the entry into or the performance of the Contractual Documents.
- 5.12. It is not necessary under Luxembourg Law that the non-Luxembourg parties to the Contractual Documents be authorised, licensed, qualified or otherwise entitled to carry on business in Luxembourg or establish a place of business in Luxembourg for the entry into and performance of the Contractual Documents.
6. The opinions expressed above are subject to the following qualifications:
- 6.1. Luxembourg legal concepts are expressed in English terms and not in their original French terms. The concepts in question may not be identical to the concepts described by the same English terms as they exist in the laws and regulations of other jurisdictions. This Opinion may, therefore, only be relied on upon the express condition that any issues of interpretation or liability arising hereunder be governed by Luxembourg Law only and be brought exclusively before a court in Luxembourg;
- 6.2. the opinions set out above are subject to all limitations by reason of national or foreign bankruptcy, insolvency, winding-up, liquidation, moratorium, controlled management, suspension of payment, voluntary arrangement with creditors, fraudulent conveyance, general settlement with creditors, reorganisation or similar laws affecting the rights of creditors generally;
- 6.3. Luxembourg international public policy (*ordre public international*) includes the fundamental concepts of Luxembourg Law which Luxembourg courts may deem to be of such significance so as to exclude the application of a foreign law or the recognition of a foreign judgement deemed to be contrary in its results to such fundamental concepts. Luxembourg international public policy is a matter which is constantly evolving on the basis of the position of Luxembourg courts with respect to cases they treat. Accordingly, there are uncertainties as to what is considered as international public policy under Luxembourg law. There is no closed end list of provisions that are considered to be contrary to Luxembourg international public policy and there is only limited published case law on this matter;
- 6.4. the Non-Registration Certificate does not determine conclusively whether or not the judicial decisions referred to therein have occurred. In particular, it is not possible to determine whether any petition has been filed with a court or any similar action has been taken against or on behalf of the Company regarding the opening of insolvency proceedings (*faillite*) , suspension of payments (*sursis de paiement*) , controlled management (*gestion contrôlée*) or voluntary arrangements that the

Company would have entered into with their creditors (*concordat préventif de la faillite*), judicial decisions regarding the appointment of an interim administrator (*administrateur provisoire*), or judicial decisions taken by foreign judicial authorities concerning insolvency, voluntary arrangements or any similar proceedings in accordance with the Insolvency Regulation. The Non-Registration Certificate only mentions such proceedings if a judicial decision was rendered further to such a request, and if such judicial decision was recorded with the Luxembourg Trade and Companies' Register on the date referred to in the Non-Registration Certificate;

- 6.5. judicial decisions taken in any jurisdiction in which the Insolvency Regulation is not applicable are not subject to mandatory registration with the Luxembourg Trade and Companies' Register;
- 6.6. deeds (*actes*) or extracts of deeds (*extraits d'actes*) and other indications relating to the Company and which, under Luxembourg Law, must be published on the *RESA* (and which mainly concern acts relating to the incorporation, the functioning, the appointment of directors/managers and liquidation/insolvency of the Company as well as amendments, if any, to the articles of association of the Company) will only be enforceable against third parties after they have been published on the *RESA* except where such third parties had previously knowledge thereof. Such third parties may rely on deeds or extracts of deeds prior to their publication. For the fifteen days following the publication, these deeds or extracts of deeds will not be enforceable against third parties who prove that it was impossible for them to have knowledge thereof.
- 6.7. there may be a lapse between the filing of a document and its actual publication on the *RESA* . Furthermore, filings made with the Luxembourg Trade and Companies' Register prior to the year 2000 will not be available on its website; the results of our search on the website of the Luxembourg Trade and Companies' Register is therefore limited to documents filed from the year 2000 onwards;
- 6.8. the non-compliance by the Company with criminal law or the provisions of the commercial code or the laws governing commercial companies including the requirement to file with the Trade and Companies' Register its annual accounts may trigger the application of Article 203 of the Companies Law according to which the District Court (*Tribunal d'Arrondissement*) dealing with commercial matters may, at the request of the Public Prosecutor (*Procureur d'Etat*), order the dissolution and liquidation of the Company;
- 6.9. If the Contractual Documents (i) are voluntarily presented to the registration formalities or (ii) are appended to a document that requires mandatory registration, a registration ("*droit d'enregistrement* ") duty will be due, the amount of which will depend on the nature of the document to be registered;
- 6.10. the rights and obligations of the parties to the Contractual Documents may be affected by criminal investigations or prosecution;
- 6.11. the Luxembourg courts would not apply a chosen foreign law if the choice was not pleaded and proved;

-
- 6.12. notwithstanding arbitration clauses, Luxembourg courts would have in principle jurisdiction for any summary proceedings (*référé*) in connection with assets located in Luxembourg;
- 6.13. Luxembourg has on the basis of reciprocity declared that it will apply the New York Convention only to the recognition and enforcement of awards made in the territory of another contracting State;
- 6.14. except as set out in opinions 5.7 and 5.8, we express no opinion with respect to the validity and/or enforceability and/or performance of the obligations under the Contractual Documents, which we have not reviewed in this respect.
7. This Opinion speaks as of the date hereof. No obligation is assumed to update this Opinion or to inform any person of any changes of law or other matters coming to our knowledge and occurring after the date hereof which may affect this Opinion in any respect.
8. This Opinion is addressed to you solely for your benefit and solely for the purpose of the Contractual Documents. It is not to be transmitted to any other person, nor to be relied upon by any other person, verified or for any other purpose quoted or referred to in any public document or filed with any governmental agency or other person without our prior written consent. This Opinion is strictly limited to the matters stated herein and does not extend to, and is not to be read as extending by implication to, any agreement or document referred to in the Contractual Documents or otherwise.
9. We consent to the disclosure of this Opinion by the Addressee to:
- to its affiliates, auditors and advisors (but solely in connection with this transaction); and
 - any person to whom disclosure is required by (i) law or mandatory rules or regulations of any competent supervisory or regulatory proceedings;
- on the basis that (a) such disclosure is made solely to enable any such person to be informed that this Opinion has been given and to be made aware of its terms but not for the purposes of reliance, (b) we do not assume any duty or liability to any person to whom such disclosure is made and (c) (other than in relation to disclosure under point (iii) or unless such person is otherwise bound by requirements of confidentiality) such person agrees not to further disclose this Opinion or its contents to any other person, other than as permitted above, without our prior written consent.
10. This Opinion is issued by and signed on behalf of Arendt & Medernach SA, admitted to practice in Luxembourg and registered on the list V of lawyers of the Luxembourg bar association.

Yours faithfully,

By and on behalf of Arendt & Medernach SA

Guy Harles

Partner

APPENDIX A – DEFINITIONS

Addressee means each addressee listed in appendix D.

Articles of Association means the document listed under item 1 in Appendix B.

Company means Spotify Technology S.A., a *société anonyme* incorporated under the laws of Luxembourg, whose registered office is at 42-44, avenue de la Gare, L-1610 Luxembourg, registered with the Luxembourg Trade and Companies Register under number B 123052.

Companies Law means the law of 10 August 1915 on commercial companies, as amended.

Contractual Documents means the document listed in appendix C.

Corporate Documents means the documents listed in appendix B.

CSSF means *Commission de Surveillance du Secteur Financier*.

Documents means the Contractual Documents and the Corporate Documents.

Domiciliation Law means the law of 31 May 1999 regarding the domiciliation of companies.

Insolvency Regulation means the regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast).

Luxembourg Law means the laws of the Grand Duchy of Luxembourg as they stand as at the date hereof and as such laws are currently interpreted in published case law (except if published within the last thirty days) of the courts of the Grand Duchy of Luxembourg or, to the extent this Opinion concerns documents signed prior to this date, the date of their signature and the period to date.

Luxembourg Trade and Companies' Register means *R egistre de Commerce et des Sociétés de Luxembourg*.

Mémorial means the *Mémorial C, Journal Officiel du Grand-Duché de Luxembourg, Recueil des Sociétés et Associations*.

New York Convention means the United Nations convention on the recognition and enforcement of foreign arbitral awards of 10 June 1958.

Non-Registration Certificate means the certificate listed under item 3 in appendix B.

Opinion means this legal opinion.

RESA means *Recueil électronique des sociétés et associations*, the central electronic platform of the Grand Duchy of Luxembourg.

Resolutions means the resolutions listed under item 2 in Appendix B.

Rome I Regulation means the regulation (EC) No 593/2008 of the European Parliament and of the Council of 17 June 2008 on the law applicable to contractual obligations (Rome I).

Shares means the [***] shares issued by the Company, representing the share capital of the Company.

Subscription Agreement means the Subscription Agreement, dated [***], 2017, and signed by and among Tencent Music Entertainment Group, an exempted company with limited liability incorporated under the laws of the Cayman Islands, TME HK, the Company and Spotify AB, a corporation incorporated under the laws of Sweden, in the form provided to us by email of [***], dated [***].

TME HK means Tencent Music Entertainment Hong Kong Limited, a private company limited by shares incorporated under the laws of Hong Kong.

APPENDIX B – CORPORATE DOCUMENTS

1. A copy of the consolidated articles of association of the Company dated [***] 2017.
2. A copy of the signed minutes of the meeting of the board of directors of the Company taken on [***] .
3. A certificate of non-registration of a judicial decision (*certificat de non-inscription d'une décision judiciaire*) dated [***] 2017 and issued by the Luxembourg Trade and Companies' Register in relation to the Company.
4. An excerpt dated [***] 2017 from the Luxembourg Trade and Companies' Register relating to the Company.

APPENDIX C – CONTRACTUAL DOCUMENT

1. An electronic copy of the Subscription Agreement.
2. An electronic copy of the Investor Agreement, dated [***] , 2017, and signed by and among TME HK, Tencent Holdings Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands, Tencent Music Entertainment Group, an exempted company with limited liability incorporated under the laws of the Cayman Islands, Image Frame Investment (HK) Limited, a company incorporated under the laws of Hong Kong, the Company and the other parties thereto, in the form provided to us by email of [***] , dated [***] .
3. An electronic copy of the Investor Agreement, dated [***] , 2017, and signed by and among Tencent Holdings Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands, Tencent Music Entertainment Group, an exempted company with limited liability incorporated under the laws of the Cayman Islands, the Company and Spotify AB, a corporation incorporated under the laws of Sweden, in the form provided to us by email of [***] , dated [***] .

1. TME HK.

Exhibit H

[See Attached]

SPOTIFY TECHNOLOGY S.A.

Certificate

[•], 2017

The undersigned, a duly empowered authorized representative of Spotify Technology S.A., a public limited company (*société anonyme*) incorporated under the laws of Luxembourg, having its registered office at 42-44 avenue de la Gare, L-1610 Luxembourg, and registered with the Luxembourg Trade and Companies' Register under number B 123 052 (the “ Company ”), DOES HEREBY CERTIFY that:

- (i) Attached hereto as Exhibit A-1 is a true, correct and complete copy of the Excerpt of the Company issued by the Registre de Commerce et des Sociétés of Luxembourg (the “ RCS ”) on the date set forth thereon.
- (ii) Attached hereto as Exhibit A-2 is a true, correct and complete copy of the updated Articles of Association of the Company (the “ Articles of Association ”) issued by the RCS as of the date given on the certification. The Articles of Association have not been amended or restated, and no document with respect to an amendment to the Articles of Association has been filed with the RCS, since the date shown on the face of the certification attached hereto. Since such date, no proceeding has been commenced for the merger, consolidation, dissolution or liquidation of the Company or the sale of all or substantially all of its assets and, to the best of his knowledge, no action or proceeding threatening the existence of the Company or which would result in the forfeiture of the Articles of Incorporation has been commenced or threatened.
- (iii) Attached hereto as Exhibit A-3 is a true, correct and complete copy of the Certificat Négatif of the Company (the “ Certificat Négatif ”) issued by the RCS on the date set forth thereon and certifying that, as of the date thereof, none of the following judicial decisions has been recorded with the RCS with respect to the Company: (i) judgments or decisions pertaining to the opening of insolvency proceedings (*faillite*), (ii) judgments or court orders approving a voluntary arrangement with creditors (*concordat préventif de la faillite*), (iii) court orders pertaining to a suspension of payments (*sursis de paiement*), (iv) judicial decisions regarding controlled management (*gestion contrôlée*), (v) judicial decisions pronouncing its dissolution or deciding on its liquidation, (vi) judicial decisions regarding the appointment of an interim administrator (*administrateur provisoire*), or (vii) judicial decisions taken by foreign judicial authorities concerning insolvency, voluntary arrangements or any similar proceedings in accordance with the regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (*recast*).
- (iv) Attached hereto as Exhibit A-4 is a true, correct and complete copy of (i) the minutes of the meeting of the Board of Directors of the Company held on [•], 2017 and (ii) the written resolutions of the delegate of the Board of Directors of the Company, duly adopted on [•], 2017. Said minutes and resolutions authorize the execution, delivery and performance of the Subscription Agreement, dated as of December 8, 2017 (the “ Subscription ”).

Agreement”), by and among Tencent Music Entertainment Group, an exempted company incorporated with limited liability under the laws of the Cayman Islands, Tencent Music Entertainment Hong Kong Limited, a company incorporated under the laws of Hong Kong, Spotify AB, a corporation incorporated under the laws of Sweden (“Spotify AB”), and the Company, and the Other Transaction Agreements (as defined in the Subscription Agreement) and the consummation of the transactions contemplated thereby. The aforementioned minutes and resolutions have not been amended, rescinded or modified since their adoption and execution, remain in full force and effect as of the date hereof and represents the only resolutions adopted or actions taken by, or on behalf of, the Board of Directors of the Company relating to the matters described therein.

- (v) Exhibit A-5 attached hereto sets forth, as of the date hereof, the Fully Diluted share capital of the Company after giving effect to the issuance of the Acquired Spotify Shares (as defined in the Subscription Agreement).
- (vi) Each person, who as a director, officer or authorized representative of the Company, signed the Subscription Agreement, the Other Transaction Agreements or certificates delivered by, as of or on the date hereof in connection with the closing of the transactions contemplated by the Subscription Agreement, was duly elected, qualified or empowered, as applicable, as a director, officer or authorized representative of the Company and held office or offices indicated thereon on the date of, and was duly authorized to take, such action and each signature of such signing director, officer or authorized representative is his or her genuine signature.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the date first above written.

Name: Peter Grandelius
Title: Authorized Signatory and Associate
General Counsel

The undersigned, the duly qualified [•] of the Company, DOES HEREBY CERTIFY that Peter Grandelius is a duly empowered authorized representative of the Company, and that the signature set forth above his name is his true signature.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the date first written above.

Name: [•]
Title: [•]

STRICTLY PRIVATE AND CONFIDENTIAL
EXECUTION VERSION

INVESTOR AGREEMENT

among

SPOTIFY TECHNOLOGY S.A.,

TENCENT MUSIC ENTERTAINMENT GROUP,

TENCENT MUSIC ENTERTAINMENT HONG KONG LIMITED,

TENCENT HOLDINGS LIMITED,

IMAGE FRAME INVESTMENT (HK) LIMITED and,

**solely with respect to Section 1.02, Section 2.07, Section 3.02, Section 5.02, Section 5.03,
Section 5.04, Section 5.05, Section 5.06, Section 5.07, Section 5.10, Section 5.11,
Section 5.12, Section 5.13 and Section 5.14 thereof,**

D.G.E. INVESTMENTS LTD

and,

**solely with respect to Section 1.02, Section 2.07, Section 3.02, Section 5.02, Section 5.03,
Section 5.04, Section 5.05, Section 5.06, Section 5.07, Section 5.10, Section 5.11,
Section 5.12, Section 5.13 and Section 5.14 thereof,**

ROSELLO COMPANY LIMITED

DATED AS OF DECEMBER 15, 2017

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I DEFINITIONS	2
SECTION 1.01 Certain Defined Terms	2
SECTION 1.02 Other Definitional Provisions; Interpretation	7
ARTICLE II TRANSFER OF SPOTIFY SECURITIES	8
SECTION 2.01 General Transfer Restrictions	8
SECTION 2.02 Restrictions on Transfer	8
SECTION 2.03 Joinder to Investor Agreement	10
SECTION 2.04 Notice of Transfer	10
SECTION 2.05 Legends	11
SECTION 2.06 Lock-Up Agreements	11
SECTION 2.07 Drag-Along Right	12
SECTION 2.08 Delay of Transfer	13
ARTICLE III STANDSTILL; VOTING	13
SECTION 3.01 Standstill Covenant	13
SECTION 3.02 Voting Agreement	16
ARTICLE IV CERTAIN GOVERNANCE MATTERS	17
SECTION 4.01 Information Rights	17
SECTION 4.02 Potential Business Opportunities	17
SECTION 4.03 Anti-Bribery Covenants	18
SECTION 4.04 Sanctions Covenant	18
ARTICLE V GENERAL PROVISIONS	19
SECTION 5.01 Confidentiality	19
SECTION 5.02 Amendment	19
SECTION 5.03 Notices	19
SECTION 5.04 Waivers	21
SECTION 5.05 Successors and Assignment	22
SECTION 5.06 No Third-Party Beneficiaries	22
SECTION 5.07 Severability	22
SECTION 5.08 Entire Understanding	22
SECTION 5.09 Governing Documents; Other Shareholder Agreements	22
SECTION 5.10 Governing Law	22
SECTION 5.11 Arbitration	22
SECTION 5.12 Counterparts	23
SECTION 5.13 Specific Performance	23
SECTION 5.14 Termination	23
SECTION 5.15 Other Agreements	23
SECTION 5.16 Representations	24

Index of Defined Terms

Affiliate	2	OFAC Sanctioned Person	5
Agreement	1	OFAC Sanctions	5
Anticorruption Laws	2	Permitted Transferee	5
beneficial owner	2	Person or person	5
beneficial ownership	2	Potential Business Opportunity	18
beneficially own	2	Prohibited Person	5
Board	2	Prohibited Person List	5
Brokerage Transaction	9	Qualified Transfer	9
Business Day	2	Representatives	5
Company	1	Rights Holder	5
Competing Business	2	Rosello	1
Confidential Information	2	SDN List	5
Convertible Notes	3	Secretary	5
Derivative Security	3	Securities Act	5
DGE Investments	1	Spotify Securities	6
Drag Transaction	12	Spotify Shares	1
Drag-Along Notice	12	Standstill Cap	15
Drag-Along Parties	12	Standstill Period	13
Eligible Fund	3	Strategic Investor	6
Exchange Act	3	Subscription Agreement	1
Foreign or State Act	10	Subsidiary	6
Founder Transfer	9	Tencent	1
Founders	1	Tencent Hong Kong	1
Fully Diluted	3	Tencent Hong Kong Secondary Purchase	1
ICC	23	Tencent Parties	1
Identified Person	17	TME	1
Institutional Fund	4	TME Hong Kong	1
Investor	4	TME Investor Agreement	6
IPO	4	Total Voting Power	6
Law	5	Transfer	6
Lock-Up Period	8	Transferee	7
Main Parties	1	Transferring Founder(s)	12
Main Party	1	Transferring Holders	12
non-marketable securities	13	VIE	7
OFAC	5		

INVESTOR AGREEMENT

INVESTOR AGREEMENT, dated as of December 15, 2017 (this “Agreement”), among Spotify Technology S.A., a public limited company (*société anonyme*) incorporated under the laws of Luxembourg, having its registered office at 42-44 avenue de la Gare, L-1610 Luxembourg, and registered with the Luxembourg Trade and Companies Register under number B 123 052 (the “Company”), Tencent Music Entertainment Group, an exempted company incorporated with limited liability under the laws of the Cayman Islands (“TME”), Tencent Music Entertainment Hong Kong Limited, a company incorporated under the laws of Hong Kong (“TME Hong Kong”), Tencent Holdings Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands (“Tencent”), Image Frame Investment (HK) Limited, a company incorporated under the laws of Hong Kong and a wholly-owned Subsidiary of Tencent (“Tencent Hong Kong” and, together with TME, TME Hong Kong and Tencent, the “Tencent Parties” and the Tencent Parties, together with the Company, jointly the “Main Parties” and individually a “Main Party”), and, solely with respect to Section 1.02, Section 2.07, Section 3.02, Section 5.02, Section 5.03, Section 5.04, Section 5.05, Section 5.06, Section 5.07, Section 5.10, Section 5.11, Section 5.12, Section 5.13 and Section 5.14, D.G.E. Investments Limited, Reg. No. HE 293826, a company incorporated under the laws of Cyprus, with address Arch. Makariou & Kalograion 4, Nicolaides Sea View City, 9th Floor, Offices 903-904, Block A-B, 6016 Larnaca, Cyprus (“DGE Investments”), and, solely with respect to Section 1.02, Section 2.07, Section 3.02, Section 5.02, Section 5.03, Section 5.04, Section 5.05, Section 5.06, Section 5.07, Section 5.10, Section 5.11, Section 5.12, Section 5.13 and Section 5.14, Rosello Company Limited, Reg. No. HE 165082, a limited liability company incorporated under the laws of Cyprus, with address 22 Stasikratous Street, Office 104, 1065 Nicosia, Cyprus (“Rosello” and, together with DGE Investments, the “Founders”), and any other Person that becomes a party to this Agreement pursuant to Article II.

BACKGROUND

On the date hereof, the Company issued 213,811 common shares, €0.025 par value per share, of the Company (the “Spotify Shares”) to TME Hong Kong pursuant to that certain Subscription Agreement, dated as of December 8, 2017, by and among the Company, Spotify AB, a corporation incorporated under the laws of Sweden, TME and TME Hong Kong (the “Subscription Agreement”); and

Tencent Hong Kong intends to purchase and acquire from one or more holders of the Convertible Notes additional Spotify Shares, which will be issued to such holder(s) upon conversion or exchange of a portion of the Convertible Notes (such purchase, the “Tencent Hong Kong Secondary Purchase”).

NOW, THEREFORE, in consideration of the foregoing and the respective covenants and agreements set forth herein, and intending to be legally bound hereby, the parties hereto hereby agree as follows.

ARTICLE I

DEFINITIONS

SECTION 1.01 Certain Defined Terms. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Subscription Agreement. As used in this Agreement, the following terms shall have the following meanings:

“Affiliate” of any Person shall mean, as of any date, any Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such first Person. For purposes of this Agreement, a Person shall be deemed to “control” another Person if such first Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise. For the avoidance of doubt, for purposes of this Agreement, (i) none of the Investors or any of their respective controlled Affiliates shall be deemed to be an Affiliate of the Company, any Founder or any of their respective Affiliates, (ii) none of the Company, the Founders or any of their respective Affiliates shall be deemed to be an Affiliate of the Investors or any of their respective controlled Affiliates and (iii) any of the Investors’ VIEs and their respective Subsidiaries shall be deemed to be controlled Affiliates of such Investors.

“Anticorruption Laws” shall mean Laws governing bribery and corruption, including the U.S. Foreign Corrupt Practices Act of 1977, as amended (15 U.S.C. §§ 78a et seq. (1997 and 2000)), the UK Bribery Act 2010 and the anti-bribery and anticorruption Laws in the PRC (including the Criminal Law and Anti-Unfair Competition Law of the PRC).

“beneficial owner” and words of similar import (including “beneficially own” and “beneficial ownership”) shall have the meaning assigned to such terms in Rule 13d-3 promulgated under the Exchange Act (or any comparable successor rule thereto).

“Board” shall mean the board of directors or similar governing body of the Company.

“Business Day” shall mean any day of the year other than (i) any Saturday or Sunday or (ii) any other day on which banks located in New York City, New York, United States of America, London, United Kingdom, Stockholm, Sweden, Luxembourg, Grand Duchy of Luxembourg, Hong Kong S.A.R., Shenzhen, PRC or the Cayman Islands are closed for business.

“Competing Business” shall mean any activities that are in direct and material competition with the business activities of the Company and its Subsidiaries. Direct competition shall include offering audio or video streaming or download services to consumers and businesses.

“Confidential Information” shall mean all confidential and proprietary information (irrespective of the form of communication and whatever the form or storage medium and including any copies or reproductions thereof) obtained by or on behalf of the Investors or their respective controlled Affiliates or any Identified Persons from the Company or its Affiliates or their respective Representatives, through the ownership of any Spotify Securities

or the Investors' rights pursuant to this Agreement or otherwise, other than information which: (i) at the time of disclosure was, or thereafter becomes, available to the Investors, their respective controlled Affiliates or their respective Representatives; provided, that such information was not known by the Investors, their respective controlled Affiliates or their respective Representatives to have been obtained from a Person in violation of any obligation of confidentiality to the Company; (ii) at the time of disclosure was, or thereafter becomes, generally available to the public other than directly or indirectly as a result of a disclosure by the Investors, their respective controlled Affiliates or any of their respective Representatives in violation of this Agreement; or (iii) is or was generated independently by the Investors, their respective controlled Affiliates or any of their respective Representatives without reference to such information and without violating the confidentiality provisions of this Agreement.

“Convertible Notes” shall mean the Convertible Senior Notes issued by the Company on April 1, 2016 with an aggregate original principal amount of US\$1 billion.

“Derivative Security” shall mean, with respect to any Person, any right, option, other security or derivative position that has an exercise, exchange or conversion privilege or a settlement payment or mechanism at a price related to, or a value determined in whole or in part with reference to or derived in whole or in part from, the value of any securities, bank debt or other obligations of such Person or any of its Subsidiaries.

“Eligible Fund” shall mean, with respect to any Person, any investment fund or asset management vehicle (which may, for the avoidance of doubt, be a hedge fund, venture capital fund or private equity fund) that (i) engages in the types of activities restricted by Section 3.01 or other investment activities, in each case, in the ordinary course of its business, (ii) does not control, is not controlled by, and is not under common control or joint control with, directly or indirectly, such Person (and neither such Person nor any of its Affiliates has the power to (A) vote, or direct the voting of, or the power to dispose, or to direct the disposition of, the securities and other assets of such fund or vehicle, (B) invest, or direct the investment of, the funds of such fund or vehicle or (C) otherwise influence or direct the actions and operations of such fund or vehicle, including with respect to the amount, form and timing of any distributions), and (iii) is not in the possession of any Confidential Information provided by such Person.

“Exchange Act” shall mean the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Fully Diluted” shall mean, with respect to the share capital of the Company, the sum of (i) all shares of capital stock of the Company issued and outstanding as of such date, *plus* (ii) all shares of capital stock of the Company issuable upon exercise of all options, warrants and other rights to purchase or otherwise acquire shares of capital stock of the Company granted, issued and outstanding as of such date, *plus* (iii) all shares of capital stock issuable upon conversion, exchange or exercise of any securities of the Company that are convertible into, exchangeable or exercisable for shares of capital stock of the Company granted, issued and outstanding as of such date, and *plus* (iv) all restricted shares of the Company granted, issued and outstanding as of such date; provided, however, that (A) with respect to any convertible debt securities of the Company, the shares of capital stock issuable upon conversion of such securities shall be included in the calculation of the Fully Diluted share capital of the Company if the price

per share of capital stock of the Company into which such securities are convertible as of such date (regardless of whether such securities are convertible at that time) is greater than or equal to the applicable conversion price of such securities, in which case the number of shares of capital stock to be included in the calculation of the Fully Diluted share capital of the Company in respect of such convertible debt securities will be calculated by dividing the total principal amount (plus any accrued payment-in-kind interest) of such securities by the applicable conversion price and (B) with respect to any options or warrants of the Company, the number of shares of capital stock of the Company to be included in the calculation of the Fully Diluted share capital in respect of such options or warrants shall be the product of (x) a fraction, the numerator of which is the excess (if any) of the price per share of capital stock of the Company as of such date over the weighted average exercise price per share of capital stock of the Company as of such date for all such options and warrants (regardless of whether such options and/or warrants are exercisable at that time), and the denominator of which is the price per share of capital stock of the Company as of such date and (y) the total number of shares of capital stock of the Company issuable upon exercise of all such options and warrants; provided, further, that neither the Spotify Top-Up Options, nor the Convertible Notes (including any accrued payment-in-kind interest), nor any Beneficiary Certificates shall be included for purposes of calculating the Fully Diluted share capital of the Company. For purposes of this definition, the price per share of the capital stock of the Company shall be determined (1) if such shares are publicly traded on a national securities exchange in the United States or a non-U.S. securities exchange, the volume weighted average of the price per share for the ninety (90) trading days ending on (and including) the last trading day prior to the first day of the calendar month in which the Fully Diluted share capital is determined, as obtained from Bloomberg L.P. (or, if not reported therein, from another authoritative source) and (2) if such shares are not so publicly traded, the price per share determined by an internationally recognized valuation firm that is independent from the Company, the Investors and their respective controlled Affiliates and that is mutually selected by the Company and TME.

“Institutional Fund” shall mean any investment fund or asset management vehicle (which may, for the avoidance of doubt, be a hedge fund, venture capital fund or private equity fund) that (i) engages in the investment activities in the ordinary course of its business, and (ii) does not control, is not controlled by, and is not under common control or joint control with, directly or indirectly, any Prohibited Person (and neither any Prohibited Person nor any of its Affiliates has the power to (A) vote, or direct the voting of, or the power to dispose, or to direct the disposition of, the securities and other assets held by such fund or vehicle, (B) invest, or direct the investment of, the funds of such fund or vehicle or (C) otherwise influence or direct the actions and operations of such fund or vehicle, including with respect to the amount, form and timing of any distributions).

“Investor” shall mean any of (i) Tencent, Tencent Hong Kong, TME and TME Hong Kong to the extent it beneficially owns any Spotify Securities and (ii) each of their respective Transferees that beneficially own any Spotify Securities and that have executed and delivered to the Company a joinder agreement to be bound by the provisions of this Agreement pursuant to Section 2.03.

“IPO” shall mean the first listing of equity securities of the Company (or a holding company or any other Spotify Group Company that holds all or substantially all of the assets of the Company and its Subsidiaries on a consolidated basis) on an internationally recognized stock exchange or similar marketplace of recognized national standing (excluding, for the avoidance of doubt, private secondary markets or similar), including the direct listing without conducting a concurrent offering.

“Law” shall mean any law, statute, code, regulation, ordinance or rule, in each case, enacted or promulgated by any Governmental Body, or any Order or other legally enforceable requirement of a Governmental Body, in each case, as amended, restated, supplemented or modified from time to time.

“OFAC Sanctioned Person” shall mean any government, country, corporation or other entity, group or individual with whom or which the OFAC Sanctions prohibit a U.S. Person from engaging in transactions, and includes any individual or corporation or other entity that appears on the current OFAC list of Specially Designated Nationals and Blocked Persons (the “SDN List”). For ease of reference, and not by way of limitation, OFAC Sanctioned Persons other than governments and countries can be found on the SDN List on OFAC’s website at www.treas.gov/offices/enforcement/ofac/sdn.

“OFAC Sanctions” shall mean any sanctions program administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury (“OFAC”) under authority delegated to the Secretary of the Treasury (the “Secretary”) by the President of the United States or provided to the Secretary by statute, and any order or license issued by, or under authority delegated by, the President or provided to the Secretary by statute in connection with a sanctions program thus administered by OFAC. For ease of reference, and not by way of limitation, OFAC Sanctions programs are described on OFAC’s website at www.treas.gov/ofac.

“Permitted Transferee” of any Person shall mean any Affiliate of such Person.

“Person” or “person” shall mean any individual, corporation, business trust, proprietorship, firm, partnership, limited partnership, limited liability partnership, limited liability company, trust, association, joint venture, Governmental Body or other entity.

“Prohibited Person” shall mean (i) each Person listed in Schedule I attached hereto (the “Prohibited Person List”), which list may be updated pursuant to Section 2.02(c), and (ii) any Affiliate of each of the foregoing Persons.

“Representatives” shall mean, with respect to any Person, such Person’s directors, managers, officers, employees and advisors (including financial advisors, attorneys, accountants and consultants); provided, however, that for the avoidance of doubt (i) a shareholder, member, partner or other equity holder of such Person or (ii) a music record label or other rights holder, in each case, shall not be deemed, and shall not constitute, a “Representative” for purposes of this Agreement.

“Rights Holder” shall mean (i) each Person listed in Schedule II attached hereto and (ii) any Affiliate of each of the foregoing Persons.

“Securities Act” shall mean the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Spotify Investor Agreement” shall mean that certain investor agreement, dated as of the date hereof, by and among the Company, Spotify AB, TME and Tencent, with respect to Spotify AB’s investment in the TME.

“Spotify Securities” shall mean shares of capital stock of the Company, warrants, options, convertible securities, exchangeable securities or similar rights or instruments of the Company exercisable, exchangeable or convertible into, or requiring the issuance, allotment or delivery of shares of capital stock of the Company, including the Spotify Shares. For purposes of this Agreement, each option to purchase Spotify Securities shall be considered a Spotify Security only together with the Spotify Securities underlying such option, and such option and the underlying Spotify Securities shall be considered one single Spotify Security.

“Strategic Investor” shall mean (i) each Person listed in Schedule III attached hereto and (ii) any Affiliate of each of the foregoing Persons; provided, that a “Strategic Investor” shall not include any Eligible Fund in which such Person makes or holds a *bona fide* investment.

“Subsidiary” shall mean, with respect to any Person, any other Person, whether incorporated or unincorporated, (i) of which more than fifty percent (50%) of either the equity interests in, or the voting control of, such other Person is, directly or indirectly through Subsidiaries or otherwise, beneficially owned by such first Person, (ii) of which such first Person is the general partner or managing member, (iii) which is a VIE of such first Person or (iv) which is a Subsidiary of any VIE of such first Person.

“Total Voting Power” shall mean the total number of votes entitled to be cast generally in the election of the members of the Board represented by the Spotify Securities.

“Transfer” shall mean (with its cognates having corresponding meanings), with respect to any securities, (i) any sale, exchange, transfer, redemption, grant, pledge, hypothecation or other disposition, whether voluntary or involuntary, and whether or not for value, of any of such securities, or any securities, options, warrants or rights convertible into or exercisable or exchangeable for, or for the purchase or other acquisition of, or otherwise with respect to, any of such securities or any contract or other binding arrangement or understanding (in each case, whether written or oral) to take any of the foregoing actions or (ii) entering into any swap or other agreement, arrangement or understanding, whether or not in writing, that, directly or indirectly, transfers, conveys or otherwise disposes of, in whole or in part, any of the economic or other risks or consequences of ownership of any of such securities, including short sales of applicable securities, option transactions with respect to securities, use of equity or other derivative financial instruments relating to such securities and other hedging arrangements with respect to such securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of such securities, other securities, cash or otherwise; provided, however, that any such sale, exchange, transfer, redemption, grant, pledge, hypothecation or other disposition referred to in clause (i) of, or any of the agreements, arrangements or understandings referred to in clause (ii) in respect of, the securities of any Person that beneficially owns any Spotify Securities (including any shares or other securities of Tencent or TME) shall not constitute a “Transfer” of Spotify Securities for purposes of this Agreement (and shall not be subject to any of the restrictions set forth in Article II), except that (A) the transfer of any shares

or other securities of TME Hong Kong shall constitute a “Transfer” of Spotify Securities for purposes of this Agreement (and such transfer shall be subject to the restrictions set forth in Article II) if, at the time of such transfer, TME Hong Kong and its Subsidiaries do not own or otherwise hold all or substantially all of the assets of TME and (B) the transfer of any shares or other securities of Tencent Hong Kong shall constitute a “Transfer” of Spotify Securities for purposes of this Agreement (and such transfer shall be subject to the restrictions set forth in Article II) if, at the time of such transfer, Tencent Hong Kong and its Subsidiaries do not own or otherwise hold all or substantially all of the assets of Tencent.

“ Transferee ” shall mean a Person that receives a Transfer.

“ VIE ” shall mean, with respect to any Person, any other Person (i) over which such first Person can effect direct or indirect control through direct or indirect contractual arrangements and (ii) whose financial results are consolidated with the net revenues of such first Person and are recorded on the books of such first Person for financial reporting purposes in accordance with the accounting standards applicable to such first Person.

SECTION 1.02 Other Definitional Provisions; Interpretation . The table of contents and headings preceding the text of articles and sections included in this Agreement and the headings to schedules and exhibits attached to this Agreement are for convenience only and shall not be deemed part of this Agreement or be given any effect in interpreting this Agreement. All exhibits and schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. The use of the masculine, feminine or neuter gender or the singular or plural form of words herein shall not limit any provision of this Agreement. The terms as set forth in this Agreement have been arrived at after mutual negotiation with the advice of counsel and, therefore, it is the intention of the parties hereto that its terms may not be construed against any of the parties hereto by reason of the fact that it was prepared by one of the parties hereto. Reference to any Person includes such Person’s successors (including by operation of law) and assigns to the extent such successors and assigns are permitted by the terms of any applicable agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually. Reference to any agreement (including this Agreement), document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof. All references to “Section,” “Sections,” “Article,” “Articles,” “Exhibit” or “Exhibits” refer to the corresponding Section, Sections, Article, Articles, Exhibit or Exhibits of this Agreement. The word “including” shall mean “including without limitation.” The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. “Extent” in the phrase to “to the extent” shall mean the degree to which a subject or other item extends and shall not simply mean “if”. The word “or” is used in the inclusive sense of “and/or”. All references to any Law means such Law as amended from time to time and shall include any successor legislation thereto and any rules and regulations promulgated therein.

ARTICLE II

TRANSFER OF SPOTIFY SECURITIES

SECTION 2.01 General Transfer Restrictions. The right of the Investors and any of their respective controlled Affiliates to Transfer any Spotify Securities they beneficially own is subject to the restrictions set forth in this Article II, and no Transfer of such Spotify Securities by the Investors or any of their respective controlled Affiliates may be effected except in compliance with this Article II. Any attempted Transfer in violation of this Agreement shall be null and void *ab initio* and of no effect, regardless of whether the purported Transferee has any actual or constructive knowledge of the Transfer restrictions set forth in this Agreement. Any purported Transfer in violation of this Agreement shall not be recorded (and the Company will instruct its transfer agent, registered office and other third parties not to record such purported Transfer) in the shareholders' register of the Company or result in the treatment of any purported Transferee of such Spotify Securities as the owner of such Spotify Securities for any purpose.

SECTION 2.02 Restrictions on Transfer.

(a) Restrictions During Lock-Up Period. During the period beginning on the date hereof and ending on the earlier of (i) the third (3rd) anniversary of the date hereof and (ii) the first date after the date hereof on which the number of Spotify Securities collectively beneficially owned by a Strategic Investor and its Affiliates exceeds the number of Spotify Securities then collectively beneficially owned by the Investors and their respective controlled Affiliates (such period, the "Lock-Up Period"), the Investors shall not, and the Investors shall cause their respective controlled Affiliates not to, Transfer any Spotify Securities beneficially owned by them, except:

(i) with the prior written consent of the Company (acting through its Board or a designated committee thereof);

(ii) to a Permitted Transferee, subject to compliance with Section 2.03; provided, that, (A) if such Person ceases to be a Permitted Transferee during the Lock-Up Period, then the applicable Investor shall cause, and shall cause its controlled Affiliates to cause, such Person to, and such Person shall, Transfer such Spotify Securities back to such Investor or its controlled Affiliates or (B) if such Person ceases to be a Permitted Transferee after the expiration of the Lock-Up Period and a Transfer of Spotify Securities to such Person at that time would be prohibited by Section 2.02(b), then the applicable Investor shall cause, and shall cause its controlled Affiliates to cause, such Person to, and such Person shall, Transfer such Spotify Securities back to such Investor or its controlled Affiliates;

(iii) pursuant to (A) a tender offer or exchange offer for at least a majority of the issued and outstanding Spotify Securities if the Board has affirmatively recommended to the holders of the issued and outstanding Spotify Securities that such holders tender their Spotify Securities into such tender or exchange offer and if the Board has not publicly withdrawn or changed such recommendation or (B) a merger, consolidation or other business combination transaction which has been approved by the Board (each, a "Qualified Transfer");

(iv) to the Company or any of its Subsidiaries; or

(v) to the extent necessary to avoid regulation as an “investment company” under the U.S. Investment Company Act of 1940, as amended.

For purposes of this Section 2.02(a), the number of Spotify Securities beneficially owned by the Investors and their respective controlled Affiliates shall be determined without regard to the provisions set forth in Section 3.02.

(b) Notwithstanding anything in this Article II to the contrary and irrespective of the expiration of the Lock-Up Period, for so long as the Investors or any of their respective controlled Affiliates beneficially own any Spotify Securities, the Investors shall not, and the Investors shall cause their respective controlled Affiliates not to, Transfer any Spotify Securities beneficially owned by them to (i) any Prohibited Person, (ii) any Rights Holder or (iii) any Transferee if, after giving effect to the proposed Transfer, the proposed Transferee would beneficially own Spotify Securities representing, in the aggregate, five percent (5%) or more of the Total Voting Power or five percent (5%) or more of the total issued and outstanding share capital of the Company; provided, that nothing in this Section 2.02(b) (but without limiting any of the other provisions of this Article II) shall prohibit any Transfer of Spotify Securities (w) to a Permitted Transferee, subject to compliance with Section 2.03; provided, that if such Person ceases to be a Permitted Transferee and a Transfer of Spotify Securities to such Person at that time would be prohibited by this Section 2.02(b), then the applicable Investor shall cause, and shall cause its controlled Affiliates to cause, such Person to, and such Person shall, Transfer such Spotify Securities back to such Investor or its controlled Affiliates, (x) if such Transfer (and the Transferee in such Transfer) is consented to in writing by the Board or a designated committee thereof; (y) pursuant to a Qualified Transfer; or (z) through open market brokerage transactions where the identity of the purchaser is unknown (and, for the avoidance of doubt, the Investors shall have no duty of inquiry in connection with such brokerage transactions) (such transaction, a “Brokerage Transaction”); provided, further, that nothing in Section 2.02(b)(iii) (but without limiting any of the other provisions of this Article II) shall prohibit any Transfer of Spotify Securities to Daniel Ek, Martin Lorentzon or their respective controlled Affiliates (such transaction, a “Founder Transfer”). The Company shall provide in writing to TME Hong Kong upon TME Hong Kong’s written request and, after the completion of the Tencent Hong Kong Secondary Purchase, to Tencent Hong Kong upon Tencent Hong Kong’s written request (which written request may be made by TME Hong Kong or Tencent Hong Kong, as applicable, no more frequently than once each fiscal quarter), the aggregate number of Spotify Securities representing the Total Voting Power and the aggregate number of issued and outstanding shares of capital stock of the Company as of a recent date (without disclosing the identity of any holder thereof), and the Investors shall be entitled to rely upon the most recently received such notice from the Company for all purposes of calculating the Total Voting Power and total issued and outstanding share capital of the Company under this Agreement. For the purposes of ensuring that a proposed Transfer is not in violation of the restrictions in Section 2.02(b)(iii), the Investors shall be entitled to rely upon (1) reports of beneficial ownership of such

Transferee that are publicly filed or available or (2) if such reports are not publicly filed or available, after due inquiry, the representation made by the relevant Transferee with respect to the total number of votes and total number of outstanding shares of the Company owned by such Transferee before such proposed Transfer.

(c) The Company may amend the Prohibited Person List following the date hereof to add or remove any Person to or from the Prohibited Person List, each such amendment to be effective upon delivery of written notice thereof to the Investors; provided that (i) any Person so added to the Prohibited Person List must be a Person that, directly or indirectly, conducts a Competing Business as determined in good faith by the Company, and (ii) the Company may not amend the Prohibited Person List more than once during any twelve (12) month period; provided, further, that any Institutional Fund which makes an investment in any Person that, directly or indirectly, conducts a Competing Business shall not be a Prohibited Person and shall not be included in the Prohibited Person List.

(d) Notwithstanding anything in this Agreement to the contrary, no Transfer of Spotify Securities otherwise permitted by this Agreement shall be made unless such Transfer is in compliance with the Securities Act or any other applicable securities Laws of any foreign, federal, state, local or other jurisdiction (a “Foreign or State Act”).

SECTION 2.03 Joinder to Investor Agreement. Each Investor shall (and shall cause its controlled Affiliates who beneficially own any Spotify Securities to), prior to the Transfer of any Spotify Securities to any Permitted Transferee (other than in a Transfer that is a Qualified Transfer, a Brokerage Transaction or a Founder Transfer) and as a condition thereto, cause such Permitted Transferee to execute and deliver to the Company a joinder agreement in form and substance reasonably acceptable to the Company, pursuant to which such Permitted Transferee agrees to be bound by the provisions of this Agreement. Without limiting the provisions in the immediately preceding sentence, (i) until the completion of the IPO of the Company, each Investor shall, prior to the Transfer of any Spotify Securities to any Transferee in accordance with the other provisions of this Article II (other than in a Transfer that is a Transfer of any Spotify Securities to the Company, a Qualified Transfer, a Brokerage Transaction or a Founder Transfer) and as a condition thereto, cause such Transferee to execute and deliver to the Company a joinder agreement in form and substance reasonably acceptable to the Company, pursuant to which such Transferee agrees to be bound by this Article II, Section 3.02, Section 4.01 and Article V, and (ii) after the completion of the IPO of the Company, each Investor shall, prior to the Transfer of any Spotify Securities to any Transferee in accordance with the other provisions of this Article II (other than in a Transfer that is a Transfer of any Spotify Securities to the Company, a Qualified Transfer, a Brokerage Transaction or a Founder Transfer) and as a condition thereto, cause such Transferee to execute and deliver to the Company a joinder agreement in form and substance reasonably acceptable to the Company, pursuant to which such Transferee agrees to be bound by this Article II (other than Section 2.02(a) and Section 2.07) and Article V.

SECTION 2.04 Notice of Transfer. Prior to Transferring any Spotify Securities in accordance with the provisions set forth in this Article II (other than in a Transfer that is a Transfer of any Spotify Securities to the Company, a Qualified Transfer, a Founder Transfer or, after the IPO of the Company, a Brokerage Transaction), an Investor or its controlled Affiliate, as applicable, shall, no later than five (5) Business Days prior to the consummation of such Transfer, deliver a written notice thereof to the Company.

SECTION 2.05 Legends. With respect to the Investors or any of their respective controlled Affiliates who beneficially own any Spotify Securities, each certificate for Spotify Securities, if any, shall bear a legend or legends (and appropriate comparable notations or other arrangements will be made with respect to any uncertificated shares in the shareholders' register or other books and records of the Company) referencing restrictions on Transfer of such Spotify Securities under the Securities Act, any applicable Foreign or State Act and this Agreement, which legend shall state in substance:

“THE SECURITIES EVIDENCED BY THIS CERTIFICATE MAY NOT BE OFFERED OR SOLD, TRANSFERRED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF, EXCEPT IN COMPLIANCE WITH (I) THE U.S. SECURITIES ACT OF 1933, AS AMENDED, AND (II) ANY OTHER APPLICABLE SECURITIES LAWS OF ANY FOREIGN, FEDERAL, STATE, LOCAL OR OTHER JURISDICTION.

THE SECURITIES EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER SET FORTH IN THE INVESTOR AGREEMENT DATED AS OF DECEMBER 15, 2017, BY AND AMONG THE COMPANY AND THE OTHER PARTIES THERETO (A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY).”

Notwithstanding the foregoing, the holder of any certificate(s) for Spotify Securities shall be entitled to receive from the Company new certificates for a like number of Spotify Securities not bearing such legend (or the elimination or termination of such notations or arrangements) upon the request of such holder (i) at such time as such restrictions are no longer applicable and (ii) with respect to the restriction on Transfer of such Spotify Securities under the Securities Act or any other applicable Foreign or State Act, at the reasonable request of the Company, upon the delivery to the Company of an opinion of counsel to such holder, which opinion is reasonably satisfactory in form and substance to the Company and its counsel, that the restriction referenced in such legend (or such notations or arrangements) is no longer required in order to ensure compliance with the Securities Act or any such other applicable Foreign or State Act.

SECTION 2.06 Lock-Up Agreements. In connection with any underwritten public offering by the Company of any Spotify Securities pursuant to an effective registration statement pursuant to the Securities Act or a prospectus or equivalent disclosure document pursuant to any Foreign and State Act (including in connection with an IPO of the Company), the Investors shall, and the Investors shall cause their respective controlled Affiliates that beneficially own any Spotify Securities to, enter into customary agreements restricting the public sale or distribution of equity securities of the Company (including sales pursuant to Rule 144 under the Securities Act) if and to the extent required in writing by the lead managing underwriter(s) with respect to such underwritten public offering; provided, however, that the

Investors and their respective controlled Affiliates shall not be required to enter into any such agreement covering a period that would end later than one hundred and eighty (180) days after the date of the final prospectus relating to an IPO of the Company or ninety (90) days after the date of the final prospectus relating to any such underwritten public offering other than an IPO of the Company; provided, further, that notwithstanding the foregoing any restrictions in such agreement shall not apply to Transfers to Permitted Transferees (subject to compliance with Section 2.03). The foregoing provisions of this Section 2.06 shall be applicable to the Investors only if (i) in the case of an IPO of the Company, all officers and directors of the Company and all shareholders owning, in the aggregate, more than fifty percent (50%) of the Total Voting Power or fifty percent (50%) of the total issued and outstanding share capital of the Company are subject to the same restrictions, or (ii) in the case of any underwriting public offering of the Company other than an IPO, all officers and directors of the Company are subject to the same restrictions.

SECTION 2.07 Drag-Along Right. Notwithstanding anything contained in this Article II to the contrary, at any time prior to an IPO of the Company, if (i) a *bona fide* firm offer has been made by an unaffiliated third party to acquire at least sixty-six percent (66%) of the Spotify Securities, on a fully diluted basis (which, for purposes of this Section 2.07, means the number of Spotify Shares issued and outstanding, together with the number of Spotify Shares issuable upon the exercise, conversion or exchange into Spotify Shares of all issued and outstanding Spotify Securities (excluding the Spotify Top-Up Options, the Convertible Notes and any Beneficiary Certificates) (such acquisition, a “Drag Transaction”) and (ii) the holders of Spotify Securities (the “Transferring Holders”) that (A) together beneficially own at least sixty-six percent (66%) of the outstanding Spotify Shares and (B) include at least one (1) of the Founders (the “Transferring Founder(s)”) accept such offer, the Transferring Founder(s) shall have the right, on behalf of the Transferring Holders, to require the Investors and their respective controlled Affiliates who beneficially own any Spotify Securities (the “Drag-Along Parties”) to Transfer all or a portion of their respective Spotify Securities to the third party Transferee in such Drag Transaction, all in accordance with the following provisions:

(a) The Transferring Founder(s) shall, on behalf of the Transferring Holders, notify the Investors in writing of the proposed Drag Transaction no later than forty-five (45) days prior to the completion of the proposed Drag Transaction (the “Drag-Along Notice”). The Drag-Along Notice shall specify whether the Transferring Holders wish to exercise their drag-along rights pursuant to this Section 2.07 and set forth the identity of the proposed third party Transferee, the number of Spotify Securities to be Transferred, the price per Spotify Security and the other terms and conditions for the Drag Transaction. The Drag-Along Notice shall be sent by the Transferring Founder(s) on behalf of the Transferring Holders and shall also identify one Transferring Holder to whom the Investors shall send notices or other communications.

