VERVE

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INDERES CORPORATE CUSTOMER

COMPANY REPORT

Still waiting for the turn

Verve's Q3 report was weak, with revenue broadly in line with our expectations but profitability falling clearly short, as a rapidly growing cost base absorbed the structurally higher gross margin. Organic growth stalled despite an easy comparison base, and the recovery in demand that management pointed to in August did not materialize. Verve reiterated its guidance but now expects to land toward the lower ends of the ranges, which our estimates continue to fall short of. We cut our estimates, mainly on profitability, and raise our required return, lowering our target price to SEK 9.5 (was SEK 15). We reiterate our Accumulate recommendation, as we believe the share already prices in a great deal of bad news. We believe the investment case increasingly rests on management proving that it can restart organic growth, translate the higher gross margin into operating margin expansion, and deleverage.

Growth stalls, costs run ahead

Reported revenue of 164 MEUR (Q3'25: 142 MEUR) grew 5.7% like-for-like, broadly in line with our 165 MEUR estimate. Organic growth slowed to just 0.4% (Q2'26: 3.5%) against a comparison period that was itself depressed by the platform unification, while acquisitions and FX contributed the rest. According to Verve, political advertising lifted the overall ad market but mainly benefited CTV and social media, masking underlying weakness. Customer metrics were soft, with NDER*, ad impressions, and large customers largely flat sequentially, although retention among large customers remained above 99%. Gross margin held up at 39.6% (Q3'25 like-for-like: 33.5%), but adjusted EBITDA of 27 MEUR fell 18% short of our 33 MEUR estimate, as other operating expenses rose sharply. Cash flow was a relative bright spot, with free cash flow of 17 MEUR, but adjusted leverage ticked up to 3.4x (Q2'26: 3.3x) on lower LTM earnings.

Cuts concentrated in profitability

Following Q3, we lower our 2026-2028 revenue estimates by 1-5%, as we now model close to zero like-for-like growth in Q4 and lower organic growth of 5% and 7% for 2027-2028 (from ~8%). The cuts are larger on profitability, where we lower our adjusted EBITDA estimates by 9-15% for 2026-2028, as we assume a slower gross margin expansion and have raised our operating cost assumptions. Our 2026 estimates now sit clearly below both guidance ranges, as reaching the low ends would require Q4 revenue of ~227 MEUR and adjusted EBITDA of ~59 MEUR, which we find stretched given the softer start to Q4 that management flagged. We also lower our cash flow estimates and now expect adjusted leverage to remain broadly unchanged at year-end 2026 and to fall to 2.3x only by the end of 2028 (was 1.8x).

Low expectations, but the burden of proof has grown

On our updated estimates, Verve trades at 2026e adjusted EV/EBIT of ~6x, EV/adjusted EBITDA of ~4x, and EV/FCFF of ~10x, which is well below its own history and ad tech peers on earnings-based multiples, though less so on cash flow. However, Q3 weakened several pillars of our investment case, as organic growth stalled, margins failed to improve, and leverage moved further away from the target range. At our target price, the share would trade at the low end of our acceptable valuation ranges, which we consider justified given the stalled growth, elevated leverage, and continued management turnover, adding to execution risk. Positively, the new CFO has launched a review of strategic and financial alternatives, and a sale of the gaming unit is being discussed, which we see as logical given the leveraged balance sheet and limited contribution to the advertising business today, although management called it "very speculative". With expectations this low, we continue to see the risk/reward as attractive enough to remain positive on the share. However, a re-rating requires evidence of sustainably stronger cash flows and deleveraging, alongside a recovery in margins and a restart of organic growth in 2027.

Recommendation
Accumulate
(prev. Accumulate)

Target price:
SEK 9.50
(prev. SEK 15)

Share price:
SEK 7.70

Business risk



Valuation risk



	2025	2026e	2027e	2028e
Revenue	550.9	657.6	690.5	737.3
growth-%	26%	19%	5%	7%
EBIT adj.	99.0	95.8	112.1	134.0
EBIT-% adj.	18.0 %	14.6 %	16.2 %	18.2 %
Net Income	0.7	-6.6	24.4	44.8
EPS (adj.)	0.15	0.17	0.27	0.36
P/E (adj.)	8.5	3.9	2.5	1.9
P/B	0.6	0.3	0.3	0.3
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	7.1	6.3	5.2	4.0
EV/EBITDA	5.3	4.5	4.0	3.1
EV/S	1.3	0.9	0.8	0.7

