SoundCloud Limited

Annual Report

Registered number 06343600

For the year ended 31 December 2017

Contents

Company information

Directors	Alexander Ljung Fred Wilson Christophe Ferdinand Maire (until 15 August 2017) Artem Fishman (since 14 February 2018)
Secretary	Eriska Secretaries Limited
Company number	06343600
Registered office	c/o Jag Shaw Baker Berners House 47-48 Berners Street London W1T 3NF
Independent auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Banker	Deutsche Bank CIB GTB Ost Unter den Linden 13-15 10117 Berlin Germany

Strategic report

About SoundCloud

SoundCloud is the world's leading open audio platform, enabling anyone to easily upload and share their music, podcasts, and other audio content with a global audience. Based on a unique creator-driven ecosystem, along with signed license deals with music rights holders, SoundCloud has amassed the world's largest, most diverse audio catalogue with over 170m unique tracks by the end of 2017 (and to more than 190m by the time of this report), making it the largest, most diverse audio service.

The SoundCloud ecosystem reaches a large, engaged and primarily mobile-first audience. Having featured highly in app store rankings throughout its history, SoundCloud continues to be a top ranking music application across the relevant app platforms. According to AppAnnie, in both the United Kingdom and United States, SoundCloud is currently a top 5 mobile music application as well as a top 50 application overall.

SoundCloud operates a creator-driven ecosystem, generating revenues from both audio uploaders/rights holders (creators) as well as content consumers (listeners). By doing this, we generate sales through three revenue streams: i) creator subscriptions (SoundCloud Pro and Pro Unlimited), ii) listener subscriptions (SoundCloud Go and Go+) and iii) advertising seen and heard by non-paying listeners.

Our objective is to continue develop our highly differentiated, two-sided technology platform, and expand the size and value of SoundCloud's business. Since our last report, we continue to make significant progress toward these objectives.

Business review

2017 was a transformational year for SoundCloud as we undertook a series of initiatives to rationalize operating expenses and strengthen our balance sheet while continuing to drive revenue growth. In July 2017, the Company reduced its headcount by 40%, and in August 2017, SoundCloud secured a $170m investment round from the Raine Group, Temasek and existing investors including Union Square Ventures, Doughty Hanson and Atlantic Technology. Along with the financing, SoundCloud brought in a new executive management team led by Kerry Trainor (CEO) and Michael Weissman (COO), both of whom have strong consumer internet backgrounds. The company has since expanded its executive management team with additional key hires.

Since the August 2017 financing and throughout 2018, SoundCloud has taken significant steps to improve its financial health including retiring all outstanding debt, reducing certain fixed operating expenses and cash flow burn, improving its cash collection processes and renegotiating certain rights holder contracts. With those changes SoundCloud's financial position has been greatly improved and the company has been able to achieve positive operating cash flow in several months during 2018.

Strategically, SoundCloud is now focused on two primary key initiatives: First, to continue growing our core creator business by building and marketing the best software tools for creators to upload, share and promote their content, helping them to grow their careers; and second, to build a differentiated listening and consumption experience for SoundCloud's young, trendsetting, global music fans who want to be on the pulse of what's new and next in music.

For the reported 2017 period, we continued to drive increased revenue growth. Total revenue increased to €90.7m, up more than 80% versus 2016, which was driven by continued growth in all three revenue sources in both business lines (creators and listeners): Subscriptions for both creators and listeners continued to grow whilst our advertising business has also grown throughout the year.

SoundCloud invests primarily in its employees, technology and product development, securing content rights and marketing. In the summer 2017 and following its refinancing, SoundCloud took steps to reduce operating expenses, primarily through a headcount rationalization of roughly 40% of its staff. This resulted in materially lower ongoing operating expenses beginning in the second half of 2017. Additionally, SoundCloud incurred a number of one-time non-recurring expenses related to the rationalisation of our headcount during the summer of 2017, as well as various transaction related and debt retirement expenses in the context of our recapitalisation and investment round. As a result, the full year 2017 operating loss was €51.4m which is an improvement of €19.1m versus 2016.

In 2018, SoundCloud has continued to build positive momentum with growth across all three revenue lines as well as further reductions of operating loss and cash consumption versus 2017. We have also continued to release innovative product features for both

Strategic report *(continued)*

creators and listeners, such as the expansion of SoundCloud Premier, our direct monetization offering for independent artists, and new integrations with leading DJ performance software providers. SoundCloud also fortified its advertising business in 2018 with partnerships with Pandora for the US market and with Global Radio / DAX for the UK market. This points to further material improvement of SoundCloud's overall strategic and financial position in 2018, and we expect 2019 to be another strong year of products and services for our community of creators and listeners, and a solid operating performance.