(b) If required by the Transferring Founder(s) on behalf of the Transferring Holders in the Drag-Along Notice, the Drag-Along Parties shall be obligated to Transfer Spotify Securities to the third party Transferee in such Drag Transaction on the same terms and conditions (including at the same price (subject to adjustments to take into account the value of the Spotify Top-Up Options)) as the Transferring Holders. The Transferred Spotify Securities (being the Spotify Securities that the third party has offered to acquire) shall be allocated

among the Transferring Holders and such Drag-Along Parties on a *pro rata* basis, calculated as the total number of Spotify Securities beneficially owned by the Drag-Along Parties in relation to the total number of Spotify Securities beneficially owned by all Transferring Holders and the Drag-Along Parties, all on a fully diluted basis.

(c) If a Drag Transaction occurs pursuant to which the Drag-Along Parties are obligated to Transfer Spotify Securities as provided for in this Section 2.07 in exchange for securities other than cash and/or marketable securities (“non-marketable securities”), the Transferring Founder(s) and the Investors shall cooperate in good faith to procure that the issuer of such non-marketable securities replicates the economic rights and other rights and priorities of the Drag-Along Parties immediately prior to such Transfer in its own capital structure.

(d) For the purposes of this Section 2.07, (i) DGE Investments shall not be deemed a Founder should a majority of the outstanding shares of DGE Investments no longer be ultimately held by Daniel Ek and (ii) Rosello shall not be deemed a Founder should a majority of the outstanding shares of Rosello no longer be ultimately held by Martin Lorentzon.

SECTION 2.08 Delay of Transfer. The Company shall not incur any liability to the Investors, any of their respective controlled Affiliates or any other Person for any delay in recognizing any Transfer of Spotify Securities if the Company in good faith reasonably determines that such Transfer may have been or would be in violation in any material respect of the provisions of the Securities Act, any applicable Foreign or State Act or this Agreement.

ARTICLE III

STANDSTILL; VOTING

SECTION 3.01 Standstill Covenant

(a) Except in connection with the consummation of the transactions contemplated by the Subscription Agreement, during the period beginning on the date hereof and ending on the earlier of (i) the fifth (5th) anniversary of the date hereof and (ii) the first date after the date hereof on which the number of Spotify Securities collectively beneficially owned by a Strategic Investor and its Affiliates exceeds the number of Spotify Securities then collectively beneficially owned by the Investors and their respective controlled Affiliates (such period, the “Standstill Period”), none of the Tencent Parties shall, and each of the Tencent Parties shall cause its controlled Affiliates and its controlled Affiliates’ Representatives (and with respect to such Representatives that are not directors, officers, managers or employees of such Tencent Party or any of its controlled Affiliates, only to the extent such Representatives are acting on behalf, or at the behest, of such Tencent Party or any of its controlled Affiliates) not to, directly or indirectly or alone or in concert with any other Person, unless invited to do so by the Board or with the prior written consent of the Company:

(i) acquire, offer or propose to acquire, or agree to acquire, by purchase or otherwise (other than as a result of a stock dividend, capitalization of profits, stock split or subdivision of any Spotify Securities beneficially owned by the Tencent Parties and their respective controlled Affiliates) (A) any economic interest in, or any direct or indirect right to direct the voting or disposition of, any Spotify Securities or other securities (including any Derivative Securities) of the Company, whether or not any of the foregoing would give rise to beneficial ownership and, in each case, whether or not any of the foregoing is acquired or otherwise obtained by means of borrowing of securities or operation of any Derivative Security or (B) except in the ordinary course of business, any consolidated assets or indebtedness of the Company;

(ii) enter into, agree, offer, or propose to enter into (whether publicly or otherwise), effect, engage in, or participate in, any acquisition transaction, merger or other business combination, recapitalization, restructuring, liquidation, dissolution, share exchange, sale, disposition, purchase, acquisition or other extraordinary transaction relating to the Company or a transaction for all or a substantial portion of the consolidated assets of the Company or any of its businesses;

(iii) make, or in any way participate in, any “solicitation” of “proxies” (as such terms are defined in Rule 14a-1 under the Exchange Act, disregarding clause (iv) of Rule 14a-1(1)(2) under the Exchange Act and including any otherwise exempt solicitation pursuant to Rule 14a-2(b) under the Exchange Act) to vote, or seek or propose to advise, influence or encourage any Person with respect to the voting of, any Spotify Securities on any matter, or demand a copy of the Company’s shareholders’ register or other books and records;

(iv) initiate, induce or attempt to induce, cooperate or collaborate with, any other Person in connection with any shareholder proposal or withhold vote campaigns or any tender or exchange offer for equity securities of the Company, any change of control of the Company or the convening of a meeting of the Company’s shareholders;

(v) except as contemplated under Section 3.02, form, join or in any way participate in a “group” (within the meaning of Section 13(d)(3) of the Exchange Act) with respect to any Spotify Securities or in connection with (or otherwise act in concert with any Person in connection with) the matters that are the subject of this Section 3.01 with any Person (other than the other Tencent Parties and their respective controlled Affiliates);

(vi) seek or propose to influence, advise, change or control the management, Board, governing instruments or policies, affairs or strategies of the Company;

(vii) bring any action or otherwise act to contest the validity of this Section 3.01 ;

(viii) advise, knowingly assist, knowingly encourage or knowingly act as a financing source for or otherwise invest in any Person in connection with, or enter into any discussions, negotiations, arrangements or understandings with any Person with respect to, any of the foregoing clauses (i) through (vii) of this Section 3.01(a) or propose any of such activities to any Person;

(ix) publicly request or otherwise publicly seek to amend or waive any provision of this Section 3.01, provided, that the Tencent Parties and their respective controlled Affiliates may make such request or proposal privately to the Board (which request or proposal the Board can accept or reject in its sole discretion) that is made in a manner that is not intended to and would not reasonably be likely to result in the Company being required to make any public disclosure or other public announcement related to such request or proposal; and

(x) make any statement or publicly disclose any intention, plan, arrangement or other contract that is prohibited by, or inconsistent with, any of the foregoing;

provided, however, that (A) any Transfer of Spotify Securities shall not constitute a breach of this Section 3.01(a) so long as the Tencent Parties and their respective controlled Affiliates comply with Article II (if applicable); and (B) if the Spotify Securities beneficially owned by the Tencent Parties and their respective controlled Affiliates collectively represent less than ten percent (10%) of the then Fully Diluted share capital of the Company, an acquisition by any Tencent Party or its controlled Affiliates during the Standstill Period of up to that number of additional Spotify Securities that, together with the Spotify Securities beneficially owned collectively by the Tencent Parties and their respective controlled Affiliates immediately prior to such acquisition, would not collectively represent more than ten percent (10%) of the then Fully Diluted share capital of the Company (the “Standstill Cap”) shall not constitute a breach of this Section 3.01(a). The Company shall provide in writing to TME Hong Kong upon TME Hong Kong’s written request and, after the completion of the Tencent Hong Kong Secondary Purchase, to Tencent Hong Kong upon Tencent Hong Kong’s written request (which written request may be made by TME Hong Kong or Tencent Hong Kong, as applicable, no more frequently than once each fiscal quarter), the total number of Spotify Securities representing the Fully Diluted share capital as of a recent date (without disclosing the identity of any holders of Spotify Securities), and the Tencent Parties shall be entitled to rely upon the most recently received such notice from the Company for all purposes of the preceding proviso. For the avoidance of doubt, if the Spotify Securities beneficially owned by the Tencent Parties and their respective controlled Affiliates exceed the Standstill Cap due to the decrease in the total number of Spotify Securities as a result of any share repurchase, share buyback or share redemption by the Company, the Tencent Parties and their respective controlled Affiliates are not required to reduce their beneficial ownership of Spotify Securities.

For purposes of this Section 3.01(a), the number of Spotify Securities beneficially owned by the Tencent Parties and their respective controlled Affiliates shall be determined without regard to the provisions set forth in Section 3.02.

(b) Nothing contained in this Section 3.01 shall restrict the right of the Tencent Parties, their respective controlled Affiliates or any other Person (i) to make or continue to hold *bona fide* investments in any Eligible Fund that holds or acquires any Spotify Securities or other securities (including any Derivative Securities) of the Company or otherwise engages in any of the activities otherwise restricted by this Section 3.01, so long as the investment in such Eligible Fund is made and held by such Person for investment purposes only and is not made or held for the purpose of engaging in or facilitating, or for the purpose of assisting or encouraging the Person(s) controlling such Eligible Fund to engage in or facilitate,

any of the activities restricted by this Section 3.01 in any manner with respect to the Company or (ii) to acquire any Spotify Securities or other securities (including any Derivative Securities) of the Company pursuant to a *bona fide* distribution-in-kind by any Eligible Fund to all of its investors (including the Tencent Parties, their respective controlled Affiliates or such other Person) on a *pro rata* basis.

SECTION 3.02 Voting Agreement.

(a) Except as expressly provided for herein, the Investors hereby agree on behalf of themselves and on behalf of their respective controlled Affiliates that beneficially own any Spotify Securities that DGE Investments shall have the sole and exclusive right to vote, in its sole and absolute discretion, any Spotify Securities beneficially owned by the Investors and any of their respective controlled Affiliates on all proposals, resolutions and other matters for which a vote, consent or other approval (including by written consent) of the holders of Spotify Securities is sought or upon which such holders are otherwise entitled to vote or consent.

(b) The Investors hereby agree on behalf of themselves and on behalf of their respective controlled Affiliates that beneficially own any Spotify Securities that, unless DGE Investments provides explicit written instructions to vote the Spotify Securities beneficially owned by the Investors or any of their respective controlled Affiliates or DGE Investments provides explicit written notice that the Investors and their respective controlled Affiliates shall be permitted to vote their Spotify Securities in their respective sole discretion without regard to any instructions of DGE Investments, the Investors shall not, and the Investors shall cause their respective controlled Affiliates not to, vote, or cause to be voted, or vote, consent or approve in any other circumstances, in which such vote, consent or other approval (including a written consent) is sought from the holders of Spotify Securities, any of the Spotify Securities beneficially owned by them (in person, by proxy or action by written consent).

(c) The Investors, on behalf of themselves and on behalf of their respective controlled Affiliates that beneficially own any Spotify Securities, hereby irrevocably appoint DGE Investments their true and lawful proxy and attorney with the power to act alone and with full power of substitution and re-substitution, to vote or act by written consent with respect to all Spotify Securities beneficially owned by them in accordance with this Section 3.02 and to execute all appropriate instruments consistent with this Agreement on behalf of the Investors and their respective controlled Affiliates. The proxy and power granted by the Investors and their respective controlled Affiliates are irrevocable and coupled with an interest and are given to secure the performance of their obligations under this Section 3.02. DGE Investments shall not be liable for any error of judgment nor for any act done or omitted, nor for any mistake of fact or law nor for anything which DGE Investments may do or refrain from doing in good faith, nor shall DGE Investments have any accountability hereunder, except for its own bad faith, gross negligence or willful misconduct. If and to the extent reasonably requested by DGE Investments, the Investors shall issue a separate power of attorney in the name of DGE Investments or any director, officer or internal or external legal counsel of DGE Investments, or any other representative acting on behalf of and in accordance with the instructions of DGE Investments, in each case duly appointed and authorized to exercise the rights assigned to DGE Investments under this Section 3.02, to govern the exercise of rights assigned to DGE Investments under this Section 3.02.

(d) The provisions of this Section 3.02 shall terminate upon the earliest to occur of: (i) the mutual written agreement of the Company, TME and DGE Investments, (ii) the time at which (A) Daniel Ek ceases to be chief executive officer of the Company and (B) a majority of the outstanding shares of DGE Investments are no longer ultimately held by Daniel Ek and (iii) the tenth (10th) anniversary of the date of this Agreement. In case of termination of DGE Investments' rights in accordance with item (ii) above, the rights under this Section 3.02 shall instead transfer to Rosello and apply *mutatis mutandis*; provided, that, in such case, (x) all references to "DGE Investments" shall be replaced with references to "Rosello", (y) clause (ii) in the first sentence of this Section 3.02(d) shall be replaced by "the time at which (A) Martin Lorentzon ceases to be a director of the Board and (B) a majority of the outstanding shares of Rosello are no longer ultimately held by Martin Lorentzon", and (z) the period set forth in clause (iii) above shall not be extended as a result of such transfer of rights from DGE Investments to Rosello.

ARTICLE IV

CERTAIN GOVERNANCE MATTERS

SECTION 4.01 Information Rights. Prior to the completion of the IPO of the Company, upon written request of the Investors, the Company shall, subject to Section 5.01, deliver to the Investors the information set forth below:

(a) annual audited consolidated financial statements of the Spotify Company Group within one hundred and forty-five (145) days after the end of each fiscal year, audited by an internationally reputable accounting firm approved by the Board; and

(b) quarterly unaudited consolidated financial statements of the Spotify Company Group within thirty (30) days after the end of each quarter.

SECTION 4.02 Potential Business Opportunities. To the fullest extent permitted by applicable Law, (i) the Tencent Parties, their respective controlled Affiliates and their respective managers, directors, officers, employees and/or other representatives (each of the foregoing Persons (other than the Tencent Parties and their respective controlled Affiliates), an "Identified Person") shall have the right to, and shall have no duty (contractual or otherwise) to, directly or indirectly, engage in the same or similar business activities or lines of business as the Company or any of its Subsidiaries, on their own account, or in partnership with, or as a manager, director, officer, employee or shareholder of any other Person, including those lines of business deemed to be competing with the Company or any of its Subsidiaries, (ii) the Company, on behalf of itself, its Subsidiaries and its and their respective shareholders, hereby renounces any interest or expectancy of the Company and its Subsidiaries in, or in being offered an opportunity to participate in, any business opportunity that may from time to time be presented to the Tencent Parties, their respective controlled Affiliates or any Identified Person, even if the opportunity is one that the Company or its Subsidiaries might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so (a "Potential

Business Opportunity”), and none of the Company or its shareholders or any of its Subsidiaries or their shareholders shall have any rights in and to any Potential Business Opportunity of the Tencent Parties, their respective controlled Affiliates or any Identified Persons or the income or profits derived therefrom, (iii) the Tencent Parties, their respective controlled Affiliates and the Identified Persons may do business with any potential artist, subscriber, music label or other business relationships of the Company or any of its Subsidiaries and (iv) neither the Tencent Parties, their respective controlled Affiliates nor any Identified Person shall have any duty to communicate or offer any Potential Business Opportunity to the Company or any of its Subsidiaries or shall be liable to the Company or any of its Subsidiaries or any of their respective members, partners, shareholders or other equity holders for breach of any duty (fiduciary, contractual or otherwise) by reason of the fact that the Tencent Parties, their respective controlled Affiliates or such Identified Person pursue or acquire such Potential Business Opportunity, direct such business opportunity to another Person or fail to present such business opportunity, or information regarding such business opportunity, to the Company or its Subsidiaries, unless, in each case of clauses (ii) and (iv), the Tencent Parties, their respective controlled Affiliates or such Identified Person first learn about such Potential Business Opportunity in any Confidential Information.

SECTION 4.03 Anti-Bribery Covenants. The Company hereby agrees that it shall not, and shall use reasonable good faith efforts to cause its controlled Affiliates and its and its controlled Affiliates’ officers, directors, employees, agents, and other persons acting for or on behalf of the Company or its controlled Affiliates not to, (i) offer, pay, promise to pay, or authorize the payment of any money, or offer, give, promise to give, or authorize the giving of anything of value, to any Government Official or to any Person in violation of applicable Anticorruption Laws; (ii) use any corporate funds or assets for unlawful contributions, gifts, entertainment, expenses or other unlawful conduct relating to political activity; (iii) make, offer, promise, authorize, solicit or receive any bribe, rebate, payoff, influence payment, kickback or other similar improper payment, whether directly or indirectly, to or from any private commercial entity for the purpose of gaining an improper business advantage in violation of applicable Anticorruption Laws; or (iv) take any action that would constitute a violation of, or cause the Company to be in violation of, or fail to take any action in violation of, any applicable Anticorruption Laws, in each of cases (i) through (iv), which conduct would reasonably be expected, individually or in the aggregate, to be material to the Spotify Group Companies, taken as a whole.

SECTION 4.04 Sanctions Covenant. The Company agrees that it shall not, shall cause its controlled Affiliates not to, and instruct any of its or their respective officers, directors, employees, and agents not to, use or cause to be used any funds of the Company for the purpose of funding, financing or facilitating any unlawful activities, business or transaction of or with (i) any OFAC Sanctioned Person, (ii) a Person that is subject to any sanctions of the European Union, the PRC or the Cayman Islands by Order of Her Majesty in Council or (iii) otherwise operate in any manner that would cause the Company or any of its Subsidiaries to be in violation of OFAC Sanctions or any sanctions of the European Union, the PRC or the Cayman Islands.

ARTICLE V
GENERAL PROVISIONS

SECTION 5.01 Confidentiality. During the period beginning on the date hereof and ending on the second (2nd) anniversary of the termination of this Agreement, each Investor shall, and each Investor shall cause its controlled Affiliates to, keep all Confidential Information strictly confidential and not disclose any Confidential Information, in whole or in part, in any manner whatsoever; provided that, notwithstanding anything to the contrary in this Agreement, Confidential Information may be disclosed by the Investors and their respective controlled Affiliates (i) to their respective Representatives and Affiliates, in each case, to the extent such Representative or Affiliate needs to be provided such Confidential Information to assist the Investors and their respective controlled Affiliates in evaluating or reviewing their investment in the Company (provided, that (A) such Representative or Affiliate is subject to an obligation to keep such information confidential on terms at least as favorable to the Company as this Section 5.01 and (B) the Investors and their respective controlled Affiliates shall be responsible for any breach of this Section 5.01 by any of their respective Representatives or Affiliates), (ii) at any time following the expiration of the Lock-Up Period, to a prospective Transferee who is subject to an obligation to keep such information confidential on terms at least as favorable to the Company as this Section 5.01 (provided, that the Investors and their respective controlled Affiliates shall be responsible for any breach of this Section 5.01 by such prospective Transferee) and (iii) if any of the Investors or any of their respective controlled Affiliates, as applicable, has received advice from its outside counsel that it is legally required to make such disclosure to comply with applicable Law; provided, that prior to making such disclosure pursuant to this clause (iii), such Person shall, to the extent legally permissible, promptly notify the Company of such request or requirement and use its reasonable best efforts to preserve the confidentiality of the Confidential Information, including consulting with the Company regarding such disclosure and, if reasonably requested by the Company, assist the Company, at the Company's sole cost and expense, in seeking a protective order to prevent the requested disclosure; and provided, further, that such Person may disclose only that portion of the Confidential Information that is, based on the advice of its outside counsel, legally required or requested to be disclosed.

SECTION 5.02 Amendment. This Agreement may be amended, modified or supplemented only by an agreement in writing executed by all of the parties hereto.

SECTION 5.03 Notices. Unless otherwise provided herein, all notices and other communications hereunder shall be in the English language and writing and shall be deemed given and received if transmitted by electronic mail (with confirmation of receipt by the recipient, which confirmation shall be promptly delivered by the recipient if so requested by the sender in the applicable notice or other communication), on the Business Day after the date on which such notice is sent to the parties hereto at the following addresses (or at such other address for a party hereto as shall be specified by like notice):

-
- (a) If to the Company, to:

Spotify AB
attn. Corporate Legal
Birger Jarlsgatan 61
113 56 Stockholm
Sweden

with a copy (which copy alone shall not constitute notice) to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Attention: Alan M. Klein
Sebastian Tiller
E-mail:

- (b) If to DGE Investments, to:

Arch. Makariou & Kalograion Corner 4
Nicolaidis Sea View City, 9th Floor
Offices 903-904, Block A-B
6016 Larnaca Cyprus
Attention: Olga Mavrou
E-mail:

- (c) If to Rosello, to:

22 Stasikratous Street
Office 104
1065 Nicosia
Cyprus
Attention: Pär Ceder
E-mail:

- (d) If to Tencent or Tencent Hong Kong, to:

c/o Tencent Holdings Limited
Level 29, Three Pacific Place
1 Queen's Road East
Wanchai, Hong Kong
Attention: Compliance and Transactions Department
Email:

with a copy (which copy alone shall not constitute notice) to:

Tencent Building, Keji Zhongyi Avenue
Hi-tech Park, Nanshan District
Shenzhen 518057, PRC
Attention: Mergers and Acquisitions Department
Email:

and

Davis Polk & Wardwell
The Hong Kong Club Building
3A Chater Road, 18/F
Hong Kong
Attention: Miranda So
E-mail:

- (e) If to TME or TME Hong Kong, to:

Tencent Music Entertainment Group
7F, China Technology Trade Center
NO.66 North 4th Ring West Road
Hai Dian District, Beijing
P.R.China 100080
Attention: Hsiang Zhao
E-mail:

with a copy (which copy alone shall not constitute notice) to:

Davis Polk & Wardwell
The Hong Kong Club Building
3A Chater Road, 18/F
Hong Kong
Attention: Miranda So
E-mail:

SECTION 5.04 Waivers. Any party hereto may waive in whole or in part any benefit or right provided to it under this Agreement, such waiver being effective only if contained in a writing executed by the waiving party. The failure of a party hereto at any time or times to require performance of any provision hereof shall in no manner affect its right at a later time to enforce the same. No waiver by a party hereto of any condition or of any breach of any term or covenant contained in this Agreement shall be effective unless in writing, and no waiver in any one or more instances shall be deemed to be a further or continuing waiver of any such condition or breach in other instances or a waiver of any other condition or breach of any other term or covenant.

SECTION 5.05 Successors and Assignment. Except as expressly provided in Section 2.03, neither this Agreement, nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto, in whole or in part (whether by operation of law or otherwise), without the prior written consent of the other parties hereto, and any attempt to make any such assignment without such consent shall be null and void. Subject to the immediately preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by, the parties hereto and their respective permitted successors and assigns.

SECTION 5.06 No Third-Party Beneficiaries. This Agreement is solely for the benefit of the parties to this Agreement and no provision of this Agreement shall be deemed to confer upon any other Person any remedy, claim, liability, reimbursement, cause of action or other right.

SECTION 5.07 Severability. If any provision of this Agreement shall be held invalid, illegal or unenforceable, the validity, legality or enforceability of the other provisions hereof shall not be affected thereby, and there shall be deemed substituted for the provision at issue a valid, legal and enforceable provision as similar as possible to the provision at issue.

SECTION 5.08 Entire Understanding. This Agreement, together with the Subscription Agreement, sets forth the sole and entire agreement and understanding of the Main Parties hereto with respect to the transactions contemplated hereby and all inducements to the making of this Agreement relied upon by the Main Parties hereto and supersedes any and all prior representations, warranties, agreements, arrangements and understandings, both written and oral, among the Main Parties hereto relating to the subject matter hereof (including that certain non-binding term sheet, dated August 21, 2017, by and among the Main Parties hereto).

SECTION 5.09 Governing Documents; Other Shareholder Agreements. The Main Parties hereto hereby acknowledge that the Investors and their respective controlled Affiliates may, in respect of the Spotify Securities they beneficially own, be or become party or subject to other Governing Documents of the Company, and the Investors shall, and the Investors shall cause their respective controlled Affiliates to, comply with the provisions of this Agreement (it being understood that the exercise by the Investors or any of their respective controlled Affiliates of any rights under such other Governing Documents shall at all times be subject to compliance with the provisions set forth herein). The Company shall not adopt or enter into any Governing Document with any Person with respect to, directly or indirectly, any Spotify Securities which would prevent the Company from complying with the provisions of this Agreement.

SECTION 5.10 Governing Law. Except to the extent that mandatory provisions of the Laws of Luxembourg are applicable, this Agreement and its enforcement, and any controversy arising out of or relating to the making or performance of this Agreement, shall be governed by and construed in accordance with the law of the State of New York, without regard to New York's principles of conflicts of law.

SECTION 5.11 Arbitration. All disputes, controversies or claims arising out of or in connection with this Agreement and any and all claims arising out of or in connection with it, including any extra-contractual claims shall be resolved by final and binding arbitration in

accordance with the Rules of Arbitration of the International Chamber of Commerce (the “ICC”) by three (3) arbitrators appointed in accordance with the Rules of Arbitration of the ICC. The claimant(s) shall nominate one (1) arbitrator in the request for arbitration. The respondent(s) shall nominate one (1) arbitrator in the answer to the request. The two (2) arbitrators nominated by the claimant and the respondent may be nationals of any country. The two (2) party-nominated arbitrators shall then attempt to agree, in consultation with the claimant(s) and the respondent(s), upon the nomination of a third (3rd) arbitrator to act as president of the tribunal. If the third (3rd) arbitrator has not been nominated within thirty (30) days of the date of the appointment of the second (2nd) arbitrator, the third (3rd) arbitrator shall be nominated by the ICC International Court of Arbitration. The third (3rd) arbitrator and president of the tribunal shall not be a national of the PRC or Sweden. The place of arbitration shall be Wilmington, Delaware, United States of America. The language of the arbitration shall be English.

SECTION 5.12 Counterparts. This Agreement may be executed (including by e-mail delivery of a portable document format (“.pdf”) file) in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same original instrument.

SECTION 5.13 Specific Performance. The parties hereto hereby recognize, acknowledge and agree that the breach or violation of this Agreement by a party hereto would cause irreparable damage to the other parties hereto and that none of the parties hereto has an adequate remedy at Law. Each party hereto shall therefore be entitled, in addition to any other remedies that may be available, to obtain specific performance of the terms of this Agreement, and appropriate injunctive relief may be applied for and granted in connection therewith. Any party hereto seeking an order or injunction to prevent breaches of this Agreement or to enforce specifically the terms and provisions hereof shall not be required to provide, furnish or post any bond or other security in connection with or as a condition to obtaining any such order or injunction, and each party hereto hereby irrevocably waives any right it may have to require the provision, furnishing or posting of any such bond or other security. If any action is brought by any party hereto to enforce this Agreement, the other parties hereto shall waive the defense that there is an adequate remedy at Law.

SECTION 5.14 Termination. Except for Section 2.02(a), Section 3.01 and Section 3.02 (which shall expire in accordance with their respective terms), this Agreement shall terminate and be of no further force and effect as to any Tencent Party and its controlled Affiliates upon the earlier to occur of (i) the mutual written agreement of such Tencent Party and the Company and (ii) the date on which such Tencent Party and its controlled Affiliates, taken together, no longer beneficially own any Spotify Securities, except that, in each case, the provisions set forth in this Article V shall survive the termination of this Agreement.

SECTION 5.15 Other Agreements. The Tencent Parties shall not, and the Tencent Parties shall cause their controlled Affiliates not to, enter into any agreement of any kind with any Person with respect to, directly or indirectly, any Spotify Securities which is inconsistent with the provisions of this Agreement.

SECTION 5.16 Representations. Tencent hereby represents as of the date hereof that Tencent Hong Kong is, and as of the consummation of the Tencent Hong Kong Secondary Purchase will be, a wholly owned Subsidiary of Tencent, and no Person other than Tencent owns as of the date hereof, and will own as of the consummation of the Tencent Hong Kong Secondary Purchase, any capital stock of Tencent Hong Kong. Tencent Hong Kong hereby agrees that no Person other than Tencent Hong Kong shall purchase and acquire any Spotify Shares pursuant to the Tencent Hong Kong Secondary Purchase.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, each of the following parties hereto has caused this Agreement to be duly executed and delivered in its name and on its behalf, all as of the day and year first above written.

SPOTIFY TECHNOLOGY S.A.

By: /s/ Peter Grandelius

Name: Peter Grandelius

Title: Authorized Signatory and Associate General
Counsel

[Signature Page to Investor Agreement (Investment in Spotify)]

IN WITNESS WHEREOF, each of the following parties hereto has caused this Agreement to be duly executed and delivered in its name and on its behalf, all as of the day and year first above written.

Tencent Music Entertainment Group

(腾讯音乐娱乐集团)

By: /s/ PANG Kar Shun Cussion

Name: PANG Kar Shun Cussion

Title: Director

[Signature Page to Investor Agreement (Investment in Spotify)]

IN WITNESS WHEREOF, each of the following parties hereto has caused this Agreement to be duly executed and delivered in its name and on its behalf, all as of the day and year first above written.

Tencent Music Entertainment Hong Kong Limited

By: /s/ PANG Kar Shun Cussion

Name: PANG Kar Shun Cussion

Title: Authorized Sigantory

[Signature Page to Investor Agreement (Investment in Spotify)]

IN WITNESS WHEREOF, each of the following parties hereto has caused this Agreement to be duly executed and delivered in its name and on its behalf, all as of the day and year first above written.

Tencent Holdings Limited

By: /s/ Huateng Ma

Name: Huateng Ma

Title: Authorized Signatory

[Signature Page to Investor Agreement (Investment in Spotify)]

IN WITNESS WHEREOF, each of the following parties hereto has caused this Agreement to be duly executed and delivered in its name and on its behalf, all as of the day and year first above written.

Image Frame Investment (HK) Limited

By: /s/ Huateng Ma

Name: Huateng Ma

Title: Authorized Signatory

[Signature Page to Investor Agreement (Investment in Spotify)]

IN WITNESS WHEREOF, each of the following parties hereto has caused this Agreement to be duly executed and delivered in its name and on its behalf, all as of the day and year first above written.

Solely with respect to solely with respect to
Section 1.02, Section 2.07, Section 3.02,
Section 5.02, Section 5.03, Section 5.04,
Section 5.05, Section 5.06, Section 5.07,
Section 5.10, Section 5.11, Section 5.12,
Section 5.13 and Section 5.14

D.G.E. INVESTMENTS LIMITED

By: /s/ Andrea Liassides, Anna Katarina Lif Burren
Name: Andrea Liassides, Anna Katarina Lif Burren
Title: Directors

[Signature Page to Investor Agreement (Investment in Spotify)]

IN WITNESS WHEREOF, each of the following parties hereto has caused this Agreement to be duly executed and delivered in its name and on its behalf, all as of the day and year first above written.

Solely with respect to solely with respect to
Section 1.02, Section 2.07, Section 3.02,
Section 5.02, Section 5.03, Section 5.04,
Section 5.05, Section 5.06, Section 5.07,
Section 5.10, Section 5.11, Section 5.12,
Section 5.13 and Section 5.14

ROSELLO COMPANY LIMITED

By: /s/ PAR CEDER

Name: PAR CEDER

Title: DIRECTOR

[Signature Page to Investor Agreement (Investment in Spotify)]

EXCHANGE AGREEMENT

This Exchange Agreement (this “Agreement”) is made and entered into as of December 8, 2017 by and among Spotify Technology S.A., a limited liability company (société anonyme) incorporated under the laws of Luxembourg (the “Company”), and the entities listed on the schedules “A” attached to this Agreement (collectively, “Schedule A”; the Schedule A pertaining to each individual Noteholder is referred to herein as the “applicable Schedule A”) (the “Noteholders”). The Company and the Noteholders are sometimes collectively referred to in this Agreement as the “Parties” and individually as a “Party.”

WHEREAS, each Noteholder currently is the record and beneficial owner of Convertible Senior Notes due April 1, 2021 issued by the Company pursuant to that certain Note Purchase Agreement, dated March 26, 2016, and identified on such Noteholder’s applicable Schedule A (the “Notes”);

WHEREAS, each Noteholder wishes to exchange a portion of such Noteholder’s Notes (such portion, the “Exchanged Notes”) for the number of ordinary shares of the Company’s common stock, par value €0.025 per ordinary share (the “Common Stock”), set forth on such Noteholder’s applicable Schedule A (the aggregate amount of such Common Stock of such Noteholder being referred to in this Agreement as the “Exchange Shares”);

WHEREAS, each Noteholder has agreed to immediately sell (the “Sale”) all of the Exchange Shares such Noteholder receives to Image Frame Investment (HK) Limited (“Tencent”), and Tencent has agreed to purchase all of such Exchange Shares, for \$5,000 per ordinary share immediately following the Closing pursuant to that certain Purchase Agreement, dated as of the date hereof, by and among, each Noteholder and Tencent (the “Purchase Agreement”); and

WHEREAS, the Company wishes to issue the Exchange Shares to the Noteholders in exchange for the Exchanged Notes upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, agreements and understandings herein contained, the Parties agree as follows:

SECTION 1. Exchanges of Notes.

1.1 The Exchanges. On and subject to the terms and conditions set forth in this Agreement, on the Closing Date (as defined below), each Noteholder will deliver such Noteholder’s Notes referred to on such Noteholder’s applicable Schedule A to the Company and the Company will immediately cancel such Exchanged Notes and, in exchange and as full consideration for such Exchanged Notes, issue to such Noteholder the Exchange Shares as referenced on such Noteholder’s applicable Schedule A (the “Transactions”); provided that in the event the Sale does not occur immediately following, and on the same day as, the consummation of the Transactions, the Transactions shall automatically be fully rescinded and deemed to have not occurred and the Parties shall take all necessary action to evidence the rescission of the Transactions such that the Exchanged Notes shall be reinstated (as if never cancelled) and returned to the Noteholders and the Noteholders shall return the Shares to the Company in exchange therefor.

1.2 Remaining Notes. Any portion of the Notes not exchanged by the Noteholders (including, without limitation, any interest accrued on the Notes, including the Exchanged Notes, after the most recent PIK Interest Payment Due Date up to and including the Closing Date) will be re-issued to the applicable Noteholder in accordance with Section 21 of the Note (the “New Notes”) and in the amount set forth on the Noteholder’s applicable Schedule A, except as noted in Section 1.3(c).

1.3 Closing. The closing of the transactions contemplated by this Agreement (the “Closing”) will take place on December 15, 2017, or such other date, if any, as is mutually agreed to by the Parties (the “Closing Date”). On the Closing Date:

(a) each Noteholder will deliver to the Company such Noteholder’s cancelled Notes;

(b) upon delivery of such Notes, the Company will deliver to such Noteholder the applicable Exchange Shares via book-entry; and

(c) also upon delivery of such Notes, the Company will deliver an executed New Note in the amount indicated on such Noteholder’s applicable Schedule A to the extent any portion of such Noteholder’s Notes are not exchanged pursuant to this Agreement (which, for the avoidance of doubt, shall be the same security as the Note a portion of which was delivered to be cancelled pursuant to Section 1.3(a), but such New Note shall accrue interest from (but excluding) the Closing Date, and shall bear a notation to that effect on such New Note).

SECTION 2. Representations and Warranties of the Company. The Company represents and warrants to each Noteholder that the following statements are true and correct:

2.1 Organization; Requisite Authority. The Company is a corporation duly organized and validly existing under the laws of Luxembourg. The Company possesses all requisite power and authority necessary to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the Transactions.

2.2 Authorization. The execution, delivery and performance of this Agreement and the consummation of the Transactions have been duly authorized by all necessary company action on the part of the Company, and no other company action on the part of the Company is required to authorize its execution, delivery and performance hereof, or its consummation of the Transactions. This Agreement has been duly executed and delivered by the Company and, assuming that this Agreement is a valid and binding obligation of each of the other Parties hereto, constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except to the extent enforcement may be subject to (i) applicable bankruptcy (*faillite*), insolvency (*liquidation volontaire ou judiciaire*), fraudulent conveyance, reorganization, moratorium (*sursis de paiement*) and other similar Laws affecting enforcement of creditors’ rights generally and (ii) equitable limitations on the availability of specific remedies (whether considered in a proceeding in equity or at Law). On

the Closing Date, when duly executed and issued in accordance with the terms contained hereof, the New Notes will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as such enforceability may be limited by applicable bankruptcy (*faillite*), insolvency (*liquidation volontaire ou judiciaire*), fraudulent conveyance, reorganization, moratorium (*sursis de paiement*) and other similar Laws affecting enforcement of creditors' rights generally and (ii) equitable limitations on the availability of specific remedies (whether considered in a proceeding in equity or at Law).

2.3 No Violation, Consents and Approvals. (a) The execution and delivery of this Agreement by the Company does not, and the performance of this Agreement by the Company and the consummation of the Transactions, including the Sale, will not, (i) conflict with or violate the organizational documents of the Company, (ii) conflict with or violate any laws applicable to the Company or by or to which any of its properties or assets are bound or subject, or (iii) result in any breach of, constitute a default (or an event that with notice or lapse of time or both would constitute a material default) under, or give to others any right of termination, amendment, acceleration or cancellation of, or require payment under, or result in the creation of a Lien on any of the material properties or assets of the Company under, any material bond, note, mortgage, deed of trust, lease, commitment, obligation, understanding, arrangement, indenture, other evidence of indebtedness, guarantee, license, agreement or other contract or instrument (“Contract”) to which the Company is a party or by or to which the Company or any of its properties or assets are bound or subject, in each case that would, individually or in the aggregate, reasonably be expected to materially impair the Company's ability to perform its obligations hereunder or to consummate the Transactions.

(b) Assuming the representations and warranties of each Noteholder set forth in Section 3.2 and Section 3.3 are true and correct, the execution and delivery of this Agreement by the Company does not, and the performance by the Company of this Agreement and the consummation of the Transactions, including the Sale, will not, require the Company to make any filing with, obtain any permit, authorization, consent or approval of, or given any notice to (“**Consents**”), any court, tribunal, legislative, executive or regulatory authority or agency (a “**Governmental Authority**”), or any third party except for (i) such consents, approvals or notices which would not, individually or in the aggregate, reasonably be expected to materially impair the Company's ability to perform its obligations hereunder or to consummate the Transactions and (ii) such consents, approvals or notices which have been or will be obtained prior to the Closing Date.

2.4 Validity of Shares. When issued and delivered in accordance with this Agreement, the Exchange Shares to be delivered under this Agreement (i) will have been duly authorized by all necessary corporate action of the Company and will be validly issued, fully paid and nonassessable, (ii) assuming the accuracy of the representations and warranties of each Noteholder in Section 3 below, be freely tradeable and not subject to any transfer restrictions, and (iii) and upon the occurrence of the Closing hereunder, each Noteholder shall acquire sole beneficial ownership of the applicable Exchange Shares as set forth on such Noteholder's applicable Schedule A, free and clear of all Liens. The Exchange Shares are being exchanged for the Exchanged Notes pursuant to, and in compliance with, Section 4(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”). Other than the Company's articles of association, the Purchase Agreement and the TME Investor Agreement (as defined in the TME

Subscription Agreement), the Exchange Shares will not be subject to or bound by any other Contract, including any shareholders' agreement, as of the Closing (assuming the Noteholders have not entered into or agreed to enter into any such other Contract with a third party), and the Noteholders are not required, by the terms of any Contract to which the Company is a party, to enter into any such other Contract.

2.5 TME Investment Closing. All conditions to the TME Investment Closing have been or shall be satisfied before or simultaneously with the Closing. For purposes of this Agreement, the "TME Investment Closing" means the "Closing" under the Subscription Agreement, dated as of December 8, 2017 by and among the Company and certain of its Affiliates and certain Affiliates of Tencent (the "TME Subscription Agreement").

2.6 Broker's Fees. The Company has not entered into any agreement or arrangement entitling any agent, broker, investment banker, financial advisor or other firm or Person to any brokers' or finders' fee or any other commission or similar fee in connection with any of the Transactions.

SECTION 3. Representations and Warranties of each Noteholder. Each Noteholder, severally and not jointly, represents and warrants to the Company that the following statements are true and correct:

3.1 Organization. Such Noteholder is an entity duly formed, validly existing and in good standing under the laws of jurisdiction of organization, and has all requisite power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the Transactions.

3.2 Authorization. The execution, delivery and performance of this Agreement, and the consummation of the Transactions, have been duly authorized by all necessary corporate action on the part of such Noteholder, and no other limited partnership action on the part of such Noteholder is required to authorize its execution, delivery and performance hereof, and the consummation of the Transactions. This Agreement has been duly executed and delivered by such Noteholder and, assuming that this Agreement is a valid and binding obligation of each of the other parties hereto, constitutes the legal, valid and binding obligation of such Noteholder, enforceable against such Noteholder in accordance with its terms, except to the extent enforcement may be subject to (a) applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar Laws affecting enforcement of creditors' rights generally and (b) equitable limitations on the availability of specific remedies (whether considered in a proceeding in equity or at Law).

3.3 No Violation, Consents and Approvals. (a) The execution and delivery of this Agreement by such Noteholder does not, and the performance of this Agreement by such Noteholder and the consummation of the Transactions, including the Sale, will not, (i) conflict with or violate the organizational documents of such Noteholder, (ii) conflict with or violate any Laws applicable to such Noteholder or by or to which any of its properties or assets are bound or subject, or (iii) result in any breach of, constitute a default (or an event that with notice or lapse of time or both would constitute a material default) under, or give to others any right of termination, amendment, acceleration or cancellation of, or require payment under, or result in

the creation of a Lien on any of the material properties or assets of such Noteholder under, any material Contract to which such Noteholder is a party or by or to which such Noteholder or any of its properties or assets are bound or subject, in each case that would materially impair such Noteholder's ability to perform its obligations hereunder or to consummate the Transactions.

(b) Assuming the representations and warranties of the Company set forth in Section 2.2 and Section 2.3 are true and correct, the execution and delivery of this Agreement by such Noteholder does not, and the performance by such Noteholder of this Agreement and the consummation of the Transactions, including the Sale, will not, require such Noteholder to obtain any Consents from any Governmental Authority or any third party

3.4 Ownership. Such Noteholder is the record and beneficial owner of the aggregate principal amount of the Notes as set forth on such Noteholder's applicable Schedule A, and has good and valid title to such aggregate principal amount of the Notes, free and clear of all Liens. At the Closing, such Noteholder will transfer to the Company good and valid title to the Notes as set forth on such Noteholder's applicable Schedule A, free and clear of all Liens (other than Liens created by or resulting from action of the Company).

3.5 Nature of Investment.

(a) Such Noteholder is an "accredited investor" as defined in Rule 501(a) under the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the "Securities Act"). Such Noteholder, either alone or together with its representatives, have such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the investment in the Exchange Shares and have so evaluated the merits and risks of such investment. Such Noteholder is able to bear the economic risk of an investment in the Exchange Shares and, at the present time, is able to afford a complete loss of such investment.

(b) Such Noteholder is not an "affiliate" of the Company (as such term is defined under Rule 144(a)(1) of the Securities Act) and has not been for the past 90 days.

(c) Such Noteholder is not purchasing the Exchange Shares as a result of any advertisement, article, notice or other communication regarding the Exchange Shares published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or any other general solicitation or general advertisement.

(d) Such Noteholder understands and acknowledges that (i) the Exchange Shares are being offered and sold without registration under the Securities Act in a private placement that is exempt from the registration provisions of the Securities Act, (ii) the availability of such exemption depends in part on, and each Seller will rely upon the accuracy and truthfulness of, the foregoing representations and such Noteholder hereby consents to such reliance, and (iii) the Exchange Shares are "restricted securities" for purposes of the Securities Act and rules thereunder and may not be resold without registration under the Securities Act or an exemption therefrom, and the certificates representing such shares will bear a restrictive legend to such effect.

3.6 Broker's Fees. Neither such Noteholder nor any of its officers or directors or persons serving in a similar capacity has retained or authorized any investment banker, broker, finder or other intermediary to act on behalf of such Noteholder or incurred any liability for any banker's, broker's or finder's fees or commissions in connection with the Transactions.

SECTION 4. Conditions Precedent to the Company's Obligations. The obligation of the Company to consummate the Transactions is subject to the satisfaction at or prior to the Closing of the following conditions (unless waived by the Company):

4.1 Representations and Warranties. The representations and warranties of each Noteholder contained in Section 3 that are qualified as to materiality shall be true and correct in all respects, and such representations and warranties that are not so qualified shall be true and correct in all material respects, in each case, as of the date when made and at and as of the Closing Date, as though such representations and warranties were made at and as of such date.

4.2 Performance. Each Noteholder shall have performed and complied with, in all material respects, all covenants and agreements required by this Agreement to be performed or complied with by such Noteholder on or prior to the Closing Date.

4.3 Tax Information. Each Noteholder will provide the Company two duly completed Internal Revenue Service Form W-9 or appropriate Internal Revenue Service Form W-8, as applicable, together with any required attachments.

4.4 TME Investment Closing. There are no conditions to the TME Investment Closing other than as set forth on Schedule B, which schedule indicates whether or not each applicable condition is satisfied as of the date of this Agreement.

4.5 Confirmation of Conditions to the Sale. Each of the Noteholders shall have irrevocably confirmed in writing to the Company that all conditions to the obligations of each Noteholder to consummate the Closing pursuant to the Purchase Agreement, as set forth in Section 5.03 of the Purchase Agreement, have been satisfied and that assuming all conditions to the obligations of the Purchaser are satisfied or waived, such Noteholder is prepared to consummate the Closing pursuant to the Purchase Agreement.

SECTION 5. Conditions Precedent to each Noteholder's Obligations. The obligation of each Noteholder to consummate the Transactions is subject to the satisfaction at or prior to the Closing of the following conditions (unless waived by such Noteholder):

5.1 Representations and Warranties. The representations and warranties of the Company contained in Section 2 that are qualified as to materiality shall be true and correct in all respects, and such representations and warranties that are not so qualified shall be true and correct in all material respects, in each case, as of the date when made and at and as of the Closing Date, as though such representations and warranties were made at and as of such date.

5.2 Performance. The Company shall have performed and complied with, in all material respects, all covenants and agreements required by this Agreement to be performed or complied with by the Company on or prior to the Closing Date.

5.3 TME Investment Closing. The TME Investment Closing shall have occurred, or shall be occurring concurrently with the Closing, in accordance with the TME Subscription Agreement.

5.4 Confirmation of the Sale. Tencent shall have irrevocably confirmed in writing to the Noteholders that, if the Closing is consummated and the Exchange Shares are issued, then the Closing under the Purchase Agreement will occur (and Tencent has not revoked, withdrawn, modified or conditioned such confirmation) and the Closing under the Purchase Agreement shall occur concurrently with or immediately following the issuance of the Exchange Shares.

SECTION 6. Termination.

6.1 Termination. This Agreement may be terminated and the Transactions may be abandoned at any time prior to the Closing:

(a) by mutual written agreement of the Company and the Noteholders (acting jointly); or

(b) at any time on or after January 8, 2018 (the "Termination Date"), by the Company, on the one hand, or by any Noteholder (as to such Noteholder only), on the other hand, by giving written notice of such termination to the other Party or Parties, if the Closing shall not have occurred on or prior to the Termination Date and if the failure to consummate the Closing by the Termination Date is not the result of any material breach of this Agreement by the Party or Parties seeking to terminate this Agreement.

6.2 Effect of Termination. In the event of the termination of this Agreement in accordance with Section 6.1 hereof, this Agreement shall thereafter become void and have no effect and the Transactions shall be abandoned, and no Party hereto shall have any liability to the other Party hereto or their respective affiliates, directors, officers or employees, except for the obligations of the Parties hereto contained in this Section 6.2 and the provisions of Section 7.7, 7.13, 7.14, 7.15, 7.16, 7.17 and 7.18 and except that nothing herein will limit or restrict the rights or remedies of any Party hereto against the other Parties for any willful and material breach of this Agreement arising prior to termination.

SECTION 7. Miscellaneous.

7.1 Shareholder Register. Following the Closing, the Company covenants and agrees to deliver to Tencent, upon written request, an excerpt from the shareholders' register of the Company evidencing the registration of Tencent's ownership of the Exchange Shares, duly certified by the Company.

7.2 Reasonable Best Efforts. Upon the terms and subject to the conditions of this Agreement, each of the Parties agree to use reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable Laws to consummate and make effective the Transactions as promptly as practicable.

7.3 Further Assurances. In case at any time after the Closing any further action is necessary to carry out the purposes of this Agreement, the Transactions or the Sale, each of the Parties will take such further action (including the execution and delivery of such further instruments and documents) as the other Party may reasonably request, at the requesting Party's expense.

7.4 Severability. If any provision of this Agreement shall be held invalid, illegal or unenforceable, the validity, legality or enforceability of the other provisions hereof shall not be affected thereby, and there shall be deemed substituted for the provision at issue a valid, legal and enforceable provision as similar as possible to the provision at issue.

7.5 Several Liability of the Noteholders. All representations, warranties, covenants and other obligations of the Noteholders contained herein or contemplated hereby shall be deemed to be several and not joint.

7.6 Counterparts. This Agreement may be executed in one or more counterparts (including by means of e-mail), each of which shall be deemed an original, and all of which shall constitute one and the same agreement.

7.7 Descriptive Headings: Interpretation.

(a) The heading references herein and in the table of contents hereto are for convenience purposes only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

(b) Any capitalized terms used in Schedule A attached hereto and not otherwise defined therein shall have the meanings set forth in this Agreement and if not defined in this Agreement, the Notes.

(c) The term “**dollars**” and character “**\$**” shall mean United States dollars.

(d) The words “**hereof**”, “**herein**”, “**hereto**” and “**hereunder**” and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(e) The word “**including**” shall mean including, without limitation, and the words “**include**” and “**includes**” shall have corresponding meanings.

(f) “**Laws**” means any federal, state, local, foreign or transnational law, statute, ordinance, rule, regulation, order, judgment or decree, administrative order or decree, administrative or judicial decision, and any other executive or legislative proclamation.

(g) “**Liens**” means all liens, charges, security interests, options, claims, mortgages, pledges, proxies, voting trusts or other adverse interests or restrictions on title or transfer, other than, in the case of the Shares, (i) any of the foregoing arising out of the articles of association of the Company and (ii) any restrictions on transfer arising out of applicable securities Laws.