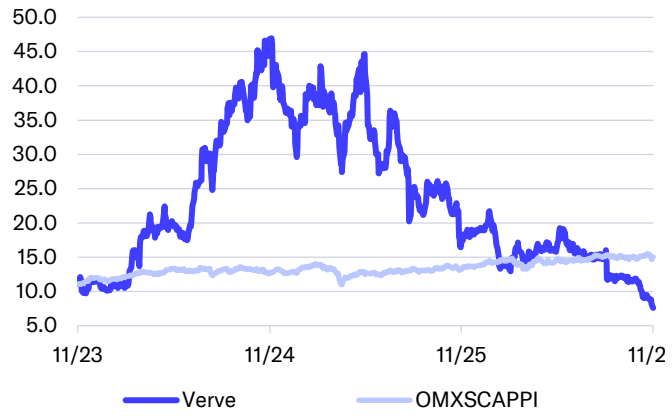
Source: Inderes

Guidance (Unchanged)

For FY26 Verve expects:
Revenue between 680-730 MEUR
Adjusted EBITDA between 145-175 MEUR

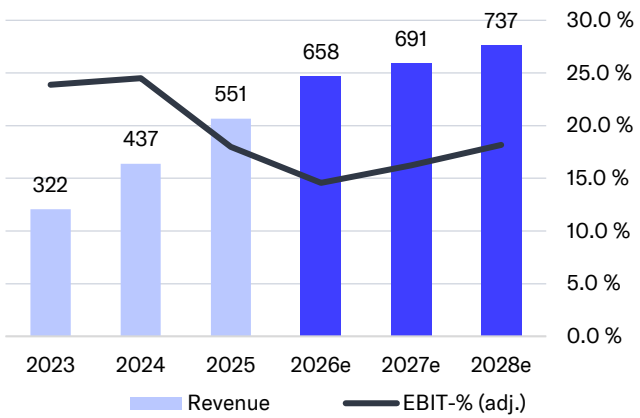
*Net dollar expansion rate

Share price



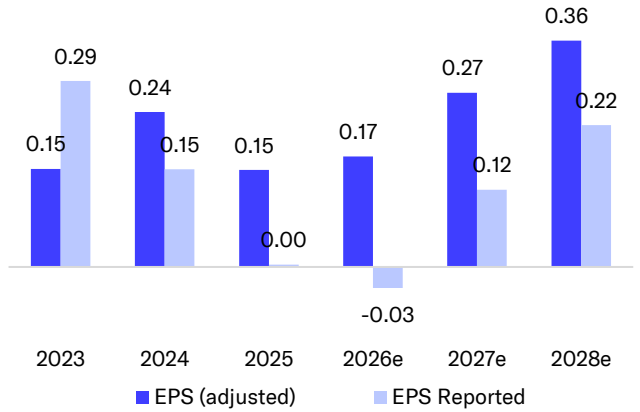
Source: Millistream Market Data AB

Revenues and operating profit-%



Source: Inderes

Earnings per share



Source: Inderes

Value drivers

- High single-digit growth in the programmatic ad market over the medium to long term, with In-app and CTV markets growing even faster
- Market-leading mobile In-App SSP in the US
- Proprietary targeting solutions designed for an increasingly fragmented and privacy-constrained identifier landscape
- Strong and increasing industry recognition could boost revenue growth
- A trusted end-to-end omnichannel platform
- Own first-party content that provides data to the ad platform

Risk factors

- Failing to maintain/increase market share in programmatic advertising
- Market disruption due to technological (e.g. AI) or regulatory reasons
- Macroeconomic challenges could constrain marketing budgets and decelerate growth
- Heightened execution risk following the platform outage, weak cash flow generation, and elevated leverage
- Credibility gap after operational setbacks increases risk if 2026 delivery falls short

Valuation	2026e	2027e	2028e
Share price (EUR)	0.69	0.69	0.69
Number of shares, millions	200.1	200.1	200.1
Market cap (MEUR)	137	137	137
EV (MEUR)	601	581	536
P/E (adj.)	3.9	2.5	1.9
P/E	neg.	5.6	3.1
P/B	0.3	0.3	0.3
P/S	0.2	0.2	0.2
EV/Sales	0.9	0.8	0.7
EV/EBITDA	4.5	4.0	3.1
EV/EBIT (adj.)	6.3	5.2	4.0
EV/FCFF (adj.)*	10.2	8.9	6.6
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Organic growth stalled and costs absorbed the gross margin gains (1/3)

Organic growth stalled despite an easy comparison base

Reported revenue came in at 164.0 MEUR (Q3'25: 141.9 MEUR), corresponding to 15.6% reported growth, broadly in line with our 165 MEUR estimate but below the 167 MEUR consensus. On a like-for-like basis*, revenue grew by 5.7% (Q3'25 like-for-like: 155.2 MEUR), but organic growth slowed to just 0.4% (Q2'26: 3.5%), clearly below our mid-single-digit expectation. Inorganic growth from the Captify and Acardo acquisitions contributed 3.9%, while FX had a positive impact of 1.4%. We find the organic development particularly disappointing, as the comparison period was unusually soft, with Q3'25 organic growth of -4% due to the platform unification. In our view, the quarter therefore did not provide the first evidence of the H2 acceleration that management has anchored its guidance on, and which we had flagged as the key test ahead of the report.

