

1 KEY RESULTS VS. CONSENSUS			
Metric	Reported	Consensus	vs. Cons.
Revenue (EUR)	€4.969B	€4.98B	-0.2%
Gross Margin	33.0%	32.9%	+0.1 pp
Premium Subscribers	306M	305.15M	+0.3%
Monthly Active Users	788M	788.13M	-0.0%
Premium ARPU (EUR)	€4.95	€4.95	0.0%
SEGMENT REVENUE			
Premium	€4.487B	€4.5B	-0.3%
Advertising (vs. Year Ago)	€482M	€437M	+10.3%

2 | GUIDANCE AND OUTLOOK

Q4 2026 guidance: revenue EUR 5.2 billion against EUR 5.24 billion consensus, gross margin 33.8% against 33.7%, and operating income EUR 820 million against EUR 803.7 million, with 818 million MAUs against 819.08 million and 316 million Premium subscribers against 314.72 million. Implied operating expenses of about EUR 938 million fall from EUR 967 million in Q3. ARPU growth slows to 4.5% to 5%. No formal 2027 guidance was given and the 2030 targets were not raised.

3 | EARNINGS ANALYSIS

A MODEST EXECUTION BEAT. Revenue of EUR 4.969 billion rose 16% as reported and 14% at constant currency, as constant-currency growth decelerated from 15% and foreign exchange swung from a roughly 70-basis-point headwind in Q2 to a roughly 190-basis-point tailwind. Premium produced approximately 94% of the reported increase, with Premium subscribers of 306 million beating guidance by 1 million. Gross margin of 33.0% beat guidance by 10 basis points, and operating income of EUR 672 million beat by EUR 15 million on a comparable basis, after EUR 13 million of unexpectedly high social charges.

MARGIN EXPANSION, MUTED CONVERSION. Gross margin expanded 136 basis points, Premium to 34.5% and advertising to 18.7%, yet reported operating margin slipped to 13.5% as approximately 69% of incremental gross profit was absorbed by higher expenses; excluding social charges, underlying operating margin rose approximately 72 basis points. Net income fell 42% to EUR 518 million on a EUR 212 million decline in net finance income and a EUR 259 million increase in tax expense, not on operations. Free cash flow fell to EUR 735 million, from EUR 806 million, on working-capital movements and higher cash taxes.

Q4 GUIDANCE TESTS LEVERAGE. Q4 guidance implies an operating margin of approximately 15.8%, only about 31 basis points above Q4 2025, and operating expenses of roughly EUR 938 million, with some 54% of the sequential reduction coming from lower assumed social charges. Management expects expense-growth moderation to continue into 2027. ARPU growth slows to 4.5% to 5% as earlier price increases are lapped, and advertising, at 9.7% of revenue and 9% constant-currency growth, still dilutes consolidated growth against Premium's 15%.

VALUATION ALREADY PRICES EXECUTION. The call validated the durability of the subscription franchise and its ability to generate substantial cash, but not yet the next stage of earnings leverage; the case now turns on converting pricing, engagement, and product breadth into operating profit per share. At approximately \$571, the summary's probability-weighted value of approximately \$636 implies approximately 11% upside against approximately 30% downside in its bear case, and its stance is HOLD, with incremental purchases dependent on valuation discipline.

4 | KEY READ-THROUGHS

BUNDLED AUDIOBOOKS PRESSURE STANDALONE SUBSCRIPTIONS
Storytel (STORY B), Amazon (AMZN) | Negative | Potentially material
Spotify expands audiobooks from 22 markets to more than 180 by year-end, listenership up 40% before the rollout, and bundles 12 included hours into Premium in new markets. Access inside a subscription cuts price and acquisition friction, pressuring standalone subscriptions; Storytel must defend through local catalogs, exclusives, and pricing, raising content and acquisition costs.

SUBSCRIBER AND PRICING RESILIENCE SUPPORT THE MUSIC ROYALTY POOL
Universal Music Group (UMG), Warner Music Group (WMG), Sony Group (6758) | Positive | Moderate
Spotify added 6 million Premium subscribers to 306 million, beating guidance by 1 million, with Premium revenue up 15% at constant currency on subscribers and ARPU, and expects 316 million at year-end. More payers and higher eligible revenue enlarge the royalty base, though catalog share, geography, and plan mix decide each label's share.

CREATOR MEMBERSHIPS INCREASE COMPETITION FOR YOUTUBE'S HIGHEST-VALUE FAN SPENDING
Alphabet (GOOGL) | Negative | Modest for YouTube memberships
Creator Memberships let podcasters sell exclusive content and early access inside Spotify at a disclosed platform fee of 10%, while YouTube pays creators 70% of net membership revenue. Creators can monetize their most engaged fans where listening already happens, so Alphabet can lose membership spending and creator leverage without losing public-video distribution.

SPOTIFY'S ADVERTISING RECOVERY SUPPORTS ITS PROGRAMMATIC PARTNERS
Magnite (MGNI), The Trade Desk (TTD), Alphabet (GOOGL) | Positive | Modest
Constant-currency advertising growth accelerated to 9% from 3% in each of Q1 and Q2, driven through automated buying, with The Trade Desk and Google Display & Video 360 as access points and Magnite through SpringServe. Spending through those channels supports transaction volumes, though growth reflects impressions sold against pricing softness, not improved yields.