(h) “ **Person** ” shall mean a natural person, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity or organization.

(i) The terms defined in the singular shall have a comparable meaning when used in the plural, and vice versa.

(j) The Parties intend that each representation, warranty and covenant contained herein shall have independent significance. If any Party has breached any representation, warranty or covenant contained herein in any respect, the fact that there exists another representation, warranty or covenant relating to the same subject matter (regardless of the relative levels of specificity) the Party has not breached shall not detract from or mitigate the fact that the Party is in breach of the first representation, warranty or covenant.

7.8 Entire Agreement. This Agreement (including the Schedules hereto) and, in the case of the Noteholders and Tencent, the Purchase Agreement, contains the entire agreement among the Parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, with respect to such matters.

7.9 Parties in Interest. This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to confer upon any Person other than the Company and the Noteholders, or their respective successors or permitted assigns, any rights or remedies under or by reason of this Agreement.

7.10 Extension; Amendment; Waiver. At any time prior to the Closing Date, the Parties (in the case of the Noteholders, acting jointly) may extend the time for performance of any of the obligations or other acts of the other Parties. Neither this Agreement nor any provision hereof may be amended or waived other than by a written instrument (including a writing evidenced by e-mail) signed, in the case of an amendment, by all of the Parties hereto, or in the case of a waiver, by the Party against whom the waiver is to be effective. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

7.11 Time of Essence. Each of the Parties hereto hereby agrees that, with regard to all dates and time periods set forth in this Agreement, time is of the essence.

7.12 Assignment. No Party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of the other Parties hereto.

7.13 Expenses. Whether or not the Transactions are consummated, all costs and expenses incurred in connection with this Agreement and the Transactions shall be borne by the Party incurring such expenses.

7.14 Governing Law. This Agreement shall be governed by the Laws of the State of New York.

7.15 Disputes. All disputes, controversies or claims arising out of or in connection with this Agreement shall be resolved by final and binding arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce (the “ICC”) by three (3) arbitrators appointed in accordance with the Rules of Arbitration of the ICC. The claimant(s) shall nominate one (1) arbitrator in the request for arbitration. The respondent(s) shall nominate one (1) arbitrator in the answer to the request. The two (2) arbitrators nominated by the claimant and the respondent may be nationals of any country. The two (2) party-nominated arbitrators shall then attempt to agree, in consultation with the claimant(s) and the respondent(s), upon the nomination of a third (3rd) arbitrator to act as president of the tribunal. If the third (3rd) arbitrator has not been nominated within thirty (30) days of the date of the appointment of the second (2nd) arbitrator, the third (3rd) arbitrator shall be nominated by the ICC International Court of Arbitration. The third (3rd) arbitrator and president of the tribunal shall not be a national of the People’s Republic of China or Sweden. The place of arbitration shall be Wilmington, Delaware, United States of America. The language of the arbitration shall be English.

7.16 WAIVER OF JURY TRIAL. EACH OF THE PARTIES HEREBY WAVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS. EACH PARTY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 7.16.

7.17 Consent to Jurisdiction. Subject to the provisions of Section 7.15 hereof, each of the Parties irrevocably submits to the exclusive jurisdiction of the Delaware Court of Chancery or in the event (but only in the event) that such court does not have subject matter jurisdiction over such action or proceeding, the United States District Court for the District of Delaware (in either case, the “**Delaware Courts**”) and any appeals courts thereof for the purposes of any suit, action, or other proceeding to compel arbitration or for provisional relief in aid of arbitration in accordance with Section 7.15, and to the nonexclusive jurisdiction of the Delaware Courts for the enforcement of any award issued pursuant to an arbitration under Section 7.15. Each of the Parties further agrees that the service of any process, summons, notice or document by first class mail to each Party’s respective address set forth above shall be effective service of process for any action, suit or proceeding in the Delaware Courts with respect to any matters to which it has submitted to jurisdiction in this Section 7.17. Each of the Parties irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the Transactions in the Delaware Courts (subject to the provisions of Section 7.15), and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in the Delaware Courts has been brought in an inconvenient forum.

7.18 Notices. All notices, demands or other communications hereunder shall be deemed to have been duly given and made if in writing and if served by personal delivery upon the Party for whom it is intended, if delivered by registered or certified mail, return receipt requested, or by a national courier service, or if sent by facsimile (with receipt of confirmation of delivery) or delivered via e-mail, to the person at the address set forth below, or such other address as may be designated in writing hereafter, in the same manner, by such person:

Spotify Technology S.A.
42-44 Avenue de la Gare
L-1610 Luxembourg
Attention: General Counsel
Email:

With a copy to (which shall not constitute notice):

Spotify AB
Birger Jarlsgatan 61, 4TR, 113 56
Stockholm, Sweden
Attention: General Counsel

and

Latham & Watkins LLP
885 Third Avenue
New York, New York 10022
Attn: Gregory P. Rodgers
Fax: (212) 751-4864
Email:

The Noteholders:

To the address or addresses set forth
on Schedule A

With a copy to (which shall not constitute notice):

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, New York 10019-6064
Attn: Ariel J. Deckelbaum
Fax: (212) 492-0546
Email:

Any such notification shall be deemed delivered (i) upon receipt, if delivered personally, (ii) on the next business day, if sent by national courier service for next business day delivery or (iii) the business day on which confirmation of delivery is received, if sent by facsimile or via e-mail.

7.19 No Construction Against Draftsperson. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement.

7.20 Releases. Each Noteholder releases and discharges the Company and its affiliates, and each of their respective directors, officers, employees, agents and controlling persons, from any and all claims such Noteholder may have, now or in the future, arising out of or related to the Exchanged Notes exchanged pursuant to this Agreement.

7.21 Purchase Agreement. Each Noteholder agrees not to agree to any waiver or amendment to the Purchase Agreement without the prior written consent of the Company.

7.22 Specific Performance. The Parties recognize, acknowledge and agree that the breach or violation of this Agreement by a Party would cause irreparable damage to the other Party or Parties and that none of the Parties has an adequate remedy at Law. Each Party shall therefore be entitled, in addition to any other remedies that may be available, to obtain specific performance of the terms of this Agreement, and appropriate injunctive relief may be applied for and granted in connection therewith. A Party seeking an order or injunction to prevent breaches of this Agreement or to enforce specifically the terms and provisions hereof shall not be required to provide, furnish or post any bond or other security in connection with or as a condition to obtaining any such order or injunction, and each Party hereby irrevocably waives any right it may have to require the provision, furnishing or posting of any such bond or other security. If any action is brought by any Party to enforce this Agreement, the other Parties shall waive the defense that there is an adequate remedy at Law.

7.23 Confidentiality. The Parties agree that the terms of this Agreement may not be disclosed or referred to publicly or to any third party, except (i) in accordance with the prior written consent of the other Parties (which shall not be unreasonably withheld or delayed); (ii) as such disclosure may be required law, court order, order of any administrative agency or regulation; (iii) to such Party's outside law firms, accounting firms and other agents; (iv) as an exhibit to the Purchase Agreement, provided that Schedule A is omitted and (v) in communications with other holders of the Notes.

7.24 Indebtedness. The Company acknowledges and agrees that the Noteholders constitute the "Requisite Holders" under the terms of the Note as of the date hereof. From and after the date hereof, the Company covenants and agrees to not incur any indebtedness that would constitute (or be treated for any purpose as) a "Convertible Senior Note" pursuant to the terms of the Note.

(Signatures on next page)

IN WITNESS WHEREOF, the Parties hereto have executed this Exchange Agreement as of the date first written above.

SPOTIFY TECHNOLOGY S.A.

/s/ Peter Grandelius

Name: Peter Grandelius

Title: Associate General Counsel

SIGNATURE PAGE TO EXCHANGE AGREEMENT

IN WITNESS WHEREOF, the Parties hereto have executed this Exchange Agreement as of the date first written above.

DF DALMATIAN HOLDINGS, LP

By: /s/ Pat Robertson
Name: Pat Robertson
Title: Authorized Signatory

S I G N A T U R E P A G E T O E X C H A N G E A G R E E M E N T

IN WITNESS WHEREOF, the Parties hereto have executed this Exchange Agreement as of the date first written above.

TAO CAYMAN LTD.

By: /s/ Joshua Peck
Name: Joshua Peck
Title: Vice President

SIGNATURE PAGE TO EXCHANGE AGREEMENT

IN WITNESS WHEREOF, the Parties hereto have executed this Exchange Agreement as of the date first written above.

TAO SPECTRE, LLC

By: /s/ Joshua Peck
Name: Joshua Peck
Title: Vice President

IN WITNESS WHEREOF, the Parties hereto have executed this Exchange Agreement as of the date first written above.

TOP III SPECTRE, LLC

By: /s/ Joshua Peck
Name: Joshua Peck
Title: Vice President

SIGNATURE PAGE TO EXCHANGE AGREEMENT

IN WITNESS WHEREOF, the Parties hereto have executed this Exchange Agreement as of the date first written above.

TPG GROWTH III SPECTRE, L.P.

By: TPG Growth III Cayman AIV GenPar, L.P.
its general partner

By: TPG Growth III Cayman AIV GenPar Advisors, Inc.
its general partner

By: /s/ Michael LaGatta _____

Name: Michael LaGatta
Title: Vice President

SIGNATURE PAGE TO EXCHANGE AGREEMENT

IN WITNESS WHEREOF, the Parties hereto have executed this Exchange Agreement as of the date first written above.

TPG GROWTH SPECTRE CO-INVEST, L.P.

By: TPG Growth III Advisors, Inc.
its general partner

By: /s/ Michael LaGatta

Name: Michael LaGatta

Title: Vice President

SIGNATURE PAGE TO EXCHANGE AGREEMENT

IN WITNESS WHEREOF, the Parties hereto have executed this Exchange Agreement as of the date first written above.

**TPG OPPORTUNITIES PARTNERS FUND III
LTD**

By: /s/ Joshua Peck

Name: Joshua Peck

Title: Vice President

SCHEDULE A

Noteholder:

Jurisdiction of Organization:

Original Principal Amount of Notes Held:

Accrued Interest on the Notes to the most recent PIK Interest Payment Due Date (October 1, 2017):

Outstanding Principal Balance of Notes Held:

Accrued Interest on and after the most recent PIK Interest Payment Due Date (October 1, 2017) up to and including December 15, 2017:

Note Obligations Amount Held:

Note Obligations Amount Subject to Exchange (Amount of Exchanged Notes):

Aggregate Principal Amount of New Notes Received by the Noteholder after the Exchange: *

Number of Exchange Shares to be Issued:

Address of Noteholder for Notices:

* Assumes Closing Date will be December 15, 2017 (the “Assumed Closing Date”). In the event the Closing Date occurs after the Assumed Closing Date, the aggregate principal amount of New Notes received by the Noteholder after the Exchange will be increased by the amount of any interest accrued in accordance with the terms of the Notes on and after the day immediately following the Assumed Closing Date up to and including the Closing Date. In the event the Closing Date occurs before the Assumed Closing Date, the aggregate principal amount of New Notes received by the Noteholder after the Exchange will be decreased by the amount of any interest accrued in accordance with the terms of the Notes on and after the day immediately following the Closing Date up to and including the Assumed Closing Date.

SCHEDULE B

Closing Conditions under TME Subscription Agreement

None of the conditions is satisfied as of the date of this Agreement.

Conditions to Obligations of Each Party . The respective obligations of each Party to consummate the TME Shares Issuance and the Spotify Shares Issuance shall be subject to the satisfaction or waiver (to the extent permitted by applicable Law) by each Party, at or prior to the Closing, of each of the following conditions:

(i) No Governmental Body shall have enacted, issued, promulgated, enforced or entered any Law which is then in effect (whether temporary, preliminary or permanent) and has the effect of enjoining, restraining, prohibiting or otherwise making the consummation of the transactions contemplated by this Agreement illegal (an “Injunction”).

(ii) The Required Shareholder Approval shall have been obtained.

(iii) The Restated Articles shall have been duly adopted by TME and shall be in full force and effect as of the Closing.

(iv) The Shareholders Agreement shall have been duly executed and delivered by the Required Shareholders and shall be in full force and effect as of the Closing.

Conditions to Obligations of the TME Parties . The obligations of the TME Parties to consummate the TME Shares Issuance and the Spotify Shares Issuance shall be subject to the satisfaction or, to the extent permitted by applicable Law, waiver by TME, at or prior to the Closing, of each of the following additional conditions:

(i) The representations and warranties of Spotify contained in Section 4.01, Section 4.02, Section 4.03(a), Section 4.03(f), Section 4.03(g), Section 4.03(h), Section 4.05(c) and Section 4.18 shall be true and correct in all respects as of the date of this Agreement and as of the Closing Date (except for such representations and warranties set forth therein that expressly speak as of a specified date, in which case such representations and warranties shall be true and correct in all respects as of such specified date), and (ii) the other representations and warranties of Spotify contained in Article IV (A) that are qualified by materiality, Spotify Material Adverse Effect or similar materiality qualification contained therein shall be true and correct in all respects, and (B) that are not qualified by materiality, Spotify Material Adverse Effect or similar materiality qualification contained therein, shall be true and correct in all material respects, in each case of clauses (A) and (B), as of the date of this Agreement and as of the Closing Date (except for such representations and warranties set forth therein that expressly speak as of a specified date, in which case such representations and warranties shall be, in the case of clause (A), true and correct in all respects and, in the case of clause (B), true and correct in all material respects, in each case as of such specified date). TME shall have received a certificate, dated as of the Closing Date, signed by an authorized representative of Spotify to the foregoing effect.

(ii) The Spotify Parties shall have performed and complied in all material respects with all agreements, covenants and obligations contained in this Agreement that are required to be performed or complied with by them at or prior to the Closing. TME shall have received a certificate, dated as of the Closing Date, signed by an authorized representative of Spotify to the foregoing effect.

Conditions to Obligations of the Spotify Parties . The obligations of the Spotify Parties to consummate the TME Shares Issuance and the Spotify Shares Issuance shall be subject to the satisfaction or, to the extent permitted by applicable Law, waiver by Spotify, at or prior to the Closing, of each of the following additional conditions:

(i) The representations and warranties of TME contained in Section 3.01, Section 3.02, Section 3.03(a), Section 3.03(f), Section 3.03(g), Section 3.03(h), Section 3.06(e) and Section 3.19 shall be true and correct in all respects as of the date of this Agreement and as of the Closing Date (except for such representations and warranties set forth therein that expressly speak as of a specified date, in which case such representations and warranties shall be true and correct in all respects as of such specified date), and (ii) the other representations and warranties of TME contained in Article III (A) that are qualified by materiality, TME Material Adverse Effect or similar materiality qualification contained therein shall be true and correct in all respects, and (B) that are not qualified by materiality, TME Material Adverse Effect or similar materiality qualification contained therein shall be true and correct in all material respects, in each case of clauses (A) and (B), as of the date of this Agreement and as of the Closing Date (except for such representations and warranties set forth therein that expressly speak as of a specified date, in which case such representations and warranties shall be, in the case of clause (A), true and correct in all respects and, in the case of clause (B), true and correct in all material respects, in each case as of such specified date). Spotify shall have received a certificate, dated as of the Closing Date, signed by an authorized representative of TME to the foregoing effect.

(ii) The TME Parties shall have performed and complied in all material respects with all agreements, covenants and obligations contained in this Agreement that are required to be performed or complied with by them at or prior to the Closing. Spotify shall have received a certificate, dated as of the Closing Date, signed by an authorized representative of TME to the foregoing effect.

Relevant Definitions:

This SUBSCRIPTION AGREEMENT (this “Agreement”) is made as of November [●], 2017, by and among Tencent Music Entertainment Group, an exempted company with limited liability incorporated under the laws of the Cayman Islands (“TME”), Tencent Music Entertainment Hong Kong Limited, a company incorporated under the laws of Hong Kong and a wholly-owned Subsidiary of TME (“TME Hong Kong” and, together with TME, the “TME Parties”), Spotify Technology S.A., a public limited company (société anonyme) incorporated under the laws of Luxembourg, having its registered office at 42-44 avenue de la Gare, L-1610 Luxembourg, and registered with the Luxembourg Trade and Companies Register under number B 123 052 (“Spotify”),

and Spotify AB, a corporation incorporated under the laws of Sweden and a wholly-owned Subsidiary of Spotify (“Spotify AB” and, together with Spotify, the “Spotify Parties”). Each of the TME Parties and the Spotify Parties is sometimes referred to herein, individually, as a “Party” and, collectively with the other Parties, as the “Parties.”

“Required Shareholder Approval” shall mean (i) the approval (by vote or written consent) of this Agreement and the transactions contemplated hereby by the holders of at least sixty-six and seven-tenths percent (66.7%) of the issued and outstanding TME Shares and (ii) the adoption of the Restated Articles by special resolution in accordance with the Governing Documents of TME.

“Required Shareholders” shall mean the holders of at least seventy-five percent (75%) of the issued and outstanding TME Shares (which holders must include Min River Investment Limited).

“Restated Articles” shall mean the Third Amended and Restated Memorandum and Articles of Association of TME, substantially in the form attached hereto as Exhibit C, to be adopted by the shareholders of TME on or prior to the Closing Date (it being understood and agreed that the Restated Articles adopted by the shareholders of TME can be different from the form of Exhibit C attached hereto so long as such changes do not adversely affect the rights and obligations of any Spotify Party relative to the Restated Articles in the form of Exhibit C attached hereto or under the Other Transaction Agreements).

“Securities Act” shall mean the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Shareholders Agreement” shall mean the Second Amended and Restated Shareholders Agreement, substantially in the form attached hereto as Exhibit D, to be entered into by TME and the other parties thereto on or prior to the Closing Date (it being understood and agreed that the Shareholders Agreement entered into by TME and the other parties can be different from the form of Exhibit D attached hereto so long as such changes do not adversely affect the rights and obligations of any Spotify Party relative to the Shareholders Agreement in the form of Exhibit D attached hereto or under the Other Transaction Agreements).

The issuance by TME, and the subscription by Spotify AB, of the Acquired TME Shares pursuant to this Section 2.01 shall be referred to herein as the “TME Shares Issuance.”

The issuance by Spotify, and the subscription by TME Hong Kong, of the Acquired Spotify Shares pursuant to this Section 2.02 shall be referred to herein as the “Spotify Shares Issuance.”

EXCHANGE AGREEMENT

This Exchange Agreement (this “Agreement”) is made and entered into as of December 27th, 2017 by and among Spotify Technology S.A., a limited liability company (*société anonyme*) incorporated under the laws of Luxembourg (the “Company”), and the entities listed on the schedules “A” attached to this Agreement (collectively, “Schedule A”; the Schedule A pertaining to each individual Noteholder is referred to herein as the “applicable Schedule A”) (the “Noteholders”). The Company and the Noteholders are sometimes collectively referred to in this Agreement as the “Parties” and individually as a “Party.”

WHEREAS, each Noteholder currently is the record and beneficial owner of Convertible Senior Notes due April 1, 2021 issued by the Company pursuant to that certain Note Purchase Agreement, dated March 26, 2016, and identified on such Noteholder’s applicable Schedule A (the “Notes”);

WHEREAS, each Noteholder wishes to exchange all of such Noteholder’s Notes (the “Exchanged Notes”) for the number of ordinary shares of the Company’s common stock, par value €0.025 per ordinary share (the “Common Stock”), set forth on such Noteholder’s applicable Schedule A (the aggregate amount of such Common Stock of such Noteholder being referred to in this Agreement as the “Exchange Shares”); and

WHEREAS, the Company wishes to issue the Exchange Shares to the Noteholders in exchange for the Exchanged Notes upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, agreements and understandings herein contained, the Parties agree as follows:

SECTION 1. Exchanges of Notes.

1.1 The Exchanges. On and subject to the terms and conditions set forth in this Agreement, on the Closing Date (as defined below), each Noteholder will deliver all of such Noteholder’s Notes as referred to on such Noteholder’s applicable Schedule A to the Company and the Company will immediately cancel such Exchanged Notes and, in exchange and as full consideration for such Exchanged Notes, issue to such Noteholder the Exchange Shares as referenced on such Noteholder’s applicable Schedule A (the “Transactions”).

1.2 Closing. The closing of the transactions contemplated by this Agreement (the “Closing”) will take place on December 29, 2017 New York time, or such other date, if any, as is mutually agreed to by the Parties (the “Closing Date”) at the offices of Latham & Watkins LLP, 885 Third Avenue, New York, New York 10022. On the Closing Date:

- (a) each Noteholder will deliver to the Company such Noteholder’s cancelled Notes;
- (b) upon delivery of such Notes, the Company will deliver to such Noteholder the applicable Exchange Shares via book-entry; and

(c) if, and only if, the box next to “New Shareholder Agreement” is checked on such Noteholder’s applicable Schedule A, such Noteholder and the Company will each execute a shareholder agreement, dated the Closing Date, in the form attached as Exhibit A hereto (the “Shareholder Agreement”).

SECTION 2. Representations and Warranties of the Company. The Company represents and warrants to each Noteholder that the following statements are true and correct:

2.1 Organization; Requisite Authority. The Company is a corporation duly organized and validly existing under the laws of Luxembourg. The Company possesses all requisite power and authority necessary to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the Transactions.

2.2 Authorization. The execution, delivery and performance of this Agreement and the consummation of the Transactions have been duly authorized by all necessary company action on the part of the Company, and no other company action on the part of the Company is required to authorize its execution, delivery and performance hereof, or its consummation of the Transactions. This Agreement has been duly executed and delivered by the Company and, assuming that this Agreement is a valid and binding obligation of each of the other Parties hereto, constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except to the extent enforcement may be subject to (i) applicable bankruptcy (*faillite*), insolvency (*liquidation volontaire ou judiciaire*), fraudulent conveyance, reorganization, moratorium (*sursis de paiement*) and other similar Laws affecting enforcement of creditors’ rights generally and (ii) equitable limitations on the availability of specific remedies (whether considered in a proceeding in equity or at Law).

2.3 No Violation, Consents and Approvals. (a) The execution and delivery of this Agreement by the Company does not, and the performance of this Agreement by the Company and the consummation of the Transactions will not, (i) conflict with or violate the organizational documents of the Company, (ii) conflict with or violate any laws applicable to the Company or by or to which any of its properties or assets are bound or subject, or (iii) result in any breach of, constitute a default (or an event that with notice or lapse of time or both would constitute a material default) under, or give to others any right of termination, amendment, acceleration or cancellation of, or require payment under, or result in the creation of a Lien on any of the material properties or assets of the Company under, any material bond, note, mortgage, deed of trust, lease, commitment, obligation, understanding, arrangement, indenture, other evidence of indebtedness, guarantee, license, agreement or other contract or instrument (“Contract”) to which the Company is a party or by or to which the Company or any of its properties or assets are bound or subject, in each case that would, individually or in the aggregate, reasonably be expected to materially impair the Company’s ability to perform its obligations hereunder or to consummate the Transactions.

(b) Assuming the representations and warranties of each Noteholder set forth in Section 3.2 and Section 3.3 are true and correct, the execution and delivery of this Agreement by the Company does not, and the performance by the Company of this Agreement and the consummation of the Transactions will not, require the Company to make any filing with, obtain any permit, authorization, consent or approval of, or given any notice to

(“Consents”), any court, tribunal, legislative, executive or regulatory authority or agency (a “Governmental Authority”), or any third party except for (i) such consents, approvals or notices which would not, individually or in the aggregate, reasonably be expected to materially impair the Company’s ability to perform its obligations hereunder or to consummate the Transactions and (ii) such consents, approvals or notices which have been or will be obtained prior to the Closing Date.

2.4 Validity of Shares. When issued and delivered in accordance with this Agreement, the Exchange Shares to be delivered under this Agreement (i) will have been duly authorized by all necessary corporate action of the Company and will be validly issued, fully paid and nonassessable, (ii) assuming the accuracy of the representations and warranties of each Noteholder in Section 3 below, be freely tradeable and not subject to any transfer restrictions, and (iii) and upon the occurrence of the Closing hereunder, each Noteholder shall acquire sole beneficial ownership of the applicable Exchange Shares as set forth on such Noteholder’s applicable Schedule A, free and clear of all Liens. The Exchange Shares are being exchanged for the Exchanged Notes pursuant to, and in compliance with, Section 4(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”).

2.5 Broker’s Fees. The Company has not entered into any agreement or arrangement entitling any agent, broker, investment banker, financial advisor or other firm or Person to any brokers’ or finders’ fee or any other commission or similar fee in connection with any of the Transactions.

SECTION 3. Representations and Warranties of each Noteholder. Each Noteholder, severally and not jointly, represents and warrants to the Company that the following statements are true and correct:

3.1 Organization. Such Noteholder is an entity duly formed, validly existing and in good standing under the laws of jurisdiction of organization, and has all requisite power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the Transactions.

3.2 Authorization.

(a) The execution, delivery and performance of this Agreement and, if applicable, the Shareholder Agreement, and the consummation of the Transactions, have been duly authorized by all necessary corporate action on the part of such Noteholder, and no other limited partnership action on the part of such Noteholder is required to authorize its execution, delivery and performance hereof, and the consummation of the Transactions. This Agreement has been, and, if applicable, the Shareholder Agreement will be, duly executed and delivered by such Noteholder and, assuming that this Agreement and, if applicable, the Shareholder Agreement are each a valid and binding obligation of each of the other parties hereto, constitutes, or, if applicable, in the case of the Shareholder Agreement, will constitute, the legal, valid and binding obligation of such Noteholder, enforceable against such Noteholder in accordance with its terms, except to the extent enforcement may be subject to (a) applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar Laws affecting enforcement of creditors’ rights generally and (b) equitable limitations on the availability of specific remedies (whether considered in a proceeding in equity or at Law).

3.3 No Violation, Consents and Approvals. (a) The execution and delivery of this Agreement and, if applicable, the Shareholder Agreement by such Noteholder does not, and the performance of this Agreement and, if applicable, the Shareholder Agreement by such Noteholder and the consummation of the Transactions will not, (i) conflict with or violate the organizational documents of such Noteholder, (ii) conflict with or violate any Laws applicable to such Noteholder or by or to which any of its properties or assets are bound or subject, or (iii) result in any breach of, constitute a default (or an event that with notice or lapse of time or both would constitute a material default) under, or give to others any right of termination, amendment, acceleration or cancellation of, or require payment under, or result in the creation of a Lien on any of the material properties or assets of such Noteholder under, any material Contract to which such Noteholder is a party or by or to which such Noteholder or any of its properties or assets are bound or subject, in each case that would materially impair such Noteholder's ability to perform its obligations hereunder or to consummate the Transactions.

(b) Assuming the representations and warranties of the Company set forth in Section 2.2 and Section 2.3 are true and correct, the execution and delivery of this Agreement and, if applicable, the Shareholder Agreement by such Noteholder does not, and the performance by such Noteholder of this Agreement and, if applicable, the Shareholder Agreement and the consummation of the Transactions will not, require such Noteholder to obtain any Consents from any Governmental Authority or any third party

3.4 Ownership. Such Noteholder is the record and beneficial owner of the aggregate principal amount of the Notes as set forth on such Noteholder's applicable Schedule A, and has good and valid title to such aggregate principal amount of the Notes, free and clear of all Liens. At the Closing, such Noteholder will transfer to the Company good and valid title to the Notes as set forth on such Noteholder's applicable Schedule A, free and clear of all Liens (other than Liens created by or resulting from action of the Company).

3.5 Nature of Investment.

(a) Such Noteholder is an "accredited investor" as defined in Rule 501(a) under the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the "Securities Act"). Such Noteholder, either alone or together with its representatives, have such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the investment in the Exchange Shares and have so evaluated the merits and risks of such investment. Such Noteholder is able to bear the economic risk of an investment in the Exchange Shares and, at the present time, is able to afford a complete loss of such investment.

(b) Such Noteholder is not an "affiliate" of the Company (as such term is defined under Rule 144(a)(1) of the Securities Act) and has not been for the past 90 days.

(c) Such Noteholder is not purchasing the Exchange Shares as a result of any advertisement, article, notice or other communication regarding the Exchange Shares published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or any other general solicitation or general advertisement.

(d) Such Noteholder understands and acknowledges that (i) the Exchange Shares are being offered and sold without registration under the Securities Act in a private placement that is exempt from the registration provisions of the Securities Act, (ii) the availability of such exemption depends in part on, and the Company will rely upon the accuracy and truthfulness of, the foregoing representations and such Noteholder hereby consents to such reliance, and (iii) the Exchange Shares are “restricted securities” for purposes of the Securities Act and rules thereunder and may not be resold without registration under the Securities Act or an exemption therefrom, and the certificates representing such shares will bear a restrictive legend to such effect.

3.6 Broker’s Fees. Neither such Noteholder nor any of its officers or directors or persons serving in a similar capacity has retained or authorized any investment banker, broker, finder or other intermediary to act on behalf of such Noteholder or incurred any liability for any banker’s, broker’s or finder’s fees or commissions in connection with the Transactions.

SECTION 4. Conditions Precedent to the Company’s Obligations. The obligation of the Company to consummate the Transactions is subject to the satisfaction at or prior to the Closing of the following conditions (unless waived by the Company):

4.1 Representations and Warranties. The representations and warranties of each Noteholder contained in Section 3 that are qualified as to materiality shall be true and correct in all respects, and such representations and warranties that are not so qualified shall be true and correct in all material respects, in each case, as of the date when made and at and as of the Closing Date, as though such representations and warranties were made at and as of such date.

4.2 Performance. Each Noteholder shall have performed and complied with, in all material respects, all covenants and agreements required by this Agreement to be performed or complied with by such Noteholder on or prior to the Closing Date.

4.3 Tax Information. Each Noteholder will provide the Company two duly completed Internal Revenue Service Form W-9 or appropriate Internal Revenue Service Form W-8, as applicable, together with any required attachments.

4.4 Shareholder Agreement. If applicable, the Shareholder Agreement shall have been duly executed and delivered by a duly authorized signatory on behalf of such Noteholder.

4.5 Officer’s Certificate. Each Noteholder shall have furnished or caused to be furnished to the Company at the Closing Date a certificate of a duly authorized representative of such Noteholder reasonably satisfactory to the Company as to the matters set forth in Sections 4.1 and 4.2.

SECTION 5. Conditions Precedent to each Noteholder's Obligations. The obligation of each Noteholder to consummate the Transactions is subject to the satisfaction at or prior to the Closing of the following conditions (unless waived by such Noteholder):

5.1 Representations and Warranties. The representations and warranties of the Company contained in Section 2 that are qualified as to materiality shall be true and correct in all respects, and such representations and warranties that are not so qualified shall be true and correct in all material respects, in each case, as of the date when made and at and as of the Closing Date, as though such representations and warranties were made at and as of such date.

5.2 Performance. The Company shall have performed and complied with, in all material respects, all covenants and agreements required by this Agreement to be performed or complied with by the Company on or prior to the Closing Date.

5.3 Officer's Certificate. The Company shall have furnished or caused to be furnished to each Noteholder at the Closing Date a certificate of a duly authorized representative of the Company reasonably satisfactory to such Noteholder as to the matters set forth in Sections 5.1 and 5.2.

SECTION 6. Termination.

6.1 Termination. As to each Noteholder, this Agreement may be terminated and the Transactions may be abandoned at any time prior to the Closing by mutual written agreement of the Company and such Noteholder.

6.2 Effect of Termination. In the event of the termination of this Agreement in accordance with Section 6.1 hereof, this Agreement shall thereafter become void and have no effect and the Transactions shall be abandoned, and no Party hereto shall have any liability to the other Party hereto or their respective affiliates, directors, officers or employees, except for the obligations of the Parties hereto contained in this Section 6.2 and the provisions of Section 7.6, 7.12, 7.13, 7.14, 7.15 and 7.16 and except that nothing herein will limit or restrict the rights or remedies of any Party hereto against the other Parties for any willful and material breach of this Agreement arising prior to termination.

SECTION 7. Miscellaneous.

7.1 Shareholder Register. Following the Closing, the Company covenants and agrees to deliver to each Noteholder, upon written request, an excerpt from the shareholders' register of the Company evidencing the registration of such Noteholder's ownership of the Exchange Shares, duly certified by the Company.

7.2 Reasonable Best Efforts. Upon the terms and subject to the conditions of this Agreement, each of the Parties agree to use reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable Laws to consummate and make effective the Transactions as promptly as practicable.

7.3 Further Assurances. In case at any time after the Closing any further action is necessary to carry out the purposes of this Agreement or the Transactions, each of the

Parties agree to use reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable Laws to consummate and make effective the Transactions as promptly as practicable.

7.4 Severability. If any provision of this Agreement shall be held invalid, illegal or unenforceable, the validity, legality or enforceability of the other provisions hereof shall not be affected thereby, and there shall be deemed substituted for the provision at issue a valid, legal and enforceable provision as similar as possible to the provision at issue.

7.5 Counterparts. This Agreement may be executed in one or more counterparts (including by means of e-mail), each of which shall be deemed an original, and all of which shall constitute one and the same agreement.

7.6 Descriptive Headings; Interpretation.

(a) The heading references herein and in the table of contents hereto are for convenience purposes only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

(b) Any capitalized terms used in Schedule A attached hereto and not otherwise defined therein shall have the meanings set forth in this Agreement and if not defined in this Agreement, the Notes.

(c) The term “dollars” and character “\$” shall mean United States dollars.

(d) The words “hereof”, “herein”, “hereto” and “hereunder” and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(e) The word “including” shall mean including, without limitation, and the words “include” and “includes” shall have corresponding meanings.

(f) “Laws” means any federal, state, local, foreign or transnational law, statute, ordinance, rule, regulation, order, judgment or decree, administrative order or decree, administrative or judicial decision, and any other executive or legislative proclamation.

(g) “Liens” means all liens, charges, security interests, options, claims, mortgages, pledges, proxies, voting trusts or other adverse interests or restrictions on title or transfer, other than, in the case of the Shares, (i) any of the foregoing arising out of the articles of association of the Company and (ii) any restrictions on transfer arising out of applicable securities Laws.

(h) “Person” shall mean a natural person, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity or organization.

(i) The terms defined in the singular shall have a comparable meaning when used in the plural, and vice versa.

(j) The Parties intend that each representation, warranty and covenant contained herein shall have independent significance. If any Party has breached any representation, warranty or covenant contained herein in any respect, the fact that there exists another representation, warranty or covenant relating to the same subject matter (regardless of the relative levels of specificity) the Party has not breached shall not detract from or mitigate the fact that the Party is in breach of the first representation, warranty or covenant.

7.7 Entire Agreement. This Agreement (including the Schedules and Exhibit hereto) contains the entire agreement among the Parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, with respect to such matters.

7.8 Parties in Interest. This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to confer upon any Person other than the Company and the Noteholders, or their respective successors or permitted assigns, any rights or remedies under or by reason of this Agreement.

7.9 Extension; Amendment; Waiver. At any time prior to the Closing Date, the Parties (in the case of the Noteholders, acting jointly) may extend the time for performance of any of the obligations or other acts of the other Parties. Neither this Agreement nor any provision hereof may be amended or waived other than by a written instrument (including a writing evidenced by e-mail) signed, in the case of an amendment, by all of the Parties hereto, or in the case of a waiver, by the Party against whom the waiver is to be effective. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

7.10 Time of Essence. Each of the Parties hereto hereby agrees that, with regard to all dates and time periods set forth in this Agreement, time is of the essence.

7.11 Assignment. No Party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of the other Parties hereto.

7.12 Expenses. Whether or not the Transactions are consummated, all costs and expenses incurred in connection with this Agreement and the Transactions shall be borne by the Party incurring such expenses.

7.13 Governing Law. This Agreement shall be governed by the Laws of the State of New York.

7.14 WAIVER OF JURY TRIAL. EACH OF THE PARTIES HEREBY WAVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS. EACH PARTY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD

NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 7.14.

7.15 Consent to Jurisdiction. The Parties hereby submit to the exclusive jurisdiction of the state and federal courts sitting in the Borough of Manhattan in New York City for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. In the event that any provision of this Agreement is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of this Agreement.

7.16 Notices. All notices, demands or other communications hereunder shall be deemed to have been duly given and made if in writing and if served by personal delivery upon the Party for whom it is intended, if delivered by registered or certified mail, return receipt requested, or by a national courier service, or if sent by facsimile (with receipt of confirmation of delivery) or delivered via e-mail, to the person at the address set forth below, or such other address as may be designated in writing hereafter, in the same manner, by such person:

Spotify Technology S.A.
42-44 Avenue de la Gare
L-1610 Luxembourg
Attention: General Counsel
Email:

With a copy to (which shall not constitute notice):

Spotify AB
Birger Jarlsgatan 61, 4TR, 113 56
Stockholm, Sweden
Attention: General Counsel

and

Latham & Watkins LLP
885 Third Avenue
New York, New York 10022
Attn: Greg Rodgers
Fax: (212) 751-4864
Email:

The Noteholders:

To the address or addresses set forth
on such Noteholder's applicable Schedule A

Any such notification shall be deemed delivered (i) upon receipt, if delivered personally, (ii) on the next business day, if sent by national courier service for next business day delivery or (iii) the business day on which confirmation of delivery is received, if sent by facsimile or via e-mail.

7.17 No Construction Against Draftsperson. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement.

7.18 Releases. Each Noteholder releases and discharges the Company and its affiliates, and each of their respective directors, officers, employees, agents and controlling persons, from any and all claims such Noteholder may have, now or in the future, arising out of or related to the Exchanged Notes exchanged pursuant to this Agreement.

7.19 Purchase Agreement. Each Noteholder agrees not to agree to any waiver or amendment to the Purchase Agreement without the prior written consent of the Company.

7.20 Specific Performance. The Parties recognize, acknowledge and agree that the breach or violation of this Agreement by a Party would cause irreparable damage to the other Party or Parties and that none of the Parties has an adequate remedy at Law. Each Party shall therefore be entitled, in addition to any other remedies that may be available, to obtain specific performance of the terms of this Agreement, and appropriate injunctive relief may be applied for and granted in connection therewith. A Party seeking an order or injunction to prevent breaches of this Agreement or to enforce specifically the terms and provisions hereof shall not be required to provide, furnish or post any bond or other security in connection with or as a condition to obtaining any such order or injunction, and each Party hereby irrevocably waives any right it may have to require the provision, furnishing or posting of any such bond or other security. If any action is brought by any Party to enforce this Agreement, the other Parties shall waive the defense that there is an adequate remedy at Law.

7.21 Confidentiality. The Parties agree that the terms of this Agreement may not be disclosed or referred to publicly or to any third party, except (i) in accordance with the prior written consent of the other Parties (which shall not be unreasonably withheld or delayed); (ii) as such disclosure may be required law, court order, order of any administrative agency or regulation; (iii) to such Party's outside law firms, accounting firms and other agents; and (iv) in communications with other holders of the Notes.

(Signatures on next page)

IN WITNESS WHEREOF, the Parties hereto have executed this Exchange Agreement as of the date first written above.

SPOTIFY TECHNOLOGY S.A.

/s/ Peter Grandelius
Name: Peter Grandelius
Title: Associate General Counsel

IN WITNESS WHEREOF, the Parties hereto have executed this Exchange Agreement as of the date first written above.

SPOTIFY TECHNOLOGY S.A.

Name:

Title:

NOTEHOLDERS:

**HADLEY HARBOR MASTER INVESTORS (CAYMAN)
L.P.**

By: Wellington Management Company LLP, as investment
adviser

By: /s/ John Bruno

Name: John Bruno

Title: Senior Managing Director and Counsel

IN WITNESS WHEREOF, the Parties hereto have executed this Exchange Agreement as of the date first written above.

SPOTIFY TECHNOLOGY S.A.

Name:

Title:

NOTEHOLDERS:

NAYA MASTER FUND LP

BY NAYA CAPITAL MANAGEMENT UK LIMITED

By: /s/ IAN WYLIE

Name: IAN WYLIE

Title: CHIEF OPERATING OFFICER

By: /s/ HARTEJ JAGDEV

Name: HARTEJ JAGDEV

Title: HEAD OF OPERATIONS

NAYA 1740 FUND LTD

BY NAYA CAPITAL MANAGEMENT UK LIMITED

By: /s/ IAN WYLIE

Name: IAN WYLIE

Title: CHIEF OPERATING OFFICER

By: /s/ HARTEJ JAGDEV

Name: HARTEJ JAGDEV

Title: HEAD OF OPERATIONS

QUANTUM PARTNERS LP
BY NAYA CAPITAL MANAGEMENT UK LIMITED

By: /s/ IAN WYLIE
Name: IAN WYLIE
Title: CHIEF OPERATING OFFICER

By: /s/ HARTEJ JAGDEV
Name: HARTEJ JAGDEV
Title: HEAD OF OPERATIONS

IN WITNESS WHEREOF, the Parties hereto have executed this Exchange Agreement as of the date first written above.

SPOTIFY TECHNOLOGY S.A.

Name:

Title:

NOTEHOLDERS:

AMF PENSIONS FÖRSÄKRING AB

By: /s/ Anders Oscarsson

Name: Anders Oscarsson

Title: Head of Equities

SCHEDULE A

Noteholder:

Jurisdiction of Organization:

(1) Original Principal Amount of Notes Held:

(2) Accrued Interest on the Notes to the most recent PIK Interest Payment Due Date (October 1, 2017):

(3) Outstanding Principal Balance of Notes Held:

(4) Accrued Interest on and after the most recent PIK Interest Payment Due Date (October 1, 2017) up to and excluding the Closing Date:

(5) Note Obligations Amount Held:

(6) Number of Exchange Shares to be Issued:

Address of Noteholder for Notices:

Exhibit A

Shareholder Agreement

SHAREHOLDER AGREEMENT

Subject to any adherence pursuant to Section 2.3, this shareholder agreement (this “**Agreement**”) is dated _____ and made between:

SPOTIFY TECHNOLOGY S.A., a *société anonyme* incorporated under the laws of Luxembourg, with registered office at 42-44 Avenue De La Gare, L-1610 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B 123 052 (the “**Company**”); and

THE HOLDER, whose name, Registration No., physical address and email address are set out at the end of this Agreement (the “**Holder**”).

The Company and the Holder are jointly referred to in this Agreement as the “**Parties**,” each a “**Party**.”

BACKGROUND

- A. The Holder has acquired or will acquire Shares in the Company.
- B. In this Agreement, the Parties wish to set forth certain of the Holder’s rights and obligations as a holder of Shares in the Company.

1. DEFINITIONS

“**Fair Market Value**” means the fair market value of one or several (as the case may be) Shares as agreed or determined pursuant to Section 3.

“**Listing**” means the listing of shares of the Company on an internationally recognized stock exchange or similar market place of recognized national standing (excluding, for the avoidance of doubt, private secondary markets or similar).

“**Majority Shareholders**” means the shareholders of the Company who from time to time are parties to such shareholders’ agreement which, vis-a-vis other single shareholders’ agreements relating to Shares, covers the largest number of Shares (or, if several shareholders’ agreements cover the same number of Shares, the parties to all such agreements).

“**Material Breach**” means (i) a material breach of any of the Holder’s obligations under Sections 2.1, 2.2, and 7.1, and (ii) a breach of any other obligation under this Agreement if such breach is reasonably likely to have a material adverse effect on the Company and/or a Majority Shareholder.

“**Shares**” means shares in the Company.

2. TRANSFER OF SECURITIES, ETC.

2.1 Drag-along right

- 2.1.1 In the event of a bona fide firm offer from an unaffiliated third party which, if consummated, would result in such third party owning at least fifty (50) per cent of all Shares then outstanding (regardless of the form of transaction proposed in such offer), and

provided that the Majority Shareholders accept such offer (or the Company certifies that the Majority Shareholders are required to accept the offer pursuant to an agreement among the Majority Shareholders) (a “ **Trade Sale** ”), the Holder hereby irrevocably agrees, on written request by the Company, to:

- (a) transfer the same pro rata share of its Shares, on a fully diluted basis, as the transferring Majority Shareholders on substantially the same terms and conditions;
- (b) if a shareholder approval is required, vote (in person, by proxy or by action by written consent, as applicable) all his/her/its Shares in favour of, and adopt, such Trade Sale or any measures required for its execution and consummation;
- (c) execute and deliver all related documentation and take such other action in support of the Trade Sale as shall reasonably be requested by the Company and/or any Majority Shareholder;
- (d) refrain from exercising any dissenters’ rights, rights of appraisal or similar rights under applicable law at any time with respect to such Trade Sale; and
- (e) in the event that the sellers, in connection with such Trade Sale, appoint a shareholder representative with respect to matters affecting the shareholders under the applicable definitive transaction agreements pending and following consummation of such Trade Sale, consent to:
 - (i) the appointment of such shareholder representative, (ii) the establishment of any applicable escrow, expense or similar account in connection with any indemnification, purchase price adjustment or similar obligations, and (iii) the payment of such shareholder’s pro rata portion (from the applicable escrow or expense account or otherwise) of any and all reasonable fees and expenses to such shareholder representative in connection with its services and duties in connection with such Trade Sale.

2.1.2 Notwithstanding the foregoing, Holder shall not be required to comply with Section 2.1.1 in connection with any proposed Trade Sale unless:

- (a) except as provided for in paragraph (b) below, the Holder shall not be liable for the inaccuracy of any representation or warranty made by any other person or entity in connection with such Trade Sale, other than the Company;
- (b) the liability for indemnification, if any, of the Holder in such Trade Sale and for the inaccuracy of any representations and warranties made by the Company or its stockholders in connection with such Trade Sale, is several and not joint with any other person or entity (except to the extent that funds may be deposited in and paid out of an escrow established to cover breach of representations and warranties), and is pro rata in proportion to, and does not exceed, the amount of consideration paid to the Holder in connection with such Trade Sale; and
- (c) liability shall be limited to the Holder’s applicable share of a negotiated aggregate indemnification amount that applies equally to all stockholders of the Company participating in such Trade Sale but that in no event exceeds the amount of consideration otherwise payable to the Holder in connection with such Trade Sale, except with respect to claims related to fraud or wilful misconduct by the Holder, the liability for which need not be limited as to the Holder;

provided that Holder agrees to be responsible for any additional reasonable costs incurred by the Company or a Majority Shareholder directly related to ensuring that such Trade Sale complies with the conditions set forth in this Section 2.1.2.

2.2 Tag-along right

In the event of a Trade Sale, the Company shall use its reasonable best efforts to ensure that the Holder is given the opportunity to transfer the same pro rata share of its Shares, on a fully diluted basis, and on substantially the same terms and conditions as the transferring Majority Shareholders.

2.3 Adherence by an acquirer of Shares

The Holder will not transfer any Shares without causing the transferee to enter into an adherence to this Agreement, which shall be made pursuant to this Section 2 and in substantially the form set out in Schedule 1 (*Form of Adherence Notice*), of which form section 1 shall be used by an acquirer being a private individual and section 2 shall be used by an acquirer being a legal entity.

3. FAIR MARKET VALUE

- 3.1 The Company shall, on its own initiative or when so required under this Agreement make, a first written proposal of, and seek to agree with the Holder (or his/her estate, heirs, beneficiaries or spouse (whether former or not), as the case may be) as to, the Fair Market Value of a Share. If no such agreement has been reached within thirty (30) calendar days from the first written proposal, the Holder (or his/her estate, heirs, beneficiaries or spouse (whether former or not), as the case may be) may within the following ten (10) calendar days request in writing that the Fair Market Value be determined by a reputable third party valuation firm of good standing appointed by the Company (a “**Valuer**”), in its sole discretion. The Fair Market Value shall be deemed finally determined as set out in the Company’s last written proposal for Fair Market Value if no written request is made by the Holder (or his/her estate, heirs, beneficiaries or spouse (whether former or not), as the case may be) in accordance with the foregoing.
- 3.2 If the Holder (or his/her estate, heirs, beneficiaries or spouse (whether former or not), as the case may be) has reasonably requested that the Fair Market Value shall be determined by a Valuer, the following shall apply:
- (a) If a Valuer has issued a Company valuation within three (3) months prior to the receipt of the Notice (an “**Existing Valuation**”), such Existing Valuation shall be used to determine the Fair Market Value. Otherwise, the Company shall use reasonable efforts to procure that a Valuer is appointed within thirty (30) calendar days after the valuation request and that such Valuer delivers its valuation (a “**New Valuation**”) within thirty (30) calendar days from being appointed.
 - (b) The result of the Existing Valuation or the New Valuation, as applicable, shall be furnished to the Holder (or his/her estate, heirs, beneficiaries or spouse (whether former or not), as the case may be) reasonably promptly once available. The Fair Market Value shall be deemed finally determined when the Holder (or his/her estate, heirs, beneficiaries or spouse (whether former or not), as the case may be) receives such result and shall be final and binding on the parties in the contemplated transfer in absence of manifest and material error or deviation from generally accepted market practice for such valuations in Sweden.

- (c) Any costs for a New Valuation shall be borne by the Company.

4. LIQUIDATED DAMAGES IN CASE OF A MATERIAL BREACH ETC.

- 4.1 If the Holder commits a Material Breach of any of its obligations under this Agreement, or any agreement (including applicable terms and conditions and any other part of the agreement) governing his/her/its participation in the Company's incentive programmes, and the Material Breach has not been rectified within fifteen (15) calendar days from the date when he/she/it received a written demand for rectification:
- (a) the Holder shall upon written request by the Company pay to it liquidated damages in an aggregated amount corresponding to twenty-five (25) per cent of the aggregate Fair Market Value of all Shares held by him/her/it immediately prior to the breach,
and
- (b) the Company shall be entitled to acquire the Holder's Shares (or designate an Appointee to acquire the Holder's Shares), in which case the purchase price for the Shares shall be the lower of:
- (i) the purchase price paid by the Holder upon acquiring Shares; and
- (ii) the Fair Market Value;
- provided that the purchase price payable by the Company pursuant to this paragraph (b) shall first be set off against any claim by the Company against the Holder under paragraph (a) and/or other claims as described in Section 4.2.
- 4.2 The payment by the Holder of any liquidated damages or the Company's exercise of its right to acquire the Holder's Shares shall not affect the Company's right to pursue other remedies that it may have against the Holder as a result of a breach, including claiming additional damages in excess of liquidated damages.