According to the company, the advertising market proved significantly more challenging than expected. Political advertising lifted the overall market but primarily benefited CTV and social media, masking underlying weakness. On the call, management added that the weakness was particularly pronounced in CPG, pharma, and publishing, verticals toward which Verve is more geared than its peers, and that external SSP revenue was roughly flat year-on-year, partly due to a deliberate cleanup of low-margin inventory and internal changes of management that "not all went fully smoothly". The Q3 recovery management pointed to in August thus did not materialize, and with several open internet peers reporting strong growth in their mobile app channels, we believe Verve did lose market shares and that the weakness is not only market-driven.

Key customer metrics were, in our view, soft overall. The net dollar expansion rate (NDER) for large customers came in at 95% (Q2'26: 95%), indicating continued low spending by existing clients and showing no progress toward the 100% threshold that we see as the key indicator of genuine expansion within the existing customer base. Ad impressions and the number of large customers were stable compared with Q2, while the total number of customers grew by 25% year-on-year (5% q/q). Retention among clients generating over USD 100,000 in revenue remained above 99%, which management sees as a sign that its most important customers have stayed with Verve and that their spending should recover once market conditions improve. While the high retention is reassuring, we believe the flat NDER shows that the existing customer base is not yet a source of growth.

Management reiterated its full-year 2026 guidance of 680–730 MEUR in revenue and 145–175 MEUR in adjusted EBITDA but now expects to end the year toward the lower ends of the ranges, citing current market conditions, the weaker Q3, and a softer start to Q4. On the call, the CEO explained that the holiday season started later than usual, as the midterm elections pushed out other advertising budgets, but that the ramp-up toward Black Friday has since been somewhat stronger than last year, and stated that the company is convinced it will reach its guidance. We find this ambitious and expect Verve to fall short of both ranges, as reflected in our estimates.

Estimates	Q3'25	Q3'26	Q3'26e	Q3'26e	Difference (%)	2026e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Act. vs. inderes	Inderes
Reported revenue	142	164	165	167	-1%	658
EBITDA (adj.)	26.1	27.3	33.4	30.9	-18%	149
EBITDA	21.8	21.7	30.1	26.4	-28%	129
EBIT (adj.)	15.4	18.8	22.0	20.3	-14%	95.8
EBIT	6.5	9.6	13.6	10.9	-29%	54.3
EPS (adj.)	0.01	0.00	0.02	0.00	-98%	0.17
Revenue growth-%	-	15.6 %	16.3 %	17.3 %	-0.8 pp	19.4 %
EBIT-% (adj.)	10.9 %	11.5 %	13.3 %	12.2 %	-1.8 pp	14.6 %

Source: Inderes & Modular Finance IR (consensus include 8 estimates)

Organic growth stalled and costs absorbed the gross margin gains (2/3)

A rising cost base absorbed the gross margin gains

The gross margin increased clearly to 39.6% (Q3'25 like-for-like: 33.5%), in line with Q2's 40.0%, reflecting the benefits of the unified supply-side platform and more efficient management of cloud hosting costs. However, very little of this filtered through to earnings, as adjusted EBITDA grew by only ~5% to 27 MEUR (Q3'25: 26 MEUR), corresponding to a margin of 16.7% (Q3'25 like-for-like: 16.8%), and fell 18% short of our 33 MEUR estimate and the 31 MEUR consensus.

The miss was almost entirely a cost event. Personnel expenses rose to 28 MEUR (Q3'25: 25 MEUR), driven by the acquisitions and the continued sales force build-out, partly offset by structural efficiencies, while other operating expenses jumped to 21 MEUR (Q3'25: 8 MEUR), which the company attributes to investments in data, technology and advisory services, as well as the relocation to Ireland. On the call, the CEO explained that part this increased costs base relates to the acquired Captify and Acardo and to data contracts, e.g., in retail media, which will remain but should be better covered by growing revenues, while consultant costs should disappear over the medium term. We understand the strategic rationale in a consolidating market, but with organic growth at around zero, we see little evidence yet that the investments are paying off, and the at least 8 MEUR of annualized savings that management guided toward in August were not clearly visible in the quarter. We also note that capitalized own product development doubled to 6 MEUR (Q3'25: 3 MEUR), which supported EBITDA.