Key performance indicators

The Group uses a number of financial measures to monitor progress against strategies and corporate objectives. These are summarised below:

	2017 €000	2016 €000
Revenue	**90,661**	50,295
Operating loss	**(51,421)**	(70,512)
Loss for the financial year	**(63,821)**	(74,475)

Market risks and uncertainties

Competition

The audio streaming market for listeners is contested by well-capitalized companies such as Google, Spotify, Apple and Amazon as well as new, more focused players. SoundCloud does not expect the listener market to be a winner takes all opportunity. Importantly, SoundCloud's core product offering is providing upload tools for audio creators, where the Company has a clear leadership position to offset the intensely competitive market for consumer (listener) streaming services.

Employees

Given the highly competitive talent market for internet and technology companies, there may be a risk to SoundCloud in attracting and retaining talent. As a result of the aforementioned headcount rationalization, SoundCloud ended 2017 with 214 people across its Berlin, London and New York offices. A majority of these employees have technical backgrounds and are highly-qualified individuals who want to work in a challenging environment. Based on the high volume and quality of applicants we see for open positions, we feel the company is well positioned to maintain a talented and productive team.

Copyright & Policy Risk

SoundCloud is committed to developing and maintaining tools, technologies and processes designed to protect against the use of our platform for the distribution of unauthorised or unlawful material. There are statutory provisions in European law, the federal law of the United States and elsewhere that operate to limit (but do not generally exclude) the liability of online service providers for hosting unauthorised or unlawful material, provided certain requirements are met. Despite the existence of these statutory provisions in some territories, the law relating to the liability of online service providers is largely unsettled, and in any event the position varies from territory to territory according to local law.

Brexit

The United Kingdom will cease to be a member of the European Union in March 2019. Given the ongoing negotiations at the political level, SoundCloud is therefore exposed to uncertainties regarding the final outcome of any agreement between the United Kingdom and the European Union. The company is, however, actively monitoring the situation and evaluating potential measures on a regular basis and will respond in a suitable manner as soon as a reliable legal and operational framework has been agreed.

Currency risk

SoundCloud operates internationally and is exposed to foreign exchange risks across its three revenue sources in the two business lines it operates. Reporting in EUR, the prime risk is the exposure to the USD exchange rate, though

Strategic report *(continued)*

other currencies are also impacting gains and losses recognised throughout the year. Given the operational setup within the group, the risk is deemed limited, though it is being closely monitored throughout.

Financial risk management

SoundCloud Limited ("the Company") and its subsidiaries (together "the Group") have established a risk and financial management framework to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risks at the business level. Throughout 2017, the company's cash reserves and monthly burns improved materially. As of year-end 2017 SoundCloud cash reserves and overall balance sheet strength were well ahead of schedules agreed with its principal investors, and have improved further in 2018, year-to-date.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge that obligation. Group policies are aimed at minimising such losses and require that the deferred terms are only granted to customers who demonstrate an appropriate payment history. Details of the Group's debtors are shown in note 12 to the financial statements.

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group aims to mitigate liquidity risk by managing cash generation and cash expenditure by its operations on an ongoing basis. This includes managing the Group's cash requirements by reviewing obligations to ensure sufficient funding capacity is in place to meet the obligations as they fall due. The financing obtained in August 2017 and its improved internal processes allow the Group to meet all its financial obligations at any given time.

On behalf of the board

Alexander Ljung
Director

c/o Jag Shaw Baker
Berners House 47-48 Berners Street
London
W1T 3NF

Date: 16 January 2019

Directors' report

The Directors present their Report and the audited Financial Statements of the Group and Company for the year ended 31 December 2017.

Directors of the company

The directors of the company who were in office during the year and up to the date of signing the financial statements unless otherwise noted were:

Alexander Ljung
Fred Wilson
Christophe Ferdinand Maire (until 15 August 2017)
Artem Fishman (since 14 February 2018)

Principal activities

Together with its subsidiary undertakings, the Company's principal activity is the provision of an online platform enabling its users to easily upload and share their music, podcasts, and other audio content with a global audience. The company operates from Germany and has subsidiaries in the United States, Bulgaria and Australia, which provide sales and technical support. There has not been any significant change in this activity during the year.

Research and development

Research and development is concentrated on the development of the platform.