5. CONFIDENTIALITY

- 5.1 During the term of this Agreement, and for a period of five (5) years thereafter, the Holder may not, without the prior written approval from the Company, publish or otherwise disclose to any third party any information of a confidential nature concerning the Company, or the Spotify group, its business or its shareholders that (i) he/she has received as a result of entering into this Agreement (including the existence and contents of this Agreement) or otherwise being a shareholder of the Company, or (ii) is otherwise of a confidential nature (the "**Confidential Information**").
- 5.2 This confidentiality undertaking shall not apply if:
- (a) the Confidential Information already is in the public domain other than by breach of a confidentiality undertaking;
- (b) a disclosure is required under any applicable law, relevant stock exchange regulations or order of court, other tribunal or competition authority;
or
- (c) the Confidential Information is disclosed to the Holder's (i) professional advisors who make no other use of the information than for advising him/her/it with respect to its investment in the Shares, and (ii) if necessary for tax planning purposes,

his/her spouse; provided that the Holder causes such recipient of information to observe the confidentiality undertakings herein and agrees to be responsible for any breach or threatened breach of such obligations by any such recipient.

- 5.3 If the Holder becomes required, in circumstances contemplated in Section 5.2(b) to disclose any information, he/she (i) shall inform such third party that such information is confidential and direct such third party to maintain the confidentiality of such information, (ii) shall use his/her reasonable best efforts to consult with the Company prior to any such disclosure and (iii) shall take reasonable steps to minimize the extent of any such required disclosure.

6. MISCELLANEOUS

- 6.1 This Agreement becomes effective when duly signed by the Parties and is thereafter valid until the earlier of (i) the effectiveness of a registration statement under the United States Securities Act of 1933 or Securities Exchange Act of 1934 (the “**Exchange Act**”) that results in the Company becoming subject to Section 12(b) of the Exchange Act or (ii) the first day of trading in connection with a Listing or, if earlier, the tenth (10th) anniversary hereof ((i) and (ii) being a “**Listing Termination**”). Other than following a Listing Termination, this Agreement will be automatically prolonged for one year at a time unless one of the Parties has given the other Party written notice of termination at least one year before the expiration of its term. The foregoing notwithstanding, Sections 4, 5, 6 and 8 shall remain valid and binding on the Parties at all times.
- 6.2 The Act on Trading Companies and Partnerships (Sw. *lagen om handelsbolag och enkla bolag*) shall not apply to this Agreement.
- 6.3 The illegality, invalidity or unenforceability of any provision of this Agreement under the law of any jurisdiction shall not affect its legality, validity or enforceability of any other provision hereof, and any illegal, invalid or unenforceable provision shall at the request of either Party be replaced by other provisions in accordance with the purpose and meaning of this Agreement.
- 6.4 All notices, requests, demands and other communications under this Agreement shall be in the English language and in writing and addressed as set out in this Agreement or to such other address as the Party in question has communicated to the other Party with five (5) business days’ notice. Each notice by the Holder to the Company shall be made, if by post, with attention to General Counsel or, if by e-mail, to . Should any Party change any of its contact details, such Party shall promptly give written notice to that effect to the other Party. Any notice or other communication required or permitted under this Agreement shall be deemed to have been received by a Party (i) if delivered by post, unless actually received earlier, on the fifth (5th) day (excluding Saturdays, Sundays or any day which is a public holiday in the sender’s and/or the recipient’s jurisdiction) after posting, or (ii) if delivered by e-mail, on the day (excluding Saturdays, Sundays or any day which is a public holiday in the sender’s and/or the recipient’s jurisdiction) after the e-mail was sent.

7. CHANGES TO THE PARTIES

- 7.1 The Holder may not transfer or assign any of its rights or obligations under this Agreement without the prior written consent of the Company.
- 7.2 Notwithstanding the foregoing, the Holder may without the consent of the Company transfer or assign this Agreement to an affiliated company or to a Majority Shareholder,

provided that the Company is notified in writing by the Holder of the transferee's name and contact details prior to any such transfer or assignment; provided further that, in any case, no such transfer assignment shall relieve any party of any of its obligations hereunder.

8. GOVERNING LAW AND JURISDICTION

- 8.1 Except as to matters with respect to Luxembourg corporate law, which shall be governed by Luxembourg corporate law, this Agreement shall be governed by the material laws of Sweden without regard to its rules on conflict of laws.
- 8.2 The Parties undertake to use their reasonable efforts to resolve any disagreements or disputes regarding this Agreement between them or any two or more of them through discussions and mutual agreement.
- 8.3 Any dispute, controversy or claim arising out of or in connection with this Agreement, or the breach, termination or invalidity thereof, shall be finally settled by arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce. Unless otherwise agreed between the parties to such arbitration, the Arbitral Tribunal shall be composed of a sole arbitrator, the seat of arbitration shall be Stockholm and the language to be used in the arbitral proceedings shall be English.
- 8.4 The arbitral proceedings and all information and documentation related thereto shall be confidential, unless a disclosure is required under any applicable law, relevant stock exchange regulations or order of court, other tribunal or competition authority or as otherwise agreed between the Parties in writing.

This Agreement has been signed in one (1) original, which the Holder has received, with a copy to the Company.

THE HOLDER

Name: _____

Registration No. _____

Address: _____

E-mail: _____

Signature: _____

Title: _____

Place: _____

Date: _____

This Agreement has been signed in one (1) original, which the Holder has received, with a copy to the Company.

THE COMPANY

SPOTIFY TECHNOLOGY S.A.

By: Peter Grandelius (Associate General Counsel), by power of attorney
Place:
Date:

SCHEDULE 1
FORM OF ADHERENCE NOTICE

1. TO BE COMPLETED BY AN ACQUIRER BEING A PRIVATE INDIVIDUAL

1.1 Background

Reference is made to the shareholder agreement entered into by the Company and _____, on _____ (the “**Agreement**”). All capitalized terms in this notice shall have the same meaning as ascribed to them in the Agreement.

1.2 Details of acquirer

*Name and address
(the “**Holder**”)*

*Holder’s personal
identification number*

Holder’s Citizenship

*Holder’s E-mail /
telephone number*

_____ / _____

1.3 Adherence

By delivery of this adherence notice, Holder agrees to be bound by the terms and conditions of the Agreement in all respects.

Signature:

Name:

Date:

The Company hereby acknowledges receipt of the above adherence notice, agrees to its terms and confirms that the Holder is, as of the date of this confirmation, a Party to the Agreement in accordance with the terms of the notice.

THE COMPANY

SPOTIFY TECHNOLOGY S.A.

By: _____

Place: _____

Date: _____

2. TO BE COMPLETED BY AN ACQUIRER BEING A LEGAL ENTITY

2.1 Background

Reference is made to the shareholder agreement entered into by the Company and _____, on _____ (the “**Agreement**”). All capitalised terms in this notice shall have the same meaning as ascribed to them in the Agreement.

2.2 Details of acquirer

*Registered name and address (the “**Holder**”)* _____

Organization number _____

Type of legal entity _____

Incorporated in _____

Ultimate owner _____ / _____ (a listed company)

Contact person (title) _____ (_____)

E-mail / telephone number _____ / _____

2.3 Adherence

By delivery of this adherence notice, Holder agrees to be bound by the terms and conditions of the Agreement in all respects.

Signature: _____

Name: _____

Date: _____

The Company hereby acknowledges receipt of the above adherence notice, agrees to its terms and confirms that the Holder is, as of the date of this confirmation, a Party to the Agreement in accordance with the terms of the notice.

THE COMPANY

SPOTIFY TECHNOLOGY S.A.

By: _____

Place: _____

Date: _____

EXCHANGE AGREEMENT

This Exchange Agreement (this “Agreement”) is made and entered into as of January 29, 2018 by and among Spotify Technology S.A., a limited liability company (*soci  t   anonyme*) incorporated under the laws of Luxembourg, having its registered office at 42-44, avenue de la Gare, L-1610 Luxembourg and registered with the Luxembourg Trade and Companies’ Register under number B123052 (the “Company”), and the entities listed on the schedules “A” attached to this Agreement (collectively, “Schedule A”; the Schedule A pertaining to each individual Noteholder is referred to herein as the “applicable Schedule A”) (the “Noteholders”). The Company and the Noteholders are sometimes collectively referred to in this Agreement as the “Parties” and individually as a “Party.”

WHEREAS, each Noteholder currently is the record and beneficial owner of Convertible Senior Notes due April 1, 2021 issued by the Company pursuant to that certain Note Purchase Agreement, dated March 26, 2016 (the “Purchase Agreement”), and identified on such Noteholder’s applicable Schedule A (the “Notes”);

WHEREAS, each Noteholder wishes to exchange all of such Noteholder’s Notes (the “Exchanged Notes”) for the number of ordinary shares of the Company’s common stock, par value  0.025 per ordinary share (the “Common Stock”), set forth on such Noteholder’s applicable Schedule A (the aggregate amount of such Common Stock of such Noteholder being referred to in this Agreement as the “Exchange Shares”); and

WHEREAS, the Company wishes to issue the Exchange Shares to the Noteholders in exchange for the Exchanged Notes upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, agreements and understandings herein contained, the Parties agree as follows:

SECTION 1. Exchanges of Notes.

1.1 The Exchanges. On and subject to the terms and conditions set forth in this Agreement, on the Closing Date (as defined below), each Noteholder will deliver all of such Noteholder’s Notes as referred to on such Noteholder’s applicable Schedule A to the Company and the Company will simultaneously cancel such Exchanged Notes and, in exchange and as full consideration for such Exchanged Notes, issue to such Noteholder the Exchange Shares as referenced on such Noteholder’s applicable Schedule A (the “Transactions”).

1.2 Closing. The closing of the transactions contemplated by this Agreement (the “Closing”) will take place on January 31, 2018 New York time, or such other date, if any, as is mutually agreed to by the Parties (the “Closing Date”) at the offices of Latham & Watkins LLP, 885 Third Avenue, New York, New York 10022. On the Closing Date:

- (a) each Noteholder will deliver to the Company such Noteholder’s cancelled Notes; and
- (b) upon delivery of such Notes, the Company will deliver to such Noteholder the applicable Exchange Shares via book-entry.

SECTION 2. Representations and Warranties of the Company. The Company represents and warrants to each Noteholder that the following statements are true and correct:

2.1 Organization; Requisite Authority. The Company is a corporation duly organized and validly existing under the laws of Luxembourg. The Company possesses all requisite power and authority necessary to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the Transactions.

2.2 Authorization. The execution, delivery and performance of this Agreement and the consummation of the Transactions have been duly authorized by all necessary company action on the part of the Company, and no other company action on the part of the Company is required to authorize its execution, delivery and performance hereof, or its consummation of the Transactions. This Agreement has been duly executed and delivered by the Company and, assuming that this Agreement is a valid and binding obligation of each of the other Parties hereto, constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except to the extent enforcement may be subject to (i) applicable bankruptcy (*faillite*), insolvency (*liquidation volontaire ou judiciaire*), fraudulent conveyance, reorganization, moratorium (*sursis de paiement*) and other similar Laws affecting enforcement of creditors' rights generally and (ii) equitable limitations on the availability of specific remedies (whether considered in a proceeding in equity or at Law).

2.3 No Violation, Consents and Approvals. (a) The execution and delivery of this Agreement by the Company does not, and the performance of this Agreement by the Company and the consummation of the Transactions will not, (i) conflict with or violate the organizational documents of the Company, (ii) conflict with or violate any laws applicable to the Company or by or to which any of its properties or assets are bound or subject, or (iii) result in any breach of, constitute a default (or an event that with notice or lapse of time or both would constitute a material default) under, or give to others any right of termination, amendment, acceleration or cancellation of, or require payment under, or result in the creation of a Lien on any of the material properties or assets of the Company under, any material bond, note, mortgage, deed of trust, lease, commitment, obligation, understanding, arrangement, indenture, other evidence of indebtedness, guarantee, license, agreement or other contract or instrument ("Contract") to which the Company is a party or by or to which the Company or any of its properties or assets are bound or subject, in each case that would, individually or in the aggregate, reasonably be expected to materially impair the Company's ability to perform its obligations hereunder or to consummate the Transactions.

(b) Assuming the representations and warranties of each Noteholder set forth in Section 3.2 and Section 3.3 are true and correct, the execution and delivery of this Agreement by the Company does not, and the performance by the Company of this Agreement and the consummation of the Transactions will not, require the Company to make any filing with, obtain any permit, authorization, consent or approval of, or given any notice to ("Consents"), any court, tribunal, legislative, executive or regulatory authority or agency (a "Governmental Authority"), or any third party except for (i) such consents, approvals or notices which would not, individually or in the aggregate, reasonably be expected to materially impair the Company's ability to perform its obligations hereunder or to consummate the Transactions and (ii) such consents, approvals or notices which have been or will be obtained prior to the Closing Date.

2.4 Validity of Shares. When issued and delivered in accordance with this Agreement, the Exchange Shares to be delivered under this Agreement (i) will have been duly authorized by all necessary corporate action of the Company and will be validly issued, fully paid and nonassessable, (ii) assuming the accuracy of the representations and warranties of each Noteholder in Section 3 below, be freely tradeable and not subject to any transfer restrictions (subject to the requirements of the Securities Act (as defined below) and the rules and regulations thereunder), and (iii) and upon the occurrence of the Closing hereunder, each Noteholder shall acquire sole beneficial ownership of the applicable Exchange Shares as set forth on such Noteholder's applicable Schedule A, free and clear of all Liens. The Exchange Shares are being exchanged for the Exchanged Notes pursuant to, and in compliance with, Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act").

2.5 Broker's Fees. The Company has not entered into any agreement or arrangement entitling any agent, broker, investment banker, financial advisor or other firm or Person to any brokers' or finders' fee or any other commission or similar fee in connection with any of the Transactions.

SECTION 3. Representations and Warranties of each Noteholder. Each Noteholder, severally and not jointly, represents and warrants to the Company that the following statements are true and correct:

3.1 Organization. Such Noteholder is an entity duly formed, validly existing and in good standing under the laws of jurisdiction of organization, and has all requisite power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the Transactions.

3.2 Authorization.

(a) The execution, delivery and performance of this Agreement and the consummation of the Transactions have been duly authorized by all necessary corporate action on the part of such Noteholder, and no other limited partnership action on the part of such Noteholder is required to authorize its execution, delivery and performance hereof, and the consummation of the Transactions. This Agreement has been duly executed and delivered by such Noteholder and, assuming that this Agreement is a valid and binding obligation of each of the other parties hereto, constitutes the legal, valid and binding obligation of such Noteholder, enforceable against such Noteholder in accordance with its terms, except to the extent enforcement may be subject to (a) applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar Laws affecting enforcement of creditors' rights generally and (b) equitable limitations on the availability of specific remedies (whether considered in a proceeding in equity or at Law).

3.3 No Violation, Consents and Approvals. (a) The execution and delivery of this Agreement by such Noteholder does not, and the performance of this Agreement by such Noteholder and the consummation of the Transactions will not, (i) conflict with or violate the organizational documents of such Noteholder, (ii) conflict with or violate any Laws applicable to such Noteholder or by or to which any of its properties or assets are bound or subject, or (iii) result in any breach of, constitute a default (or an event that with notice or lapse of time or both would constitute a material default) under, or give to others any right of termination, amendment, acceleration or cancellation of, or require payment under, or result in the creation of a Lien on any of the material properties or assets of such Noteholder under, any material Contract to which such Noteholder is a party or by or to which such Noteholder or any of its properties or assets are bound or subject, in each case that would materially impair such Noteholder's ability to perform its obligations hereunder or to consummate the Transactions.

(b) Assuming the representations and warranties of the Company set forth in Section 2.2 and Section 2.3 are true and correct, the execution and delivery of this Agreement by such Noteholder does not, and the performance by such Noteholder of this Agreement and the consummation of the Transactions will not, require such Noteholder to obtain any Consents from any Governmental Authority or any third party.

3.4 Ownership. Such Noteholder is the record and beneficial owner of the aggregate principal amount of the Notes as set forth on such Noteholder's applicable Schedule A, and has good and valid title to such aggregate principal amount of the Notes, free and clear of all Liens. At the Closing, such Noteholder will transfer to the Company good and valid title to the Notes as set forth on such Noteholder's applicable Schedule A, free and clear of all Liens (other than Liens created by or resulting from action of the Company).

3.5 Nature of Investment.

(a) Such Noteholder is an "accredited investor" as defined in Rule 501(a) under the Securities Act and the rules and regulations promulgated thereunder. Such Noteholder, either alone or together with its representatives, have such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the investment in the Exchange Shares and have so evaluated the merits and risks of such investment. Such Noteholder is able to bear the economic risk of an investment in the Exchange Shares and, at the present time, is able to afford a complete loss of such investment.

(b) Such Noteholder is not an "affiliate" of the Company (as such term is defined under Rule 144(a)(1) of the Securities Act) and has not been for the past 90 days.

(c) Such Noteholder is not purchasing the Exchange Shares as a result of any advertisement, article, notice or other communication regarding the Exchange Shares published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or any other general solicitation or general advertisement.

(d) Such Noteholder understands and acknowledges that (i) the Exchange Shares are being offered and sold without registration under the Securities Act in a private placement that is exempt from the registration provisions of the Securities Act, (ii) the availability of such exemption depends in part on, and the Company will rely upon the accuracy and truthfulness of, the foregoing representations and such Noteholder hereby consents to such reliance, and (iii) the Exchange Shares are "restricted securities" for purposes of the Securities Act and rules thereunder and may not be resold without registration under the Securities Act or an exemption therefrom, and the certificates representing such shares will bear a restrictive legend to such effect.

3.6 Broker's Fees. Neither such Noteholder nor any of its officers or directors or persons serving in a similar capacity has retained or authorized any investment banker, broker, finder or other intermediary to act on behalf of such Noteholder or incurred any liability for any banker's, broker's or finder's fees or commissions in connection with the Transactions.

SECTION 4. Conditions Precedent to the Company's Obligations. The obligation of the Company to consummate the Transactions is subject to the satisfaction at or prior to the Closing of the following conditions (unless waived by the Company):

4.1 Representations and Warranties. The representations and warranties of each Noteholder contained in Section 3 that are qualified as to materiality shall be true and correct in all respects, and such representations and warranties that are not so qualified shall be true and correct in all material respects, in each case, as of the date when made and at and as of the Closing Date, as though such representations and warranties were made at and as of such date.

4.2 Performance. Each Noteholder shall have performed and complied with, in all material respects, all covenants and agreements required by this Agreement to be performed or complied with by such Noteholder on or prior to the Closing Date.

4.3 Tax Information. Each Noteholder will provide the Company two duly completed Internal Revenue Service Form W-9 or appropriate Internal Revenue Service Form W-8, as applicable, together with any required attachments.

4.4 Officer's Certificate. Each Noteholder shall have furnished or caused to be furnished to the Company at the Closing Date a certificate of a duly authorized representative of such Noteholder reasonably satisfactory to the Company as to the matters set forth in Sections 4.1 and 4.2.

SECTION 5. Conditions Precedent to each Noteholder's Obligations. The obligation of each Noteholder to consummate the Transactions is subject to the satisfaction at or prior to the Closing of the following conditions (unless waived by such Noteholder):

5.1 Representations and Warranties. The representations and warranties of the Company contained in Section 2 that are qualified as to materiality shall be true and correct in all respects, and such representations and warranties that are not so qualified shall be true and correct in all material respects, in each case, as of the date when made and at and as of the Closing Date, as though such representations and warranties were made at and as of such date.

5.2 Performance. The Company shall have performed and complied with, in all material respects, all covenants and agreements required by this Agreement to be performed or complied with by the Company on or prior to the Closing Date.

5.3 Officer's Certificate. The Company shall have furnished or caused to be furnished to each Noteholder at the Closing Date a certificate of a duly authorized representative of the Company reasonably satisfactory to such Noteholder as to the matters set forth in Sections 5.1 and 5.2.

SECTION 6. Termination.

6.1 Termination. As to each Noteholder, this Agreement may be terminated and the Transactions may be abandoned at any time prior to the Closing by mutual written agreement of the Company and such Noteholder.

6.2 Effect of Termination. In the event of the termination of this Agreement in accordance with Section 6.1 hereof, this Agreement shall thereafter become void and have no effect and the Transactions shall be abandoned, and no Party hereto shall have any liability to the other Party hereto or their respective affiliates, directors, officers or employees, except for the obligations of the Parties hereto contained in this Section 6.2 and the provisions of Section 7.7, 7.13, 7.14, 7.15, 7.16 and 7.17 and except that nothing herein will limit or restrict the rights or remedies of any Party hereto against the other Parties for any willful and material breach of this Agreement arising prior to termination.

SECTION 7. Miscellaneous.

7.1 Unwind. The Company agrees with each Noteholder to use its best efforts to effectuate a listing of its ordinary shares, without any underwritten public offering, on an internationally recognized stock exchange or similar market place of recognized national standing (the "Direct Listing") on or prior to July 2, 2018 (the "Effectiveness Deadline"). If the Company fails to effectuate a Direct Listing on or prior to the Effectiveness Deadline, the Company agrees to offer (the "Offer") to each Noteholder, by the third business day after the Effectiveness Deadline, the option to have the Company purchase the Exchange Shares through the issuance of a note to each Noteholder which is in all material respects identical to the Note issued to such Noteholder on April 1, 2016 (the "New Note"). The Offer will remain open to each Noteholder for 20 business days from the date of the Offer and will provide that the Original Principal Amount (as defined in the Note) of the New Note will be equal to \$2,732.78 times the number of Exchange Shares such Noteholder elects to exchange (subject to adjustment based on a subdivision or split of shares of Common Stock, or a combination of shares of Common Stock through a reverse split or other similar actions). Interest on the New Note will accrue from and including January 31, 2018 in accordance with the interest provisions of the Note. The Offer will be subject to, and conditional upon, each Noteholder entering into an exchange agreement with the Company with representations and warranties in substantially the same form as the representations and warranties in this Agreement.

7.2 Shareholder Register. Following the Closing, the Company covenants and agrees to deliver to each Noteholder, upon written request, an excerpt from the shareholders' register of the Company evidencing the registration of such Noteholder's ownership of the Exchange Shares, duly certified by the Company.

7.3 Reasonable Best Efforts. Upon the terms and subject to the conditions of this Agreement, each of the Parties agree to use reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable Laws to consummate and make effective the Transactions as promptly as practicable.

7.4 Further Assurances. In case at any time after the Closing any further action is necessary to carry out the purposes of this Agreement or the Transactions, each of the Parties will take such further action (including the execution and delivery of such further instruments and documents) as the other Party may reasonably request, at the requesting Party's expense.

7.5 Severability. If any provision of this Agreement shall be held invalid, illegal or unenforceable, the validity, legality or enforceability of the other provisions hereof shall not be affected thereby, and there shall be deemed substituted for the provision at issue a valid, legal and enforceable provision as similar as possible to the provision at issue.

7.6 Counterparts. This Agreement may be executed in one or more counterparts (including by means of e-mail), each of which shall be deemed an original, and all of which shall constitute one and the same agreement.

7.7 Descriptive Headings: Interpretation.

(a) The heading references herein and in the table of contents hereto are for convenience purposes only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

(b) Any capitalized terms used in Schedule A attached hereto and not otherwise defined therein shall have the meanings set forth in this Agreement and if not defined in this Agreement, the Notes.

(c) The term "dollars" and character "\$" shall mean United States dollars.

(d) The words "hereof", "herein", "hereto" and "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(e) The word "including" shall mean including, without limitation, and the words "include" and "includes" shall have corresponding meanings.

(f) "Laws" means any federal, state, local, foreign or transnational law, statute, ordinance, rule, regulation, order, judgment or decree, administrative order or decree, administrative or judicial decision, and any other executive or legislative proclamation.

(g) "Liens" means all liens, charges, security interests, options, claims, mortgages, pledges, proxies, voting trusts or other adverse interests or restrictions on title or transfer, other than, in the case of the Shares, (i) any of the foregoing arising out of the articles of association of the Company and (ii) any restrictions on transfer arising out of applicable securities Laws.

(h) “ Person ” shall mean a natural person, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity or organization.

(i) The terms defined in the singular shall have a comparable meaning when used in the plural, and vice versa.

(j) The Parties intend that each representation, warranty and covenant contained herein shall have independent significance. If any Party has breached any representation, warranty or covenant contained herein in any respect, the fact that there exists another representation, warranty or covenant relating to the same subject matter (regardless of the relative levels of specificity) the Party has not breached shall not detract from or mitigate the fact that the Party is in breach of the first representation, warranty or covenant.

7.8 Entire Agreement. This Agreement (including the Schedules hereto) contains the entire agreement among the Parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, with respect to such matters.

7.9 Parties in Interest. This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to confer upon any Person other than the Company and the Noteholders, or their respective successors or permitted assigns, any rights or remedies under or by reason of this Agreement.

7.10 Extension; Amendment; Waiver. At any time prior to the Closing Date, the Parties (in the case of the Noteholders, acting jointly) may extend the time for performance of any of the obligations or other acts of the other Parties. Neither this Agreement nor any provision hereof may be amended or waived other than by a written instrument (including a writing evidenced by e-mail) signed, in the case of an amendment, by all of the Parties hereto, or in the case of a waiver, by the Party against whom the waiver is to be effective. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

7.11 Time of Essence. Each of the Parties hereto hereby agrees that, with regard to all dates and time periods set forth in this Agreement, time is of the essence.

7.12 Assignment. No Party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of the other Parties hereto.

7.13 Expenses. Whether or not the Transactions are consummated, all costs and expenses incurred in connection with this Agreement and the Transactions shall be borne by the Party incurring such expenses.

7.14 Governing Law. This Agreement shall be governed by the Laws of the State of New York.

7.15 WAIVER OF JURY TRIAL. EACH OF THE PARTIES HEREBY WAVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS. EACH PARTY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 7.15.

7.16 Consent to Jurisdiction. The Parties hereby submit to the exclusive jurisdiction of the state and federal courts sitting in the Borough of Manhattan in New York City for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. In the event that any provision of this Agreement is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of this Agreement.

7.17 Notices. All notices, demands or other communications hereunder shall be deemed to have been duly given and made if in writing and if served by personal delivery upon the Party for whom it is intended, if delivered by registered or certified mail, return receipt requested, or by a national courier service, or if sent by facsimile (with receipt of confirmation of delivery) or delivered via e-mail, to the person at the address set forth below, or such other address as may be designated in writing hereafter, in the same manner, by such person:

Spotify Technology S.A.
42-44 Avenue de la Gare
L-1610 Luxembourg
Attention: General Counsel
Email:

With a copy to (which shall not constitute notice):

Spotify AB
Birger Jarlsgatan 61, 4TR, 113 56
Stockholm, Sweden
Attention: General Counsel

and

Latham & Watkins LLP
885 Third Avenue
New York, New York 10022
Attn: Greg Rodgers
Fax: (212) 751-4864
Email:

The Noteholders:

To the address or addresses set forth
on such Noteholder's applicable Schedule A

Any such notification shall be deemed delivered (i) upon receipt, if delivered personally, (ii) on the next business day, if sent by national courier service for next business day delivery or (iii) the business day on which confirmation of delivery is received, if sent by facsimile or via e-mail.

7.18 No Construction Against Draftsperson. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement.

7.19 Releases. Each Noteholder releases and discharges the Company and its affiliates, and each of their respective directors, officers, employees, agents and controlling persons, from any and all claims such Noteholder may have, now or in the future, arising out of or related to the Exchanged Notes exchanged pursuant to this Agreement, except (i) in the event of a breach of the representation and warranties set forth in Sections 2 and 3 of this Agreement, and (ii) with respect to Sections 7.1, 7.2, 7.22, and 7.23.

7.20 Purchase Agreement. Each Noteholder agrees not to agree to any waiver or amendment to the Purchase Agreement without the prior written consent of the Company.

7.21 Specific Performance. The Parties recognize, acknowledge and agree that the breach or violation of this Agreement by a Party would cause irreparable damage to the other Party or Parties and that none of the Parties has an adequate remedy at Law. Each Party shall therefore be entitled, in addition to any other remedies that may be available, to obtain specific performance of the terms of this Agreement, and appropriate injunctive relief may be applied for and granted in connection therewith. A Party seeking an order or injunction to prevent breaches of this Agreement or to enforce specifically the terms and provisions hereof shall not be required to provide, furnish or post any bond or other security in connection with or as a condition to obtaining any such order or injunction, and each Party hereby irrevocably waives any right it may have to require the provision, furnishing or posting of any such bond or other security. If any action is brought by any Party to enforce this Agreement, the other Parties shall waive the defense that there is an adequate remedy at Law.

7.22 Confidentiality. The Parties agree that the terms of this Agreement may not be disclosed or referred to publicly or to any third party, except (i) in accordance with the prior written consent of the other Parties (which shall not be unreasonably withheld or delayed); (ii) as such disclosure may be required law, court order, order of any administrative agency or regulation; (iii) to such Party's outside law firms, accounting firms and other agents; and (iv) in communications with other holders of the Notes.

7.23 Rescission. The Parties agree to treat the Unwind described in Section 7.1 hereof, if relevant, as a rescission of the Transactions for U.S. federal income tax purposes.

(Signatures on next page)

IN WITNESS WHEREOF, the Parties hereto have executed this Exchange Agreement as of the date first written above.

SPOTIFY TECHNOLOGY S.A.

/s/ Peter Grandelius

Name: Peter Grandelius

Title: Associate General Counsel

[*Signature Page – Exchange Agreement*]

TPG Growth III Spectre, L.P.

By: TPG Growth III Cayman AIV GenPar, L.P.
its general partner

By: TPG Growth III Cayman AIV GenPar Advisors, Inc.
its general partner

By: /s/ Michael LaGatta

Name: Michael LaGatta

Title: Vice President

SIGNATURE PAGE TO EXCHANGE AGREEMENT

TPG Growth Spectre Co-Invest, L.P.

By: TPG Growth III Advisors, Inc.
its general partner

By: /s/ Michael LaGatta
Name: Michael LaGatta
Title: Vice President

SIGNATURE PAGE TO EXCHANGE AGREEMENT

TOP III Spectre, LLC

By: /s/ Joshua Peck

Name: Joshua Peck

Title: Vice President

SIGNATURE PAGE TO EXCHANGE AGREEMENT

TPG Opportunities Partners Fund III Ltd.

By: /s/ Joshua Peck _____

Name: Joshua Peck

Title: Vice President

SIGNATURE PAGE TO EXCHANGE AGREEMENT

TAO Spectre, LLC

By: /s/ Joshua Peck

Name: Joshua Peck

Title: Vice President

SIGNATURE PAGE TO EXCHANGE AGREEMENT

TAO Cayman Ltd.

By: /s/ Joshua Peck

Name: Joshua Peck

Title: Vice President

SIGNATURE PAGE TO EXCHANGE AGREEMENT

DF Dalmatian Holdings, LP

By: Dalmatian DF GP, LLC, its General Partner

By: Dragoneer Global GP II, LLC, its Managing Member

By: /s/ Pat Robertson

Name: Pat Robertson

Title: Chief Operating Officer

SIGNATURE PAGE TO EXCHANGE AGREEMENT

NOTEHOLDERS:

VULCAN CAPITAL GROWTH EQUITY LLC

By: Vulcan Capital Growth Equity Management LLC, its
Manager

By: Cougar Investment Holdings LLC, its Managing Member

By: /s/ David Stewart

Name: David Stewart

Title:

NOTEHOLDERS:

**FOLKSAM ÖMSESIDIG LIVFÖRSÄKRING
PORTFOLIO LIV 1**

By: /s/ Michael Kjeller

Name: Michael Kjeller

Title: CIO

By: /s/ Birgitta Stenmark

Name: Birgitta Stenmark

Title: Head of Alternative Investments

NOTEHOLDERS:

**FOLKSAM ÖMSESIDIG LIVFÖRSÄKRING
PORTFOLIO LIV 2**

By: /s/ Michael Kjeller

Name: Michael Kjeller

Title: CIO

By: /s/ Birgitta Stenmark

Name: Birgitta Stenmark

Title: Head of Alternative Investments

NOTEHOLDERS:

FOLKSAM ÖMSESIDIG SAKFÖRSÄKRING

By: /s/ Michael Kjeller

Name: Michael Kjeller

Title: CIO

By: /s/ Birgitta Stenmark

Name: Birgitta Stenmark

Title: Head of Alternative Investments

NOTEHOLDERS:

By: Reuben Brothers Limited

/s/ Alexander Bushaev

By: Reuben Brothers Limited

Name: Alexander Bushaev

Title: Director

NOTEHOLDERS:

**KEY PARTNERS CAPITAL INVESTMENT 1 GMBH &
CO. KG**

By: represented by Key Partners Capital Advisors GmbH

By: /s/ Inga Schwarting

Name: Inga Schwarting

Title: Managing Director

NOTEHOLDERS:

By: /s/ Olof Kajerdt

**SEB-STIFTELSEN, SKANDINAVISKA ENSKILDA
BANKENS PENSIONSSTIFTELSE**

Name: Olof Kajerdt

Title: Legal counsel/Secretary

NOTEHOLDERS:

UGGLASSET HANDELSBOLAG

By: /s/ Jonas Ragnarsson

Name: Jonas Ragnarsson

Title: Procuration Holder

NOTEHOLDERS:

FID FDS-ESC POOL THREE (F/ESC)
FID FDS-US CORE (F/USE)
FID FDS-GLOBAL TECHNOLOGY (F/TEC)
FID FOCUS TECHNOLOGY FUND (FCT)
FID FDS-GLOBAL INCOME (F/GLIN)
FID FDS-GLOBAL HIGH YIELD (F/GLHY)
FID FDS-EURO ENHANCED RTN (F/EER)
FIDELITY FUNDS - NORDIC (F/NFK)

By: FIL Investments International, as agent

By: /s/ Greg Bennett

Name: GREG BENNETT

Title: AUTHORISED SIGNATORY

FID SPECIAL VALUES (SVALS)
PE MM STONE (EMGC)
EPA MM CORE (EPAFA)
FID RENAISSANCE US CR EQ (RNSUC)
IXA MM CORE (IXAFA)
FID SPECIAL SITUATIONS FD (SPSIT)
FIDELITY GLB SPEC SITS FD (GSPS)
FID GLOBAL HIGH YIELD FD (GHYD)

By: FIL Investment Services (UK) Limited, as agent

By: /s/ Greg Bennett

Name: GREG BENNETT

Title: AUTHORISED SIGNATORY

FIDEURAM IFSICAV (FIDIN)
FIDEURAM MIF (FIDMI)

By: FIL Pensions Management, as agent

By: /s/ Greg Bennett

Name: GREG BENNETT

Title: AUTHORISED SIGNATORY

RIVERS CROSS TRUST

By: /s/ Barry McCarthy

Name: Barry McCarthy

Title: Trustee

[*Signature Page to Exchange Agreement*]

SCHEDULE A

Noteholder:

Jurisdiction of Organization:

- (1) Original Principal Amount of Notes Held:
- (2) Accrued Interest on the Notes to the most recent PIK Interest Payment Due Date (October 1, 2017):
- (3) Outstanding Principal Balance of Notes Held:
- (4) Accrued Interest on and after the most recent PIK Interest Payment Due Date (October 1, 2017) up to and excluding the Closing Date:
- (5) Note Obligations Amount Held:
- (6) Number of Exchange Shares to be Issued:

Address of Noteholder for Notices:



25 MADISON AVENUE, NEW YORK, NEW YORK 10010, UNITED STATES

As of April 1, 2017 (the “Effective Date”)

Spotify AB

Birger Jarlsgatan 61,
Stockholm, SE 113 56
Sweden

DIGITAL DISTRIBUTION AGREEMENT

This letter agreement together with Exhibit A (the “Term Sheet”) and any other exhibits and schedules attached hereto, which are incorporated herein by reference, will constitute the entire agreement between **SONY MUSIC ENTERTAINMENT**, a Delaware general partnership (“Label”) and **SPOTIFY AB**, a Swedish corporation (“Company”) regarding, *inter alia*, the exploitation of audio and video recordings embodying the performances of various musical recording artists via Company’s online and mobile digital distribution service, as owned, controlled and operated by Company (the “Agreement”). Any terms used in this letter agreement but not defined herein will have the meanings ascribed to them in the exhibits hereto. Unless expressly provided to the contrary herein, the different parts of this Agreement shall have the following descending order of priority in the event of any conflicting provisions that cannot reasonably be interpreted so that such provisions are consistent with each other:

- (i) the Term Sheet;
- (ii) other Exhibits to the Agreement, excluding the Technical and Security Specifications
- (iii) the Technical and Security Specifications; and
- (iv) the letter agreement portion of the Agreement.

Unless otherwise stated, references to ‘sections’ and ‘sub-sections’ within this Agreement shall be references to provisions within this letter agreement, whereas references to ‘paragraphs’ and ‘sub-paragraphs’ shall be references to provisions in the Term Sheet.

1. Confidentiality; Press Releases:

(a) Each party (each a “Disclosing Party”) agrees that it will, and it will instruct in writing its respective attorneys, accountants and other professional advisors (collectively, “Advisors”) to, hold in confidence and not communicate, transmit, publish, disseminate or otherwise disclose any of the terms and conditions of this Agreement or any information regarding the other party’s business learned in the course of dealing or performance hereunder (collectively, “Confidential Information”); provided, however, that nothing in this subsection 1(a) will prohibit disclosure of such Confidential Information: (i) by each party to its respective financial officers, management, Affiliates, bankers or others as may be reasonably necessary in the operation of its respective business; (ii) by each party to its respective Advisors to the extent that such disclosure is in the opinion of such Advisors required to enable such Advisors fully to represent the party concerned; (iii) in connection with any legal or governmental proceeding; or (iv) to any judicial, governmental or regulatory agencies; or (v) by Company to any of its investors and bona fide potential investors (unless such investor or potential investor is an Other Party, subject to paragraph 13(l) of the Term Sheet), provided that such Persons are obligated by a written agreement, policy or other duty of confidentiality; provided, however, that, prior to any such disclosure under (iii) or (iv), Company will give Label reasonable advance notice of any such disclosure and will cooperate with Label in protecting against any such disclosure and/or, to the extent possible, obtaining a protective order narrowing the scope of such disclosure of the Agreement including redacting key economic terms. Notwithstanding anything to the contrary herein, Confidential Information shall not include information that: (i) at or prior to the time of disclosure by the Disclosing Party was known to or independently developed by the party receiving such information (a “Receiving Party”), except to the extent unlawfully appropriated by the Receiving Party or a third party; (ii) at or after the time of disclosure by the Disclosing Party becomes generally available to the public through no wrongful or negligent act or omission on the Receiving Party’s part; (iii) the Receiving Party receives from a third party free to make such disclosure without breach of any legal obligation; and/or (iv) is required to be disclosed pursuant to any statute, regulation, order, subpoena or document discovery request.

(b) Subject to sub-paragraph 8(a)(19), Company agrees that all information relating to the performance of Authorized Materials within the Services, including but not limited to analytical data and information concerning amounts paid or payable by Company hereunder shall constitute Confidential Information hereunder. Unless permitted in accordance with sub-section 1(a) above, sub-paragraph 8(a)(19) or otherwise explicitly approved under this Agreement, Company shall obtain Label’s prior written approval before disclosing such information to any third party or class of third parties, including but not limited to Label Artists and managers thereof, whether in response to any request or as part of any Company-created tool or API.

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

(c) No press releases or other public statements are permitted without prior mutual written approval.

2. Reporting and Payment:

(a) Unless otherwise provided hereunder, Company will compute all amounts payable to Label and Orchard pursuant to the Term Sheet and any other payments accrued hereunder **** (such proceeds and other monies, the “ Wholesale Fees ”).

(b) In connection with ****, Company will send within **** thereafter:

- (1) to Label (i) an accounting statement covering the calculation and determination of Wholesale Fees and other sums so accrued and payable in respect of the **** in the format set out in Part II of Exhibit B (each, a “ Financial Statement ”), such statement covering both SME Materials and Orchard Materials; and (ii) a machine-readable report containing the data and information described in (and otherwise in accordance with) the relevant reporting specifications attached hereto as Part I of Exhibit B (each, a “****”) relating to SME Materials only; and
- (2) to Orchard (i) a Financial Statement covering Orchard Materials only; and (ii) a **** relating to Orchard Materials only.

**** and Financial Statements shall only be deemed received by Label and Orchard once uploaded by Company in an appropriate form to the correct directory on Label’s and Orchard’s FTP servers using access credentials issued by Label and Orchard; provided that Label and Orchard shall be solely responsible for procuring that access to such server is available to Company at all relevant times.

(c) Upon receipt of each Financial Statement, Label will prepare and send to Company a full invoice in respect of Wholesale Fees due in relation to SME Materials, and will procure that Orchard prepares and sends to Company a full invoice in respect of Wholesale Fees due in relation to Orchard Materials. Company shall thereafter pay **** (i) Wholesale Fees due in relation to SME Materials that have accrued and are payable to the Label into the bank account designated by Label for such purpose from time-to-time; and (ii) Wholesale Fees due in relation to Orchard Materials that have accrued and are payable to the Label into the bank account designated by Orchard for such purpose from time-to-time, in both cases **** following the date of the relevant invoice. At the same time that Company makes a payment into Label’s bank account, Company shall send an email indicating the amount paid to the email address(es) designated from time to time by Label (as of the Effective Date, such email address designated by Label is ****). For the avoidance of doubt, Label agrees that Company’s payment of Orchard’s share of Wholesale Fees directly to Orchard shall discharge Company’s obligation to account to Label for Orchard’s share of Wholesale Fees hereunder.

(d) All amounts payable hereunder, ****. Such exchange rate shall be reported by Company to Label in Financial Statements.

(e) Company shall pay ****, on any required payment hereunder that is not made ****, without prejudice to any other rights Label may have in connection with ****.

(f) Taxes.

(1) **** Company warrants and represents that Company will collect, bear, pay ****. If applicable, Label will accept appropriate documentation, such as **** satisfactory to Label in the exercise of its sole, reasonable discretion, timely provided by Company to evidence Company’s ****. If any claim is made against Label **** Company will promptly remit to Label ****. In the event that Company reasonably requests Label ****, Label shall control any such contest and, upon Company’s written request in each instance, Label will reasonably consult with Company, provided that Company is reasonably available for such consultation. Company’s obligation to **** shall survive the termination or expiration of this Agreement.

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

(2) Company shall be entitled to **** provided, however, that upon Label's request, Company shall provide Label with (a) **** (b) such reasonable assistance as may be required by Label (or any of its Affiliates) to ****. In the event that there is a double tax treaty between any applicable countries, Company shall use commercially reasonable efforts to obtain the benefits of any reduced rate of withholding tax under the treaty and, upon Label's request, provide Label with copies of any documentation required to be completed to obtain such benefits. ****

(3) If for any reason any **** would be required to be made from any of the amounts payable by Company to Label or Orchard or by Label or Orchard to any of their Affiliates pursuant to clause (2) above or otherwise then Label may elect ****.

3. Books and Records:

(a) Company will maintain accurate and complete records and books of account in accordance with GAAP applied on a consistent basis, which will include, at a minimum, all documentation needed by Label to compute and verify the amounts required to be credited to Label's account and paid to Label hereunder, and to verify all of the information required to be delivered to or otherwise made available to Label in connection with the performance of this Agreement (the "Books and Records"). At all times during the Term, Company shall maintain comprehensive standard management reporting systems capable of tracking accurately (and maintaining the integrity of) all information which is required to be included in Financial Statements (or required to undertake accurate calculations in connection therewith) and any other reports required under this Agreement.

(b) ****

(1) ****

(2) ****

(3) ****

(4) ****

upon reasonable advance written notice, Label, or an independent reputable auditing firm appointed by Label ("Auditor"), will have the right to examine the Books and Records at any time during Company's normal business hours at the place where such Books and Records are normally maintained, and to make copies of them and extract information from them. Company shall cooperate reasonably with the Auditor, providing sufficient access to such Books and Records, as well as any and all relevant systems containing applicable financial information, transaction and usage logs, in order to permit the Auditor to verify Company's compliance with its obligations hereunder. For a period of **** following the last day of the Term, Company shall retain all transaction data, customer information and other data or information reasonably necessary for Label to determine and verify all amounts due or payable hereunder and for accounting purposes.

(c) If any audit conducted pursuant to sub-section (b) shows a deficiency in the Wholesale Fees due hereunder, Company shall pay such shortfall to Label **** unless Company has a good faith basis for disputing the alleged deficiency. In the event that Company has a good faith basis for disputing the alleged deficiency, it shall promptly provide to the Auditor and Label detailed reasons for such dispute, following which the Parties shall discuss in good faith how to resolve such dispute. If the audit reveals that in the period being audited Company has underpaid Label by an amount greater than **** of the payments due, or Company has breached any terms of this Agreement leading to the inability of the auditor to reach a meaningful conclusion with respect to potential underpayment, then Company shall bear the reasonable expenses and costs of such audit. Label shall not have the right to audit a given accounting statement more than once.

(d) ****

(e) Not more than ****, if applicable, upon reasonable advance notice, Label will have the right, at its own expense, to conduct (or to appoint an independent reputable third party to conduct) **** of the Company for the purpose of observing and verifying the **** any materials furnished or selected by Label for use by Company, including, for the avoidance of doubt and without limitation, all ****, and all documentation setting forth **** wherever any such **** and documentation are maintained or stored, as applicable, **** in connection with or on behalf of the Company.

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

4. Representations and Warranties :

(a) Each party represents and warrants that: (i) it has the right, power and authority to enter into this Agreement and to fully perform its obligations hereunder; (ii) it shall comply with its privacy policy and shall not engage in any fraud or any deceptive, misleading or unethical or unfair competitive practices; (iii) it shall not act in any manner which conflicts or interferes with any existing commitment or obligation of such party; (iv) no agreement previously entered into by such party will interfere with such party's performance of its obligations under this Agreement; and (v) it shall perform in compliance with any applicable local laws, rules and regulations of any governmental authority.

(b) Company hereby represents and warrants to Label that:

- (i) Company is a corporation duly organized and in good standing under the laws of Sweden;
- (ii) Company will not make any use of any customer or end user information except to the extent permitted by law;
- (iii) Company's operation of the Services in performance of its obligations hereunder (excluding, for avoidance of doubt, the use of Authorized Materials as authorized in accordance with this Agreement, to the extent Label assumes responsibility pursuant to section 4(c)) during the Term will not to the best of the Company's knowledge violate any law or regulation, or infringe upon or violate the rights of any Person, in whole or in part, directly or indirectly, it being understood and agreed that nothing contained in this clause (iii) shall be deemed to limit any of Company's indemnification obligations under section 6(d)(1) below, which shall apply in full force and effect with respect to any and all acts of infringement of a material nature alleged by any persons or entities arising out of the use or operation of any Authorized Materials regardless of the state of Company's conduct, omissions or the state of Company's knowledge of the possibility, likelihood or actual such infringement, or the efforts that Company may have undertaken to eliminate entirely or mitigate such infringement;
- (iv) Company will not at any time through Company's **** either directly or indirectly, in whole or in part, ****;
- (v) all streams embodying Authorized Materials will be **** and/or, solely to the extent in accordance with the Technical and Security Specifications, ****;
- (vi) Company will not **** participate in any ****;
- (vii) except as expressly provided in the Term Sheet, Company will obtain and maintain in full force and effect (at Company's sole cost and expense) all necessary licenses, permits and other authorizations required by law to operate its business and to offer streams and otherwise use copyrighted audio, audiovisual and other materials as contemplated herein, and all necessary licenses and other rights (including, but not limited to, copyright, patent and trade mark rights and other rights and licenses) necessary to provide the services and functions contemplated herein in relation to Authorized Materials, ****), free of claims from any Person;
- (viii) Company will ensure that the Services will not contain or utilize any content or other materials that ****:
 - facilitating and/or promoting illegal activity,
 - ****
 - ****
 - ****
 - incorporating any materials or functionality primarily intended to ****
 - engaging in the ****, or engaging in the sale or advertisement ****

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

as Label deems ****;

- (ix) Company will not make any use of any Authorized Materials, or authorize any third party to make any use of any Authorized Materials, except as specifically permitted in this Agreement;
 - (x) Company will not **** without the express prior written consent of Label in each instance, nor will it facilitate such activities by third parties including end users of the Services;
 - (xi) Company will not alter or delete any title, credit or copyright notice, any trade marks or service marks, or the talent, writing, producing, directing or music credits contained in the Authorized Materials;
 - (xii) **** is true and accurate in all material respects, ****;
 - (xiii) Between March 1, 2017 and the date of signature of this Agreement, Company, its Affiliates (or any shareholder of Company or any of its Affiliates) did not ****;
 - (xiv) Company agrees that between the date of signature of this Agreement and July 31, 2017, Company, its Affiliates (or any shareholder of Company or any of its Affiliates), shall not ****.
 - (xv) Company will not (A) attempt to pledge, mortgage or otherwise encumber the Authorized Materials, Company's rights under this Agreement or any other tangible or intangible property of Label provided to Company pursuant to this Agreement or otherwise furnished or provided to Company, or (B) contest, attack or challenge the validity of any of Label's or its licensors' copyrights, patents, trade marks or other intellectual property rights or licenses, or assist others in doing any of the foregoing.
- (c) Label hereby represents and warrants to Company that:
- (i) it owns or controls the Authorized Materials in those parts of the Territory for which it communicates clearances by way of metadata from time to time during the Term, and it has the power and authority to enter into this Agreement;
 - (ii) the use by Company of the Authorized Materials to the extent authorized by Label or Orchard herein will not infringe any third party rights which Label is responsible for obtaining hereunder; and
 - (iii) Label shall be solely responsible for ****

5. Termination:

(a) (1) Upon the occurrence of any Default Event, in addition to any other rights and remedies which Label has under this Agreement or otherwise, Label may terminate the Term upon notice to Company, following any applicable cure period set out below. No exercise of any right or remedy hereunder will limit Label's right to recover damages by reason of Company's default, Label's right to exercise any other right or remedy under this paragraph, or any of Label's other rights or remedies. Notwithstanding the foregoing or anything elsewhere herein, if the Default Event arises by reason, alone, of ****, provided that it is agreed that the provisions of section 5(b) below shall apply upon such termination.