Future developments

The financing obtained in August 2017 substantially improved SoundCloud's balance sheet, which is represented in this filing. Since the end of 2017, the Group has continued to ascertain support from its investors and has also entered into a number of commercial agreements which support its balance sheet. Those agreements include both licencing agreements with the music industry, as well as commercial partnerships such as the one with Pandora announced in October 2018. Whilst the updated agreements with the music industry ensure the availability of content, the partnership with Pandora will enable advertisers and brands to purchase our U.S. ad inventory directly through Pandora, leveraging the direct sales capabilities and targeting data of one of the main online advertising platforms in the US.

The directors aim to maintain the management policies which have resulted in the group's substantial growth in recent years. They consider that the next year will show a further significant growth in revenues from continuing operations.

Donations

Political and charitable donations did not exceed €0 in the year *(2016: €0)*.

Financial risk management

The management of financial risks is disclosed in the strategic report.

Directors' report (continued)

Employees

As in prior years, UK based employees have played an important role in SoundCloud Limited's daily business. In addition to engaging actively in building and running our platform, staff in the UK have benefited from a number of policies aimed at proactively involving them.

Relevant information has been made available to them regularly through means of the internal communication channels available to staff globally. Specifically, this included our intranet, virtual/electronic participation in bi-weekly All Hands meetings, hosted in Berlin or New York, and regular business related meetings, calls and video conferences with the UK team.

To ensure relevant employees have been consulted sufficiently to take into account their view and interests, regular meetings with executives and business leaders have been conducted. Travel occurred frequently, providing substantial face-to-face interaction, both in the UK as well as in other offices.

As members of staff, the UK based employees have participated in our share based compensation arrangements on the same terms as members of staff located in other countries. Sufficient information regarding financial and economic factors was made available to them via our intranet, recurring All Hands meetings, inclusive communications via dedicated company updates by means of email, as well as through regular and detailed meetings with UK based staff, both individually, but also in larger groups.

Disabled employees

The Group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, its financial position, its financial risk management objectives and its exposures to liquidity and cash flow risk are described in the Strategic Report.

As part of their going concern assessment, the Directors have reviewed trading and cash flow forecasts, taking into account both forward looking assumptions, as well as uncertainties in the Group's operating environment. Those assumptions reflect the strategic re-focussing of the Group, its rationalised headcount including the lasted hiring plans, its operational setup as well as its recapitalised balance sheet. The updated terms of the Group's licencing agreements have also been considered as well as the commercial partnerships agreed recently.

Directors' report (continued)

In determining the appropriate basis of preparation of the Annual Report, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future. Given the above, the Directors have concluded that they have a reasonable expectation that the Group has adequate resources to continue as a going concern.

On behalf of the board

Alexander Ljung
Director

c/o Jag Shaw Baker
Berners House 47-48 Berners Street
London
W1T 3NF

Date: 16 January 2019

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Independent auditors' report to the members of SoundCloud Limited

Report on the audit of the financial statements

Opinion

In our opinion, SoundCloud Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2017 and of the group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the consolidated and company balance sheets as at 31 December 2017; the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the group and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Brian Henderson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
16 January 2019

Consolidated statement of comprehensive income
for the year ended 31 December 2017

	Note	2017 €000	2016 €000
Revenue	2	**90,661**	50,295
Cost of sales		**(66,627)**	(36,127)
Gross profit		**24,034**	14,168
Administrative expenses		**(75,455)**	(84,680)
Operating loss	3	**(51,421)**	(70,512)
Interest receivable and similar income		**10**	53
Interest payable and similar expenses	7	**(12,320)**	(3,599)
Loss before taxation		**(63,731)**	(74,058)
Taxation	8	**(90)**	(417)
Loss for the financial year		**(63,821)**	(74,475)

All results are in respect of continuing operations.

Consolidated balance sheet
As at 31 December 2017

	Note	2017		2016	
		€000	**€000**	€000	€000
Fixed assets					
Intangible assets	*9*		**284**		322
Tangible assets	*10*		**3,225**		4,672
			3,509		4,994
Current assets					
Debtors	*12*	**51,235**		38,114	
Cash at bank and in hand		**62,939**		23,368	
		114,174		61,482	
Creditors: amounts falling due within one year	*13*	**(53,912)**		(40,302)	
Net current assets			**60,262**		21,180
Total assets less current assets			**63,771**		26,174
Creditors: amounts falling due after more than one year	*14*		**-**		(33,257)
Net assets/(liabilities)			**63,771**		(7,083)
Capital and reserves					
Called up share capital	*15*		**134,511**		47
Share premium account			**178,504**		180,501
Share based payment reserve	*17*		**22,052**		19,844
Profit and loss account			**(271,296)**		(207,475)
Total equity			**63,771**		(7,083)