(2) "Default Event" means:

(i) Company's failure to make timely payments as required hereunder or render reports or accountings as and when due or cooperate or render any information or documents required to be furnished or otherwise made available to Label as and when required hereunder; provided, however, that, with respect to any such breach which is non-repetitive, and unless any other cure period is provided, Company shall have a period of **** from its receipt of Label's notice of such breach in which to cure said breach before it shall be considered a "Default Event";

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(ii) Company's breach of any of Company's representations, warranties, covenants or obligations hereunder, or Company's failure to fulfill any of Company's material obligations hereunder; provided, however, that, with respect to any such breach in respect of which a shorter cure period is not expressly provided herein, and provided that the breach concerned is non-repetitive, Company shall have a period of **** from the date of Label's notice of such breach in which to cure said breach before it shall be considered a "Default Event";

(iii) Company's bankruptcy or insolvency, or the dissolution or the liquidation of Company's assets, or the filing of a petition in bankruptcy or insolvency for an arrangement or reorganization by, for or against Company, or the appointment of a receiver or a trustee for all or a portion of Company's property, or Company's making an assignment for the benefit of creditors; provided, however, that Company shall have a period of **** from its receipt of any involuntary petition in bankruptcy filed against Company in which to cure said breach before it shall be considered a "Default Event";

(iv) Company's attempt to assign any of Company's rights under this Agreement in contravention of this Agreement without Label's prior written consent, or the succession of any of those rights to any other person or entity by operation of law;

(v) If as a result of Company's acts or omissions any person or entity obtains access to the Authorized Materials in contravention of the terms, limitations and eligibility criteria regarding access thereto prescribed in the Term Sheet;

(vi) If for any reason Company ceases doing business in the ordinary course and/or there is a substantial diminution in the ability of Company to effectively carry on its business in general or any aspect thereof, or in particular the business of distributing Authorized Materials and/or the other products referred to in this Agreement;

(vii) In the event of a Change of Control of Company, ****

(viii) In the event of Company's breach of its covenant in section 6(k) below.

Notwithstanding the foregoing or anything elsewhere in this Agreement save for paragraph 8(b)(1) of the Term Sheet, Company may, in the exercise of its sole, unrestricted discretion, not launch, or cease to continue offering after launching, as the case may be, any one or more of the Services in any one or more countries of the Territory at any time during the Term, and any such failure to launch, or such cessation to offer after launch, shall not constitute a "Default Event" hereunder.

(3) Upon the occurrence of any SME Default Event, in addition to any other rights and remedies which Company has under this Agreement or otherwise, Company may terminate the Term upon notice to Label; provided, however, that, with respect to any such breach which is non-repetitive, and unless any other cure period is provided, Label shall have a period of **** from its receipt of Company's notice of such breach in which to cure said breach before it shall be considered an "SME Default Event." No exercise of any right or remedy hereunder will limit Company's right to recover damages by reason of Label's or Orchard's default, Company's right to exercise any other right or remedy under this paragraph, or any of Company's other rights or remedies. As used herein, an "SME Default Event" means: Label's bankruptcy or insolvency, or the dissolution or the liquidation of Label's assets, or the filing of a petition in bankruptcy or insolvency for an arrangement or reorganization by, for or against Label, or the appointment of a receiver or a trustee for all or a portion of Label's property, or Label's making an assignment for the benefit of creditors; provided, however, that Label shall have a period of **** from its receipt of any involuntary petition in bankruptcy filed against Label in which to cure said breach before it shall be considered an "SME Default Event." Notwithstanding the foregoing or anything elsewhere in this Agreement, Company may terminate the Term upon notice to Label in the event that (x) Company ceases doing business in the ordinary course (unless such business is transferred to a valid assignee of Company's rights hereunder), and/or (y) Company and its Affiliates cease to operate the Services throughout the Territory on a permanent basis. Notwithstanding the foregoing or anything elsewhere in the this Agreement, in the event this Agreement is terminated pursuant to (a) a Termination Event, (b) a breach of sub-section 5(a)(2)(vii) or (c) sub-section 5(a)(2)(viii) ****.

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(b) Upon termination or earlier expiration of the Term: (1) all rights granted to Company herein will immediately terminate, and Company will not thereafter have any right to make any use of any Authorized Materials or any other materials provided by Label to Company; (2) Company will immediately return, delete or destroy all materials furnished or selected by Label for use by Company, including all Authorized Materials and any phonorecords or copies derived therefrom in any and all forms, formats and media, as Label will direct in Label's sole discretion; (3) Company will immediately remove all links to web sites or other properties owned or controlled by Label; and (4) all monies then due or to become due to Label will become **** and payable, subject to the last sentence of section 5(a)(3) above in the case of (a) an SME Default Event, (b) a termination by Label pursuant to sub-section 5(a)(2)(vii) or (c) a termination by Label pursuant to sub-section 5(a)(2)(viii).

(c) Reference is hereby made to that certain ****.

(d) The following provisions of this Agreement shall survive the termination or expiration of the Term: sections 1, 2, 3, 4, the last sentence of section 5(a)(3), 5(d), 6(a), 6(b), 6(d), 6(e), 6(f) and 6(g).

6. Miscellaneous:

(a) Except as otherwise specifically provided herein, all notices under this Agreement will be in writing and will be given by courier or other personal delivery or by registered or certified mail at the appropriate address set forth on page 1 of this Agreement or at a substitute address designated by notice by the party concerned. Each notice to Company will be addressed to the attention of Company's CEO; provided, however that notwithstanding anything elsewhere herein, take-down notices from Label may be given via metadata, facsimile, electronic mail or any other effective method of written communication. Each notice to the Label will be addressed to the attention of its EVP, Business and Legal Affairs, Global Digital Business, with copies of each notice sent simultaneously to Label's General Counsel. Notices will be deemed given when mailed or, if personally delivered, when so delivered, except that a notice of change of address will be effective only from the date of its receipt.

(b) THIS AGREEMENT HAS BEEN ENTERED INTO IN THE STATE OF NEW YORK, AND THE VALIDITY, INTERPRETATION AND LEGAL EFFECT OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS ENTERED INTO AND PERFORMED ENTIRELY WITHIN THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO ANY CONFLICT OF LAW PRINCIPLES UNDER NEW YORK LAW). OTHER THAN TO THE EXTENT EXPLICITLY PROVIDED IN THIS AGREEMENT, THE NEW YORK COURTS (STATE AND FEDERAL) SHALL HAVE SOLE JURISDICTION OVER ANY CONTROVERSIES REGARDING THIS AGREEMENT, ANY ACTION OR OTHER PROCEEDING WHICH INVOLVES SUCH A CONTROVERSY SHALL BE BROUGHT IN THOSE COURTS IN NEW YORK COUNTY AND NOT ELSEWHERE, AND THE PARTIES WAIVE ANY AND ALL OBJECTIONS TO VENUE IN THOSE COURTS AND HEREBY SUBMIT TO THE JURISDICTION OF THOSE COURTS.

(c) Label may assign Label's rights under this Agreement in whole or in part to any subsidiary, affiliated or controlling corporation, to any person or entity owning or acquiring a substantial portion of the stock or assets of Label, or to any partnership or other venture in which Label participates, and such rights may be similarly assigned by any assignee. Company will not have the right to assign or sub-license this Agreement or any of Company's rights hereunder without Label's prior written consent, EXCEPT that Company shall have the right to assign its rights and delegate its duties under this Agreement, subject to Section 5(a)(2)(vii), to: (i) any affiliate controlling, controlled by or under common control with Company and (ii) any entity that acquires control of Company or otherwise succeeds to substantially all of the assets or stock of Company and that is not an entity falling within any of the categories listed in Section 5(a)(2)(vii) above and is not engaged in ****, and any purported assignment by Company in violation of this subparagraph will be void (it being understood and agreed that if Company effects an assignment or sub-license in contravention of Label's approval rights pursuant to the foregoing provisions of this section, the foregoing shall not be deemed to mean that the associated transaction event (without such assignment or sub-license of this Agreement) is itself void or otherwise of no force or effect).

(d) (1) Company will at all times indemnify and hold harmless the Label **** from and against any and all claims **** (the "Company Claims"). In the event of any Company Claim: (i) the applicable Label **** shall notify Company of the Company Claim concerned immediately following the date that such Label **** becomes aware

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of it (provided that such failure to immediately notify Company shall not affect any Label **** right to indemnification hereunder if such delay did not materially prejudice the defense of such claim); (ii) Company shall defend against the Company Claim concerned (at Company's own expense) through legal counsel selected by Company; and (iii) each party shall reasonably cooperate with the other in the defense of the Company Claim concerned. Company shall be solely responsible for the amount of any settlement or judgment for such Company Claim and all legal expenses and counsel fees incurred by Company in connection therewith; provided, however, that any settlement acknowledging any wrongdoing on behalf of any of the Label **** or creating any additional obligations or payments or potential liabilities for any of the Label **** shall be subject to the written approval of such Label ****. The applicable Label **** shall have the right at all times to actively participate in the defense thereof, and to employ legal counsel selected by such Label **** at their own expense, it being understood that Company shall have the right at all times, in Company's sole discretion, to maintain control of the conduct of the defense.

(2) Label will at all times indemnify and hold harmless the Company **** (the "Label Claims"), provided that Label shall not be required to indemnify and hold harmless the Company **** with respect to any damages, liabilities, costs and expenses arising from Company's reckless and/or willful conduct (for example, with respect to any damages relating to Company's making available of particular Authorized Materials following Label's request for Company to cease making the same available). In the event of any Label Claim: (i) the applicable Company **** shall notify Label of the Label Claim concerned immediately following the date that such Company **** becomes aware of it (provided that such failure to immediately notify Label shall not affect any Company **** right to indemnification hereunder if such delay did not materially prejudice the defense of such claim); (ii) Label shall defend against the Label Claim concerned (at Label's own expense) through legal counsel selected by Label; and (iii) each party shall reasonably cooperate with the other in the defense of the Label Claim concerned. Label shall be solely responsible for the amount of any settlement or judgment for such Label Claim and all legal expenses and counsel fees incurred by Label in connection therewith; provided, however, that any settlement acknowledging any wrongdoing on behalf of any of the Company **** or creating any additional obligations or payments or potential liabilities for any of the Company **** shall be subject to the written approval of such Company ****. The applicable Company **** shall have the right at all times to actively participate in the defense thereof, and to employ legal counsel selected by such Company **** at their own expense, it being understood that Label shall have the right at all times, in Label's sole discretion, to maintain control of the conduct of the defense.

(e) Except with respect to the parties' respective indemnification obligations pursuant to Section 6(d), neither party to this Agreement shall be liable to the other under or in connection with this Agreement whether in contract, tort (including negligence), misrepresentation (other than where made fraudulently), breach of statutory duty or otherwise for any indirect or consequential loss whatsoever incurred by either party whether or not the party was advised in advance of the possibility of any such loss. Nothing in this Agreement shall restrict or limit the liability of either party for fraud or fraudulent misrepresentation or death or personal injury caused by negligence. Except as expressly provided in this Agreement, no warranties or conditions, express or implied, including, without limitation, implied warranties or conditions of merchantability and fitness for a particular purpose shall apply.

(f) No amendment to this Agreement shall be binding upon Label unless it is made by an instrument signed by an authorized officer of Label. A waiver by either party of any provision of this Agreement in any instance will not be deemed a waiver of such provision, or any other provision hereof, as to any future instance or occurrence. All remedies, rights, undertakings, and obligations contained in this Agreement will be cumulative and none of them will be in limitation of any other remedy, right, undertaking, or obligation of either party. If any part of this Agreement, or the application thereof to any party, will be adjudged by a court of competent jurisdiction to be invalid, such judgment will not affect the remainder of this Agreement, which will continue in full force and effect, or the application of this Agreement to the remaining parties.

(g) Save only in respect of the foregoing this Agreement is made solely and specifically between the Company and Label and is not intended to be for the benefit of or enforceable by any other person save in respect of permitted assignees pursuant to the terms of this Agreement.

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(h) This Agreement represents the entire agreement between Label and Company with respect to the subject matter hereof and supersedes all prior and/or contemporaneous agreements and understandings, whether written or oral, between Label and Company with respect to the subject matter hereof.

(i) In entering into this Agreement, Company has and shall have the status of independent contractor. Nothing herein contained shall contemplate or constitute either party as the other's agent, except to the extent expressly set forth herein, or employee, and nothing herein shall constitute a partnership, joint venture or fiduciary relationship between Company and Label.

(j) For the avoidance of doubt, subject to the remainder of this subsection (j), unless otherwise agreed in writing by Label, in the event of **** shall not be subject to the terms and conditions of this Agreement, and Company's **** via the Services shall not be deemed authorized hereunder. In the case of Label's **** Label shall only be entitled to take advantage of this section in the event that **** Where the value of any ****, in order to take advantage of this section Label shall be required to warrant and represent to Company ****.

(k) **** Notwithstanding the preceding definition of ****, Company shall not be in breach of the covenant in this section 6(k) as a result of ****.

Very truly yours,

ACCEPTED AND AGREED:

SONY MUSIC ENTERTAINMENT

SPOTIFY AB

By: /s/ Dennis Kooker

By: /s/ Peter Grandelius

Title: President, Digital Global Business

Title: Associate General Counsel

Date: July 7, 2017

Date: July 7, 2017

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Exhibit A

Term Sheet

1. Definitions:

“Active User” means any user who has accessed via the Ad Supported Service at least 1 (one) Royalty Bearing Play of audio or audiovisual content (whether or not such content embodies an Authorized Recording).

“Ads Studio” means Company’s advertising self service platform, whereby advertisers, including Label, can create advertisements on a self-service basis.

“Ad Supported” means a transmission of audio that is made available to members of the general public without charge of any kind, directly or indirectly (i.e. not on a subscription basis or any other business model).

“Ad Supported On-Demand Service” means the service offering an End User via Approved Interfaces both on-demand and pre-programmed access to Streams of audio and audiovisual recordings (together with corresponding cover artwork), including but not limited to Authorized Recordings in an Approved Format (together with Authorized Artwork), solely on Static Devices and on an Ad Supported basis, through such End User’s single User Profile, in compliance with the terms, conditions and limitations prescribed in this Agreement, including the Technical and Security Specifications, provided that such access shall always be offered in accordance with the Content Usage Rules.

“Ad Supported Release Date” means the date on which an item of SME Materials or Orchard Materials is permitted by Label or Orchard, as applicable, to be made available by Company via the Ad Supported Service.

“Ad Supported Service” means, individually and collectively, the Ad-Supported On-Demand Service and the Mobile Shuffle Service.

“Advertisements” means any and all audio, audiovisual, graphic, textual and other advertisements, messages, sponsorships or other commercial space, however delivered via any web pages, application or other electronic properties, as the case may be, that is leased, licensed or sold to or on behalf of Persons for purposes of advertising, promotion, marketing, trade or otherwise (e.g., the development, maintenance or enhancement of general goodwill) including for the avoidance of doubt sponsored playlists, listening/viewing sessions and any other inventory/units developed in the future.

“Affiliate” means, with respect to any specified Person, any other Person that, directly or indirectly, through one or more intermediaries, owns or controls, is owned or controlled by, or is under common ownership or control with, such specified Person. As used in this definition, the term “control” (including the terms “controlling”, “controlled by” and “under common control with”) of a Person means the ownership of at least fifty percent (50%) of the equity of that Person or possessing the power to direct or cause the direction of the management of that Person.

“Album” means a collection of Authorized Recordings which when made available together are designated an album by Label or Orchard ****.

“Annualized” means the amount **** to any party divided by the number of twelve (12) month periods comprised in the **** to the agreement between Company and such party, By way of example, if Company has ****, which is ****.

“App Remote” means Company’s proprietary library and related functionality embedded into third party applications that allows an End User to launch the Spotify client and remote control the Services, provided that any such third party applications incorporate Company Branding in connection with such remote control features, and any user who is not an End User attempting to utilize such remote control features will be invited to become an End User.

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“ App Store Providers ” means third party application stores (e.g. Apple, Google) which facilitate subscriptions to the Subscription Services.

“ Approved Device ” means types of electronic device approved by Label in writing in advance in each instance, for use in connection with Authorized Materials delivered via particular Services. As of the Effective Date, Static Devices and Mobile Devices shall be deemed so approved by Label as “Approved Devices” for the purposes hereof.

“ Approved Format ” means the following:

- (i) In respect of Streams and Cached Streams of Authorized Audio Recordings delivered to End Users as part of the Ad Supported Service: WMA, AAC (and all its variants), Ogg Vorbis, Opus and MP3 at a bit rate of **** with a maximum of 2 audio channels (stereo), and such additional codecs and bit rates as Label may approve in writing from time-to-time;
- (ii) In respect of Streams and Cached Downloads of Authorized Audio Recordings delivered to Subscribers as part of the Subscription Service: WMA, AAC (and all its variants), Ogg Vorbis, Opus and MP3 at a bit rate of **** with a maximum of 2 audio channels (stereo), and such additional codecs and bit rates as Label may approve in writing from time-to-time; and
- (iii) in respect of Streams and Cached Downloads of Authorized Video Recordings delivered to End Users (including Subscribers) as part of any of the Services: MPEG-4, MPEG-TS or WebM containers with H.264 or VP8/VP9 video codecs at ****, in respect of video, and WMA, AAC (and all its variants), Ogg Vorbis, Opus and MP3 at a bit rate of **** with a maximum of 2 audio channels (stereo) in respect of audio; and such additional codecs and bit rates as Label may approve in writing from time-to-time. Video playback uses adaptive bitrate switching to adapt playback to the desired quality for the user.

“ Approved Interface ” means a website, software application or other interface created, owned and controlled by (or on behalf of) Company which provides access to or control of the Services and is used in (i) the selection of materials; (ii) the reception of such materials (from nodes including Distribution Servers and other End Users’ active, network-connected instances of the application), and/or (iii) the rendering of such materials (which process may include decryption, caching and playback of digital data embodying sound recordings); and which in all cases carries solely Company Branding in visual or audio format (subject to the inclusion of Advertisements in the case of the Ad Supported Service). For clarity, Approved Interfaces will be deemed to include, without limitation, (i) the Spotify Client, (ii) the Spotify Web Player, (iii) interfaces utilizing the App Remote, (iv) the Play Button, (v) interfaces utilizing the Company API (as defined in Exhibit M (API/SDK Requirements)), (vi) Company Branded widgets/iFrames capable of being embedded into third party websites and third party applications using the Company API, and (vii) Company Branded interfaces utilizing Spotify Connect.

“ Approved Server Copies ” means the limited number of Content Files as encoded into Approved Formats solely as reasonably necessary in connection with delivery via each Service in accordance with the terms and conditions of this Agreement.

“ Authorized Ancillary Materials ” means materials provided to Company by Label or Orchard outside of Label’s and Orchard’s automated content delivery feeds which are the subject of a written authorization (which may include by way of email) by a person who, objectively, has sufficient seniority to bind Label for Company’s use thereof, which authorization may be limited in scope by reference to territory, time period and/or distribution channels.

“ Authorized Artwork ” means the cover art, as used by Label or Orchard in connection with the Authorized Recording as distributed by Label or Orchard (as the case may be) in the Territory that is delivered to Company by Label or Orchard for use in connection with the applicable Services pursuant to paragraph 12 below ****. Notwithstanding the foregoing or anything elsewhere in this Agreement, all artwork delivered by Label or Orchard to Company for use under this Agreement pursuant to paragraph 12 below **** shall be deemed Authorized Artwork for all purposes under this Agreement, including for the avoidance of doubt, for purposes of section 6(d)(2) of the letter agreement portion of this Agreement, through and including the expiration of the period for taking down the artwork concerned in accordance with and subject to paragraph 7(e) below ****.

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“ Authorized Audio Recording ” means an audio recording delivered by Label and/or Orchard to Company pursuant to paragraph 12 below ****, which Label has the right to exploit via the Services in one or more parts of the Territory. Notwithstanding the foregoing or anything elsewhere in this Agreement, all audio recordings delivered by Label or Orchard to Company for use under this Agreement pursuant to paragraph 12 below **** shall be deemed Authorized Audio Recordings for all purposes under this Agreement, including for the avoidance of doubt, for purposes of section 6(d)(2) of the letter agreement portion of this Agreement, through and including the expiration of the period for taking down the audio recording concerned in accordance with and subject to paragraph 7(e) below ****.

“ Authorized Materials ” means individually and collectively, Authorized Recordings, Authorized Artwork, associated metadata and any Preview Clips and all other artistic and literary materials delivered to Company under this Agreement pursuant to paragraph 12 below **** for use in connection with the Services, together with Authorized Ancillary Materials. For the avoidance of doubt, Local Files may include sound recordings owned or controlled by Label, but shall not be considered Authorized Materials for the purposes of this Agreement.

“ Authorized Recordings ” means Authorized Audio Recordings and Authorized Video Recordings.

“ Authorized Trade Marks ” means any Trade Mark owned and/or controlled by Label or Orchard and made available to Company pursuant to the terms and conditions of this Agreement.

“ Authorized Video Recording ” means an audiovisual recording delivered by Label and/or Orchard to Company pursuant to paragraph 12 below **** for exploitation via the Services in one or more parts of the Territory. Notwithstanding the foregoing or anything elsewhere in this Agreement, all audiovisual recordings delivered by Label or Orchard to Company for use under this Agreement pursuant to paragraph 12 below **** shall be deemed Authorized Video Recordings for all purposes under this Agreement, including for the avoidance of doubt, for purposes of section 6(d)(2) of the letter agreement portion of this Agreement, through and including the expiration of the period for taking down the audiovisual recording concerned in accordance with and subject to paragraph 7(e) below ****.

“ Billing Providers ” means mobile network operators, fixed line internet service providers and Label-approved providers of payment services.

“ Cached Downloads ” means encrypted digital files embodying audio or audiovisual recordings that are downloaded and securely stored on an Approved Device utilizing an appropriate technical solution approved by Label, for the purposes of caching particular recordings for offline playback, provided always that such device may only render the files for playback in the event that the device remains authorized as a result of the Subscriber having a valid, subsisting Premium Subscription, **** provided further that Local Files shall not be within the scope of this definition.

“ Cached Streams ” means encrypted digital files embodying audio or audiovisual recordings that are downloaded and temporarily cached on an Approved Device utilizing an appropriate technical solution approved by Label, **** provided further that Local Files shall not be within the scope of this definition.

“ Change of Control ” means the closing of a transaction as a result of which those Persons who held 100% of the issued share capital of the ultimate parent company of Company and its Affiliates (collectively, the “ Spotify Group ”) immediately prior to the transaction hold less than **** of the issued share capital of, or voting power in respect of, the ultimate parent company of the Spotify Group immediately after the closing of the transaction, unless the transaction consists of an internal restructuring or a listing of equity securities of the Company, its parent or any of its Affiliates on an internationally recognized stock exchange or similar marketplace of recognized national standing (“ IPO ”).

“ Company Branding ” means the “ *Spotify* ” Trade Mark and any other indicia of branding owned by Company and generally used by Company in conjunction with the applicable Service together with the “Spotify” Trade Mark. Unless otherwise agreed by Label, such indicia of branding shall not include those owned by parties who,

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at the date of signature of this Agreement, are third parties (other than affiliates of Company, parties that become affiliates of the Company, or that Company or its affiliates acquire during the Term). “Company Branded” shall be construed accordingly.

“Company Servers” means secure internal computer servers utilized in connection with the Services, **** to use such Content Files on behalf of third parties).

“Content File” means a digital file (or set of files) consisting of one or more Authorized Recordings, together with corresponding Authorized Artwork and metadata as designated by (or on behalf of) Label or Orchard in its sole discretion in each instance, which is delivered to Company hereunder **** in accordance with the applicable Content Preparation and Delivery Specifications.

“Content Preparation and Delivery Specifications” means the content preparation and delivery specifications for Authorized Materials mutually agreed by the parties hereto, which at the Effective Date shall be those attached as Exhibit I. Label may change such specifications from time-to-time in its sole discretion.

“Content Usage Rules” means a set of electronic instructions (or contractual requirements, as the case may be) that directs, enables and governs the performance of permitted operations or the restriction of unauthorized operations with respect to the use of Authorized Recordings via any particular Service, as set out in Exhibit C.

“Dispute” means any dispute, controversy or claim arising out of or relating to this Agreement or the breach or validity hereof.

“Distribution Servers” means publicly accessible computer servers utilized in connection with distribution of content via the Services, including but not limited to servers forming part of content distribution networks (CDNs), provided always that Company and/or Service Providers have the right and ability to access or manage such servers and to make directions with respect to storage, hosting, delivery and other use of content thereon, including but not restricted to the right and ability to require the addition, disabling and/or removal of particular Approved Server Copies.

“Eligible Recordings” means ****, **** and ****.

“End User” means, at any particular time, a natural person who has registered for one of the Services - including for the avoidance of doubt any person who has registered for a Free Trial, and in all cases remains in good standing pursuant to the Service’s terms of service and privacy policy. For the avoidance of doubt, in relation to Subscription Services, an End User is sometimes referred to herein as a “Subscriber.”

**** of no fewer than **** and no greater than **** audio recordings and **** audiovisual recordings, ****, and solely in relation to the use and exploitation of Authorized Recordings, subject to **** rules ****, as further described herein.

“Excluded Deal Point” means ****.

“Family Average” means ****.

“Family Member” means each Subscriber added to and linked with a particular Family Premium Subscription by the corresponding Master Subscriber, subject to and in accordance with Paragraph 8(c)(4).

“First Tier Executives” means **** (as of the Effective Date, ****) on behalf of Company, and **** (as of the Effective Date, ****) on behalf of Label.

“Fulfillment Services” means services and activities involving the possession and/or control of Authorized Materials via Distribution Servers.

“****” means a period of up to **** from the date that a Subscriber **** to Company for a Subscription Service as a result of any **** provided, however, that (i) for the avoidance of doubt, if a **** shall not be eligible for a **** and (ii) any payment received during a **** will be applied to the period commencing on the ****.

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

“Gross Revenues” means, with respect to audio and audiovisual Streams, Cached Streams and/or Cached Downloads, with respect to the applicable Service in the applicable ****, the sum of: (i) all revenues attributable to **** generated from Approved Interfaces through which the Services are made available; (ii) all revenues attributable to **** generated via the Service, ****, (iii) all revenues directly attributable to the **** sold by Company or its agents through the applicable offering of the Service, including Approved Interfaces, ****; (iv) solely with respect to the Subscription Services, all subscription fees paid by Subscribers in consideration of access to the Subscription Services **** and income from providing access to **** for any fixed period of time or as part of any retail promotion, ****; (v) any share of **** received by Company for delivery of the Services that Company may be able to secure from **** in consideration of the distribution of the Services; (vi) all revenues directly attributable to ****; and (vii) all gross monies paid or payable by or on behalf of any Person (including so-called ****, so-called **** and ****), whether structured as a one-time payment or as a recurrent payment or revenue share, **** from any Approved Interface that is accessible only by End Users of the applicable Service, directly or indirectly, to any ****, or other **** of (aa) in the case of the Subscription Services, **** from End Users **** to an **** (or accrued by Company ****, as applicable), and (bb) in the case of the Ad Supported Services, ****. For the avoidance of doubt, “Gross Revenues” expressly **** in connection with **** Company’s provision of ****. Notwithstanding any other part of this definition, it is agreed that Company shall not ****, or conduct business with third parties (including but not limited to advertisers) (x) in a manner that is **** or (y) in a manner that is **** of this Agreement.

For the avoidance of doubt, revenues derived from ****, revenues derived from Company’s performing **** in connection with such ****, revenue from **** and other ****, shall not be considered “****” for purposes of the definition of “Gross Revenues”. For purposes of determining **** hereunder, any **** shall be accounted for on the basis of the **** provided, however, that the **** shall not be deemed “Gross Revenues.” ****

For the further avoidance of doubt, in scenarios where Company elects to ****, whether or not involving a **** (each such scenario, a “****”) then provided (i) such **** is not otherwise prohibited under this Agreement and (ii) the **** concerned does not also include, as a primary component thereof, ****, and (iii) the **** has been, or will be from the date of commencement of **** in the applicable country or countries on a **** or such third party product or service is an ****; and (iv) the primary purpose of the **** is not the **** to one or more of the Services, then any **** by Company **** of the applicable Subscription Service in the applicable country shall be **** Gross Revenues, provided always that such **** are offered via Company at a **** that is **** not offered via Company. To the extent that Company wishes to retail access to a Subscription Service bundled with any **** in a manner which is non-compliant with the preceding sentence, then absent Label’s prior written approval on a case-by-case basis, all ****. For the avoidance of doubt, Label’s prior written approval shall not be required if the **** is otherwise in compliance with this paragraph and also includes ****.

“HD Quality” means either or both (i) higher audio quality than that offered by the Services in accordance with the terms of this Agreement being either (aa) at a higher than **** or (bb) any **** or (ii) higher video quality (being at **** or a higher quality).

“Internet” means the publicly accessible worldwide system of computer networks that transmits data by means of packet switching based on a global network infrastructure with the following attributes: (i) it is logically linked together by an address system based on the Internet Protocol (IP); and (ii) it effectuates data transmissions by means of Transmission Control Protocol/Internet Protocol (TCP/IP).

“Growth Offers” mean offers to subscribe to the Subscription Services at rates below standard retail prices in the applicable country, including Intro Offers and Winback Offers.

“Label Artist” means a recording artist whose musical performances are embodied in Authorized Recordings.

“****” means a value for the applicable part of the Territory as set out in Exhibit L below.

“Local Files” means permanent downloads of digital audio or audiovisual material that a user has stored locally for playback on an Approved Device. Local Files may include sound recordings owned and/or controlled by Label and/or Orchard.

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

“****” shall mean, in relation to Authorized Materials, a feature of the **** which purpose is to (a) **** use (b) **** to improve playback, and (c) improve user engagement by **** as set forth in the Content Usage Rules applicable to ****.

“Marketing and Promotional Support” means, but shall not be restricted to, so-called ****; placement of **** and placement within **** features; ****.

“Master Subscriber” means, in the case of any particular Family Premium Subscription account, the Subscriber who subscribes to the Family Premium Subscription and maintains control of Family Members registered to such Family Premium Subscription account from time to time.

“Mobile Device” means a cellphone, mp3 player, handheld video games console, multi-room entertainment device (e.g., SONOS or Logitech Squeezebox, etc.), Wearable, ****, and any other device approved in writing by SME, that (a) connects directly or indirectly to Distribution Servers and, optionally, to other peers running an Approved Interface, (b) ****, (c) is capable of connecting to Distribution Servers via the Internet using a fixed line, Wi-Fi and/or cellular data connection, and (d) complies with the terms, conditions and limitations prescribed in this Agreement, including the applicable Technical and Security Specifications.

“Mobile Shuffle Service” means the service offering End Users pre-programmed access (and, solely in the case of **** in accordance with the definition of “****,” the Content Usage Rules and the provisions of Exhibit J), via Approved Interfaces to Streams and Cached Streams of audio and audiovisual recordings (together with corresponding cover artwork), including but not limited to Authorized Recordings (together with Authorized Artwork) in an Approved Format, solely on **** and on an Ad Supported basis, through such End User’s single User Profile, and solely in relation to the use and exploitation of Authorized Materials, in compliance with the terms, conditions and limitations prescribed in this Agreement, including the Technical and Security Specifications, provided that such access shall always be offered in accordance with both the Content Usage Rules and the provisions of Exhibit J.

“Monthly Active User” means any End User who has accessed at least one (1) Royalty Bearing Play of audio or audiovisual content (whether or not such content embodied an Authorized Recording) during ****.

“Music Data” means any and all data in connection with, or related to, or **** or metadata associated therewith.

“****” means Royalty Bearing Plays of, individually and collectively, (i) **** for such plays **** (as applicable), (ii) **** for such plays in the **** (as applicable), and (iii) any ****.

“****” means (i) recordings of **** that are delivered by ****; (ii) recordings in which **** or **** license, other than ****; or (iii) recordings created by Company or its Affiliates, for which Company, the Company Affiliate or such third party has ****.

“On Demand” means, in relation to a Stream, Cached Stream or Cached Download, the ability of a user to select the specific recording embodied in such Stream, Cached Stream or Cached Download, and the timing of its playback.

“Orchard” means Orchard Enterprises, Inc.

“Orchard Materials” means any and all Authorized Recordings delivered directly to Company via a separate content feed managed by Orchard independently of the content feed managed by Label.

“Orchard’s Usage Percentage” means a fraction, the numerator of which is the **** of **** and **** supplied by Orchard or its Affiliates to Company, and the denominator of which is **** of **** (including **** and **** supplied by Orchard or its Affiliates to Company), subject to, in the month concerned (i) the number of Royalty Bearing Plays of **** being **** of all **** of ****, and (ii) the number of Royalty Bearing Plays of **** in the denominator being **** of all **** of ****. Company shall use a ****, including but not restricted to the manner of ****. This fraction shall be calculated separately for the **** and each of the ****.

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“****” means an audio or audiovisual recording **** Company in connection with which Company, any of Company’s Affiliates and/or a third party **** a bona-fide arms-length **** for the **** (in respect of audiovisual recordings) or **** (in respect of audio recordings) in such content, but excluding ****.

“Other Party” means **** and any of their Affiliates, successors and assigns.

“Parties” means Label and Company.

“Permitted ****” means (i) in the event that access to a Subscription Service is retailed to Subscribers by Billing Providers on behalf of Company, for each such Billing Provider the **** in connection with transactions related to such Billing Provider, subject always to **** of the **** attributable to all transactions related to such Billing Provider, ****. As of the Effective Date, **** for the purposes of this Agreement. Company shall notify Label in writing of ****.

“Permitted Services” means a service offering on-demand streaming that (i) is owned or controlled (“controlled” meaning the ownership of **** or more of the securities in the company operating such service or the ultimate parent entity thereof) by Label, under any brand or co-brand, and/or (ii) offers only limited duration ****; and/or (iii) offers Ad Supported on-demand streaming in connection with limited term, non-recurring, niche-based offerings (e.g. offerings limited by genre or including a materially reduced number of tracks as compared to the total digital catalogues of its licensors); or (iv) does not offer **** functionality and can reasonably and objectively be viewed as ancillary to the service operator’s primary business model of ****.

“Person” means any natural person, legal entity, or other organized group of persons or entities. (All pronouns, whether personal or impersonal, which refer to Persons include natural persons and other Persons).

“Play Button” means a Company Branded and Company controlled widget or web browser plug in, which is a remote control to the Services, provided any user who is not an End User attempting to utilize such remote control feature will be invited to become an End User.

“Premium ****” means an amount, **** to the relevant Subscription Service, as set out in Exhibit H, and, in the context of calculation of Wholesale Fees, sometimes referred to as amount X (in respect of the Premium Subscription) and amount W (in respect of the Online Subscription).

“Preview Clips” means Streams accessible to Approved Devices comprising either (i) the first ****seconds of each relevant Authorized Audio Recording, (ii) the **** second region of each Authorized Audio Recording which is communicated by Company via metadata, or (iii) another **** second region as determined by Company, provided always that (a) Company applies only one of option (i), (ii) or (iii) across all Authorized Audio Recordings, (b) each such Stream is made available in **** the relevant full-length Authorized Audio Recording via an Approved Interface, provided that where a person clicks such link without already being logged into one of the Services on the Approved Device concerned, such person shall be invited to log into his/her User Profile or to sign up to become a Subscriber of one of the Services, provided that **** having listened to a such Stream; and (c) in the event Company applies option (iii), it is acknowledged that Label shall be entitled to issue a Take Down Notice in respect of any particular clip in the case of bona fide artist relationship issues, in which case Company shall replace the affected clip with a clip based on a different region of the Authorized Audio Recording in consultation with Label.

“Prohibited Entity” means (A) an entity (or the parent, subsidiary or affiliate of any such entity) against which Label, any affiliate or any licensee of Label has a claim arising out of the unauthorized recording, manufacture, distribution, sale, reproduction (or other use) of any Authorized Materials or other related property or other related tangible or intangible rights, (B) an entity (or the parent, subsidiary or affiliate of any such entity) involved in litigation with Label or any of its affiliates or licensees arising out of the unauthorized recording, manufacture, distribution, sale, reproduction (or other use) of any Authorized Materials or other related property or other related tangible or intangible rights, (C) an entity (or the parent, subsidiary or affiliate of any such entity) engaged in any unauthorized recording, manufacture, distribution, sale or other activity in violation of Label’s or its affiliate’s or licensee’s rights, or (D) ****.

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

“********” means ******** within Approved Interfaces which gives End Users the option to click to Stream a specific recording (which may or may not be an Authorized Recording selected by Label or Orchard) which is available at such point of time on the Services.

“**Publishing Costs**” means all monies payable to Persons (or to third parties authorized as agents acting on such Persons’ behalf) that own or control rights in or to musical compositions (e.g., music publishers or applicable rights societies with appropriate jurisdiction) in connection with exercising Publishing Rights. For the avoidance of doubt, Company shall be ********.

“**Publishing Rights**” means all rights, consents, licenses and permissions necessary for the following acts undertaken after Company’s receipt of the applicable Content File from Label: (i) the reproduction, communication to the public, public performance, digital audio transmission and generally making available in connection with the applicable Service of musical compositions embodied in Authorized Materials, and (ii) the communication to the public of musical compositions embodied in any Advertisements placed on the Service by Label or Orchard on its own behalf or on behalf of any third party. For the avoidance of doubt: (a) Label shall not be responsible for any license required for the reproduction, inclusion or synchronization of any musical compositions embodied in any Advertisements placed on the Service (except in relation to Advertisements embodying musical compositions (and any dramatic, literary or other works, as the case may be) that are placed on the Services by or on behalf of Label or Orchard (A) ********, and/or (B) using Advertisement inventory that is purchased by Label or Orchard pursuant to Exhibit K or otherwise; and (b) as between Label and Company, Company shall be solely responsible for acquiring, administering, and maintaining all Publishing Rights (except in relation to Advertisements embodying musical compositions (and any dramatic, literary or other works, as the case may be) that are placed on the Services by or on behalf of Label or Orchard (A) ********, and/or (B) using Advertisement inventory that is purchased by Label or Orchard pursuant to Exhibit K or otherwise.

“**Radio Type Service**” means (i) a radio type non on demand streaming service that has a link to a terrestrial, cable or satellite radio or broadcast service, or (ii) any part of a radio type non on demand streaming service that is not directly licensed by Label or Orchard, but through collective agreements or statutory licenses.

“**Registered Payment Method**” means a valid credit card, debit card, PayPal account, electronic checking account, so-called “e-wallet” account or other payment method on file with Company, or a third party billing infrastructure service provider (e.g. integrated billing by mobile carriers or app stores).

“**Record Label**” means a ******** meaningfully engaged in the business of developing, producing, distributing, and/or otherwise exploiting recorded music.

“********” means recordings owned or controlled by, and delivered (whether directly or via an aggregator) by, ******** in which Company or its Affiliates ********, but for the avoidance of doubt excluding ********, ******** and any ********.

“**Release Date Information**” shall mean, collectively, General Release Date and Ad Supported Release Date information.

“**Royalty Bearing Play**” means any Stream, or playback of a Cached Stream or Cached Download, of an item of audio or audiovisual content (********) via the relevant Service (or part thereof), whether ********, or occurring ********, provided that such Stream or playback (i) has a minimum duration of ******** seconds; (ii) is ********; and (iii) represents a master recording in respect of which exploitation is ******** to Company or in respect of which Company ******** during the applicable accounting period.

“**Second Tier Executives**” means the ******** (as of the Effective Date, ********) on behalf of Company, and ******** (as of the Effective Date, ********) on behalf of Label.

“**Services**” means the Ad Supported Service and Subscription Services that are produced, programmed, managed and operated (as applicable in each case) solely by Company, are marketed solely under the Company Branding (provided that Company may undertake co-marketing campaigns with third parties, subject to its compliance with the rest of this Agreement), are available in the Territory and which conform to the Technical and Security Specifications.

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“Service Provider” means a Person appointed by Company to fulfill any of its obligations under this Agreement in connection with the Services, provided that (a) solely in connection with Service Providers that provide Fulfillment Services, Company ****; and (b) Company’s authorization of each Person to undertake Fulfillment Services on Company’s behalf shall not in itself relieve Company of any of its obligations set forth in this Agreement or give any such Person any direct right, claim or cause of action against Label or any of its Affiliates, whether as a third party beneficiary or otherwise. The ****, are set forth in Exhibit F hereto, and are hereby ****.

“Similar Authorized Services” shall mean any one (1) or more **** within the relevant part of the Territory, ****; and (iii) ****, provided that in the case of any subscription service combining access to label-licensed master recordings and ****, such service shall be deemed to offer Label-licensed master recordings only.

“SME Materials” means any and all Authorized Recordings delivered directly to Company via a content feed managed by or on behalf of Label independently of the content feed managed by Orchard.

“SME’s Usage Percentage” means a fraction, the numerator of which is the **** of **** of SME Materials and Authorized Ancillary Materials supplied by Label or its Affiliates to Company, and the denominator of which is the **** of **** (including SME Materials and Authorized Ancillary Materials supplied by Label or its Affiliates to Company), subject to, in the **** concerned (i) the number of **** of **** being **** of all **** of ****, and (ii) the number of **** of **** in the **** of all **** of ****. Company shall use a ****, including but not restricted to the manner of ****. This **** for the **** and each of the ****.

“Spotify Client” means a stand alone, Company Branded software application downloaded to an End User’s Approved Device or pre-installed on such device and developed solely for the making available of the Services through domains owned and controlled by Company, and downloaded from Company’s website or an application store.

“Spotify Connect” means a feature of the Services that allows an End User to play back music from one device to another as described in the White Paper attached hereto as Exhibit D.

“Spotify Web Player” means a Company Branded, Company owned and controlled audio player situated on Company’s website and used solely for the making available of the Services from Company’s website.

“Static Device” means laptop, ultraportable or desktop personal computer, ****, but excluding ****, that (a) ****, is primarily intended for use in a fixed location, (b) ****, (c) is capable of connecting to Distribution Servers via the Internet using a fixed line, Wi-Fi and/or cellular data connection, and (d) complies with the terms, conditions and limitations prescribed in this Agreement, including the applicable Technical and Security Specifications.

“Stream” (as a noun) means each instance in which any portion of a recording is delivered by means a digital transmission which is substantially contemporaneous with the performance of the audio or audiovisual recording embodied therein and delivered in an approved format that is designed so that such recording cannot be digitally copied, duplicated or stored in a renderable form in any manner or medium in whole or in part, directly or indirectly (other than any temporary copies used solely for so-called “caching” or “buffering”). “Streaming” shall be construed accordingly.

“Subscriber” means an End User who subscribes to one of the Subscription Services.

“Subscription Service” means one of the following services, each offering Subscribers within the Territory unlimited on-demand and pre-programmed advertising-free access to audio and audiovisual recordings (together with corresponding cover artwork), including but not limited to Authorized Recordings in the relevant Approved Format (together with Authorized Artwork), in compliance with the terms, conditions and limitations prescribed in this Agreement, including the Technical and Security Specifications and the Content Usage Rules:

- (i) “Online Subscription”, meaning a subscription providing access via Approved Interfaces to audio and/or audiovisual recordings via Streams through a single User Profile solely on Static Devices, in return for a periodic subscription fee (other than in connection with free trials (including Free Trials) and bundled access, in which cases, for the avoidance of doubt, there is no periodic subscription fee);

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- (ii) “Premium Subscription”, meaning a subscription providing access via Approved Interfaces to audio and/or audiovisual recordings via Streams and Cached Downloads through a single User Profile on Static Devices, and Mobile Devices in return for a periodic subscription fee (other than in connection with free trials (including Free Trials) and bundled access, in which cases, for the avoidance of doubt, there is no periodic subscription fee); and
- (iii) “Family Premium Subscription”, meaning a single subscription providing access via Approved Interfaces to audio and/or audiovisual recordings via Streams and Cached Downloads for one Master Subscriber and **** separate Family Members, each through their own separate User Profiles, on Static Devices, and Mobile Devices, in return for a single periodic subscription fee (other than in connection with free trials (including Free Trials) and bundled access, in which cases, for the avoidance of doubt, there is no periodic subscription fee).

For the avoidance of doubt, subscription fees payable by Subscribers may be billed by Company or an Authorized Distributor, and such fee may be charged in respect of access to the service on a stand-alone basis or access as bundled with the products and services of such Authorized Distributor. Subscriptions may also be sold whereby a Subscriber pays for multiple subscription periods (for example, 12 months) up-front or by redeeming Company Branded gift cards, gift codes or vouchers issued directly by Company or via third party retailers.

“Technical and Security Specifications” means those technical and security specifications, operational features and mock-ups of the Services, attached hereto as Exhibit C.

**** that allow Label, at its expense, to **** on either or all of the Subscription Service, the Ad Supported On-Demand Service and/or the Mobile Shuffle Service, and also users of **** on such online/mobile properties.

“Termination Event” means a termination of the Term by Company based on an SME Default Event (but not pursuant to the second to last sentence of section 5(a)(3)).

“Third Party Solicited” means brought to the attention of the applicable End User through either a ****, connection or other **** including in the form of a ****, but not otherwise brought to the attention of the applicable End User by Company, and not ****.

**** means the sum of (A) the value of column I for the month immediately preceding the ****, and (B) the fraction equal to {[the ratio between (i) the number of days elapsed in the particular month of the Contract Period during which a ****, and (ii) the total number of days in the particular month of the Contract Period during which the ****]}, multiplied by the value in column II below}, for the month during which the ****.

<u>Month</u>	<u>Column I</u>	<u>Column II</u>
Apr	****	****
May	****	****
Jun	****	****
Jul	****	****
Aug	****	****
Sep	****	****
Oct	****	****
Nov	****	****
Dec	****	****
Jan	****	****
Feb	****	****
Mar	****	****

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“Trade Marks” means trade marks and service marks, trade names, brand names, corporate names, logos, trade dress, and other words, designations, symbols, designs, colors, color combinations or product configurations, whether registered or unregistered.

“Trial Days” means each such day in which an End User is offered free access to the Premium Subscriptions, Family Premium Subscriptions and/or student subscriptions, ****.

“Unlaunched Country” means any country in which none of the Services have launched as of the Effective Date.

“User Profile” means the unique profile on the Services associated with a particular End User which contains such End User’s personal preferences, playlists, followers and other information corresponding to such End User, including but not limited to information used by Company to enforce the Content Usage Rules such as details of the End User’s currently registered Approved Devices and, in the case of a Subscriber to a Subscription Service, such Subscriber’s Registered Payment Method (except in the case of a Family Premium Subscription, in which case the **** within the User Profiles of the Family Members).

“User Solicited” means selected by the relevant End User via search results or a self-curated or third party curated playlist added to his/her User Profile.

“Voice-Controlled Device” means an electronic speaker or other device which is designed and marketed with the intention of being controlled primarily by voice-control (including but not limited to Amazon Echo and Google Home devices).

“Wearable” means a wearable electronic watch, clip-on music player, wristband, or headphone which incorporates the Spotify Client.

“Wi-Fi” means wireless local area networks providing general Internet access such as the Institute of Electrical and Electronics Engineers’ family of so-called “8.02.11x” standards, whether configured for private use (e.g., in a home or office environment) or public use (e.g., at a so-called public “hot spot”, whether or not a fee is charged or permission is required for connectivity).

“Wholesale Fees” shall have the meaning set out in Paragraph 10.

2. Term :

(a) General. The “Term” shall begin on the Effective Date, and, unless earlier terminated in accordance with the terms herein, shall subsist during the following consecutive periods of time:

Each **** of the Term is sometimes referred to herein as a “Contract Period”.

Notwithstanding any extension amendments that extended the Term (as defined in the Prior Agreement) of the Prior Agreement prior to the Effective Date, the Parties hereby agree that the Term (as defined in the Prior Agreement) of the Prior Agreement shall only be deemed extended through the commencement of the Effective Date.

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

(b) Framework Amendment. Reference is hereby made to (x) that certain Third Party Distribution Approval Framework Amendment by and between Label and Company dated as of 20 October, 2014, as amended or otherwise supplemented (the “Framework Amendment”); and the agreements entered into by and between Label and Company relating to Label’s authorization of third party distribution of certain Services, as set out in the table immediately below this paragraph (collectively, “Bundle Deals”). Notwithstanding the termination of the Term (as defined in the Prior Agreement) of the Prior Agreement, the Parties hereby agree that (i) except as expressly set forth elsewhere in this Agreement (including, for the avoidance of doubt, pursuant to Paragraph 10(l) below), the Framework Amendment and Bundle Deals shall continue to apply with full force and effect, including with respect to any and all Partner Schedules entered into pursuant to the Framework Amendment prior to the Effective Date, for the full duration of the applicable Offer Period, and (ii) from and after the Effective Date, the term of the Framework Amendment, Partner Schedules and Bundle Deals shall be measured by the termination or earlier expiration of the Term of this Agreement, instead of the termination or earlier expiration of the Term (as defined in the Prior Agreement) of the Prior Agreement.

List of Bundle Deals as at Effective Date

<u>Partner</u>	<u>Territory</u>	<u>Launch Date</u>
****	AR	10-Oct-2014
****	GR	25-Oct-2013
****	AT	1-Jun-2014
****	DE	29-Aug-2012
****	HU	20-Jun-2014
****	CO	6-Oct-2014
****	PH	1-Apr-2014
****	NL	1-Nov-2011
****	BE	1-Nov-2012
****	MY	16-Oct-2013
****	CH	25-Feb-2014
****	AR	10-Oct-2014
****	ES	1-Mar-2013
****	MX	2-Dec-2013
****	NZ	28-Feb-2014
****	DK	22-May-2014
****	EE	1-Jul-2014
****	FI	1-Sep-2010
****	LT	12-Jun-2014
****	LV	7-Jul-2014
****	NO	31-Jul-2014
****	SE	18-Sep-2009
****	GB	1-Nov-2011
****	IE	17-Nov-2013
****	IT	10-Mar-2014
****	PT	1-Jul-2014
****	GB	1-Aug-2013
****	US	2-May-2014
****	UK	9-Feb-2014
****	IS	21-Aug-2013

(c) B2B Amendment. Reference is hereby made to the Digital Content Distribution Agreement entered into by and between Label and Company in connection with Label’s grant of rights to Company in relation to commercial premises, dated as of 15 October 2015 and as subsequently amended or otherwise supplemented

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(the “B2B Amendment”), Notwithstanding the termination of the Term (as defined in the Prior Agreement) of the Prior Agreement, the Parties hereby agree that the B2B Amendment shall continue to apply with full force and effect during the subsistence of the Term of this Agreement, subject to either Party having the right to terminate its term upon **** written notice to the other Party.

(d) Family Premium Subscription. Notwithstanding the foregoing or anything elsewhere in this Agreement or the Prior Agreement, the Parties hereby agree that (A) the following provisions of this Agreement will have retroactive effect to May 23, 2016 in each country of the Territory under the Prior Agreement (in lieu of any corresponding provisions set forth in the Prior Agreement): (i) the Grant of Rights set forth in this Agreement for Family Premium Subscriptions, (ii) the Content Usage Rules set forth in this Agreement for Family Premium Subscriptions, and (iii) the eligibility criteria set forth in this Agreement for Family Premium Subscriptions; and (B) the determination and calculation of wholesale fees for Premium Subscriptions with multiple User Profiles (as defined in the Prior Agreement) associated with the same subscription in each country of the Territory for any periods prior to the Effective Date shall be determined and calculated by giving effect to (x) the provisions of paragraph 10(a)(1)(A)(iv)(b)(II) of this Term Sheet (in respect of SME Materials, ****,) in lieu of any otherwise applicable minima for the determination and calculation of Wholesale Fees **** prescribed in paragraph 10(1)(A)(iii)(b) **** in respect of SME Materials **** in connection with such offerings, and (y) the provisions of paragraph 10(a)(2)(A)(iv)(b)(II) of this Term Sheet (in respect of Orchard Materials, ****), in lieu of any otherwise applicable minima for the determination and calculation of Wholesale Fees **** prescribed in paragraph 10(2)(A)(iii)(b) **** in respect of Orchard Materials **** in connection with such offerings.

3. Territory :

(a) In respect of all Services licensed under this Agreement, the authorized territory shall be the world, excluding Japan (the “Territory”). Notwithstanding the foregoing and at all times subject to Paragraph 6, Company acknowledges that certain Authorized Materials may only be eligible for exploitation via the Services in one or more parts of the Territory and the territorial eligibility for each such title will be determined by Label (in relation to SME Materials) or Orchard (in relation to Orchard Materials) on a title-by-title basis (via metadata) for each item of Authorized Materials. Label (in relation to SME Materials) or Orchard (in relation to Orchard Materials) shall communicate to Company territorial eligibility for each item of Authorized Materials in a machine-readable form as part of the corresponding Content File.

(b) Label acknowledges that Company intends to utilize one of the following geographic filtering technologies (such applicable technology, the “Geographic Filtering Measures”), as determined by Company at its sole election, to assist Company in determining as far as possible in which country any given End User (or potential End User) is located for the purposes of this Agreement:

(i) With respect to any End User (or potential End User) who is attempting to access a Stream or log into/register for a Service, and in any case prior to such End User’s actual Streaming or downloading of Authorized Materials, Company may utilize **** that is designed to determine whether such ****, or

(ii) With respect to any End User (or potential End User) who has a Registered Payment Method on file with Company, and prior to such end user’s actual Streaming or downloading of Authorized Materials, Company may (x) **** located within any particular country of the Territory; or (y) utilize any other reliable technical means available to ascertain **** within any particular country.

Label acknowledges that Company shall be deemed to be fulfilling its obligations relating to the territorial-specific grants herein contained, provided it implements one or more Geographic Filtering Measures.

4. Company Commitments :

(a) ****.

(1) In accordance with the terms hereof, ****, Company shall pay Label the **** payable connection with the use and exploitation of Authorized Materials under this Agreement **** (subject only to the exceptions set forth in Paragraph 4(a)(6) below) and **** (the “****”).

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

- (2) In accordance with the terms hereof, ****, Company shall pay Label the **** payable connection with the use and exploitation of Authorized Materials under this Agreement **** (subject only to the exceptions set forth in Paragraph 4(a)(6) below) and ****) (the “****”).
- (3) Additionally, Company shall pay Label **** (i) **** paid in respect of the Term, and (ii) **** plus **** plus the amount of the **** (if any) and **** (if any), ****.
- (4) In accordance with the terms hereof, ****, Company shall pay Label **** payable in connection with the use and exploitation of Authorized Materials under this Agreement ****.
- (5) In accordance with the terms hereof, ****, Company shall pay Label **** Fees payable in connection with the use and exploitation of Authorized Materials under this Agreement ****.
- (6) For the avoidance of doubt, the ****, the ****, the **** and the ****, shall **** of the Term. Notwithstanding the foregoing or anything elsewhere in this Agreement, the determination and calculation of **** under Paragraph 4(a)(1) above, **** under Paragraph 4(a)(2) above, ****, respectively, shall be made without reference to the amount of any wholesale fees paid to Label or Orchard in connection with: (i) services offered via the ****; (ii) Services **** with a **** pursuant to ****; (iii) any **** pursuant to any **** entered into pursuant to the **** prior to the **** that ****, but solely for the **** of the applicable **** in the applicable ****, unless expressly provided otherwise in the applicable ****; and (iv) any **** pursuant to any **** entered into pursuant to the **** during the Term for the applicable **** in the applicable ****, unless expressly provided otherwise in the applicable such ****.
- (7) To the extent any amounts payable hereunder are required to be converted ****, for purposes of converting such amounts to **** of the ****, such conversion shall be made based on the exchange rates set forth in ****. Company shall include applicable conversions **** using such exchange rates in monthly Financial Statements.
- (8) In the event that there is an **** during Contract Period 1, and the **** with respect to Contract Period 1 is greater than the **** during Contract Period 1, then, at the earlier of the end of Contract Period 1 or a Termination Event during Contract Period 1, the **** by the {**** by the ****}.
- (9) In the event that there is an **** during Contract Period 1 or Contract Period 2, and the **** with respect to Contract Period 2 is greater than the **** during Contract Period 2, then, at the earlier of the end of Contract Period 2 or a Termination Event during Contract Period 2, the **** shall **** by the {**** by the ****}.

As used in this Paragraph 4(a), the following definitions shall apply:

- (i) “Acquired Catalogue Streams” means the total of all Royalty Bearing Plays of Authorized Recordings acquired pursuant to an Acquisition during Contract Period 1 or Contract Period 2, as applicable.
- (ii) “Acquisition” means an event during Contract Period 1 or Contract Period 2, as applicable, by which Label or Orchard or an Affiliate thereof acquires or otherwise obtains rights to make available a catalog of Authorized Recordings to which it did not have rights immediately prior to such event.
- (iii) “Catalogue Difference Contract Period 1 Fraction” means {**** during Contract Period 1} less the {**** during Contract Period 1} divided by {total Royalty Bearing Plays of Authorized Recordings during Contract Period 1}.
- (iv) “Catalogue Difference Contract Period 2 Fraction” means {**** during Contract Period 2, including **** that happened in Contract Period 1} less the {**** during Contract Period 2, including **** that happened during Contract Period 1} divided by {total Royalty Bearing Plays of Authorized Recordings during Contract Period 2}.

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- (v) “Catalogue Market Share” means the average market share of a catalogue of Authorized Recordings that is the subject of a ****, as a percentage of the Label Digital Market Share on the Services, measured in the prior twelve (12) months.
- (vi) “**** Catalogue Streams” means in respect of a **** {the Catalogue Market Share in respect of Authorized Recordings covered by the ****} multiplied by the {Royalty Bearing Plays of Label Non Acquired Catalogue during the period from the date of the applicable **** until the end of Contract Period 1 or Contract Period 2, as applicable};.
- (vii) “Divestment” means an event during Contract Period 1 or Contract Period 2 pursuant to which Label or Orchard (or an Affiliate thereof) loses rights to a multi-artist catalog of Authorized Recordings that it had rights to for a period of at least twelve (12) months immediately prior to such event, pursuant to the sale, closure, bankruptcy, or expiration of distribution agreement of any catalog or label owning or controlling such rights, provided that in the case of Orchard such event will only count for the purposes of this definition if it relates to the sale, closure, bankruptcy, or expiration of a distribution agreement with one of the ten largest Orchard sub-labels (measured by payables over the preceding 12 months). For the avoidance of doubt, a catalog, or label’s loss of a catalog, belonging to a single Label Artist shall not be deemed a Divestment for purposes hereof.
- (viii) “Extraordinary Label Change” means a **** since the Effective Date as a result of Divestments by Label or Orchard during Contract Period 1 or Contract Period 2;
- (ix) “Label Digital Market Share” means the average of Label’s and Orchard’s collective market share (being the number of Royalty Bearing Plays of audio recordings and audiovisual recordings owned, controlled and/or distributed by Label and Orchard (including Authorized Recordings) as a percentage of Royalty Bearing Plays of all Eligible Recordings, subject to ****, as set out in the definitions of SME’s Usage Percentage and Orchard’s Usage Percentage) on the Services, ****.
- (x) “Label Non Acquired Catalogue” means Authorized Recordings that have not been the subject of a **** or an ****.
- (xi) “Total Divested Catalogue Streams” means for all **** during Contract Period 1 or Contract Period 2, the sum in respect of each and every **** of the applicable **** Catalogue Streams.
- (8) The Parties hereby agree to work diligently and in good faith to share the information required to calculate the Catalogue Difference Fraction on a quarterly basis.

5. Escalation Process:

- (a) Escalation Process: In the event that, at any time during the Term, the Parties’ day-to-day business and/or licensing personnel are unable to resolve any particular Dispute, then either Party shall be free to escalate such Dispute to the First Tier Executives by providing written notice to the other Party (a “First Dispute Notice”). Solely in the event that the First Tier Executives are together unable to resolve the Dispute in good faith within thirty (30) days of such First Dispute Notice, the Parties shall be entitled to escalate such Dispute to the Second Tier Executives by providing written notice to the other Party (a “Second Dispute Notice”).

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(b) ****:

- (1) On a date which is no later than the ****, each Party will exchange with the other Party **** which they desire to be addressed **** other than the **** which **** may comprise requests to **** of this Agreement in connection with (i) **** of Company's **** and/or its **** thereon to the extent such **** are reasonably considered **** bearing in mind the **** of such Party; or **** (either generally or with respect to particular parts of the Territory) or to the **** that have resulted, or are likely to result in **** (either generally or with respect to particular parts of the Territory) as set at the Effective Date ****.
- (2) Within **** of the **** the **** will work in good faith to come to an agreement in connection with items on the ****. If the **** are unable to come to an agreement on any number of **** on the ****, the **** will promptly meet (such date, the ****) to discuss any and all **** on the **** upon which the Parties have not yet agreed (the ****). If the **** are unable to resolve the **** within **** following the ****, will in good faith discuss ****, with an eye towards resolution.
- (3) Immediately prior to commencement of ****, the Parties shall **** an **** to **** to reflect all agreed items on the **** with effect from the commencement of **** through the end of ****. However, solely in the event that any items on the **** are not resolved prior to the commencement of **** in accordance with the process set out above, all such items will be deemed ****, and either Party shall be entitled to initiate **** in respect of some or all of such **** in accordance with paragraph 5(c); provided, however, if the mediation terminates in accordance with clause 5(c)(4)(i) or 5(c)(4)(ii) below, or no **** is concluded in connection with the applicable ****, the **** of the **** will **** as of the end of ****.

(c) ****:

- (1) Scope. Any Dispute which the Parties have failed to resolve via Paragraph 5(b) above shall, ****, as amended by this Agreement. ****, setting forth the subject of the dispute and the relief requested.
- (2) Selection of ****/Process. Unless otherwise mutually agreed by the Parties with a view to the complexity and nature of the Dispute(s), there shall be **** in connection with the applicable Dispute(s) ****. **** in good faith and that they will share equally ****. For the avoidance of doubt, the Parties agree that the **** terms.
- (3) Procedure. All documents, offers, promises, conduct, recommendations and statements, whether oral or written, made in the course **** by either of the Parties, their agents, employees, experts and attorneys, and by ****, are confidential, privileged and inadmissible for any purpose, including impeachment, in any lawsuit, arbitration or other proceeding involving the parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of ****. Neither Party shall be required to provide ****.
- (4) Termination of ****. Either of the Parties may **** at any time and shall immediately **** and the other Party in writing. The **** will terminate when (i) a party ****; (ii) the ****; or (iii) a written agreement is concluded in connection with the applicable Dispute which amends the terms of this Agreement. For the avoidance of doubt, any agreement **** unless and until it has been reduced to writing and signed by both Parties.
- (5) ****. The place of **** shall be New York, NY, United States. The **** shall be conducted in the English language.
- (6) Governing Law; Jurisdiction. The **** shall be governed by, construed and take effect in accordance with the laws of New York. For the avoidance of doubt, the federal and state courts in the city of New York in the state of New York have exclusive jurisdiction to settle any claim, dispute or matter of difference that may arise out of or in connection with the ****.
- (7) Confidentiality. Except as may be required by law, **** shall be held in private and neither a Party **** may disclose the existence, content or results **** (including any documents or information provided by any Party ****) without the prior written consent of both parties.

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6. Content:

(a) Subject always to Paragraphs 7(e) to (k) below, the Authorized Materials will include:

- (1) the complete catalogue of sound recordings in respect of which Label and Orchard and all of their affiliates (including Affiliates) and licensees in the Territory possess sufficient rights to authorize the activities contemplated in this Agreement in each part of the Territory, and the associated preview clips, metadata and front cover artwork, and Label or Orchard, as applicable, shall make such content available for use on each of the Services *****, and
- (2) audiovisual recordings, *****, in respect of which Label and Orchard and all of their affiliates (including Affiliates) and licensees in the Territory possess sufficient rights to authorize the activities contemplated in this Agreement in each part of the Territory, and Label or Orchard, as applicable, shall make such content available for use on each of the Services *****.

Notwithstanding the foregoing, Label will have the absolute unfettered right, in its sole discretion (i) to withhold any item of Authorized Materials for any of the reasons set forth in sub-paragraph 7(e) below, provided that such right to withhold will expire if and when the reason for withholding the content is no longer applicable in the country of the Territory concerned; or (ii) to ***** (and set Release Date Information accordingly) of a limited number of ***** on a case-by-case basis ***** in the applicable country of the Territory, in each case, for periods of limited duration, provided that *****. Subject to the foregoing limitations, Label's exercise of the right described in the preceding sentence with respect to particular Authorized Materials shall not be a material breach of this Agreement; provided, however, that Label shall exercise this right, if ever, in good faith and not so as to frustrate or undermine the general content commitment being made to Company pursuant to the foregoing provisions of this Paragraph 6(a).

(b) Label shall additionally have the right to withhold from distribution on any of the Services (i) any content in respect of which it lacks the right to authorize distribution via the relevant Service in the applicable country of the Territory; (ii) any content in respect of which distribution via the relevant Services in the applicable country of the Territory would *****; (iii) *****; (iv) for any audio track provided to Company*****. Subject to the foregoing limitations, Label's exercise of the right described in the preceding sentence with respect to particular content shall not be a material breach of this Agreement; provided, however, that Label shall exercise this right, if ever, in good faith and not so as to frustrate or undermine the general content commitment being made to Company pursuant to the provisions of Paragraph 6(a) above.

(c) Company shall make available on the Services all Authorized Materials from the corresponding release dates communicated via metadata, *****. In the event that Company wishes to avail itself of either exception (i) or (ii) in the previous sentence, Company shall notify Label or Orchard (as applicable) of the relevant circumstances promptly following the withholding or take-down of the relevant Authorized Materials, including in the case of any Take-Down Request the contact details of the third party claimant. With respect to any Take-Down Request, Label will work in good faith (and where applicable shall procure that Orchard will work in good faith) to resolve the claim, provided that Company shall provide all reasonable assistance, but in the event that (aa) in Company's reasonable opinion (acting in good faith), *****, and/or (bb) the *****, then following the request of Label or Orchard (as applicable), Company shall ***** reinstate the relevant Authorized Materials on the Services (in which case, Label will indemnify and hold harmless the Company ***** in respect of the distribution of Authorized Materials concerned pursuant to section 6(d)(2) of the letter agreement portion of this Agreement). *****. Company shall employ good faith efforts to notify Label of the circumstances surrounding the relevant fraudulent behavior under sub-paragraph 8(a)(13)(i); provided, however, that an inadvertent, non-repetitive failure to do so shall not constitute a breach hereof. In the event that Company wishes to avail itself of exception (iv) in the first sentence of this paragraph 6(c), Company shall notify Label, and the Parties shall discuss in good faith before Company withholds or takes down any Authorized Materials. Company shall not ***** with respect to the decision to withhold or take down any particular recordings in the circumstances detailed in exception (iv) in the first sentence of this paragraph 6(c).

(d) Company shall build and maintain systems that are intended to be effective to ***** and shall use commercially reasonable efforts to implement an expeditious process for resolving any apparent conflicts arising from ***** Label's notification of any *****.

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(e) In particular, Company shall provide access for Label during the Term to Company personnel, including via email or voice calls, but also via web forms, who will be responsible for receiving notifications from Label related to take-down notices in connection with the availability or infringement of any recording, artwork and/or other content or intellectual property owned, controlled or distributed by Label or Orchard and delivered by third parties (including for the avoidance of doubt End Users of the Services) in one or more parts of the Territory in which the relevant materials have been made available by Company. Following receipt of any such notification, Company shall **** review such notification and, if deemed to be valid remove from the Services any such materials, unless Label's ownership or control within the relevant parts of the Territory is subject to an objectively reasonable dispute by the third party which delivered such materials to Company ****.

(f) During the Term, Label shall work in good faith (and shall procure that Orchard works in good faith) to ****, to the extent the same are objectively reasonable and do not conflict with the terms of this Agreement, as provided from time to time. Label shall also work in good faith to ensure that it does ****; provided, for the avoidance of doubt, if such ****, Company shall have the right to take-down such ****, notwithstanding anything contained herein.

7. Rights :

(a) Label grants Company the non-exclusive, non-transferable (other than for permitted assignments and any permitted Changes of Control), non-delegable (except to Service Providers and as otherwise specifically set forth herein) power and authority to exploit the Authorized Materials, in the applicable countries of the Territory during the Term in connection with the Services, and subject to the terms, conditions and limitations prescribed elsewhere in this Agreement, as follows (the "Grant of Rights"):

- (1) To ingest and store a **** of copies of each Content File on Company Servers in accordance with the Technical and Security Specifications. and to **** Content Files so as to create **** of Approved Server Copies to be stored on Distribution Servers;
- (2) To integrate the Authorized Materials, excluding Preview Clips, in the form of Approved Server Copies, into the Services and to use and exploit such Authorized Materials (including communicating Authorized Materials (excluding the musical compositions embodied therein) to the public via Distribution Servers and on a ****, and displaying items of Authorized Artwork to End Users along with the applicable metadata (e.g., Label Artist names, album names, etc.)) solely to the extent necessary to operate the Services in accordance with the Technical and Security Specifications, and the applicable Content Usage Rules; and
- (3) To make available and communicate to the public Preview Clips as part of (i) **** as permitted hereunder, and (ii) the **** for individual End Users, or potential end users of the Services who have not logged into the Services (for example, ****). ****.

(b) Company is not authorized under this Agreement to promote, market, distribute, fulfill, host, transmit or otherwise exploit any Authorized Materials, or to otherwise use any such Authorized Materials in any manner or form not expressly authorized herein. Except as otherwise provided herein, Label hereby reserves all rights in and to the Authorized Materials and all other materials owned or controlled by Label. All rights not expressly granted to Company hereunder are reserved by Label.

(c) Authorized Materials included on the applicable Service shall be derived solely from the Content Files or other digital files delivered by Label or Orchard (except in the case of Local Files), Orchard or such other person or entity as Label designates in its sole discretion, and Company shall not authorize any person or entity to add, delete or otherwise alter such Authorized Materials in any way, except for transcoding down to Approved Formats from any high quality delivery format. For the avoidance of doubt, no copyright notices or metadata (e.g., artist name and title) shall be removed.

(d) Unless otherwise legitimately authorized, Company shall not, without Label's prior written consent in each instance, make any use of (directly or indirectly), or authorize any other person or entity deriving rights from Company (directly or indirectly) to make use of, any Authorized Materials or the names, likenesses or biographical materials of any Label Artists and/or any other person or entity contributing to the recording or

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creation of any Authorized Materials, in advertisements, promotions, press releases or marketing materials used in connection with the applicable Services or otherwise in a manner that would lead a reasonable person to believe that the Label or the Label Artist or other person or entity concerned had endorsed the product or service concerned. For the avoidance of doubt, and notwithstanding anything to the contrary herein, where Label or Orchard has delivered to Company the name and likeness of a person or entity in Authorized Artwork, the use by the Company of the name and approved likeness of that person or entity in connection with the promotion, offer, and fulfillment of the Services shall be deemed legitimately authorized by Label, provided that (A) ****, (B) ****, and (C) Company shall not use any such name or likeness in a manner that can be construed by a reasonable Person as an endorsement of any product or service, including the Services, unless Company is legitimately authorized to do so.

(e) Notwithstanding the foregoing or anything elsewhere herein, Label may, at its sole election, require Company to cease using any Authorized Recordings, Authorized Artwork or other Label-provided materials upon **** notice to Company (whilst such notice shall ordinarily be communicated in a machine-readable form, in time-critical or other exceptional or important scenarios, it may be delivered via electronic mail, the receipt of which by a natural Person at Company is confirmed) (each, a “Take-Down Notice”) for ****, loss of rights and/or any third party claim regarding such content. In addition, Label reserves the right to issue Take-Down Notices at any time during the Term in respect of Authorized Video Recordings for ****. Within **** following Company’s receipt of such Take-Down Notice, Company shall restrict access to the applicable items on or in connection with the Service in the applicable country or countries of the Territory such that the applicable item(s) are not available for streaming or download on the Service (“Take Down Materials”). Notwithstanding the foregoing, Label shall exercise its take-down rights under this section in good faith and shall not exercise such rights in a manner that frustrates the intent of this Agreement ****.

(f) Company shall not be authorized to make available any particular item of Authorized Materials via any of the Services in any particular part of the Territory until the initial release date provided to Company by Label or Orchard for the particular item and part of the Territory, which, subject to Paragraph 7(i) and Paragraph 6(b) above, **** (the “General Release Date”). Label and Orchard shall provide Release Date Information in a form that is reasonably practicable to enable Company to be in compliance with its relevant obligations hereunder (e.g., via XML, data feeds or other reasonable notification methods).

(g) To the extent that a General Release Date, for a particular title is provided to Company as set forth in the previous sub-paragraph, Company shall not make the corresponding Stream, Cached Stream or Cached Download (and, subject to any agreement to the contrary, any corresponding Authorized Artwork or Preview Clip) available for distribution in the relevant part or parts of the Territory earlier than the General Release Date. If Label or Orchard fails to provide a General Release Date for any particular title for any part or parts of the Territory, the corresponding recording shall not be deemed eligible for use in connection with any of the Services in such part or parts of the Territory.

(h) Subject always to any Take Down Notice, if Label delivers the relevant territory clearances for such part of the Territory within Label’s XML feed, then Company shall be deemed to have been granted the applicable rights to exploit the Authorized Materials concerned in that part of the Territory, subject to relevant Release Date Information provided to Company.

(i) At any time during the Term, Label and Orchard may exercise their full discretion, subject to the remaining provisions of this paragraph, to establish and communicate to Company an Ad Supported Release Date for one or more parts of the Territory in respect of any **** yet released within the respective part or parts of the Territory, **** than General Release Date set by Label or Orchard (as applicable) for the corresponding item (each such period of **** in the applicable part or parts of the Territory, a “Premium Window”). Nothing shall prevent Label from **** prior to its Ad Supported Release Date via Permitted Services. The Parties acknowledge and agree that Company shall promote **** on the Service and shall not promote **** on the Service, in its discretion, provided, however that Company agrees that it shall **** on the Subscription Services, to the extent possible), ****, it being agreed that End Users of the Ad Supported Service who attempt to **** shall receive messaging, as determined by Company indicating the availability of such release within the Subscription Services and inviting the End User to subscribe (or to initiate a free trial (including a Free Trial) where such End User is eligible). On a case-by-case basis, Label shall be permitted to **** to purchase inventory on the Ad Supported Service during the Premium Window for a particular **** which promotes the availability of such ****

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on the Subscription Services, alongside a call-to-action to subscribe or register for a Free Trial or Growth Offer. From time to time during the Term, subject to reasonable approval by Company, Label and Orchard shall be entitled to **** whereby they set an **** for such release, and the Parties shall review in good faith the results of such trials **** on a routine basis.

(j) (Intentionally omitted)

(k) From time to time, Label may at its sole discretion provide Company with the benefit of so-called **** for certain Authorized Audio Recordings selected by Label or Orchard, whereby Company shall be entitled to make available those Authorized Audio Recordings as Streams, Cached Streams and Cached Downloads (as applicable) via the Services or a part thereof in designated parts of the Territory **** (to be determined by Label or Orchard (as applicable) at their sole discretion) which is **** to make available those same Authorized Audio Recordings, subject to Label's obligations pursuant to the second sentence of Paragraph 7(l) below in connection therewith.

(l) As between Label and Company, Company will be responsible ****, subject to the next sentence. As between Label and Orchard, on the one hand, and Company, on the other, Label will be responsible for ****, including for the avoidance of doubt administering and paying for all **** that are placed on the Services by or on behalf of Label or Orchard (A) ****, and/or (B) using Advertisement inventory that is purchased by Label or Orchard pursuant to Exhibit K or otherwise. For the avoidance of doubt, Label shall not have responsibility in connection with the preceding sentence to the extent any Advertisement merely includes links to corresponding Authorized Recordings made available as part of the Services in the ordinary course. In connection with any scenario in which the Parties agree to conduct marketing and promotion of an Authorized Audio Recording in the United States in connection with which Company's use and exploitation of the musical compositions (and any dramatic, literary or other works, as the case may be) embodied therein would constitute a ****, then to the extent that Company is unable to secure ****, Label will work in good faith to facilitate clearance **** (provided that it is understood that Company ****).

(m) The Grant of Rights hereunder is subject to and conditional upon Company obtaining Label's prior written consent in the case it wishes to launch any functionality as part of the Services which ****, Label acknowledges that some third party applications using Company APIs include ****, and such uses shall not be deemed **** for the purposes of this clause. This restriction will not prevent End Users' access and playback of **** through the Spotify Client, ****.

8. Requirements concerning operation of the Services :

(a) All Services :

- (1) Other than as permitted under this Agreement, there shall be no licensing, sub-licensing, co-branding, syndication or private-labeling of the Services by Company to third parties.
- (2) All costs associated with hosting, streaming, billing, accounting and reporting in respect of distribution of the Authorized Materials shall be fully borne by Company, and Company shall be solely responsible for creating, maintaining and hosting, marketing and distributing the Services in accordance with the Technical and Security Specifications and Content Usage Rules at its sole cost and expense.
- (3) Except as expressly set forth herein, as between Label and Company, Company hereby assumes all liability which may arise from products and services, as the case may be, rendered to End Users and potential End Users and liability for injuries to and by servants, agents, employees or the general public in connection with the operation of the Services. Except as expressly set forth herein, all business risks related to the Services, including but not limited to the risk of non-payment by End Users shall be borne by Company.
- (4) Company shall cause copyright notices (or links thereto) relating to a Stream, Cached Stream or Cached Download to be displayed to End Users in connection with the display of the corresponding album information where practicable. Each copyright notice shall be displayed in the following format, as designated by Label or Orchard (as applicable) in each instance for the Stream, Cached Stream or Cached Download concerned: "(P) (C) [Year of first publication] [Label/Orchard designated name]."

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- (5) Company agrees that it shall not, by way of any action or omission, **** in the context of any aspect of the design, operation and management of the Services. It is agreed that it shall not be deemed **** in this context merely because ****. It is further agreed that it shall not be ****. For the avoidance of doubt, Company shall not be in breach of this sub-paragraph 8(a)(5) merely as a result of (a) providing as part of the Services particular offerings (for example, algorithmically-generated playlists or stations) related to genres or categories **** and/or (b) the use of an automated recommendations system based on End User behavior or End User preferences.
- (6) For the avoidance of doubt, Approved Interfaces shall not include any functionality which facilitates the sharing by any End User of permanent audio downloads or permanent video downloads with any other End User.
- (7) Company shall provide Label with no fewer than **** written notice prior to including as part of the Services any functionality which has the ****. Company shall also notify Label of any other significant functionality before launching, including as part of any regularly scheduled business development meetings.
- (8) Intentionally deleted.
- (9) No less frequently than on **** basis, at ****, Company and Label shall hold (x) local or regional ****; and (y) an overall **** to be ****, including at a minimum a ****.
- (10) Company shall provide Label with transparency as part of regular meetings/calls in relation to its internal priority levels for **** relating to **** Authorized Materials with respect to the Services.
- (11) Company shall provide Label with as much advance notice as reasonably possible of new territory launches within the Territory (such notice to be given first to allocated Label contact).
- (12) Company shall in any case guarantee that Label shall be **** with respect to the provision of any ****
- (13) Fraudulent Behavior :
 - (i) Company shall use its commercially reasonable efforts to actively monitor and take steps to prevent and police by technical means, including but not limited to machine learning, any behavior by End Users and/or third parties that distorts the number of plays (which, but for such activity, would be Royalty Bearing Plays) for particular recordings on the Services by fraudulent means, including but not limited to the use of manual (e.g. click farms) or automated (e.g. bots) means.
 - (ii) Company shall, subject to its confidentiality obligations to content providers, present to ****. Company shall engage in good faith discussions with Label throughout the Term to consider improvements and developments to Company's fraudulent behavior detection and action to limit such behavior on the Services.
 - (iii) Company shall reasonably investigate and take reasonable commercial steps to **** due to fraudulent behavior hereunder. Company agrees to use its commercially reasonable efforts to investigate any notice it receives from Label or Orchard in respect of suspected fraudulent behavior.
 - (iv) Label shall work in good faith to educate all individual recording labels and their artists under either Label or Orchard, or any of Label's or Orchards' Affiliates, with a view to preventing them from, either directly or through third parties, engaging in any behavior that distorts the

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number of plays (which, but for such behaviour, would be Royalty Bearing Plays) for any Authorized Recordings on the Services by fraudulent means, including but not limited to the use of automated means. Label shall further engage in good faith discussions with Company throughout the Term to consider improvements to Labels', Orchards' and their Affiliates' compliance with this sub-paragraph where manifestly necessary based on Company's findings.

- (14) Company shall use commercially reasonable efforts to (i) demote or remove within artist pages and search results, and (ii) remove from Company-curated (algorithmic or otherwise) playlists and/or recommendations on the Services all (y) so-called 'sound-alike' recordings and other cover versions which are designed to attract or mislead End Users seeking versions performed by the original recording artist (including but not limited to versions denoted in track/album titles as "originally by", "originally performed by", "as made famous by" or "tribute to" the artist featuring on the original recording); and (z) karaoke versions. Label shall work in good faith to ensure that it minimizes the delivery to Company any Authorized Materials that would fall under the category in this sub-paragraph 14(ii)(y).
- (15) Personal use only. Company shall include within its end user terms of use for the Services a requirement for End Users to be natural Persons and a stipulation that the Services may be used for private, non-commercial uses only. For the avoidance of doubt, the Grant of Rights hereunder shall not authorize access to Authorized Materials by End Users in commercial premises or other non-private settings, and Company shall monitor for suspicious activity in respect of the same and enforce the terms of its end user terms of use.
- (16) ****. Company shall use commercially reasonable efforts to notify Label prior to, or at the same time that, Company becomes aware that **** in connection with any promotion, marketing opportunities, content creation, sponsorships or similar activities that involve the exploitation of Authorized Materials and/or that Company knows upon reasonable investigation (i.e., ****. The Parties agree that a non-repetitive failure to comply with the foregoing shall not be deemed a breach hereof.
- (17) Label Branded Playlists. Company shall not charge Label or Orchard for the creation of playlists on the Services that contain a branded cover artist image and text (e.g. Filtr playlists, and such playlists, "Label Branded Playlists"). Without limiting the foregoing, Company agrees to **** throughout the Term and will not ****. Notwithstanding the previous sentence, in the event that Company takes any action (including but not limited to redesigning Approved Interfaces) **** within the Services, then Company shall provide SME and Orchard with ****. For the avoidance of doubt, Label shall not be permitted to monetize Label Branded Playlists with third-party sponsorships or other third-party revenue sources without the explicit approval of Company.
- (18) Track Linking. Company agrees to track link in accordance with the White Paper attached hereto as Exhibit D.
- (19) ****. **** each of the types of data that Company shares, as of the date of signature of this Agreement, with current and previous Label Artists and their management as part of the "****" portal, provided that in each case such data shall only relate to the performance of recordings of the applicable current or previous Label Artist. Company shall provide Label with **** in respect of all applicable artists/countries by no later than **** after the Effective Date, provided that Company shall not be required, without the consent of all relevant licensors, to disclose any confidential information relating to third party licensors of recordings (e.g., where the relevant artist's repertoire is licensed by more than one recorded music licensor (which for these purposes includes Label) (a "Split Rights Artist"), and any such ****. Without limiting the foregoing, Company shall however use commercially reasonable efforts to **** such that it can provide **** to **** by Label hereunder. ****. Company agrees, that, as part of ****, Label shall be entitled to access **** made available during the Term in connection with customization of the applicable Label Artist's 'Artist' page within the Services and any **** otherwise available to the Label Artist during the Term, as part of "add team member" functionality. Company shall use reasonable best efforts to ****.

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

Company warrants and represents that, to the extent that during the Term any****. For purposes of this agreement, “ **** ” means the version of the Spotify Fan Insights product available as of the date of signature of this Agreement.

(b) Ad Supported Service :

- (1) Company shall not launch the Ad Supported Service in any part of the Territory unless it also makes available in that part of the Territory, as a minimum, the Premium Subscription.
- (2) Except where an End User is accessing Local Files, Streams and Cached Streams on the Ad Supported Service from Mobile Devices of Authorized Recordings shall be accessible solely in accordance with the specification set out in Exhibit J. Label may at Company’s request approve any particular device or class of device to fall within the definition of a Static Device from time to time during the Term. In considering whether to grant such approval Label shall act reasonably and in good faith, taking into account all relevant factors, including but not restricted to which of the Services is intended to be offered via such devices.
- (3) **** :
 - (i) Company may make available a maximum of ****, which may contain one or more Authorized Recordings, to any individual End User of the Mobile Shuffle Service via a Mobile Device at any time.
 - (ii) Access to **** by End Users of the Mobile Shuffle Service on Mobile Devices shall be subject to the terms and conditions of Exhibit J.
 - (iii) At Label’s written request, Company shall **** that has been included in **** for more than ****.
 - (iv) To the extent Company permits any third party to ****. Any **** editorially controlled by Label or Orchard shall not count towards the foregoing **** offered to an individual End User of the Mobile Shuffle Service.
- (4) Company shall use its commercially reasonable efforts to maximize audio, graphical and audiovisual advertising revenues in respect of the Ad Supported Service. The following minimum levels of interruption by way of audio and/or audiovisual Advertisements per Listening Hour shall apply for each End User, ****):

End User **** (months)	United States of America (min per Listening Hour)	Rest of the Territory (mins per Listening Hour)
****	****	****
****	****	****
****	****	****
****	****	****

For the avoidance of doubt, the Minimum Ads Per Hour shall be applied by Company on a ****. As used herein, “ Listening Hour ” means, in connection with ****, each 60 (sixty) minute period of Streams or Cached Streams of audio or audiovisual recordings (whether or not including Authorized Recordings, but excluding playback of Local Files and excluding playbacks of preview clips (including Preview Clips), and Advertisements) via Approved Interfaces.

Furthermore, Company shall use commercially reasonable efforts to ensure that each End User of the Ad Supported Service in any part of the Territory and regardless of ****, shall be **** of audio and/or audiovisual Advertisements (which may comprise one or more individual advertisements) having an overall duration no shorter than **** during each **** period of Streams or Cached Streams of audio or audiovisual recordings (whether or not including Authorized Recordings, but excluding playback of Local Files) via Approved Interfaces (such requirement referred to herein as the “ Minimum Ad Distribution ”).

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In addition to the advertising load requirements set out above, each End User of the Ad Supported Service **** will be presented with (i) at least **** audio/video interruption (including but not limited to an upsell message or advertisement) of **** seconds or longer, before a ****, and (ii) at least **** audio/video interruption (including but not limited to an upsell message or advertisement) of **** seconds or longer, **** of an Authorized Recording in an **** during such End User's session. A **** for these purposes commences on the first **** in an **** and ends when the End User moves to a different part of the service or another **** or the application/browser is closed. "Active Play," means a Royalty Bearing Play in an ****an Authorized Recording.

The creative elements of each Advertisement may be a mix of commercial advertisements sold by Company to third parties, so-called "public service announcements" selected by Company, so-called "station IDs" for the Services or so-called "house ads" promoting Company's owned or controlled content or features. From time to time during the Term, the parties shall meet to discuss in good faith these matters (and any related issues), together with any course of action that may be followed to improve monetization of Authorized Materials, it being understood that Company shall have sole discretion to determine the frequency and placements of all Advertisements on the Services, subject only to complying with the Minimum Ads Per Hour, the Minimum Ad Distribution and the requirements above in respect of ****.

(c) Subscription Services :

- (1) Except where an End User is accessing Local Files, Company shall use commercially reasonable efforts to prevent access to Streams and Cached Downloads via the Online Subscription from Mobile Devices other than in accordance with both the Content Usage Rules and the provisions of Exhibit J. Label may, at Company's request, approve any particular device or class of device to fall within the definition of a Static Device from time to time during the Term and as such be used to access the Online Subscription. In considering whether to grant such approval Label shall act reasonably and in good faith, taking into account all relevant factors, including but not restricted to which of the Services is intended to be offered via such devices.
- (2) Company shall use effective digital rights management solution (to be approved by Label) to ensure that Cached Downloads stored on devices as part of a Premium Subscription (including a Family Premium Subscription) remain tethered to such devices and are incapable of playback outside of the relevant device, or on the relevant device following expiry of a Subscriber's Premium Subscription (including a Family Premium Subscription), subject to any **** outlined in the Content Usage Rules. The digital rights management solutions outlined in the Technical and Security Specifications are hereby deemed approved by Label.
- (3) For the avoidance of doubt, Subscribers shall be permitted to access the Premium Subscription (including the Family Premium Subscription) from all types of Approved Devices, provided always that the Premium Subscription and Approved Devices comply with the Content Usage Rules.
- (4) Family Premium Subscription :
 - (i) Company acknowledges the Parties' intention that User Profiles available as part of each Family Premium Subscription shall be used only by members of the same family located at the same residential address.
 - (ii) Each Family Premium Subscription shall have a designated Master Subscriber in connection with which the Registered Payment Method for such Family Premium Subscription is associated. For clarity, Family Members may also have Registered Payment Methods on file with Company, provided that such other forms of payment may not be used to pay for Family Premium Subscription.

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- (iii) In connection with any particular Family Premium Subscription, the Master Subscriber alone shall be responsible for paying for all associated subscription fees and shall retain control of all associated Family Members, including inviting, removing, reviewing and editing other details connected with such Family Members' status within the Family Premium Subscription. Access by any Family Members forming part of a particular Family Premium Subscription shall be conditional on the Master Subscriber remaining in good standing with Company, including in respect of payment, and termination or expiration of a Master Subscriber's account shall lead to all associated Family Members, subject to an **** (provided that no **** shall be offered in connection with any Family Premium Subscription which has been terminated due to abuse) and/or any Family Member subscribing to a Subscription Service on an individual basis, becoming End Users of the Ad Supported Service.
- (iv) Other than to the extent set out in this Paragraph 8(c)(4), ****.
- (v) Each Family Member and Master Subscriber may belong to only one (1) Family Premium Subscription at any given point in time.
- (vi) All marketing and promotion of Family Premium Subscription shall describe the offering as restricted to, and being intended for use solely by members of the same family located at the same residential address, and not as a general "group" or "friendship" offering. Company shall provide Label with exemplary copies of such marketing and promotional materials upon request.
- (vii) Company shall employ commercially reasonable efforts to prevent, detect and disable usage of Family Premium Subscriptions by End Users who are not part of the same family and/or the same residential address (by way of example only, by implementing algorithms for detecting suspicious behavior, patterns, etc. indicative of abuse or other any similar methods of detection which accomplish the same goal). The Parties acknowledge that a Master Subscriber and Family Members may: (a) ****; and/or (b) ****. Company shall: (x) use commercially reasonable efforts to collect this information from those ****, but shall not be ****; and (y) collect this information from all Master Subscribers and Family Members that are ****. As of the Effective Date and subject to the availability of such information to Company, Company shall implement the following particular measures to detect and/or prevent Abusive Accounts:
 - A) Regular monitoring of the age, ZIP/postal code and the IP address(es) for Master Subscribers and associated Family Members (and requiring age and ZIP/postal code to be provided);
 - B) Checking whether subscribers to a Family Premium Subscription have a ".edu" email address associated with their User Profile;
 - C) Monitoring and detection of whether an individual has swapped to a different Family Premium Subscription and how often; and
 - D) Collecting and reviewing the last names, email addresses and physical addresses of the End Users associated with and tied to the same Family Premium Subscription (excluding Legacy Family Users' subscriptions, save where applicable information has been collected).(A, B, C and D, collectively, being the "Anti-Abuse Measures").
- (viii) Intentionally omitted.
- (ix) In the event that, based on Anti-Abuse Measures and/or other factors, Company determines the existence of any Abusive Account, Company shall have a period of no more than **** from the date of determination of such Abusive Account in order to review and verify whether

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all Family Members are from the same residence as the Master Subscriber and shall not be required to terminate such Abusive Account for which such verification is sufficiently obtained. Company shall be entitled to “whitelist” individual End Users in respect of a particular Family Premium Subscription where the relevant End User provides such verification (i.e., such that the End User shall not be required to provide verification again in respect of that particular Family Premium Subscription). Otherwise, Company shall terminate access to such Abusive Account for the applicable Family Members and ****.

- (x) As used hereunder, “Abusive Account” means an individual Family Premium Subscription that meets the following criteria (or such other criteria that may be mutually agreed between the Parties during the Term):
- (I) a Family Member has registered a ZIP/postal code that does not match the registered ZIP/postal code for the Master Subscriber;
 - (II) any IP address for a Family Member does not match any IP address used by the Master Subscriber in the preceding 30 days; or
 - (III) the Master Subscriber, together with associated Family Members, are part of a suspicious age constellation, which as at the Effective Date means the existence of 3 or more of the Master Subscriber and associated Family members that are either (i) aged 35 or more; or (ii) aged within 25-34; or (iii) aged below 30. Company shall agree with Label in writing any change to the definition of the suspicious age constellation.

The foregoing criteria (I), (II) and (III) shall be monitored a **** during the Term for each Family Premium Subscription.

- (xi) In the case of manifest, persistent and widespread abuse of the Family Premium Subscription (as determined in Label’s reasonable discretion), the Parties will escalate the issue at both companies with a view to agreeing measures to curtail such abuse.
- (xii) Company shall **** mutually agreed by the Parties and subject to applicable data protection laws and regulations. At Label’s request, on an ad-hoc basis, Company shall provide details of Family Premium Subscriptions generally, including but not limited to ****.
- (5) Online Subscription : For the avoidance of doubt, Company shall not be entitled to market or promote the Online Subscription or to allow individuals to subscribe to the same to the extent they are not existing Subscribers to the Online Subscription as of the Effective Date, and it is acknowledged that the Grant of Rights hereunder only covers the Online Subscription in order to permit Company to continue making such Service available to such existing Subscribers.

9. Authorized Distribution:

(a) Authorized platform:

- (1) Company shall be authorized to facilitate access to and use of the Services by End Users solely with an Approved Device via an Approved Interface, and solely to the extent that access using a particular type of Approved Device is permitted in connection with each particular Service. For the avoidance of doubt nothing in this Agreement shall prohibit Company from allowing End Users access to Local Files on any type of device or through any Approved Interface via the Services or otherwise.
- (2) Any co-branding, sub-licensing or white-labeling of an Approved Interface that is permitted hereunder shall be subject to the provisions outlined in sub-paragraph 9(b) below.
- (3) Intentionally deleted.

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- (4) Where Company permits third party developers and/or hardware manufacturers to create third party branded applications (including but not restricted to websites, web pages and software applications) or hardware integrations on different platforms which can access materials hosted by Company (including Authorized Materials and other materials) by making available to such developers relevant application programming interfaces (APIs) and software development kits (SDKs), which may include client libraries, the same shall be permitted by Label (and the grant of rights under this Agreement shall cover the making available of such Authorized Materials and their communication to the public) solely to the extent that Company complies with, the terms and conditions and available guidelines in connection with such APIs and SDKs, and the terms and conditions set out in Exhibit M attached hereto. The provisions of Paragraphs 11(b) and (c) relating to Server Security Breaches and Stream Security Breaches shall continue to apply in respect of access to and use of Authorized Materials via any API or SDK.
- (5) Label shall have the right at **** to provide written notification to Company to request the disabling of access (i) to all Authorized Materials; or (ii) to particular Authorized Materials at a product (e.g., album or track) or Label Artist level, via specific Application Keys of one or more particular widgets/iframes or third party applications/websites which utilize a Company API/SDK. In the event that Company is unable to disable access at a product or Label Artist level, Company shall notify Label and Label shall have the option to request Company to disable access to all Authorized Materials for the Application Key of the relevant widget/iframe or third party application/website. Label shall provide reasons for requesting disabling of access as part of any written notification. For the avoidance of doubt, Label's takedown right under this sub-paragraph 9(a)(5) shall not apply in the case of any application branded solely with Company Branding that is created by a third party at the specific request of Company, provided always that access to and use of Authorized Materials via such application remains compliant with the terms and conditions of this Agreement.
- (6) ****, Label shall have the right to provide written notification to Company to request the disabling of access to all Authorized Materials via any particular Application Key for any specific hardware integrations which utilizes a Company API/SDK in the circumstances that such hardware integration results in any End User obtaining access to Authorized Materials via any type of device which is not an Approved Device for the Service of which he/she is an End User. Label shall provide reasons for requesting disabling of access as part of any written notification.
- (7) In the event Label provides a notification under sub-paragraph 9(a)(5) or 9(a)(6), Company shall comply within the following timeframes for disabling access to the relevant Application Key: (i) no later than **** in Sweden following the date of such notification, other than where Label **** to disable access; or (ii) where Label cites **** to disable access, no later than **** following the date of such notification. Except where the takedown is issued because of a breach of security due to Company's acts or omissions, in the event that Label exercises any take-down right pursuant to this clause, it shall require **** to SME Materials (and, where licensed to such third party by Label, Orchard Materials) via such widgets, SDKs or APIs. Prior to disabling access to Authorized Materials pursuant to a notification under sub-paragraph 9(a)(5) or 9(a)(6) (as applicable), Company shall be entitled to request that Label provides, and Label shall thereafter provide, written confirmation that Label has also **** via equivalent widgets/iframes, SDKs or APIs, or the same device (as applicable). The Parties acknowledge that the intention of the foregoing is that **** when exercising such take-down rights.

(b) Authorized Distributors :

- (1) Access to the Subscription Services may be (i) retailed to potential Subscribers by Company directly, or (ii) resold to potential Subscribers by third parties either on a stand-alone basis or bundled with the products/services of such third parties, subject always to Company obtaining Label's written approval, which approval shall not be unreasonably withheld or delayed, on a case-by-case basis prior to authorizing such third party to do so (each such authorized and approved third party being referred to herein as an "Authorized Distributor").

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- (2) Notwithstanding sub-paragraph (1) above, but subject always to sub-paragraph (3) below, no approval shall be required from Label where:
- (i) Company maintains the billing relationship with Subscribers and the Services retailed carry **** Company Branding;
 - (ii) a third party retailer or hardware manufacturer sells or distributes access to any Subscription Service on a stand-alone (i.e. non-bundled), 'a la carte' basis (via gift cards, redeemable codes or otherwise) in the normal course of its business. In the event that any such retailer pre-purchases or guarantees to purchase from Company access to any Subscription Service in bulk, for the avoidance of doubt all such revenues will be shared with Label;
 - (iii) a third party sells access to any Subscription Service where acting solely on behalf of Company in the normal course of its business as a payment/billing solutions provider to facilitate distribution of the Subscription Service by Company, provided always that such third party has not pre-purchased or guaranteed to purchase from Company access to any Subscription Service in bulk; and/or
 - (iv) the following conditions are all fulfilled: (i) the third party is not a **** and is not engaged in or facilitating ****, (ii) the offer is a maximum of **** access to the Premium Subscription per customer, (iii) Label receives its full wholesale price for every month ****, which for the avoidance of doubt means that ****, (iv) **** in terms of any **** from particular deals ****; and (v) Company notifies Label in advance of any **** going live.
- (3) Except as set out in 9(b)(2)(iv) above, Label's prior written approval shall always be required (i) in cases where Company authorizes any **** to any of the Services with the sale of a ****, excluding for the avoidance of doubt any case in which such third party is solely pre-loading a version of an Approved Interface (which may or may not include access to a Free Trial); or (ii) in respect of ****; or (iii) in cases where Company authorizes any third party to distribute invitations to subscribe to a version of the **** in any country where such service is available on an **** basis, unless the number of **** which the third party is authorized to distribute is less than or equal to **** in each **** period; or (iv) in cases where Company wishes to modify the wholesale amounts otherwise payable to Label under this Agreement in connection with a Subscriber's use of the Services as distributed by a third party either on a bundled basis or non-bundled, a la carte basis. For the avoidance of doubt, in each case Label provides such prior written approval, the relevant third party distributor shall be an Authorized Distributor hereunder.
- (4) Distribution, bundling, co-branding and/or co-marketing of the Services with/via Prohibited Entities, or those engaged in **** shall be prohibited in the absence of prior written approval from Label.
- (5) For the avoidance of doubt, Company shall not be entitled to white-label the Services without prior written approval of Label.
- (6) In the event that Company is required to obtain Label's written approval in connection with this paragraph 9(b), Company shall provide full background information regarding the proposed opportunity and the third party concerned. Label shall use its commercially reasonable efforts to provide a response as soon as reasonably practicable following receipt of any request by Company. However, such approval shall in no circumstances be deemed granted in the absence of a written communication from Label to that effect, and it is acknowledged by Company that Label shall have the sole discretion whether or not to grant approval in any particular circumstances, provided always that Label acts reasonably and in good faith in reaching such decision.
- (7) Company shall provide to Label promptly on demand from time to time during the Term, a comprehensive list of third parties (including ****) ****.