The financial statements on pages 12 to 31 were approved by the board of directors on 16 January 2019 and were signed on their behalf by:

Alexander Ljung
Director

Company balance sheet
As at 31 December 2017

	Note	2017		2016	
		€000	€000	€000	€000
Fixed assets					
Intangible assets	*9*		284		322
Tangible assets	*10*		2,466		4,257
Investments	*11*		4,206		4,114
			6,956		8,693
Current assets					
Debtors	*12*	46,456		41,096	
Cash at bank and in hand		59,481		21,666	
		105,937		62,762	
Creditors: amounts falling due within one year	*13*	(42,702)		(41,707)	
Net current assets			63,235		21,055
Total assets less current liabilities			70,191		29,748
Creditors: amounts falling due after more than one year	*14*		0		(33,257)
Net assets / (liabilities)			70,191		(3,509)
Capital and reserves					
Called up share capital	*15*		134,511		47
Share premium account			178,504		180,501
Share based payment reserve			22,052		19,844
Profit and loss account			(264,876)		(203,901)
Total equity			70,191		(3,509)

The financial statements on pages 12 to 31 were approved by the board of directors on 16 January 2019 and were signed on their behalf by:

Alexander Ljung
Director

Group and company statements of changes in equity
for the year ended 31 December 2017

Group	Called up share capital	Share premium account	Share-based payment reserve	Profit and loss account	Total equity
	€000	€000	€000	€000	€000
At 1 January 2016	36	82,348	13,689	(133,000)	(36,927)
Loss for the financial year	-	-	-	(74,475)	(74,475)
Share based payment expense	-	-	6,155	-	6,155
New shares issued	11	98,153	-	-	98,164
At 31 December 2016	47	180,501	19,844	(207,475)	(7,083)
Loss for the financial year	-	-	-	(63,821)	(63,821)
Share based payment expense	-	-	1,463	-	1,463
Modification of share option plan	-	-	(21,307)	21,307	-
Capital contribution for equity-settled share based payments	-	-	-	745	745
New shares issued	134,464	(1,997)	-	-	132,467
At 31 December 2017	134,511	178,504	-	(249,244)	63,771

Group and company statements of changes in equity
for the year ended 31 December 2017

Company	**Called up share capital**	**Share premium account**	**Share-based payment reserve**	**Profit and loss account**	**Total equity**
	€000	**€000**	**€000**	**€000**	**€000**
At 1 January 2016	36	82,348	13,689	(131,051)	(34,978)
Loss for the financial year	-	-	-	(72,850)	(72,850)
Share based payment expense	-	-	6,155	-	6,155
New shares issued	11	98,153	-	-	98,164
At 31 December 2016	47	180,501	19,844	(203,901)	(3,509)
Loss for the financial year	-	-	-	(60,975)	(60,975)
Share based payment expense	-	-	1,463	-	1,463
Modification of share option plan	-	-	(21,307)	21,307	-
Capital contribution for equity-settled share based payments	-	-	-	745	745
New shares issued	134,464	(1,997)	-	-	132,467
At 31 December 2017	134,511	178,504	-	(242,824)	70,191

Consolidated statement of cash flows

for the year ended 31 December 2017

	Note	2017 €000	2016 €000
Net cash from operating activities	*18*	**(53,047)**	(57,665)
Taxation paid		(225)	(417)
Net cash used in operating activities		**(53,272)**	(58,082)
Purchase of intangible assets		(54)	(177)
Purchase of tangible assets		(1,452)	(1,533)
Interest received		10	53
Net cash used in investing activities		**(1,496)**	(1,657)
Issue of share capital (net of expenses)		132,467	82,217
Receipts from loans		70,256	1,024
Repayment of loans		(94,006)	(9,209)
Interest and similar expenses paid		(12,195)	(3,599)
Net cash generated in financing activities		**96,522**	70,433
Net increase in cash and cash equivalents		**41,754**	10,694
Cash and cash equivalents at the beginning of the year		23,368	12,387
Translation differences		**(2,183)**	287
Cash and cash equivalents at the end of the year		**62,939**	23,368

Notes (forming part of the financial statements)

1 Accounting policies

General information

SoundCloud Limited ("the Company") and its subsidiaries (together "the Group") operate an open audio platform, enabling anyone to easily upload and share their music, podcasts, and other audio content with a global audience.