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- (8) During the Term, Company shall use its commercially reasonable efforts either:
- (i) to provide via email to Label in good faith on a **** third parties **** the Services with which Company ****; or
 - (ii) to make relevant personnel available to meet with Label no less frequently than on a **** basis to discuss in detail any ****.

10. Wholesale Fees:

(a) In consideration of the rights granted to Company in respect of the use and exploitation of Authorized Materials in connection with the Services, Company shall pay to Label after each **** (and in accordance with the provisions of this paragraph 10, section 2 of the letter agreement portion of this Agreement and other provisions of this Agreement) the fees, calculated and reported on a **** basis (the “Wholesale Fees”) as follows:

(1) Wholesale Fees in connection with SME Materials :

Calculated on a **** basis, Company shall pay in respect of each **** the **** (A) and (B):

(A) The ****:

- (i) Ad Supported Service. **** attributable to the Ad Supported Service in the relevant ****;
- (ii) Online Subscription. The ****:
 - (a) **** attributable to the Online Subscription in the relevant ****; and
 - (b) **** in the relevant ****, subject always to Paragraph 10(b) below and regardless of whether **** in such ****.
- (iii) Premium Subscription. The ****:
 - (a) **** attributable to the Premium Subscription in the relevant ****; and
 - (b) **** in the relevant ****, subject always to Paragraph 10(b) below and regardless of whether **** in such ****.
- (iv) Family Premium Subscription. The ****:
 - (a) **** attributable to the Family Premium Subscription in the relevant ****; and
 - (b) The applicable amount set forth in clauses (i) or (ii) for the applicable period:
 - i. With respect to any and all periods from and after the Effective Date: **** of: (a) where the ****; or (b) where the **** in the relevant ****, subject always to Paragraph 10(b) below and regardless of whether **** in such **** (and provided that only **** shall be counted for the purposes of this sub-paragraph); and
 - ii. With respect to any and all periods prior to the Effective Date: **** (as defined in the Prior Agreement) for the applicable period of the Term (as defined in the Prior Agreement) of the Prior Agreement of **** (as defined in the Prior Agreement) ****, subject to any otherwise applicable adjustments set forth in the Prior Agreement for ****, respectively. (Reference is hereby made to paragraph 2(d) of this Exhibit A.)

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(B) All Services. In respect of all Services, **** for all **** in the relevant ****.

The values of **** shall be as set out in Exhibit H. For the avoidance of doubt, unless otherwise approved in writing, **** in connection with any Services retailed by Authorized Distributors **** shall ****, based on the **** (i) **** of applicable ****; and (ii) **** subscriber to the relevant Service. The following additional retail offerings are hereby deemed approved for inclusion in the wholesale fee calculation under this Paragraph 10(a)(1): **** including a **** for ****; and any **** for the Subscription Service.

(2) Wholesale Fees in connection with Orchard Materials :

Calculated on a **** basis, Company shall pay in respect of each **** the **** (A) and (B):

(A) The ****:

(i) Ad Supported Service. **** attributable to the Ad Supported Service in the relevant ****;

(ii) Online Subscription. The ****:

(a) **** attributable to the Online Subscription in the relevant ****; and

(b) **** in the relevant ****, subject always to Paragraph 10(b) below and regardless of whether such **** in such ****.

(iii) Premium Subscription. The ****:

(a) **** attributable to the Premium Subscription in the relevant ****; and

(b) **** in the relevant ****, subject always to Paragraph 10(b) below and regardless of whether such **** in such ****.

(iv) Family Premium Subscription. The ****:

(a) **** attributable to the Family Premium Subscription in the relevant ****; and

(b) The applicable amount set forth in clauses (i) or (ii) for the applicable period:

i. With respect to any and all periods from and after the Effective Date: **** of: (a) where the ****; or (b) where the **** in the relevant ****, subject always to Paragraph 10(b) below and regardless of whether **** in such **** (and provided that only **** shall be counted for the purposes of this sub-paragraph); and

ii. With respect to any and all periods prior to the Effective Date: **** (as defined in the Prior Agreement) for the applicable period of the Term (as defined in the Prior Agreement) of the Prior Agreement of **** (as defined in the Prior Agreement) ****, subject to any otherwise applicable adjustments set forth in the Prior Agreement for ****, respectively. (Reference is hereby made to paragraph 2(d) of this Exhibit A.)

(B) All Services. In respect of all Services, **** for all **** in the relevant ****.

The values of **** shall be as set out in Exhibit H. For the avoidance of doubt, unless otherwise approved in writing, **** in connection with any Services retailed by Authorized Distributors **** shall ****, based on the **** (i) **** of applicable ****; and (ii) **** per subscriber to the relevant Service. The following additional retail offerings are hereby deemed approved for inclusion in the wholesale fee calculation under this Paragraph 10(a)(2): **** including a **** for ****.

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(3) **Revenue share percentage and discounts :**

For the purposes of this Paragraph 10(a), and subject always to Paragraph 10(e), the **** in respect of the Services, provided always that such **** from time to time during the Term in accordance with the following:

- (i) At the start of each successive **** during the Term, commencing on the Effective Date (each, a “ ****, the **** and the **** (the “ **** ”) in respect of the ****.

“ **** ” means the existence of **** of such **** reported for each **** for the applicable portion of the applicable Contract Period of the Term:

Determination Date

****	****	****	****
****		****	****
****		****	****
****		****	****
****		****	****
****		****	****
****		****	****
****		****	****
****		****	****

“ **** ” means, collectively, the number of individual **** of the **** or **** (including any offer of the **** with a retail discount for ****, any **** and any **** to the Premium Subscription **** by an ****, including ****, but excluding any **** and **** and/or individual **** in connection with the **** (excluding associated ****, but including **** in the case of **** to the **** by an ****).

“ **** ” means the total number of **** in Launched Countries during the **** concerned, **** throughout the Launched Countries during the **** concerned and the number of **** throughout the Launched Countries of the Ad Supported Service during the **** concerned}, **** the Determination Date, being ****.

“ Launched Countries ” means those countries where any of the Services have launched as of the Effective Date.

“ Bundled Offering ” means (i) any Bundled Offering (as defined in the ****) covered by a Partner Schedule pursuant to the Framework Amendment; or (ii) a bundled offering of the Premium Subscription by an Authorized Distributor pursuant to a Bundle Deal.

“ Standalone Offering ” means (i) any Stand-Alone Offering (as defined in the ****) covered by a ****; or (ii) a stand-alone offering of the Premium Subscription by an Authorized Distributor pursuant to a Bundle Deal.

“ **** ” means {the **** of the **** throughout the Launched Countries (excluding **** and **** engaged in **** at the beginning of the **** of those specific **** at the end of the **** (for the avoidance of doubt excluding any individuals who **** during the **** {the number of **** of the **** throughout the Launched Countries (excluding **** and ****) at the beginning of the ****}.

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“****” means **** equal to less than ****, taken as **** for the preceding **** on the relevant ****.

- (ii) As at any given Determination Date, for each individual **** which Company has met in respect of the immediately preceding ****, the **** by **** until the next Determination Date (e.g., if at the start of Contract Period 1, Company has met all **** in respect of the immediately preceding ****, the **** shall be **** until the start of the **** of Contract Period 1 (the amount of Wholesale Fees payable in excess of the Wholesale Fees that would be payable if the **** were equal to **** shall be referred to as the “****” for the **** concerned).
- (iii) Notwithstanding anything elsewhere in this Agreement, to the extent that any **** has **** in respect of the immediately preceding **** as of any given ****: (x) the otherwise applicable **** of the **** shall be **** as computed on a **** for each of the two **** in Contract Period 1 (such ****, the “****”) and (y) the otherwise applicable **** of the **** shall be **** as computed on a **** for each of the **** (such ****, the “****”). In the event that **** for **** pursuant to subparagraph 2(a) hereof, to the extent that any individual **** for **** or **** has not been met in respect of the immediately preceding **** as of any given ****: (xx) the **** of the ****, if any, as computed on a **** for each of the **** in ****, shall be deemed the “****”, and (yy) the **** of the ****, if any, as computed on a **** for each of the **** in ****, shall be deemed the “****”.
- (iv) For the avoidance of doubt, in respect of each **** during each **** that immediately follows the **** concerned, for the purposes of this Paragraph 10(a), the Wholesale Fees credited to Label’s and Orchard’s Wholesale Fees account under this Agreement shall be determined and calculated on the basis of **** as the **** in respect of the Services.

(b) ****:

- (1) ****. In the event that access to the Online Subscription, Premium Subscription or Family Premium Subscription is retailed to certain Subscribers by Billing Providers or App Store Providers on behalf of Company, then for **** by each such Billing Provider or App Store Provider, the **** (as applicable) in respect of **** shall be **** equal to the **** in connection with transactions related to such Billing Provider or App Store Provider, subject always to **** of the **** attributable to all transactions related to such Billing Provider or App Store Provider, less any VAT or other sales tax. For the avoidance of doubt, the aforementioned **** shall be determined on a Billing Provider-by-Billing Provider and App Store Provider-by-App Store Provider basis, in each case calculated for all **** using that Billing Provider or App Store Provider in the relevant part of the Territory on an **** basis.
- (2) Potential Adjustment For **** and ****. Label acknowledges that **** relating to the **** by **** of **** received by Company may require Company to **** the allocation of **** and **** amounts across each **** of the **** for which such subscription fees were paid. Specifically, Company may need and shall be permitted to apply an **** rate for **** and **** amounts attributable to all Subscribers during each Monthly Subscription Period that is based on a ****, the **** of which is the average **** and **** amounts, as applicable, for **** during a particular **** and the **** of which is the number of **** in each such ****. As used in this paragraph, **** shall mean the **** during which **** payable by **** on a particular day of ****. For example, the period of **** to **** shall be considered the **** for all **** for whom **** are payable on the **** of each **** while the period of **** to **** shall be considered the **** for all **** for whom **** are payable **** of each ****.
- (3) ****. Notwithstanding the foregoing and subject to the final sentence of this sub-paragraph, if a **** does not **** prior to the end of a **** (but not for the avoidance of doubt where an End user does **** prior to the end of the ****) and Company does not **** of a **** from the **** for such ****, no **** shall **** in respect of such **** only. Company agrees to use reasonable commercial efforts (i) to avoid the situation where **** fail to **** (for example, by **** in the event ****) and (ii) to encourage **** prior to the end of an ****, including but not necessarily limited to by sending SMS messages and/or emails.

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

- (4) Legacy Subscribers ****. Notwithstanding anything to the contrary contained herein, the **** set out in **** shall be adjusted as follows in the following countries for the period commencing on the Effective Date and continuing until ****, for Subscribers to the Premium Subscription who were already Subscribers as of the Effective Date:

(c) ****. To the extent that any particular **** are generated within any calendar month which cannot **** be associated with any one particular **** (for example, where particular **** have not been generated in connection with one or more ****), then for the purposes of calculating Wholesale Fees hereunder, the relevant **** shall be **** between all **** in the **** concerned by reference to the number of **** in the **** concerned.

(d) ****: Except as expressly prescribed in this Paragraph 10(d), Company may **** any amounts **** to **** and / or **** to **** to **** (e.g. **** in ****) in respect of the exploitation of Authorized Materials ****. Except as expressly prescribed in this Paragraph 10(d), Company also hereby **** to make any **** in connection with **** under any **** in any and all preceding contractual arrangements between Company and Label. Notwithstanding the foregoing, in the event that any **** and/or **** of any kind (each, a ****), should assess any **** and other **** in respect of the ****, however characterized, that is required to be ****, or that Company reasonably believes is required to be ****, under local law in any country of the Territory ****, Company shall be permitted to **** amount of **** attributable to the **** in the country of the Territory concerned from the **** that are **** under this ****, that (i) the aggregate amount of such **** shall in no event **** of **** or **** (as applicable) of **** for the **** of the Territory for any **** during the Term, (ii) **** may only be **** (or scheduled for payment) to the applicable third party (and in the event the applicable third party is ever required to **** to Company or its Affiliates, Company shall **** at the earliest possible opportunity) (ii) Company shall use commercially reasonable efforts to **** concerned the lowest possible **** in the applicable **** of the Territory, and (iii) on Company's request, Label and Orchard will meaningfully consult with Company on a regular basis throughout Company's **** with the **** for the purpose of advising **** with respect to **** to be **** in the applicable country of the Territory at the applicable time during the Term, taking into account industry standards.

(e) ****.

Notwithstanding anything elsewhere in this Agreement:

(1) If, within any given period of the Term, Company **** in the case of ****, then such **** shall apply to Label **** the applicable **** (as set, and potentially discounted, pursuant to Paragraph 10(a)(3)) for the period that the **** applies to the ****. Once the **** changes to **** to the **** that would otherwise apply to Label (subject to any discount pursuant to Paragraph 10(a)(3)), the **** shall return to the level **** (subject to any discount pursuant to Paragraph 10(a)(3)). For the purposes of this sub-paragraph, a "****" means a **** that is **** than the **** (subject to any **** pursuant to Paragraph 10(a)(3)) used to calculate Label's and Orchard's wholesale fees hereunder at the relevant time, **** to which such Other Party is **** made to Wholesale Fees hereunder, during the relevant part of the Term; and "****" means the **** in respect of any of the Services (prior to ****) which is **** agreed between Company and the ****.

(2) To the extent that Company **** on the **** and **** or **** of **** of **** and/or **** in respect of which **** are counted within the **** of the **** used to **** in connection with any Service, and any such **** are more **** than the **** within the definition of **** and **** hereunder, then Company shall **** and **** in accordance with ****.

(f) **** In the event that Company or an Authorized Distributor retails a **** Premium Subscription or Family Premium Subscription to a particular consumer, the relevant Wholesale Fees may, at Company's option, be calculated using the relevant formulae above, subject to ****. Notwithstanding anything in this Agreement, for any subscription fees that are paid by or on behalf of a Subscriber pursuant to a billing cycle that is longer than **** (e.g., **** payment plans), **** by or on behalf of such Subscribers will be **** under this Agreement **** over the applicable subscription billing period for the Subscriber concerned. It is agreed that such subscribers' usage of the Services shall continue to count towards the **** as part of the **** due in respect of other non-discounted subscribers. For the avoidance of doubt, the **** described in this sub-paragraph shall only apply where **** passes onto the **** in the **** which are at least equal to the relevant ****.

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(g) Free Trials; Retail Discounts; Growth Offers:

- (1) Free Trials. In the event that Company offers trial access to **** and/or **** and/or **** to any particular Subscriber on a free-of-charge basis (such access, a “Free Trial”), Label shall ****, provided always that:
- (i) In respect of Subscribers who have supplied **** or other **** prior to being granted access to the free trial, no single Subscriber may be offered more than **** in aggregate, provided that End Users who have previously accessed the Premium Subscriptions and/or Family Premium Subscriptions and/or student subscriptions as part of a **** shall be offered no more than **** in aggregate.
 - (ii) In respect of Subscribers who have not supplied ****, no single Subscriber may be offered more than **** in aggregate (provided that users who previously accessed the Service as part of a **** Free Trial shall be offered no more than **** in aggregate).
 - (iii) Subscribers who are offered one (1) or more Trial Days and supply their **** (subject to applicable local law) into a paid subscription to the **** and/or **** and/or **** at the end of the last Trial Day in the block offered unless they **** the subscription prior to the end of such Trial Day.
 - (iv) In the event that a Subscriber subscribes to the Subscription Service prior to having been offered the **** set out in clauses (i) or (ii) above, and such user ****, Company shall have the right to use any **** such End User.
 - (v) During Trial Days, Company shall give each Subscriber who has not previously registered a **** an opportunity to **** and in the event that such End User provides a **** the end of the applicable Trial Day, such End User may be offered up to **** (less the number of Trial Days offered to such End User prior to such **** registration) in aggregate.
 - (vi) Without limiting any other provision of the Agreement, Trial Days shall: (a) be solely Company branded; and (b) only be made available by the Company ****.
 - (vii) In the case that Company tests ****, **** indicating that such trials lead to **** to paid subscriptions and **** may agree to **** of this Agreement in order to **** on **** connected with such trials. Company shall include in its monthly reporting to Label the number of Free Trials offered in the previous month.
 - (viii) Other than to the extent permitted in this sub-paragraph (1), no Subscriber shall be entitled to register for a Free Trial in the event that he/she has previously been a Subscriber to any of the Subscription Services, including by way of a Free Trial, in the previous ****, and Company shall use reasonable commercial efforts to **** to Free Trials outside of that interval by particular individuals, by reference to factors including but not necessarily limited to ****.
- (2) Intro Offers and Winback Offers.
- (i) Intro Offers. Where Company launches a significant marketing campaign offering a **** subscription to the Premium Subscription for the price of **** (an “Intro Offer”), then provided that (i) the Intro Offer is available to users for a maximum of **** in such country, (ii) no more than **** Growth Offers are offered by Company in any country in any **** period, (iii) at least **** have passed since the end of the last Growth Offer in the applicable country, (iv) Intro Offers may not be taken up by a Subscriber or any user who has been a paying Subscriber to the Premium Subscription (including but not limited to by way of Growth Offer) in the last **** or has received the benefit of a Free Trial in the last ****, (v) Intro Offers must be offered by Company **** and ****, (vi) Label has not elected to **** by providing **** prior written notice to Company, (vii) Intro Offers may not be offered **** (vii) End Users must submit a **** prior to accessing the Growth Offer, and (viii) where permitted by applicable local law, ****, the End User **** Subscriber to the

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Premium Subscription at the end of the third month, then the Parties agree that: (a) for each Subscriber that registers for or accesses a Intro Offer, the **** for such Subscribers will be **** of the otherwise applicable **** (up to a maximum of ****) and Company will pay the **** in respect of all months of the Intro Offer, and (b) in addition to the standard reporting obligations, Company shall provide Label with the reporting set out in sub-paragraph (iii) below.

- (ii) Winback Offers. Where Company launches an offer allowing End Users of the Ad Supported Service who were previously Subscribers, but **** to the Subscription Services more than **** prior to taking the Winback Offer (such **** not to include any days included within a ****), a **** subscription to the Premium Subscription for the price of **** or less (a “Winback Offer”), then, provided (i) the Subscriber cancelled his/her subscription to one of the Subscription Services more than **** prior to taking the Winback Offer (such **** not to include any days included within a ****); (ii) each Winback Offer is offered to eligible End Users for a maximum of **** in the country concerned, (iii) no more than **** Growth Offer campaigns have been offered by Company in any country in any **** period, (iv) at least **** have passed since the end of the last Growth Offer campaign in the applicable ****, (v) Winback Offers may not be taken up by a Subscriber or any End User who has previously taken up an Growth Offer in the last **** or a Free Trial (unless such Free Trial preceded a period of paid subscription) in the last ****, (vi) Winback Offers may not be offered ****, (vii) End Users must submit a valid **** prior to accessing the Winback Offer, (viii) Winback Offers must be offered by Company ****, (ix) Label has not **** out of Winback Offers by providing **** prior written notice to Company, and (x) where permitted by applicable local law, **** to the Premium Subscription at the end of the ****, then the Parties agree that: (a) for each Subscriber that registers for or accesses a Growth Offer, the **** will be **** of the otherwise applicable **** for such Subscribers for each and every month of the Winback Offer (up to a maximum of ****) and Company will pay the **** in respect of all months of the Winback Offer and (b) in addition to the standard reporting obligations, Company shall provide Label with detailed reporting regarding Subscribers who have enrolled in the Winback Offers and the reporting set out in sub-paragraph (iii) below. Notwithstanding the foregoing, in any country where the **** is raised pursuant to paragraph ****), Company shall have the right to offer **** additional Winback Offer during a **** period after any month in which Subscriber **** show a material increase.
- (iii) At Label’s request, Company shall provide **** for each Growth Offer, as well as ****, within **** following its expiry. Each line of the cohort report shall indicate the ****, the **** of Growth Offer, the **** the monthly cohort ****, the number of **** users from the **** to the Premium Subscription since conversion (normalized across present and past promotions with data at Day ****), the **** to the Premium Subscription, the total number of ****. Company shall also report the **** i.e. in relation to the Intro Offer, users who were new to any of the Services, as compared with users already on the Ad Supported Service.
- (iv) For the avoidance of doubt, Company shall pay Label in respect of Subscribers to Growth Offers as part of the **** set out in paragraph 10(a) above.
- (3) Retail Promotions/Discounts. Unless otherwise specified in this Agreement or as part of any further written agreement between the Parties during the Term, in the event that Company offers discounted access to any Service in any part of the Territory for all or only certain eligible Persons, Company shall pay the applicable Wholesale Fees due in connection with any such access under this Agreement, without any discount.

(h) Review of ****: In the **** of each of Contract Period 1, Contract Period 2 and where applicable **** and ****, to the extent necessary, the **** can be reviewed as follows: (a) Label may **** provided that (1) notice has been provided at least **** in advance of such date, and (2) Company will not be **** to ****; and (b) in the event that the **** in **** increases by more than **** compared to its equivalent at the date of execution of the Agreement, on no less than **** written notice to Company, Label may apply a **** not to ****, provided that (x) Company will not be **** to **** in respect of ****, and (y) in the event that Company presents evidence to Label that such **** in any of ****, Label and Company agree to have a good faith discussion regarding such ****.

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(i) ****:

- (1) Minimum sub months or revenue. In the event that a third party (i) **** access to a Subscription Service for the purpose of distributing such months to end users during a certain period of time, or (ii) **** in respect of distributing access to a Subscription Service to end users during a certain period of time, Company agrees the general principle that **** for the purposes of this Agreement. Unless otherwise agreed with Label as part of the process of obtaining Label's approval (where required) in connection with arrangements for any particular Authorized Distributor, at the end of the relevant **** period and when such revenue becomes due, Company shall calculate **** and include details of such share as part of the immediately following Financial Statement and Monthly Report. For the purposes of calculating Label's share in such circumstances, Company shall calculate each of 'SME's Usage Percentage' and 'Orchard's Usage Percentage' as an **** of the applicable **** in each of the **** during the guarantee period.
- (2) Gift cards or codes. In the event that Company or a third party retails Company Branded gift cards or redeemable codes carrying monetary value (e.g. \$20), then any portion of such value (less applicable VAT) which is redeemed to obtain access to a Subscription Service shall be deemed Gross Revenues in the month of such redemption. In the event that Company or a third party retails Company Branded gift cards or redeemable codes carrying a number of subscription months (e.g. 6 months' access to the Premium Subscription), then a fraction of the retail price of the card/code (less VAT) equal to **** shall be deemed Gross Revenues in each month of redeemed access to the applicable Subscription Service. In the event that any gift card or code carrying monetary value has an expiry date, **** in respect of the Premium Subscription, and **** recognized over a period of time according to an **** based on historical projections. In the event that any gift card or code carrying a number of subscription months has **** in respect of the applicable Subscription Service, and up to 31 December 2017 shall be at the relevant expiry date, and thereafter shall be recognized over a period of time according to an **** based on historical projections.

(j) Company's Unilateral Establishment of Retail Prices. Company shall unilaterally establish its own retail price to Subscribers with respect to the Services. Label shall not have any authority to instruct Company as to what such prices must be, or interfere with their independent establishment of such retail prices. Company is free to advertise, promote and offer for sale products and access to the Services at any retail price it chooses.

(k) Comp Accounts.

(1) Company may offer complimentary accounts for the Premium Subscription to Company's full-time employees, for which Company shall not be required to pay Wholesale Fees otherwise due hereunder ("Comp Accounts"), provided always that each Other Party has agreed to waive wholesale fees for such Comp Accounts and that Company reports the number of Comp Accounts as part of each Financial Statement.

(2) Company shall, at Label's request, **** subscriptions to the Subscription Service at a **** to the retail price that would otherwise be payable by Subscribers in the applicable country ("****"). Label shall discount the Wholesale Fees that would otherwise be payable pursuant to paragraph 10 solely in respect of such accounts by ****. Company is not obliged to provide Label with more than **** at any one time and Label will only offer **** and will terminate an End User's access to a **** within **** of their **** by Label.

(l) Approved Offerings Pursuant to the ****. Solely insofar as the **** and each **** pertains to (i) the remaining duration of any Offer Periods for **** pursuant to any **** entered into pursuant to the **** prior to the Effective Date, or ****, that remain in effect as of the Effective Date, and (ii) any and all **** entered into during the Term of this Agreement after the Effective Date for ****, and notwithstanding anything to the contrary in any **** entered into pursuant to the **** prior to the Effective Date, the **** and each **** is hereby **** to provide that from and after the Effective Date, the **** to be **** shall be determined and calculated pursuant to **** for the Subscription Service (subject to the adjustment set forth in paragraph 10(b)(2) above for **** and the ****), in lieu of the royalty calculation methodology set forth in **** section of the **** or the relevant part of the applicable ****.

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(m) Good Faith Discussions Regarding Unlaunched Countries. Company will not launch the Services in Unlaunched Countries for which no rates are included in Exhibit H attached hereto. For the Unlaunched Countries, Company will not launch the Services without giving Label **** notice in advance and Label and Company agree to discuss in good faith rates in connection with such Unlaunched Countries; provided, however, that Company shall not be obligated or permitted to make available Authorized Recordings in any Unlaunched Country where Label and Company have not agreed to applicable rates. As used in this sub-paragraph, “Unlaunched Country” means any country in which the Service has not launched as at the Effective Date.

11. Security:

(a) At all times during the Term, the Authorized Materials shall be (i) stored, hosted and secured on Company Servers, Distribution Servers; and Approved Devices of other End Users via Company’s proprietary ****, and delivered directly to End Users from Distribution Servers, in all cases solely in accordance with the Technical and Security Specifications. Company represents and warrants that, at all times during the Term, Company Servers containing Authorized Materials that are controlled by Company **** with reasonable particularity as to **** (e.g. by providing the name of the facility, the street address of such facility and the main phone number for such facility). Company shall give Label **** prior notice before **** the **** of any **** that is controlled by Company. For the avoidance of doubt, it shall not be considered a material breach of this Agreement by Company in the event that it fails to notify Label in accordance with the previous sentence, as of the date hereof, the Company Servers are located at the facilities and locations disclosed in Exhibit F attached hereto.

(b) If Company becomes aware of any unauthorized access to or unauthorized reproduction of Authorized Materials in contravention of the terms, conditions or limitations prescribed in this Agreement as a result of a breach of security with respect to Company Servers, Distribution Servers or any other aspect of Company’s server-side distribution platform, including network components used in connection with Company Servers or Distribution Servers (e.g., a server hack), or if Company becomes aware that any of the security features contained in the Technical and Security Specifications, solely insofar as they relate to server-side security, are capable of circumvention (a “Server Security Breach”), Company shall (i) **** (in the event that **** was not the person or entity that ****), (ii) reasonably cooperate with Label, ****, to promptly cure the Server Security Breach concerned to Label’s reasonable satisfaction and (iii) give Label such assurances and furnish to Label such plans as are reasonably satisfactory to Label detailing, with reasonable particularity, the steps that have been taken and the steps that Company proposes to take to eliminate the Server Security Breach concerned. Without limiting Label’s rights and remedies hereunder or otherwise, in the event that Company is unwilling or unable to cure such Server Security Breach to Label’s reasonable satisfaction **** (taking into account all relevant circumstances including the severity of the Server Security Breach) after, but in any event within **** of, becoming aware of such Server Security Breach, Label shall have the right, in its sole discretion, as of the end of such **** period, exercisable by notice to Company (which notice, notwithstanding anything to the contrary herein, may be delivered via facsimile, electronic mail or any other effective method of written communication) to **** until such Server Security Breach is cured to Label’s reasonable satisfaction. During the ****, and (y) all Authorized Materials **** made available via the Service shall **** (such Authorized Materials are sometimes referred to herein as ****), as Label shall direct. Without limiting the generality of the foregoing, Label shall be permitted to **** of the Term under the foregoing provisions of this subparagraph lasts more than **** (or **** in any period of ****).

(c) Company shall employ a technology solution (including a secure streaming format in accordance with Paragraph 11(d)) that administers and effectively enforces the security of Streams, Cached Streams and Cached Downloads embodying Authorized Materials delivered via the Service. Without limiting any other provision of this Agreement in respect of Company’s administration and enforcement of such security, in the event that such technology solution (including the approved secure streaming format) fails to effectively enforce the intended security for any particular items of Authorized Materials hereunder (a “Stream Security Breach”), Company shall (i) **** (in the event that **** was not the person or entity that ****), (ii) reasonably cooperate with Label, ****, to promptly cure the Stream Security Breach concerned on a prospective basis to Label’s reasonable satisfaction and (iii) give Label such assurances and furnish to Label such plans as are reasonably satisfactory to Label detailing, with reasonable particularity, the steps that have been taken and the steps that Company

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proposes to take to eliminate the Stream Security Breach concerned on a prospective basis. Without limiting Label's rights and remedies hereunder or otherwise, in the event that Company is unwilling or unable to cure such Stream Security Breach on a prospective basis to Label's reasonable satisfaction within **** from the date Company becomes aware of such Stream Security Breach, Label shall have the right, in its sole discretion, as of the end of **** period, exercisable by notice to Company (which notice, notwithstanding anything to the contrary herein, may be delivered via facsimile, electronic mail or any other effective method of written communication) to **** until such Stream Security Breach is cured to Label's reasonable satisfaction. During the ****, and (y) all Authorized Materials **** made available via the Service shall ****, as Label shall direct. Without limiting the generality of the foregoing, Label shall be permitted to **** under the foregoing provisions of this subparagraph lasts more than **** (or **** in any period of ****).

(d) Company **** that the security features of the Services are designed to prevent the capture or extraction of Authorized Recordings (i) directly from Distribution Servers, and/or (ii) during Streaming or downloading of a Cached Download or Cached Stream (including through use of browser extensions and development tools), including but not necessarily limited to encrypting the content of Streams, Cached Streams and Cached Downloads between Distribution Servers and Approved Interfaces. Company and its Service Providers (if applicable) shall also use reasonable technical efforts to defeat any real-time capture attempts exploiting audio drivers of devices. For the avoidance of doubt, in connection with Streams, buffering may occur in the form of segments having a maximum individual duration of ****, provided always that such segments are ****. Company shall ensure that (x) all requests for Streams, Cached Streams and Cached Downloads are effectively authenticated so as to apply effective restrictions on access, including but not necessarily limited to authentication of session ID, user ****; and (y) each unique URL utilized to deliver a Stream, Cached Stream or Cached Download is obfuscated and expires immediately following the period of time required to complete delivery of the same to the device in connection with which it was generated.

(e) For the avoidance of doubt, Label acknowledges that Company shall only be responsible under the above provisions in respect of any method of capturing Streams, Cached Streams or Cached Downloads of Authorized Materials which specifically exploits any aspect of Company's streaming protocol or other software/technology under Company's control, and Company shall not be liable in connection with any generic stream-ripping tool that captures audio content at an operating system, hardware or driver level. However, Company shall implement industry-standard technical solutions, to be approved by Company in writing, to secure Streams, Cached Streams and Cached Downloads in order to prevent unauthorized capture/extraction of Authorized Materials onto any device. The technical solutions set out in the Technical and Security Specifications are hereby approved for such purposes.

12. Delivery/Encoding :

(a) Label and Orchard will deliver encoded Content Files containing Authorized Materials in accordance with the mutually agreed Content Preparation and Delivery Specifications. Without limiting the foregoing, Label and Orchard agree to use commercially reasonable efforts to deliver Content Files, including without limitation the relevant metadata containing the Ad Supported Release Date (if any) and General Release Date, at least **** prior to the applicable General Release Date, provided that it is acknowledged that on an infrequent basis it may be necessary to deliver Content Files closer to the General Release Date, in which cases the Parties will work in good faith to ensure the applicable content is made available on the applicable Services from the General Release Date. Company shall be permitted to transcode Content Files into Approved Formats from any high quality delivery format. For the avoidance of doubt, Content Files containing each of the foregoing elements of Authorized Materials shall be ****.

(b) Where Label or Orchard deliver **** content to a ****, Label and Orchard shall provide Company with the ****. For the sake of clarity, the Parties acknowledge that no rights are granted to Company pursuant to the forgoing sentence to make Authorized Materials available in a **** that is **** (including Subscribers) of the Services as permitted under this Agreement pursuant to the foregoing provisions of this definition and the Technical and Security Specifications.

(c) With respect to each Authorized Recording delivered under this Agreement (and each Authorized Recording delivered by Label and/or Orchard to Company under the Prior Agreement, as applicable), Label and Orchard, solely to the extent such information is available to Label and Orchard, as applicable, shall ****.

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

Following execution of this Agreement, the Parties' relevant personnel will discuss in good faith appropriate processes for **** concerning authorized recordings delivered by Label and/or Orchard under the Prior Agreement and under this Agreement. Company agrees that ****. Notwithstanding the previous sentence, as soon as commercially reasonable **** and not from Label and/or Orchard.

13. **:**

(a) Company represents, warrants and covenants that, as of the Effective Date, to the extent it **** to the **** containing or resulting **** of any **** having effect during, and to the extent of, **** with the **** which are **** than the **** in this Agreement, and/or in the event Company **** to **** the **** of any such ****, being referred to hereunder as a ****, it shall **** and **** to **** the **** of the **** in such **** in lieu of the **** contained **** subject to Paragraphs **** and **** below, respectively. For the avoidance of doubt, **** will also be deemed to result from **** in **** from this **** subject to Paragraphs **** and **** below, respectively.

(b) Company represents, warrants and covenants that, **** the **** if Company **** during the Term, then Company **** to **** of such **** and **** the **** of the applicable **** contained in or implicated by such **** to the extent it relates to **** of the **** in lieu of the **** in this **** subject to Paragraphs **** and **** below.

(c) As used herein **** provided that each shall be ****with respect to all ****without ****any ****or ****which may be ****:

- (i) The **** of**** within and/or timing **** in connection with the **** in connection with the ****;
- (ii) The **** to **** (including but not limited to ****of ****), and to **** so that it is routinely accessible solely via **** of the **** for any **** than **** and the **** by an ****;
- (iii) The ****with reference to both **** (including but not restricted to ****of ****which do not originate from Company);
- (iv) The **** (or equivalent concept) with respect to the intended scope of **** with ****;
- (v) ****;
- (vi) The extent of any **** in connection with ****;
- (viii) **** rules pertaining to **** as accessible on the **** including as part of ****;
- (ix) Any and all types of **** provided to **** in connection solely with the **** of that **** on any of the ****;
- (x) Any and all types of **** or **** with respect to the ****, the activity of **** and any activity in relation to that ****maintenance and availability of such ****;
- (xi) Any and all types of **** types of ****corresponding to **** of the **** and the ability of such ****;
- (xii) **** from **** in respect of ****.

(d) Label shall have the option to **** of the applicable **** contained in such **** in lieu of the **** terms contained in this Agreement, as Label may elect in each instance; provided, however, that (i) Label may accept or reject each of the **** described in the clauses of Paragraph 13(c) above separately; and (ii) each **** accepted by Label **** that may be less favorable to Label than the corresponding elements or components of the corresponding individual **** contained in this Agreement, **** any individual elements or components thereof.

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

(e) To the extent that **** accept any **** in any instance, the parties shall **** the Agreement so that such **** (subject to the foregoing requirements and adjustments) **** became effective pursuant to the relevant ****, but in no event earlier than the Effective Date. Notwithstanding the foregoing or anything elsewhere in this Agreement: (i) Label shall only get the benefit of such ****, and (ii) the foregoing provisions of this Paragraph 13 shall be Label's sole and exclusive remedy in connection with any breach of the representations, warranties and covenants made in the first sentences of Paragraphs 13(a) and (b) above, respectively.

(f) ****

“Anniversary” shall mean each anniversary of the Effective Date.

“Content Revenue Pool” shall mean, in connection with licensed rights equivalent to those under this Agreement, the aggregate amount of all label content royalties **** payable or credited to Label, Orchard and all **** in connection with the Services for the prior ****.

**** shall mean the product of {the ****, as determined on a country by country and monthly basis, in respect of each (without overlap) of **** offered as a **** in such country, and **** the combined **** multiplied by a **** of which will be the total number of **** of **** during the applicable **** on the applicable **** in the applicable **** of which will be the aggregate of total number of all **** on the applicable **** during such **** in the applicable ****. Any portion of the **** which is not clearly associated with any particular **** shall be allocated using a fair and reasonable methodology.

**** shall mean **** following the Effective Date, (ii) each subsequent **** during the Term since the **** in the case of an early termination of the Term, the period since the previous ****.

If the Wholesale Fees payable **** are less than **** in the applicable country for the same month ****, the difference shall be known as a **** and if **** in the applicable **** in respect of the applicable **** and in respect of the applicable **** are more than the **** for the same **** on such **** the difference shall be known as a **** Company shall **** and **** to Label the aggregate of all **** in respect of all **** of the **** the aggregate of all **** in respect of all **** in all **** of the **** (the ****), within **** of each ****. The determination and calculation of whether there is a **** for any **** as the case may be, is sometimes referred to herein as a “****.”

(g) Label shall have the right (i) not more than **** during the Term, upon not less than **** notice, to reasonably request that **** determine whether **** with any **** and/or whether **** is in compliance with its obligations under paragraphs **** and **** in respect of each of **** to the extent applicable, **** upon not less than **** notice, to reasonably request that **** determines whether the relevant **** has been ****. For the avoidance of doubt, any such **** shall constitute Confidential Information for all purposes under this Agreement.

(h) **** shall produce **** setting out **** as to whether **** but without disclosing detailed information about the **** and/or (y) whether each previous **** has been **** as applicable.

(i) At the request of the **** shall provide all **** and any reasonable **** (including, without limitation ****) to allow the **** determine whether **** and/or whether any previous **** has been performed **** shall be required to give **** undertakings **** under which the **** shall be required to keep **** including details of the **** and the **** of the relevant **** (to the extent not already known by ****. In particular, the **** shall not: **** any **** provided by **** any **** provided by ****.

(j) If the **** reasonably **** that **** has **** then upon the **** to the date on which the **** to the extent necessary and for **** that there is no ****. Provided that the **** to any part of **** lead to an **** in total **** incurred **** in respect of ****.

(k) If the **** reasonably **** that **** has not **** previous **** correctly, then to the extent that a **** Company shall **** for such **** within **** of the ****. In the event that Company **** about a **** shall escalate the issue to their respective senior management in accordance with Paragraph 5(a), which shall engage in good faith in order to resolve the situation.

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

(l) In the event that Company agrees to any provision in any third-party agreement that would have the effect of permitting such third party (each, a “Third Party”) to compare any of the terms of this Agreement with any terms in such third-party agreement, Company agrees that, in connection with such a comparison, Company (i) will only permit such Third Party to review the terms of this Agreement by means of an independent third-party auditor that agrees to maintain the confidentiality of all terms of this Agreement in a manner consistent with the confidentiality provisions of this Agreement, and (ii) will not disclose to such Third Party or to such third-party auditor the identity of Label as a party to this Agreement.

14. Marketing and Promotional Support:

(a) During the Term, Company shall make available to Label marketing and promotional support, as outlined in Exhibit K hereto.

15. Additional reporting and data sharing:

(a) Analytics API:

- (1) Throughout the Term, Company shall provide both Label and Orchard with access to reporting analytics APIs meeting the specification referenced in Part III of Exhibit B (as updated from time to time by the Parties), but for the avoidance of doubt including the minimum fields also set out in Part III of Exhibit B (the “Analytics APIs”), such that Label and Orchard will be able to use the same to generate report files including data for each day for any particular country in the Territory. Specifically, Company shall use its commercially reasonable efforts to ensure that, **** during the Term, Label is able to make a call to the Analytics APIs to obtain a file containing full data concerning access to Authorized Recordings via the Services during (i) the immediately preceding full calendar day in any country in the Territory; and/or (ii) any of the****.
- (2) Company shall continue to provide Label throughout the Term with up to date technical instructions on ****, correct as at the time such query runs, on the specific parts of the **** (i) in which each of the Services is live; and (ii) for which full data is available concerning access to Authorized Recordings via the Services.
- (3) Company’s reporting personnel shall keep Label’s reporting personnel **** concerning (i) **** of the **** and the **** of the data available therefrom, including ****; (ii) ****; and (iii) expected new **** for which data will become available on particular dates.
- (4) Company shall use its commercially reasonable efforts to ensure that such access to the **** will be provided with **** as measured over each separate **** but excluding **** which has been notified to Label at least **** hours beforehand.
- (5) The provision of the data sets referenced in Part III of Exhibit B is subject to the following:
 - (i) Company’s obligation to provide postcode/ZIP code information is limited to the following and Company’s obligation to provide such information is limited to the extent that Company has such information (from information supplied by the End User on registration or from the user’s billing address and verified by geo IP information reviewed on a semi-annual basis):
 - the first 3 digits in the United States of America;
 - the first 2 digits in the countries in which the Service has been launched as at the Effective Date;
 - (ii) On a **** (unless it is technically not possible using commercially reasonable efforts to match the **** to an ****) Company shall provide either **** (county) or ****). The foregoing shall be subject to applicable data protection laws;

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- (iii) Company's obligation to provide the zip code data is subject to Label undertaking not to use the hashed User IDs or any other data provided in the daily feed to attempt to identify an End User;
- (iv) If the **** in any month then, on request of Label, Company will implement a solution in good faith within a reasonable period of time to bring the **** which may include providing additional categories of ****; and
- (v) Company shall have a right to temporarily **** by daily feeds to the extent and for such period that such sharing of data as set out is challenged or prohibited by a regulator or court.

(b) **** :

- (1) Company shall provide access for Label and Orchard to an **** during the Term ****, including **** concerning the use of Authorized Materials on the Services.

(c) Additional Reports/Metrics :

- (1) Company shall additionally provide to Label, on a **** basis, the reports and/or categories of information set out in part (IV) of Exhibit B. With respect to providing information regarding ****, Label acknowledges that the **** and may not be accurate. In addition, the provision of the information set out in Exhibit B is always subject to Company's compliance with applicable privacy laws and Company's confidentiality obligations, and Label acknowledges therefore that certain information may be provided on an anonymized, aggregate basis.
- (2) On an ad-hoc basis at Label's request, Company shall provide a snapshot report with **** by **** and ****. Label acknowledges that any such report will be indicative only, is subject to change and may not be relied upon for financial purposes.
- (3) To the extent not covered by any of the reports set out in part (IV) of Exhibit B, Company shall also provide to Label regular non-financial metrics on **** (including but not limited to ****).
- (4) Each month, Company shall provide to Label (i) details of the **** by **** in the previous ****, with **** streamed; and (ii) on an ad hoc basis, **** data about consumption of tracks **** (including, by way of example, the data in report named '****').
- (5) Additional **** reporting :

Company shall also provide to Label a **** report containing the following data:

- (i) aggregate amount of **** and the aggregate amount of ****;
- (ii) Subscribers **** in accordance with Exhibit K;
- (iii) the number of registered **** and the number of **** on each **** in each **** in the applicable ****;
- (iv) upon request from Label, data, information and analysis with respect to each **** by Company in collaboration with Label with respect to Authorized Recordings including without limitation ****;
- (v) details of **** on a **** and **** basis;
- (vi) a report detailing **** for all **** offered by Company in the preceding ****;
- (vii) a report detailing **** of total streams or plays on the **** playlists and all ****; and

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(viii) a report detailing **** in the following “****” (i.e., ****):

1	****
2	****
3	****
4	****
5	****
6	****
7	****
8	****
9	****
10	****

(ix) a report detailing the top **** in each country for the prior month; and

(x) **** and the following consumption buckets:

	<u>End User type</u>	<u>Consumption bucket</u>
1	Ad Supported Service	****
2	Ad Supported Service	****
3	Ad Supported Service	****
4	Ad Supported Service	****
5	Ad Supported Service	****
6	Ad Supported Service	All other users

	<u>End User type</u>	<u>Consumption bucket</u>
1	Subscription Services	****
2	Subscription Services	****
3	Subscription Services	****
4	Subscription Services	****
5	Subscription Services	****
6	Subscription Services	All other users

(6) Additional **** reporting :

(i) Company shall provide daily reports to Label on a **** basis that include on a **** in respect of Authorized Recordings, ****.

(i) ****

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

(d) End User Opt-In :

- (1) To the extent compliant with local law and regulation, Company shall use commercially reasonable efforts to secure a data protection opt-in from end users, wherever appropriate within the Services but at a minimum during the user registration process, which opt-in shall be crafted by Company so as to constitute informed consent by those end users for Company to share their contact details paired with Service usage data (“Opt-In Data”) with Label with a view to such end users receiving direct communications from Label.
- (2) Company shall **** during the Term make **** to Label via ****.
- (3) Company acknowledges and agrees that Opt-In Data shall be ****, and that Label shall be entitled to **** (acting always within the scope of the data usage consent provided by the relevant end users, the confines of this Agreement and applicable local laws and regulations), ****. Notwithstanding the foregoing, Label agrees to include an “unsubscribe” option with every email, SMS or other electronic communication sent to end users. Without limiting any other applicable provision of this Agreement, Label shall not use Company’s name in connection with the exploitation of Opt-In Data in any manner that would imply an endorsement by company of such exploitation.

16. Operational improvements

(a) Company will use commercially reasonable efforts to develop, test, and implement support that will increase the **** and/or, more generally, **** to appear in the Services. The ability of Label to benefit from these changes will depend on Label’s compliance with Company’s delivery standards, as set forth herein.

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

EXHIBIT B

PART I

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

PART II

Financial Statement format and minimum required fields

PART III

Analytics API specification and minimum required fields, with respect to all Royalty Bearing Plays of Authorized Recordings. Label acknowledges that Company will require a reasonable amount of time to begin to implement the reports set forth below.

The following fields are given in the streams data:

<u>Field</u>	<u>Description</u>	<u>Example</u>
****	****	

The following data shall be provided in the data field:

<u>Field</u>	<u>Description</u>	<u>Example</u>
****	****	****
****	****	****
****	****	****

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Field	Description	Example
****	****	****
****	****	****
****	****	****

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

<u>Field</u>	<u>Description</u>	<u>Example</u>
****	****	****
****	****	****

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

PART IV

Additional Reports/Metrics

During the Term, Company shall provide to Label each of the reports set out in this part of Exhibit B at the frequencies indicated and containing the minimum fields/summaries contained in the sample reports incorporated by reference.

****	****	****	****
****	****	****	****
****	****	****	****
****	****	****	****
****	****	****	****
****	****	****	****
****	****	****	****
****	****	****	****
****	****	****	****
****	****	****	****

EXHIBIT C

Content Usage Rules

1. PREMIUM SUBSCRIPTION

- (a) Each Subscriber with a Premium Subscription shall be entitled to store and play back Cached Downloads in an online and offline environment on up to **** Approved Devices registered to his/her User Profile at any given time.
- (b) Such Subscribers shall be permitted to commission and de-commission different Approved Devices registered to their User Profile for use with Cached Downloads during the duration of their Premium Subscription, provided always that the aforementioned device limits per User Profile are enforced by Company via technical or other means.

2. FAMILY PREMIUM SUBSCRIPTION

- (a) The Master Subscriber and each Family Member added to the corresponding Family Premium Subscription shall be subject to the terms applicable to the Premium Subscription set out in clause 1 above.
- (b) No Subscriber shall be entitled to access Authorized Materials as a Family Member of more than **** Family Premium Subscription in any given **** period.
- (c) Each Master Subscriber and Family Member shall be permitted to commission and de-commission different Approved Devices registered to each User Profile for use with Cached Downloads during the duration of the Family Premium Subscription, provided always that the aforementioned device limits per User Profile are enforced by Company via technical or other means.

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3. OFFLINE GRACE PERIODS

- (a) During each Subscriber's Premium Subscription, Free Trial, Growth Offer, student subscription or access to the Family Premium Subscription as a Master Subscriber or Family Member, Cached Downloads on any associated Approved Device shall remain playable **** for a maximum period of **** after the end of the then currently paid up subscription period (such **** period, an "****"), and thereafter shall only become playable again after the relevant Approved Device ****.
- (b) At the end of the term of each Subscriber's Premium Subscription, Free Trial, Growth Offer, student subscription or period of access to the Family Premium Subscription as a Master Subscriber or Family Member, Cached Downloads on any associated Approved Device shall remain playable ****, following which time they may only become playable again after such Subscriber renews his Premium Subscription or recommences access to the Family Premium Subscription as a Master Subscriber or Family Member, as verified by the Approved Device connecting ****.

4. AD-SUPPORTED SERVICE AND ONLINE SUBSCRIPTION

- (a) End Users of the Ad Supported Service and Online Subscription shall NOT be entitled to store and play back Cached Downloads on any device. ****. End Users of the **** shall be entitled to **** subject to and in accordance with paragraph 4(b) below and the terms and conditions set out in Exhibit J.
- (b) ****
Users of the Mobile Shuffle Service may activate (and de-activate) **** as part of an Approved Interface on Mobile Devices from time to time, and during any time when such mode is activated:
 - (i) The Approved Interface will be capable of playing back **** that were **** on the Mobile Device ****, provided that:
 - a. Company will verify that Mobile Devices remain online and connected to Distribution Servers in accordance with the Technical and Security Specifications upon commencement of the first Stream of a recording in any given session and then **** provided that if the first such **** fails, the End User will continue to have access to the Mobile Shuffle Service until the conclusion of the following **** (unless such **** is successful, in which case the End User will continue to have access to the Mobile Shuffle Service until such time as the **** set forth in this subparagraph fails);
 - b. End Users have **** is engaged, or ****, such content being algorithmically pre-cached while the End User is connected to Distribution Servers when not in ****
 - c. **** content may include, by way of example, an End User's ****, and/or ****, and provided always that playback and interactivity of Cached Streams shall always comply with the terms and conditions set out in Exhibit J.
 - (ii) All content that was not **** prior to entering the **** will be prevented from being Streamed and/or transferred to the device as a ****.