SoundCloud Limited is a limited liability company incorporated in England. The Registered Office is at c/o JAG Shaw Baker, Berners House, 47-48 Berners Street, London W1T 3NF.

Statement of compliance

The Group and individual financial statements of SoundCloud Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Basis of preparation

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements of SoundCloud Limited were authorised for issue by the Board of Directors. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in Euro which is the functional currency of the Group and rounded to the nearest €'000.

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2017.

The Group financial statements consolidate the financial statements of the Company and all its subsidiary undertakings drawn up to 31 December each year. No statement of comprehensive income is presented for SoundCloud Limited as permitted by section 408 of the Companies Act 2006.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities.

Notes (continued)

1 Accounting policies *(continued)*

Going concern

As part of their Going Concern review, the Directors have reviewed SoundCloud's business activities as well as the risks and uncertainties described in the Strategic Report. Based on existing liquid resources, positive trends in non-financial KPIs and strategic plans underpinning forward looking assumptions, the Directors have concluded that the Group has adequate resources to continue as a going concern. The financial statements have been prepared accordingly.

Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended. Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Computer and office equipment	over 3 to 5 years

Intangible assets

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition, subject to the constraint that, unless the asset has a readily ascertainable market value, the fair value is limited to an amount that does not create or increase any negative goodwill arising on acquisition. Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred.

Intangible assets are amortised on a straight line basis over their estimated useful lives of 5 years. The carrying value of intangible assets is reviewed at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Revenue recognition

SoundCloud Limited operates three revenue lines in two lines of business: First, the creator business enables individuals to share content through the internet, using a suite of products and services; revenue here is generated through subscriptions. The second line of business is the consumer-facing side which provides listeners with access to a substantial, and in many cases unique, catalogue of content which can be consumed via the web or on mobile devices; here, revenue is derived from two sources (subscriptions and advertising). Therefore, all three revenue lines represent income receivable either for subscription services provided, or revenue received through promotion and advertising in the period, exclusive of Value Added Tax and trade discounts.

Subscriptions are sold directly to our customers and through the means of relevant online stores. The resulting subscription revenue is recognised evenly over the subscription period and where a subscription covers more than one financial period, an element of revenue arising from that subscription is deferred into subsequent periods.

Advertising revenue is generated through various advertising formats being delivered on the platform. Direct sales efforts are deployed through an in-house sales team, supplemented by indirect sales channels in certain countries. The resulting revenue is recognised when the following conditions have been met:

- The amount of revenue can be measured reliably
- It is probable that future economic benefits associated with the transaction will flow to the Group
- The stage completion of the transaction at the end of the reporting period can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Notes (continued)

1 Accounting policies *(continued)*

Research and development

Research and development expenditure is written off as incurred.

Provisions for liabilities

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Debtors

Debtors are shown after providing for any amounts which in the opinion of the directors may not be collected in full. The Group also has certain arrangements whereby costs are paid in advance or are subject to minimum guaranteed amounts. The amounts paid in advance are reviewed for impairment when the actual costs incurred during a contractual year are lower than the advance payment made or the minimum guaranteed amounts.

Investments

In the Company's financial statements, investments in subsidiary undertakings, associates and joint ventures are stated at cost less any impairment losses.

Foreign currencies

i. Functional and presentation currency

The Group financial statements are presented in Euro and rounded to thousands. The Company's functional and presentation currency is Euro.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income. All foreign exchange gains and losses are presented within 'Administrative expenses'.

iii. Translation

The trading results of Group undertakings are translated into Euro at the spot exchange rates at the dates of the transactions. Unrealised assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year-end.

Notes (continued)

1 Accounting policies *(continued)*

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows, discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit or loss statement. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the profit or loss statement.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the consolidated statement of comprehensive income on a straight line basis over the period of the lease.

Notes (continued)

1 Accounting policies *(continued)*

Post-retirement benefits

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to the consolidated statement of comprehensive income represents the contributions payable to the scheme in respect of the accounting period.

Share based payments

SoundCloud operates a share-based payment scheme for its employees consisting of three different plans. Options are granted at fixed exercise prices, vest over four years and are exercisable under certain conditions. The relevant cost is determined using the Black Scholes option pricing model which reflects a grant's fair market value at the grant date. As an equity-settled expense, the cost is recognised as an employee expense in the income statement with a corresponding increase in equity over the period during which an employee becomes unconditionally entitled to the awards.

Where equity-settled arrangements are modified, and are of benefit to the employee, the incremental fair value is recognised over the period from the date of the modification to date of vesting.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the consolidated statement of comprehensive income for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value expensed in the consolidated statement of comprehensive income .