5. CONCURRENT STREAMS

- (a) Subject always to sub-clause 1(a) above in relation to playback of Cached Downloads in an offline environment, no more than **** per User Profile (whether in the context of the Ad-Supported Service or a Subscription Service) shall be capable of **** (including Cached Streams and other locally cached content not designated for offline playback) but excluding any Local Files, via the relevant Service at any single point in time.

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

(b) Notwithstanding sub-clause 3(a) above, (i) Subscribers with a valid subsisting Premium Subscription or Family Premium Subscription (or Family Members thereof) shall be entitled to play back ****, and (ii) **** applications utilizing a Company API/SDK shall be entitled to ****.

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

EXHIBIT D

TECHNICAL AND SECURITY SPECIFICATIONS

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

EXHIBIT E

Company's Ad Unit Types As Of The Effective Date

Found at <https://spotifyforbrands.com/us/formats/> as Company may update from time to time, or at such other location as Company may direct.

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

EXHIBIT F

Service Providers

See Table 2 on pages 5 and 6 of Technical and Security Specifications

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

EXHIBIT G

Company's Advertising Guidelines

Available at:

<https://www.spotify.com/us/brands/legal/advertiser-terms-and-conditions/#s3>

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

EXHIBIT H

Minimum Wholesale Pricing

Launched Countries

<u>Country Name</u>	<u>Currency</u>	****	****
Andorra	EUR	****	****
Argentina	ARS	****	****
Australia	AUD	****	****
Austria	EUR	****	****
Belgium	EUR	****	****
Bolivia	USD	****	****
Brazil	BRL	****	****
Bulgaria	EUR	****	****
Canada	CAD	****	****
Chile	CLP	****	****
Colombia	COP	****	****
Costa Rica	USD	****	****
Cyprus	EUR	****	****
Czech Republic	EUR	****	****
Denmark	DKK	****	****
Dominican Republic	USD	****	****
Ecuador	USD	****	****
El Salvador	USD	****	****
Estonia	EUR	****	****
Finland	EUR	****	****
France	EUR	****	****
Germany	EUR	****	****
Greece	EUR	****	****
Guatemala	USD	****	****
Honduras	USD	****	****
Hong Kong	HKD	****	****
Hungary	EUR	****	****
Iceland	EUR	****	****
Indonesia	IDR	****	****
Ireland	EUR	****	****
Italy	EUR	****	****
Latvia	EUR	****	****
Liechtenstein	CHF	****	****

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Lithuania	EUR	****	****
Luxembourg	EUR	****	****
Malaysia	MYR	****	****
Malta	EUR	****	****
Mexico	MXN	****	****
Monaco	EUR	****	****
Netherlands	EUR	****	****
New Zealand	NZD	****	****
Nicaragua	USD	****	****
Norway	NOK	****	****
Panama	USD	****	****
Paraguay	USD	****	****
Peru	PEN	****	****
Philippines	PHP	****	****
Poland	PLN	****	****
Portugal	EUR	****	****
Singapore	SGD	****	****
Slovakia	EUR	****	****
Spain	EUR	****	****
Sweden	SEK	****	****
Switzerland	CHF	****	****
Taiwan	TWD	****	****
Turkey	TRY	****	****
United Kingdom	GBP	****	****
United States	USD	****	****
Uruguay	USD	****	****

Unlaunched Countries

<u>Country</u>	<u>Currency</u>	****	****
Myanmar	USD	****	****
Kenya	USD	****	****
Croatia	EUR	****	****
Slovenia	EUR	****	****
Cuba	USD	****	****
Jamaica	USD	****	****
Romania	RON	****	****
Israel	ILS	****	****

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United Arab Emirates	AED	****	****
South Africa	ZAR	****	****
India	INR	****	****
Thailand	THB	****	****
Russia	RUB	****	****
South Korea	KRW	****	****
Vietnam	VND	****	****

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

EXHIBIT I

Content Preparation And Delivery Specifications

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

EXHIBIT J

Service Description For Mobile Shuffle Service

A) LIMITED **** / ****

- Subject to the remainder of this section A, End Users will not be entitled to access any recordings on an On Demand basis.
- With respect to any ****, End Users will be entitled to (i) ****; and (ii) ****, and/or (iii) **** within such ****. For the avoidance of doubt, and subject to the foregoing, End Users will be entitled to play an ****.
- Without limiting anything in this Agreement, Company agrees to share with Label, ****, including without limitation at ****, such that ****, the Parties shall discuss in good faith the ****.
- An End User may play an unlimited number of different **** on an On Demand basis, provided that: (i) each such track can only be played **** in any **** hour period; (ii) the second time such End User tries to play an already played Third Party Solicited track on an On Demand basis within the **** time period, such End User will be presented with recordings that are not On Demand; (iii) an On Demand play is possible only for ****, not albums or playlists; (iv) it shall not be possible to play a **** track which is not, at such point in time, available on the Ad-Supported Service (for example, because the Album from which such track comes is, at such point in time, subject to a ****); and (v) in all cases this does not cause the End User to break any of the Programming/Interactivity Rules. Additionally, **** track links will not expire, except in the case of removal of the applicable content. No earlier than **** after the launch of the On Demand functionality ****, at ****, the Parties will **** without additional **** (for example, ****), taking into account factors including but not limited to **** and **** to Subscription Services.
- **** track functionality will be limited to the following platforms: ****.
- Notwithstanding anything to the contrary contained herein,****

B) STATIONS

- Other than in connection with Enhanced Playlists, an End User will only be able to initiate playback by creating a station from any element in the Spotify service (such as a playlist, artist, End User's listening history, album or track) or by selecting a pre-defined genre or time period.
- Stations may also be seeded by one or multiple visible listed tracks (such as from a playlist, End User's listening history, artist or album), and such stations can include any or all of those listed tracks, provided the station obeys the Programming/Interactivity Rules. If necessary, extra tracks will be generated algorithmically.

C) PROGRAMMING/INTERACTIVITY RULES

- Measured across all stations, but excluding recordings played as part of ****:
 - An End User will not hear more than **** consecutive songs from a given ****;
 - An End User will not hear more than **** songs from a given **** in a **** minute period;
 - An End User will only be able to skip forwards **** times per **** minute period (a change of station not to count as a skip);
 - An End User will not hear the same **** in a given **** minute period;
 - An End User will not be able to skip backwards.
- The station may display upcoming tracks or artists that will appear on the station at some point in the next **** minutes, but a user will not be told what ****.

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

- Spotify shall not offer or promote availability of **** stations in such a way as to imply any endorsement of its service by the relevant **** unless it has otherwise cleared rights directly with such artist.
- Spotify will use reasonable technical efforts to ensure that the above programming rules are not undermined by the existence of multiple, materially identical versions of the same album in its library of content (for example, by treating an album and a subsequent re-release of the same album as the same album).

D) BUFFERING

- In connection with the Ad Supported Tier, during any period of time that an End User's Mobile Device has no connection to Distribution Servers or is otherwise offline, to the extent that sufficient recordings have been buffered or otherwise pre-cached, relevant Approved Interfaces shall permit ongoing playback of a maximum of (i) the remainder of the currently Streaming recording; followed by (ii) the first **** of the next programmed recording, provided always that such restriction shall not apply in the case of **** which requires connection to Distribution Servers as set forth herein.

E) ****

- Notwithstanding anything to the contrary contained herein, the functionality of the Mobile Shuffle Service offered via **** shall differ from the **** sections of ****:
 - (i) **** will be offered; no playback of ****. For the avoidance of doubt, End Users will be able to play **** solely in ****;
 - (ii) **** of any track will be ****;
 - (iii) **** functionality may be ****;
 - (iv) **** will be ****;
 - (v) An End User will not have the ability to **** created or saved by such **** that Company may launch an algorithmically generated radio channel using tracks that are similar to an End User's playlist of sound recordings, albums, tracks or listening history. An End User may seed a station from a specified track, album or artist and Company shall generate a station algorithmically based on content similar to such seeded track, album or artist but may not start the station with such specified track or album. For requested artists, the station may begin with a track from an artist if that track has not been specifically requested. Each time an End User seeds a station from a specified track or album, a new channel will be algorithmically generated.
 - (vi) End Users will have the ability to search for a specific sound recording for purposes of launching a channel provided that the **** session (if at all) and no earlier than the **** from the start of the **** and is not played at a time that can be ****; and
 - (vii) Company to ensure that all **** of track.

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

EXHIBIT K

GENERAL MARKETING AND PROMOTIONAL SUPPORT

PART A

1. ALL SERVICES

(a) Company agrees to ****.

(b) Notwithstanding sub-clause 1(a), Company agrees that (i) **** (ii) the scope of the Marketing and Promotional Support includes all forms of marketing and promotion being generally made available to other content providers; (iii) throughout the Term, Company **** in connection with all Marketing and Promotional Support opportunities; and (iv) ****, subject to retaining ultimate editorial discretion in each instance.

(c) Every ****, for the purposes of monitoring compliance with this clause 1, Company and Label shall **** as compared to **** offered to ****, with a view to **** going forwards.

2. AD-SUPPORTED SERVICE

(a) ****. During ****, Label shall receive a **** equal to **** for use throughout the Territory. During ****, Label shall receive a **** equal to **** for use throughout the Territory. ****.

(b) ****. At the start of each of Contract Period, ****, including the amounts allocated to each quarter period, to particular countries and to types of inventory, subject to availability, and provided that **** if such allocation manifestly undermines the purpose of the allocation process, which is to strike a reasonable balance between Label's need to maximize the value of its **** for the purposes of promoting awareness of and access to its repertoire in a reasonably effective and proportionate manner (with particular emphasis on the size of each market), and Company's need to manage the demands of all parties purchasing inventory fairly and also to maximize monetization of the Ad Supported Service. Company shall give meaningful consideration to all of Label's requests relating to allocation of ****, and shall not dictate to Label how **** must be spent. Half way through each **** the Parties shall again, if required by either Party, engage in ****) in connection with **** during the remainder of the applicable twelve month period, provided that Company shall not be entitled to ****. In the event that Label is unable to secure allocation of its **** in a way that it deems reasonable, Label shall be entitled to ****pursuant to Paragraph 5(a) of Exhibit A.

(c) Usage: Ratecard. Subject to the allocation agreed by the Parties from time to time, Label shall be entitled to utilize the **** during each **** of the Term to **** on the Ad Supported Service. Label shall be entitled to purchase inventory at Company's **** rate card, being the ****, allowing **** to purchase **** from Company at such rates, excluding any amounts included therein by or on behalf of Company in respect of advertising sales commissions (the "Global Agency Rate Card"). Company warrants and represents that during the Term ****, as updated and applied to Label from time to time. No less frequently than on a ****, Company shall communicate to Label the Global Agency Rate Card as applicable to Label. Label shall not disclose the Global Agency Rate Card to any Person other than its Affiliates. Label is subject to adherence to the same guidelines as other third-party advertisers, being those guidelines referenced in Exhibit G.

(d) **** purchased with ****. In connection with Label's purchase of inventory, subject always to a reasonable limit on the number of options and available inventory, with ad credit, Label shall be entitled to apply **** in connection with ****. For premium market rates, Label shall be entitled to the following **** available in the ****, which as of the Effective Date include, but are not limited to: ****.

(e) ****. At all times during the Term, Company shall make available to Label all **** then made available for insertion (for the avoidance of doubt, Company's **** as of the Effective Date are attached hereto as Exhibit E), and, as between Company and Label, Label shall have sole discretion over the creative elements (subject to sub-paragraph (h) below) of **** that Label requests to be inserted using **** hereunder.

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

(f) **** on Ad Supported Service. Label shall be entitled to redeem credit for at least **** so-called ‘**** on the Ad Supported Service (“****”) ****. Company shall give Label the opportunity to purchase additional **** in the event that it has more availability in a given month and territory than initially forecasted. For the avoidance of doubt, any **** on the Ad Supported Service acquired by Label for cash consideration shall not count towards the monthly limit of **** set in this sub-paragraph. Company shall use commercially reasonable efforts to ensure that each **** has a duration of at least ****.

(g) ****. Company shall additionally offer to Label **** of the Territory in **** of the Term a share of **** on the Services equal to the greater of (i) **** of available ****; and (ii) **** multiplied by ****. As used in this sub-paragraph, **** means a fraction, to be calculated by the parties every **** and where the numerator of which is the number of **** across all Services in all parts of the Territory in the previous ****, and the denominator of which is the number of **** during the previous ****.

(h) Advertising Guidelines. Label acknowledges that its purchase of inventory shall be subject to Company’s advertising guidelines which are (i) provided to Label electronically or in writing in advance (as such advertising guidelines may be changed from time-to-time during the Term, which changes, to be effective, shall be delivered to Label in writing (email sufficing) delivered not less than **** in advance in each instance), and (ii) applied to other content partners even handedly and on a non-discriminatory basis. For the avoidance of doubt, Company’s advertising guidelines in effect as of the Effective Date are attached hereto as Exhibit G; provided, however, that if Label delivers any advertising for insertion in contravention of such advertising guidelines then in effect, without prejudice to Company’s other rights and remedies under this Agreement or the terms of any insertion order Company may reject (and not insert) the advertising concerned, and such advertising, if so rejected, shall not count in reduction of Label’s allocation of credit for the period concerned.

(i) General. For the avoidance of doubt, Label’s bookings (utilizing **** or otherwise) will be filled by Company on a reasonably timely basis consistent with Company’s then-current ad insertion policies, procedures and practices for insertions by content providers. Company shall not **** Label in connection with the level of ****, as compared to the level of service Company provides to ****, using **** or cash, as applicable, to purchase inventory. Once booked, Company shall not be entitled to cancel Label’s orders for particular inventory with less than **** notice of the planned go-live date.

(j) Black-Outs. Company and Label shall agree in good faith as soon as reasonably possible following the Effective Date any and all black-out dates for each country applicable to booking inventory with ****, however it is agreed that such dates include the period between Thanksgiving and Christmas Day in the United States, a reasonable period around Christmas in the European Union, Australia and New Zealand and a reasonable period surrounding Chinese New Year in China, Singapore, Malaysia, Taiwan and Hong Kong.

(k) Asset delivery. Company agrees that Label may send campaign assets as late as **** prior to live date for any particular inventory.

(l) Notification of inventory. Company shall provide Label with reasonable, good-faith estimates of the quantities and types of advertising inventory (including, without limitation, with respect to the positioning, duration, size, format, configuration, and the number of available impressions) that are available for all markets in each calendar month, to be provided wherever possible no later than **** prior to the start of the relevant calendar month.

(m) Carry-Forward. In the event that Label does not utilize one hundred percent (100%) of its **** for ****, Label shall be entitled to **** solely into the immediately following **** only a maximum of **** of such ****. Company shall in no way be obligated to: (i) ****; or (ii) **** Label for ****.

(n) Content. Label shall utilize inventory acquired with ****, share of **** or Purchased Inventory (as defined below) solely for marketing and promoting Authorized Recordings and Label Artists on the Services. Label may not advertise or use any **** to promote or advertise any Similar Authorized Services or the products or services of any third parties. Ads purchased using the **** must be mutually beneficial and shall thereby promote content available on the Services, include Spotify branding (i.e., Spotify logo) and only link to the Services or Spotify hosted websites; provided, however, on a case-by-case basis, to be approved by Company, such ads may link outside the Services and/or Spotify hosted websites, provided that such other websites are mutually beneficial and link back to the Service. Without limiting the foregoing, Company agrees that**** to the Service.

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

(o) Intentionally omitted.

(p) Purchased Inventory. Label shall also be entitled to purchase from Company additional advertising inventory (the “Purchased Inventory”) **** during the Term. For the avoidance of doubt, Purchased Inventory shall have the same attributes as other commercial inventory sold by Company and/or its agents for consideration to third party advertisers. For the avoidance of doubt, when Label purchases additional advertising impressions through Label’s advertising agency, **** (it being acknowledged that Company is not able to control rates offered by such agency to Label), not at the **** available through ****.

(q) ****. Within **** of the Effective Date, Company commits in good faith to enable Label to identify if an End User (i) ****; and (ii) ****, and to provide mutually agreed information (****) at regular intervals via API or other report format in respect of such End User and its subsequent behavior.

3. SUBSCRIPTION SERVICES

(a) In respect of each country in each calendar month, Label shall be entitled to receive at least **** so-called **** on the Subscription Services (“ **** ”), with no right to carry forward any unused **** into subsequent calendar months. Company shall use commercially reasonable efforts to ensure that each **** and will be available on Static Devices. In the event that Company launches within the Subscription Services any other form of electronic real estate within Approved Interfaces on Static Devices or Mobile Devices which it makes available to any content providers or other third parties, ****.

(b) Company and Label shall agree in good faith mutually acceptable, even-handed and non-discriminatory usage/booking rules for ****. Where Label attempts to book a **** but is refused due to a third party having booked the relevant day, if such third party subsequently cancels, Company shall use its best efforts to give Label the opportunity again.

(c) Company shall provide from time to time at Label’s request **** or other features such as promoted tracks.

PART B

In addition to its obligations above, Company agrees to extend to Label **** in connection with the Services and End Users thereof, as follows:

1.
 - (a) Company agrees to upload **** (which **** will be based on **** as reasonably agreed by the Parties) in respect of **** and to conduct, in accordance with paragraph (b) below, **** for content selected by Label in its discretion. For the avoidance of doubt, all data to be used in connection with **** as applicable, and will not be shared directly with Label.
 - (b) **** shall enable no less than **** in accordance with the following specifications:
 - (1) **** will run for a minimum ****;
 - (2) **** must be used for ****;
 - (3) **** with at least ****;
 - (4) Label acknowledges and agrees that the **** in connection with **** to any services or products ****;
 - (5) **** in a mutually agreed format for each ****.
 - (c) **** Company shall use commercially reasonable efforts to design a **** which will permit Label and Orchard, in conjunction with Company, **** (with reasonable frequency and territorial scope) which, whilst remaining under ****, shall be designed by Label or Orchard (in conjunction with Company) in terms of defining ****.

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

- (d) During the Term, the Parties shall also work together in good faith to investigate whether there is a solution that is fully compliant with data privacy laws and third party contractual restrictions and Company policies in connection with the foregoing which allows Company to make available to Label certain End User data for the purpose of ****, provided always that **** are only used to direct End Users back to the Service.

2. Company shall, no later than **** from the Effective Date and thereafter on a quarterly basis until the end of the Term, **** with **** provided by Label for the purpose of **** on the Service.

3. As soon as reasonably practicable following signature of this Agreement (and no later than **** following such signature) Company shall allow Label to **** on the Service **** Streamed Authorized Recordings from ****.

4. Company shall conduct regular email campaigns (with creative provided by Label) targeted at End Users who have streamed Authorized Recordings **** in a previous defined period (determined by Label and Company in good faith) for the purpose of more refined email targeting.

5. Company to provide Label with access to Company's **** allowing for the ****, in select territories where such **** is available, by no later than ****. Without limiting the foregoing, Company will additionally provide Label with **** log-ins to **** the **** as part of the ****.

6. Company agrees to provide Label access to beta testing for the **** feature, to the extent it is available. Without limiting the foregoing, to the extent **** becomes a permanent product, Company agrees that Label will have the ability to purchase such promotional vehicle, and will receive an appropriate allocation to purchase ****.

7. ****

(a) Company will make available **** of ****), in the aggregate over the course ****, to be used by the Parties to fund both (i) the ****, such as, but not limited to **** (excluding, for the avoidance of doubt, so-called "live session" or "Spotify Singles" recordings created pursuant to so-called 'Sessions Agreements' conforming to the template separately agreed by the Parties from time to time during the Term), which such content shall be professionally produced and directed by experienced (or recognized) professionals and adhere to production quality and standards commonly seen at other premium SVOD platforms **** and/or (ii) ****.

(b) From time to time during the Term, Label and Company shall be entitled to propose in writing (including by way of email) to the other Party's designated representative for the purposes of the ****, in each case providing sufficient detail to allow the other party to understand the scope and nature of such ****. In the event that an **** by Company is approved by Label, Label agrees to facilitate clearances of all intellectual property owned and/or controlled by Label incorporated in the item of **** concerned. For the avoidance of doubt, the Parties acknowledge and agree that either party shall exercise the approval right set forth in this paragraph in good faith.

(c) ****. Notwithstanding anything to the contrary contained herein, including without limitation paragraph 13 or Exhibit K, Company shall **** (****) with respect to the **** thereof.

(d) To the extent that the OC Fund is used in connection with subsection 7(a)(i) above, and the related OC Fund Content is delivered as an Authorized Recording for use on the Services, then ****.

(e) Intentionally omitted .

(f) Unless otherwise agreed in writing by the Parties on a case-by-case basis, for the purposes of the copyright laws of the United States of America, the portion of each item of Company-produced **** comprising the audio or audiovisual recording (as applicable) of the musical performance of a Label Artist (the "Performance Recording") shall be a "work made for hire" (within the meaning of the U.S. Copyright Act) for Label and Label shall be considered, forever and for all purposes throughout the universe, the author thereof, the sole copyright owner thereof, and the owner of all rights therein (including, without limitation, all intellectual property rights) and all other ownership and exploitation rights now or hereafter recognized in any territory, except for any rights in and to any underlying works (including, without limitation, any musical composition or dramatic, literary or other work, irrespective of length, including all lyrics, spoken words and bridging passages. To the extent any

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Performance Recording is determined not to be a work made for hire for Label, Company shall irrevocably assign to Label with full title guarantee the entire copyright (whether contingent or future) and all right of action and all other rights of whatever nature in and to the Performance Recording, except for any rights in and to any underlying works (including, without limitation, any musical composition or dramatic, literary or other work, irrespective of length, including all lyrics, spoken words and bridging passages), to hold the same to Label its successor and assigns absolutely and unconditionally throughout the Territory for the full period of such rights together with any and all revivals renewals and extensions thereof and thereafter in so far as possible in perpetuity. As between Label and the Company, Label **** determine from time to time, subject to the rights granted by Label to Company in respect of Performance Recordings set forth herein and any other terms agreed by the Parties. Label shall grant Company a royalty-free license to exploit Performance Recordings solely as part of the applicable Company-produced **** within the Services throughout the **** together with a right to use up to thirty (30) second excerpts of Performance Recordings outside of the Services as part of any marketing and promotion of the applicable Company-produced ****.

(g) For the avoidance of doubt, to the extent that Company elects to license from Label the right to distribute via the Services in any part of the Territory any original content produced by Label which is entirely financed by Label and/or third parties, ****.

(h) It is acknowledged and agreed that Company's marketing and promotion of **** shall not be counted or otherwise considered when evaluating ****.

(i) Company agrees that to the extent that Company engages in the recording, production and/or creation, as applicable, of original content relating to artists and recordings connected with third party content providers, such as, but not limited to, so-called "live session" recordings, interstitial content, documentaries, films and interviews****.

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

EXHIBIT L

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

EXHIBIT M

API/SDK Requirements

Where Company makes available to third party developers (“**Developers**”) application programming interfaces and software development kits enabling the creation of applications (including but not limited to websites, web pages, and software applications accessible inside or outside of Approved Interfaces) and hardware integrations capable of accessing materials (including but not limited to Authorized Materials) hosted on Distribution Servers (collectively, “**Third Party Applications**”), the Grant of Rights under this Agreement shall cover the integration of Authorized Materials into such Third Party Applications subject to, and in accordance with, the following terms and conditions:

- (a) Scope of Company APIs. Company shall be entitled to offer and maintain:
 - (i) Company APIs which are capable of providing access to metadata and artwork (including but not limited to Authorized Artwork) via Third Party Applications (collectively, the “**Company Metadata API**”); and
 - (ii) Company APIs which are capable of providing access to metadata and artwork (including but not limited to Authorized Artwork) and also audio recordings (including but not limited to Authorized Recordings) via Third Party Applications (collectively, the “**Company Music API**”).

Together, the Company Metadata API and Company Music API shall be referred to hereunder as “**Company APIs**”.

- (b) Access to Company APIs.
 - (i) Company shall require all Developers wishing to utilize Company APIs to accept binding and enforceable terms of service governing access thereto and use thereof (“**TOS**”). Such TOS shall clearly (x) require Developers to comply at all times with the provisions set out in sub-paragraph (c) below; and (y) reserve for Company the right to revoke from Developers access to any Company API for any material violation of the TOS.
 - (ii) Following each Developer’s acceptance of the TOS, Company shall issue to the Developer a unique and confidential key to be used in connection with each Third Party Application created by that Developer intended to access the Company Music API (each an “**Application Key**”).
 - (iii) Company shall not grant any Developer access to a Company Music API allowing Third Party Applications to **** for the purpose of **** associated with such recordings.
- (c) Limitations on Developers. As part of the TOS, Company shall require Developers to agree the following minimum restrictions:
 - (i) Company APIs shall not be used for, or integrated within any Third Party Application which has in whole or part the purpose of, (x) infringing copyright, including without limitation, stream ripping and facilitating any other unauthorized access to intellectual property hosted on third party servers; and/or (y) facilitating access for users, including but not limited to End Users, to audio recordings and/or metadata hosted on Company Servers or Distribution Servers beyond the scope and parameters authorized in this Agreement for the relevant category of user, provided that this shall not prohibit Company APIs being incorporated into third party websites or applications hosting or otherwise incorporating user contributed materials, as long as such websites maintain and enforce a policy against uploading infringing content;

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

- (ii) Third Party Applications shall not contain, utilize or promote any content or other materials that constitute **** and shall not offer or promote services that may be damaging to, disparaging of or otherwise detrimental to the Services, Label, its affiliates and/or artists;
 - (iii) Company shall require that each Third Party Application will include Company Branding together with a **** in order to identify itself as being built using Company APIs;
 - (iv) Third Party Applications shall not feature any brands or marks in a way that would imply or otherwise suggest that such brands or marks are associated in any way with, or endorsed by, Label Artists. Developers shall be prohibited from creating Third Party Applications focusing on ****, unless they have obtained case by case approval from Label, the relevant Label Artists or affiliate of Label;
 - (v) Developers shall be prohibited from modifying or otherwise interfering with (or from allowing End Users to modify or otherwise interfere with) any Authorized Materials (save for resizing of metadata and Authorized Artwork for technical, performance and functionality reasons), provided that this shall not prevent Developers from including functionality in a Third Party Application that modifies Authorized Materials ‘on the fly’;
 - (vi) Developers shall not be permitted to aggregate data obtained via any Company API to create databases or other compilations of data, other than solely to the extent strictly necessary for the purpose of offering a Third Party Application;
 - (vii) Company shall require Developers to agree terms and conditions in connection with commercialization of Third Party Applications consistent with the provisions of sub-section (d) below; and
 - (viii) Company shall require Developers to comply with all local laws and regulations in connection with provision and operation of their Third Party Applications, including but not restricted to data privacy laws.
- (d) Commercialization of Company APIs and Third Party Applications.
- (i) To the extent that Company **** in connection with accessing Company APIs (whether in the form of cash or payment in kind), the **** for the relevant Services hereunder.
 - (ii) Subject always to the terms and conditions of this sub-section, Developers shall be permitted to generate revenues in connection with Third Party Applications, including but not restricted to revenues attributable to (x) direct income from retailing Third Party Applications (or access thereto); (y) text and/or graphic display, rich media and “in-stream” advertising revenues (i.e., audio, visual or audiovisual advertisements exhibited before, during or after playback of audio recordings) and/or sponsorships and promotions, and (z) e-commerce including in-app payments and referral fees/bounties (together, “ **App Revenues** ”), provided always that:
 - (A) **** for the applicable Services hereunder. For the avoidance of doubt, where **** are generated in connection with a Third Party Application capable of use by End Users of more than one Service, **** of recordings (including but not limited to Authorized Audio Recordings) by End Users of each such Service via the relevant Third Party Application; and
 - (B) where Company ****, Company shall ****. Company shall subsequently include in its monthly reporting to Label details of **** in the preceding calendar month, together with details indicating how such ****.

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(e) Access to Authorized Audio Recordings.

- (i) Company Music APIs shall provide access to Authorized Audio Recordings for any given user solely to the extent that (x) save for hardware integrations utilizing the SDK, each call to the Company Music API from a Third Party Application incorporates a *****, (y) any *****, and (z) subject to sub-section (ii) below, in connection with the session during which the Third Party Application makes each call to the Company Music API, such user has been authenticated as an End User (save for Preview Clips which shall not require authentication as an End User) pursuant to submission of the credentials associated with his/her User Profile via the Third Party Application.
- (ii) Notwithstanding sub-section (i) above, in the event that Company makes Third Party Applications accessible as an integral part of an Approved Interface, Company Music APIs may additionally provide access to Authorized Materials for users authenticated as End Users.
- (iii) For the avoidance of doubt: (x) to the extent that access to Authorized Materials is enabled via Third Party Applications using Company APIs, the terms, conditions and limitations prescribed elsewhere in this Agreement shall apply with full force and effect, including but not limited to conformity with applicable parts of the Content Usage Rules and the Functional and Security Specifications; and (y) ***** using Company APIs pursuant to section ***** of this Agreement.

(f) Monitoring of Company APIs; Enforcement of TOS

- (i) Company hereby agrees that upon becoming aware of such violation or misuse it will take ***** against any Developer that violates the TOS, and any Developer or End User that misuses (or threatens to misuse) any Company API. Such action shall include, as appropriate in the circumstances, *****) or the Services and, in the case of any Third Party Application distributed by Company via app store or otherwise, ***** itself (for example, including but not limited to unauthorized Third Party Applications focusing on *****).
- (ii) In the case of the Company Metadata API, Company shall use its commercially reasonable efforts to deny calls from servers/IP addresses associated with violations of the TOS.

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EXHIBIT N

Fixed Foreign Exchange Rates

<u>Currency</u>	<u>1 USD =</u>	<u>Currency</u>	<u>1 USD =</u>
UAE Dirham	****	Lithuanian Lita	****
Albanian Lek	****	Moroccan Dirham	****
Argentine Peso	****	Molodovan Leu	****
Australian Dollar	****	Macedonian Denar	****
Bosnian Mark	****	Myanmar Kyat	****
Barbados Dollar	****	Mongolian Tugrik	****
Bangladesh Taka	****	Macau Pataca	****
Bulgarian Lev	****	Maldives Rufiyaa	****
Bolivian Boliviano	****	Mexican Peso	****
Brazilian Real	****	Malaysian Ringgit	****
Bahamian Dollar	****	Nigerian Naira	****
Belize Dollar	****	Nicaragua Cordoba	****
Canadian Dollar	****	Norwegian Krone	****
Swiss Franc	****	Nepalese Rupee	****
Chilean Peso	****	New Zealand Dollar	****
Chinese Renminbi	****	Panama Balboa	****
Colombian Peso	****	Peruvian Nuevo Sol	****
Costa Rica Colon	****	Papua New Guinea Kina	****
Czech Koruna	****	Philippine Peso	****
Danish Krone	****	Pakistani Rupee	****
Dominican Peso	****	Polish Zloty	****
Algerian Dinar	****	Paraguayan Guarani	****
European Euro	****	Romanian New Leu	****
Fiji Dollar	****	Serbian Dinar	****
UK Pound Sterling	****	Russian Rouble	****
Guatemala Quetzal	****	Saudi Arabian Riyal	****
Guyana Dollar	****	Solomon Islands Dollar	****
Hong Kong Dollar	****	Swedish Krona	****
Honduras Lempira	****	Singapore Dollar	****
Croatian Kuna	****	Surinam Dollar	****

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Haiti Gourde
Hungarian Forint
Indonesian Rupiah
Israeli Shekel
Indian Rupee
Iceland Krona
Jamaican Dollar
Japanese Yen
Korean Won
Kuwaiti Dinar
Lao Kip
Sri Lanka Rupee

****	Thai Baht	****
****	Tonga Pa'anga	****
****	Turkish Lira	****
****	Trinidad&Tobago Dollar	****
****	Taiwan Dollar	****
****	Uruguayan New Peso	****
****	Vietnam Dong	****
****	Samoa Tala	****
****	Vanuatu Vatu	****
****	East Caribbean Dollar	****
****	South African Rand	****

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SONY MUSIC ENTERTAINMENT
 25 Madison Avenue
 New York, NY 10010
 United States

SPOTIFY AB

Birger Jarlsgatan 61,
 Stockholm, SE 113 56
 Sweden

April 11, 2017 (“ **Amendment Effective Date** ”)

Amendment to Digital Distribution Agreement: Student Offer

We refer to the Digital Distribution Agreement entered into between Sony Music Entertainment (“ **Label** ”) and Spotify AB (“ **Company** ”) with an Effective Date of April 1, 2017 and all Exhibits attached thereto (the “ **Agreement** ”). All terms defined in the Agreement and used herein shall have the same meanings as given to them in the Agreement unless otherwise defined herein.

Whereas, from time to time ****, Company wishes to make available to Qualifying Individuals (as defined below) access to the Premium Subscription at a discounted retail price, Label and Company hereby agree as follows:

1. **Definitions**. As used in this Amendment:

**** means the period of **** commencing on the Amendment Effective Date.

**** means ****.

“ **Approved Verification Method** ” shall mean, in connection with any particular country, a method for verifying an individual’s status as a Qualifying Individual in such country, as approved by Label in advance in writing. The methods set out in Annex 1 for each country shall be deemed approved by SME as of the Amendment Effective Date.

“ **Approved Verification Partner** ” means a third party provider of verification services which is (i) reasonably likely capable of confirming a person’s status as a Qualifying Individual using an Approved Verification Method; and (ii) approved by Label in advance in writing in respect of persons ****. The third party providers set out in Schedule 1 shall be deemed approved by SME as of the Amendment Effective Date.

“ **Qualifying Individual** ” means an End User who is (i) **** one of ****; and (ii) registered as studying for a bachelor degree, post-graduate degree or equivalent higher education course at a state-accredited, post-secondary educational institution (i.e. university/college) **** one of the ****.

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

“ **Student Offer** ” means an offer made by Company or a third party whereby Qualifying Individuals can benefit from a discounted retail price for access to the Premium Subscription.

2. Wholesale discount. Subject always to the remaining terms and conditions of this Amendment:
- (a) ****, Company shall pay Label and Orchard in connection with each Qualifying Individual who is registered for the Student Offer in accordance with the Wholesale Fees set out in the Agreement, provided that ****.
 - (b) Notwithstanding sub-section (a) above:
 - (i) **** for which any **** shall apply hereunder in respect of a **** shall be ****;
 - (ii) no wholesale discount shall apply hereunder in respect of any Qualifying Individual who subscribes to any multi-account product (e.g. family plan) made available by Company from time to time;
 - (iii) where a **** is applied hereunder in connection with ****, no other **** may be applied in connection with **** under the Agreement (e.g. ****); and
 - (iv) no wholesale discount shall apply hereunder where the Student Offer has been **** and (x) Label has not previously been notified by Company of the ****; and/or (ii) the Student Offer is **** Company in the ****.
 - (c) For the avoidance of doubt, Company shall pay Label and Orchard in accordance with sub-section (a) above regardless of whether a Qualifying Individual who purchases access to the Student Offer, including via a third party, completes any further registration or activation steps required to use the Premium Subscription.
3. Verification requirements. Company shall verify each End User’s status as a Qualifying Individual in accordance with all of the following requirements:
- (a) At the point an End User initially attempts to register for the Student Offer (including where an individual who is not an End User is required to become one as part of such registration process), Company shall verify status as a Qualifying Individual utilizing an Approved Verification Partner ****. To the extent Company permits an End User who cannot be verified as a Qualifying Individual to benefit from the Student Offer, no wholesale discount shall apply to otherwise applicable Wholesale Fees under the Agreement.
 - (b) In connection with each **** from the Student Offer, Company shall **** as a **** at least once every ****. To the extent Company permits an **** as a **** to **** from the ****, no **** to otherwise applicable **** under the Agreement from the **** on which ****, even if **** process reveals that the **** to be a **** some time before the ****.
 - (c) Regardless of the verification of End User’s status pursuant to sub-sections (a) and (b) above, in the event Company has actual knowledge that an End User no longer has the status of a Qualifying Individual.

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- (d) Company shall (or will procure that Approved Verification Providers shall) police all Approved Verification Methods using best-in-class technology and methods (e.g. ****) to identify ****.
 - (e) Company shall secure **** in respect of each Approved Verification Partner use of Approved Verification Methods, which such **** permits Company to **** by ****. No more than **** period during the term of the Agreement, Label will be entitled to request that Company exercise its **** with the Approved Verification Partner, provided, however, for the avoidance of doubt, Label shall have no right to select Company's ****.
 - (f) In the event that, notwithstanding Label's approval of any particular Approved Verification Partner and Approved Verification Methods in ****, any such Approved Verification Method used for checking eligibility is subsequently found to be **** leading to ****, Label shall have the **** Company, which **** of the **** solely in relation to any potentially affected students in the ****, and in any case Company shall engage with the Approve Verification Provider concerned in order to attempt to resolve the ****. In the event that such **** are not resolved to Label's satisfaction within a period of **** days from the date of Label's notice, Label shall have the right to **** until it has been demonstrated that the ****.
4. Post-discount. At the point Company withdraws the Student Offer in respect of any particular End User for any reason, including without limitation because ****, or at the point Company chooses to withdraw the Student Offer in respect of all End Users registered for the same for any reason, Company shall, subject to local law and regulation, ensure that all such End Users continue to be subscribed to the Premium Subscription.
5. ****. Label shall be entitled to **** provided hereunder on a **** in accordance with the following:
- (a) ****. If, in respect of any of ****, at any point following a period of **** after launch of the Student Offer in ****, the **** (i.e. **** reported by Company under key ****) in that ****, as calculated on a ****, is **** to have ****, then Label and Company shall hold good faith discussions regarding the **** with a view to **** the ****. If after **** of such reasonable good faith discussions the parties cannot agree an **** the **** for that ****, then Label shall have the **** and Company **** available to **** without further ****.
 - (b) All ****. In respect of any particular ****, including but not limited to ****:
 - (i) If, during the **** after launch of the Student Offer in such ****, more than **** of the **** in such **** were, in the **** prior to **** to the **** (i.e. **** reported by Company under key ****); and/or
 - (ii) If, at any time from the start of the **** after launch of the Student Offer in ****, more than **** of the **** in **** were, in the **** prior to **** to the **** (i.e. **** reported by Company under key ****); and/or

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

(iii) If, at any time, the **** to the **** more than **** of the **** to the **** (i.e. **** reported by Company under key ****) in ****,

then Label shall have a right, solely in respect of ****, to serve no fewer than **** notice to **** in **** (the “****”). During the ****, the Label and Company shall discuss in good faith all relevant issues leading to **** the applicable **** set forth in (i), (ii) and/or (iii) above, with a view to ****. However, and for the avoidance of doubt, in the absence of **** notice, the **** shall be **** concerned at the end of the ****. Company may thereafter **** available to subscribers to the Student Offer in that **** without further ****.

(c) For the avoidance of doubt, any requirement for End **** before **** to the **** does not stop such End Users being deemed to have been **** to the **** beforehand for the purpose of ****.

6. Reporting. Company shall include reporting for Student Offers on a **** basis as a separate, dedicated line-item in monthly Financial Statements. Company shall also deliver additional ****, on a **** basis, in the same format as provided as of the Amendment Effective Date for **** (e.g. including **** to the **** that were **** to the **** in the **** prior to **** to the ****), as well as additional reporting on **** (i.e. first report due by **** following the Amendment Effective Date) and per **** (e.g. share of each **** for successful applications, number/share of ****, number/share of ****, number/share of **** subscribers when re-verified—e.g. at the end of the ****-per-user period, and any other data or report that **** or other Approved Verification Providers can communicate on a regular basis).

7. ****. Company warrants that, to the extent **** (as defined below) as of the Amendment Effective Date, and/or to the extent ****:

(i) to **** such **** on the basis of **** than it is **** Label in connection with the ****;

(ii) to **** such **** in connection with **** pertaining to subscribers to the Student Offer;

(iii) to provide such **** in connection with the Student Offer which is **** such ****; and

(iv) to provide such **** in connection with the **** that which is required hereunder),

then it shall **** to Label **** Amendment in order that they are not **** with the **** to the date ****. For the purposes of this section, the ****.

8. United Kingdom, Germany and United States. The terms and conditions of this Amendment shall supersede all previously agreed terms and conditions in respect of discounted Wholesale Fees for students, including for the avoidance of doubt (a) the ‘Discount Programmes General Amendment’ entered into by Label and Company dated November 25, 2014, together with the accompanying ‘Discount Schedules’ for the United Kingdom and Germany full executed on January 27, 2015; and (b) the ‘US Student Discount Programme’ entered into by Label and Company dated February 28, 2014. Label reserves its right to **** in the United Kingdom and Germany, subject to review of a **** describing the proposed verification methods and subject to compliance with other requirements detailed in this Amendment. Company commits to **** in the United Kingdom no later than the date that is **** following the Amendment Effective Date, unless the service provided by **** is deemed **** as described above, as accepted and agreed by Label in writing.

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

Except as otherwise provided herein, all other terms and conditions of the Agreement shall remain unaffected and in full force and effect.

Very truly yours,

ACCEPTED AND AGREED:

SONY MUSIC ENTERTAINMENT

SPOTIFY AB

By: /s/ Stuart Levene

By: /s/ Peter Grandelius

Title: SVP, Business & Legal Affairs

Title: Associate General Counsel

Date: July 14, 2017

Date: July 7, 2017

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

ANNEX 2
Approved Verification Methods for ****

It is anticipated that at least one of the primary, secondary and tertiary verification methods described below will be available via **** in all countries. Where only one such method is available in a particular country, that method shall be deemed approved by Label for such country as of the Amendment Effective Date. Where portal verification is available in a country, only that method shall be deemed approved by SME. Where portal verification is not available in a country, but campus ID verification is available, campus ID verification shall be deemed approved and manual verification may be used as a back-up solution if required.

Primary method: portal verification

This method requires individuals to prove their current student status by authenticating with their institutions' learning portal through a Single Sign On (SSO) or, in the USA, by confirming their current status through the US National Clearing House database.

In order to confirm eligibility, the Approved Verification Partner shall collect data relating to the individual being verified, including:

- ****
- ****
- ****
- ****
- ****
- ****
- ****
- ****
- ****

Secondary method: campus ID verification

This method requires individuals to validate their student enrolment by being connected to a valid IP address (e.g. being connected to campus wifi) from the same eligible institution they declare as their university/college when they are registering for the Student Offer, and by verifying a valid email address available only to those that are or have been associated with the university/college concerned.

Tertiary method: manual verification

This method requires individuals to upload an official document issued by the school/university (e.g. university ID card) and including the full name of the student, an issue date within the current term, and the full name of the college/university that the student is attending. **** (or other approved Verification Partner) will manually check the content of the qualifying document submitted by the end user and will use 'image manipulation fraud detection' technology to detect whether the document was manipulated or altered.

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.



SONY MUSIC ENTERTAINMENT
 25 Madison Avenue
 New York, NY 10010
 United States

SPOTIFY AB

Birger Jarlsgatan 61,
 Stockholm, SE 113 56
 Sweden

April 1, 2017 (“ **Amendment Effective Date** ”)

Second Amendment to Digital Distribution Agreement:

We refer to the Digital Distribution Agreement entered into by Sony Music Entertainment (“ **Label** ”) and Spotify AB (“ **Company** ”) with an effective date of April 1, 2017 and all Exhibits attached thereto (the “ **Agreement** ”). All terms defined in the Agreement and used herein shall have the same meanings as given to them in the Agreement unless otherwise defined herein.

Label and Company hereby agree that, in order to simplify interpretation of the Agreement, with effect from the Amendment Effective Date:

PRIOR AGREEMENT

1. Section 5(c) of the Agreement shall be deemed deleted in its entirety.
2. The following new definition shall be added to paragraph 1 of Exhibit A to the Agreement:

3. The final paragraph of section 2(a) of Exhibit A to the Agreement shall be deemed deleted in its entirety.

FRAMEWORK AMENDMENT / BUNDLE DEALS

4. The second sentence of section 2(b) of Exhibit A to the Agreement shall be deemed substituted with the following text:

Notwithstanding expiry of the Prior Agreement, the Parties hereby agree that (i) except as expressly set forth elsewhere in this Agreement (including, for the avoidance of doubt, pursuant to Paragraph 10(l) below), the Framework Amendment and Bundle Deals shall continue to apply with full force and effect, including with respect to any and all Partner Schedules entered into pursuant to the Framework Amendment prior to the Effective Date, for the full duration of the applicable Offer Period, and (ii) from and after the Effective Date, the term of the Framework Amendment, Partner Schedules and Bundle Deals shall be measured by the termination or earlier expiration of the Term of this Agreement.

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

5. We also refer to the Third Party Distribution Approval Framework Amendment entered into by Label and Company on October 21, 2014 (the “**Framework Amendment**”) together with any and all ‘Partner Schedules’ agreed pursuant to the Framework Amendment. Label and Company hereby agree that, in order to simplify interpretation of the Framework Amendment and Partner Schedules, with effect from the Amendment Effective Date, all references to the “Agreement” in the Framework Amendment shall be deemed to be references to the Agreement (as defined herein).

B2B AGREEMENT

6. The second sentence of section 2(c) of Exhibit A to the Agreement shall be deemed substituted with the following text:

*Notwithstanding expiry of the Prior Agreement, the Parties hereby agree that the B2B Amendment shall continue to apply with full force and effect during the subsistence of the Term of this Agreement, subject to either Party having the right to terminate its term upon **** written notice to the other Party.*

7. We also refer to the Digital Content Distribution Agreement entered into by Label and Company on October 15, 2015, as amended (the “**B2B Agreement**”). Label and Company hereby agree that, in order to simplify interpretation of the B2B Agreement, with effect from the Amendment Effective Date, all references to the “Underlying Agreement” in the B2B Agreement shall be deemed to be references to the Agreement (as defined herein)

FAMILY PREMIUM SUBSCRIPTION

8. Section 2(d) of Exhibit A to the Agreement shall be deemed substituted with the following:

Family Premium Subscription. The Parties hereby agree that (A) the following provisions of this Agreement will have retroactive effect to May 23, 2016 in each country of the Territory: (i) the Grant of Rights set forth in this Agreement for Family Premium Subscriptions, (ii) the Content Usage Rules set forth in this Agreement for Family Premium Subscriptions, and (iii) the eligibility criteria set forth in this Agreement for Family Premium Subscriptions; and (B) the determination and calculation of wholesale fees for Premium Subscriptions with multiple User Profiles associated with the same subscription in each country of the Territory for any periods since May 23, 2016 shall be determined and calculated by giving effect to (x) the provisions of paragraph 10(a)(1)(A)(iv)(b)(II) of this Term Sheet (in respect of SME Materials), and (y) the provisions of paragraph 10(a)(2)(A)(iv)(b)(II) of this Term Sheet (in respect of Orchard Materials).

9. Section 10(a)(1)(A)(iv)(b) of Exhibit A to the Agreement shall be deemed substituted with the following:

*(b) **** of: (a) where ****; or (b) where the **** in the relevant ****, subject always to Paragraph 10(b) below and regardless of whether **** in such **** (and provided that only **** shall be counted for the purposes of this sub-paragraph).*

10. Section 10(a)(2)(A)(iv)(b) of Exhibit A to the Agreement shall be deemed substituted with the following:

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

(b) **** of: (a) where the ****; or (b) where the **** in the relevant ****, subject always to Paragraph 10(b) below and regardless of whether **** in such **** (and provided that only **** shall be counted for the purposes of this sub-paragraph).

Except as otherwise provided herein, all other terms and conditions of the Agreement shall remain unaffected and in full force and effect.

Very truly yours,

ACCEPTED AND AGREED:

SONY MUSIC ENTERTAINMENT

SPOTIFY AB

By: /s/ L. Jeff Walker

By: /s/ Peter Grandelius

Title: EVP & Head, Bus. & Legal Affairs
Global Digital Business

Title: Associate General Counsel

Date: January 30, 2018

Date: January 31, 2018

**** Confidential portion omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

SUBSIDIARIES OF THE REGISTRANT

The following is a list of subsidiaries of Spotify Technology S.A. as of February 28, 2018:

<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation or Organization</u>
Niland SA	France
S Servicios DeMúsica México S.A. De C.V.	Mexico
Sociedad Recaudadora SSMM México S.A. De C.V.	Mexico
Sonalytic Ltd	United Kingdom
Soundtrap AB	Sweden
Spotify AB	Sweden
Spotify Australia Pty Ltd	Australia
Spotify Austria GmbH	Austria
Spotify Belgium NV	Belgium
Spotify Brasil Serviços De Música LTDA	Brazil
Spotify Canada Inc.	Canada
Spotify Denmark ApS	Denmark
Spotify Dijital Müzik Ticaret ltd. Sti	Turkey
Spotify Finance Ltd	United Kingdom
Spotify Finland OY	Finland
Spotify France SAS	France
Spotify GmbH	Germany
Spotify Hong Kong Limited	Hong Kong
Spotify India Private Ltd	India
Spotify Italy SRL	Italy
Spotify Japan K.K	Japan
Spotify Ltd	United Kingdom

Spotify MENA FZ-LLC	United Arab Emirates
Spotify Netherlands B.V.	Netherlands
Spotify Norway AS	Norway
Spotify Poland Sp. z o.o.	Poland
Spotify Service AB	Sweden
Spotify Singapore Pte Ltd.	Singapore
Spotify South Africa	South Africa
Spotify Spain S.L.	Spain
Spotify Sweden AB	Sweden
Spotify Switzerland AG	Switzerland
Spotify Taiwan Ltd.	Taiwan
Spotify Technology Holding Ltd.	Cyprus
Spotify USA Inc.	Delaware, United States of America
SpotifyOOO	Russia
Tunigo AB	Sweden

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under the caption “Experts” and to the use of our report dated _____, 2018, in the Registration Statement (Form F-1 No. 333-_____) and related prospectus of Spotify Technology S.A. for the registration of certain of their ordinary shares.

Ernst & Young AB
Stockholm, Sweden
_____, 2018

The foregoing consent is in the form that will be signed upon shareholder approval of the share split of the Company’s ordinary shares.

/s/ Ernst & Young AB
Stockholm, Sweden
February 28, 2018