For warrants to non-employees for good or services received, the grant date fair value is recognised as expenses over the period the other party become unconditionally entitled to the awards. The fair value is measured based on the value of goods or services received or, if this is not possible, based on the fair value of the equity instrument.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Share based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments granted at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by an external valuation advisor using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions) and non vesting conditions. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non vesting condition, which are treated as vesting irrespective of whether or not the market or non vesting condition is satisfied, provided that all other performance conditions are satisfied.

Legal provisions

Provisions for litigation require management's best estimate of costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows is subject to uncertainty.

Notes (continued)

2 Revenue

The Company is generating revenue through subscriptions and advertising on the platform, addressing a number of geographical markets. Whilst subscriptions are available in both business lines (creators and listeners), advertising revenue is limited to the listener business.

Analysis of revenue by category and region:

	Subscription €000	**Advertising €000**	**2017 Total €000**	Subscription €000	Advertising €000	2016 Total €000
USA	47,928	16,495	**64,423**	23,968	10,897	34,865
Europe & Other	24,683	1,555	**26,238**	14,472	958	15,430
	72,611	18,050	**90,661**	38,440	11,855	50,295

3 Operating loss

Group operating loss is stated after charging/(crediting):	**2017 €000**	2016 €000
Depreciation of owned assets (see note 10)	**2,899**	3,091
Amortisation of IT software (see note 9)	**92**	53
Foreign exchange differences	**2,888**	(3,229)
Auditors' remuneration (see note 4)	**163**	60
Operating lease rentals – land and buildings	**4,267**	3,547
Share based payments for warrants	**302**	901
Valuation of shares issued at par value	**-**	15,948

The expense for share based payments from warrants amounting to €302,280 (2016: €901,000) reflect the expenses required to be allocated under FRS 102 over the vesting period of three years for warrants granted to a third party to acquire 63,789 (2016: 63,789) A Ordinary Shares. This expense is a non-cash transaction and non-recurring following the recapitalisation in August 2017.

Prior year's expenses from the valuation of shares issued at par value amounting to €15,948,000 result from the required application of FRS 102 and represent the difference between the par value of the A Ordinary shares (€0.01) and the fair value. In 2016 355,351 shares were granted to third parties. This is a one-time expense and a non-cash transaction.

4 Auditors' remuneration

The remuneration of the auditors or its associates is further analysed as follows:	**2017 €000**	2016 €000
Audit of the financial statements	**163**	60

Notes (continued)

5 Remuneration of directors

	2017 €000	2016 €000
Directors' emoluments (1 director (2016: 1))	**283**	231

No directors accrued any benefits under the defined contribution scheme. All remuneration was in form of salary payments.

6 Staff costs

	Group		Company	
	2017	2016	**2017**	2016
Staff Costs	**€000**	€000	**€000**	€000
Wages and salaries	**34,467**	29,233	**19,634**	17,904
Share based payments (see note 17)	**1,906**	5,254	**1,814**	3,870
Social security costs	**4,609**	3,863	**2,663**	2,383
Other pension costs	**289**	203	**280**	171
	41,271	38,553	**24,391**	24,328

The average monthly number of employees (including directors) during the year was made up as follows:

	Group		Company	
Number of employees	**2017**	2016	**2017**	2016
Product, Engineering & Design	**175**	145	**162**	128
Operations	**56**	85	**39**	66
Sales & Marketing	**76**	67	**23**	18
	307	296	**224**	212

7 Interest payable and similar expenses

	2017 €000	2016 €000
Interest and early termination fees payable	**12,320**	3,599

Notes *(continued)*

8 Taxation

Analysis of charge in year

	2017 €000	2016 €000
Corporation tax - overseas		
Current tax	**71**	244
Adjustment in respect of prior years	**19**	173
Tax charge	**90**	417

Factors affecting the tax charge for the current year

The tax charge for the year is higher *(2016: higher)* than the standard rate of corporation tax in Germany of 30.18% *(2016: 30.18%)*. The differences are explained below.

	2017 €000	2016 €000
Loss before taxation	**63,731**	74,058
Current tax at 30.18% *(2016: 30.18%)*	**(19,231)**	(22,351)
Effects of:		
Expenses not deductible for tax purposes	**2,616**	7,973
Tax losses carried forward	**16,769**	14,582
Adjustment in respect of prior years	**18**	173
Effect of different tax rates	**(119)**	30
Other effects	**37**	10
Total tax charge	**90**	417

The group is taxable in Germany, UK, USA and Bulgaria. As the group is loss-making, it is unlikely to be tax-paying in the near future. Due to transfer pricing rules, tax may be payable in the UK, US, Bulgaria and Australia.

Due to the uncertainty of recoverability, deferred taxation has not been provided in respect of tax losses carried forward of approximately €220 million *(2016: €171 million)*.

Notes *(continued)*

9 Intangible assets

Group and company

	Assets under Construction €000	IT software €000	Total €000
Cost			
At 1 January 2017	32	365	397
Transfer	(32)	32	-
Additions	-	54	54
At 31 December 2017	-	451	451
Accumulated amortisation			
At 1 January 2017	-	75	75
Charge for the year	-	92	92
At 31 December 2017	-	167	167
Net book value			
At 31 December 2017	-	**284**	**284**
At 31 December 2016	32	290	322

10 Tangible assets

Group

	Computer and office equipment €000	Total €000
Cost		
At 1 January 2017	14,037	14,037
Additions	1,452	1,452
Disposals	(50)	(50)
At 31 December 2017	15,439	15,439
Accumulated depreciation		
At 1 January 2017	9,365	9,365
Charge for the year	2,899	2,899
Disposals	(50)	(50)
At 31 December 2017	12,214	12,214
Net book value		
At 31 December 2017	**3,225**	**3,225**
At 31 December 2016	4,672	4,672

Notes *(continued)*

Company

	Computer and office equipment €000	Total €000
Cost		
At 1 January 2017	13,167	13,167
Additions	798	798
Disposals	(50)	(50)
At 31 December 2017	13,915	13,915
Accumulated depreciation		
At 1 January 2017	8,910	8,910
Charge for the year	2,589	2,589
Disposals	(50)	(50)
At 31 December 2017	11,449	11,449
Net book value		
At 31 December 2017	**2,466**	**2,466**
At 31 December 2016	4,257	4,257

11 Investments

	Shares in group undertakings €000
Cost and net book value	
At 1 January 2017	6,194
Share based payment charge for employees of subsidiaries	92
At 31 December 2017	6,286
Provisions	
At 1 January 2017	2,080
Impairment	-
At 31 December 2017	2,080
Net book value	
31 December 2017	**4,206**
At 31 December 2016	4,114

Notes *(continued)*

The companies in which the company's interest at the year-end is more than 20% are as follows:

	Country of incorporation	Principal activity	Percentage of shares held	Registered Office
Subsidiary undertakings				
SoundCloud Inc.	USA	Support services	100%	71 5th Ave, New York, NY 10003
SoundCloud Operations Inc.	USA	Support services	100%	71 5th Ave, New York, NY 10003
SoundCloud EOOD	Bulgaria	Support services	100%	46-48 Opalchenka Street, 1303 Sofia
SoundCloud Pty. Limited	Australia	Support services	100%	c/o KPMG 38 Barangaroo Ave, Sydney NSW 2000

Investment in subsidiary company is held at cost less accumulated impairment losses. The investment valuation is dependent on the future cash flows and the directors have concluded that there is no impairment.

12 Debtors

	Group		Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Trade debtors	**9,054**	4,934	**1,644**	742
Amounts owed by group undertakings	**-**	-	**6,667**	10,750
Prepayments and accrued income	**30,575**	26,667	**27,522**	24,885
Corporation tax	**653**	428	**-**	-
Other debtors	**10,953**	6,085	**10,623**	4,719
	51,235	38,114	**46,456**	41,096

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

13 Creditors: amounts falling due within one year

	Group		Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Trade creditors	**4,168**	5,068	**1,736**	4,439
Other creditors	**6,043**	11,990	**5,896**	6,630
Amounts owed to ultimate controlling party	**9,634**	-	**9,634**	-
Amounts owed to group undertakings	**-**	-	**27**	7,440
Other taxation and social security	**258**	502	**250**	505
Accruals and deferred income	**33,809**	22,742	**25,159**	22,693
	53,912	40,302	**42,702**	41,707

Amounts owed to the ultimate controlling party are unsecured, with an interest rate of 4 % and are due for repayment in full in October 2018.

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Notes *(continued)*

14 Creditors: amounts falling due after more than one year

	Group		Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
11% secured loan of US$ 35,000,000	-	33,257	-	33,257
	-	33,257	-	33,257

The long-term loans were fully repaid in 2017.

15 Called up share capital

The recapitalisation in 2017 has significantly impacted the called up share capital of SoundCloud Limited. Whilst there continue to be a number of share classes in existence, they are entirely owned by SoundCloud Holdings II, a subsidiary of the ultimate controlling party, which makes any difference in voting rights immaterial. Against this backdrop, the called up share capital is as follows:

	Group and Company	
	2017	2016
	€000	€000
Allotted, called up and fully paid:		
13,447,650,496 Ordinary shares of €0.01 each	**134,477**	13
419,140 A Ordinary shares of €0.01 each	**4**	4
678,333 A preferred shares of €0.01 each	**7**	7
818,195 B preferred shares of €0.01 each	**8**	8
341,846 C preferred shares of €0.01 each	**3**	3
42,074 C1 preferred shares of €0.01 each	**-**	-
474,616 D preferred shares of €0.01 each	**5**	5
724,459 E preferred shares of €0.01 each	**7**	7
	134,511	47

16 Commitments

The group and the company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Group		Company	
	Land and buildings		Land and buildings	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Within one year	**3,551**	3,866	**1,008**	1,124
In two to five years	**9,713**	12,047	**966**	5,084
	13,264	15,913	**1,974**	6,208

The company had no other off-balance sheet arrangements.

Notes *(continued)*

17 Share schemes for employees and non-employees

Share based payments – Group

The financial statements for SoundCloud Limited include expenses related to share based compensation. Following the recapitalisation in August 2017, SoundCloud Limited has modified its existing share option programme based on plans issued in 2009 and 2012, adding a new plan with amended terms. This 2017 plan is issued by SoundCloud's ultimate controlling party, SoundCloud Holdings LLC, though relevant expenses are also recognised at SoundCloud Limited since the inception of the plan in September 2017. As part of this modification, the 2009 and 2012 continue to be expensed, although employees are no longer eligible to acquire shares in SoundCloud Limited. Instead, they participate in value creation at the level of SoundCloud Holdings LLC, the Group's controlling party.

In 2017, the Group recognised total expenses of €2,208,000 related to non-employee and employee share based payments in the year *(2016: €6,155,000)*.

The amount expensed reflects the modification of the Group's option scheme in September 2017. Before this modification, the programme enabled employees to acquire Ordinary shares in SoundCloud Limited. After this modification, employees are allowed to acquire LLC-units of the Group's ultimate controlling party, SoundCloud Holdings LLC through options exercisable at strike prices reflecting the valuation of SoundCloud Holdings and its subsidiaries. As with the prior plan, the vesting period of any option package is typically four years. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest.

All Schemes

A reconciliation of share option movements over the year to 31 December 2017 is shown below:

	Number of options	
	2017	2016
Outstanding at the beginning of the year	**869,487**	697,577
Granted during the year	**1,814,230**	203,233
Forfeited during the year	**(376,804)**	(27,533)
Exercised during the year	**(229)**	(3,790)
Outstanding at the end of the year	**2,306,684**	869,487
Vested at the end of the year	**398,390**	491,731

In 2017 in total 229 options were exercised (*2016: 3,790*). The options outstanding at the year-end have an exercise price in the range of €0.01 to €61.23 and a weighted average contractual life of 6.02 years *(2016: 5.83 years)*.

Share options which had been issued to non-employees have been cancelled in the context of the recapitalisation in August 2017.

Notes *(continued)*

18 Notes to the cash flow statement

	2017 €000	2016 €000
Loss for the financial year	**(63,821)**	(74,762)
Adjustments for:		
Taxation	**90**	417
Net interest expense	**12,310**	3,546
Operating loss	**(51,421)**	(70,799)
Amortisation of intangible assets	92	53
Depreciation of tangible assets	2,899	3,091
Share based payment charge	2,208	22,103
Translation differences	**2,183**	-
Working capital movements:		
- Increase in debtors	(12,983)	(24,571)
- Increase/(Decrease) in payables	3,975	12,458
Net cash from operating activities	**(53,047)**	(57,665)

19 Pension scheme

The Group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Group to the scheme and amounted to €289,287 (2016: €202,966).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

20 Ultimate controlling party

Since August 2017, the immediate parent undertaking is SoundCloud Holdings II Limited, Grand Cayman, Caymans Islands. The ultimate controlling party is SoundCloud Holdings LLC, Grand Cayman, Cayman Islands.

21 Related party transactions

See note 13 for disclosure of amounts owed to the ultimate controlling party.

Key management personnel

All directors and certain senior employees who have the authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration in respect of these individuals is €283,000 (2016: €231,000).

There were no other material transactions with related parties entered into in 2017.