Depreciation and amortization decreased to 12 MEUR (Q3'25: 15 MEUR), as the legacy platforms were fully amortized at the end of Q2, which softened the miss at the adjusted EBIT level. Adjusted EBIT came in at 19 MEUR (Inderes: 22 MEUR), corresponding to a margin of 11.5% (Q3'25 like-for-like: 9.9%). Items affecting comparability (IAC) amounted to 5.6 MEUR (Q3'25: 4.3 MEUR), consisting mainly of severance payments, legal and advisory fees related to the relocation, and share-based compensation, above the ~3 MEUR we had assumed. Consequently, reported EBITDA was flat year-on-year at 22 MEUR (Inderes estimate: 30 MEUR), and reported EBIT amounted to 9.6 MEUR (Inderes estimate: 13.6 MEUR). With net financial expenses of 14.1 MEUR and a tax expense of 2.7 MEUR, the net result landed at -7.2 MEUR (Q3'25: -3.6 MEUR), while adjusted EPS was 0.00 EUR (Q3'25: 0.02 EUR).

Cash flow improved, but leverage edged higher

The cash flow statement, which we had again flagged as the most critical watchpoint, showed operating cash flow of 25 MEUR (Q2'26: 10 MEUR, Q3'25: 24 MEUR). The year-on-year improvement is, however, a working capital effect. Before changes in working capital, operating cash flow fell 21% to 26 MEUR (32 MEUR), with working capital being broadly neutral (-0.2 MEUR). After CapEx, free cash flow amounted to 17 MEUR (Q3'25: 13 MEUR), a clear improvement from the roughly neutral Q2, which management attributes to refined finance processes and a dedicated focus on cash conversion.

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Organic growth stalled and costs absorbed the gross margin gains (3/3)

To grasp the big picture of Verve's quarterly fluctuations in cash flows, we also monitor the development on a trailing twelve-month basis. LTM OCF (after WC changes) was broadly unchanged at ~101 MEUR (Q2'26 LTM: 100 MEUR), while LTM free cash flow after CAPEX improved to ~65 MEUR (Q2'26 LTM: 60 MEUR). Remaining liabilities for deferred considerations and earn-outs amounted to 26 MEUR at the end of the quarter, of which 17 MEUR are payable in cash.

In September, Verve extended its securitization program by three years through September 2029, on improved terms for borrowing spreads and fees. However, the upsizing of the facility from 100 MEUR to 125–150 MEUR, which management said in August would be signed within weeks, has not yet materialized. On the call, the new CFO explained that additional capacity of 25 MEUR had been secured, but that the company was not satisfied with the terms and is now meeting with several banks, while adding that he is not sure more than 25 MEUR is needed at this stage, as the expansion is intended to accommodate future revenue growth rather than current needs. While the extension removes a near-term refinancing risk for the program, we view the delayed upsizing as yet another example of management communication running ahead of delivery.

During the quarter, Verve spent ~5 MEUR on repurchasing bonds. We note that Verve's bonds traded well below par at the end of September, which in our view signals growing market concern over the balance sheet and implies a higher cost of refinancing ahead of the 2029 maturity. The cash position was unchanged at 133 MEUR, and net debt declined slightly to 458 MEUR (Q2'26: 462 MEUR). However, adjusted leverage edged up to 3.4x (Q2'26: 3.3x), and reported leverage stood at 4.1x, moving further away from the 1.5-2.5x target range. The CFO acknowledged that, given the softer EBITDA performance, deleveraging is taking longer than planned, but stressed that it remains a very clear priority.

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Source: Inderes & Modular Finance IR (consensus include 8 estimates)

Revenue trimmed, profitability cut more sharply (1/2)

Estimate revisions

- Following the Q3 report, we have lowered our estimates across the forecast period, with the reductions concentrated in profitability rather than revenue.
- On revenue, we cut our 2026e-2028e estimate by 1-5%. The 2026 change is almost entirely attributable to Q4, where we now model like-for-like growth close to zero against the restated 204 MEUR comparison base, reflecting Verve's own comment on a softer start to the quarter and the fact that the acquisition contribution falls to zero from Q4, as Captify and Acardo are consolidated in both periods. For 2027-2028, we lower our organic growth assumptions to 5-7% (was ~8%) since the recovery in demand Verve pointed to in August did not materialize in Q3, and we see no evidence in the report that it is beginning.
- Investors should note that the comparison basis moved again in Q3, as we had expected. FY25 like-for-like revenue is now 652 MEUR versus the 637 MEUR presented in the Q2 deck, and Q3'25 like-for-like revenue was restated to 155 MEUR. Against today's base, the unchanged 680-730 MEUR guidance range implies only ~4-12% growth, versus the 13-21% it implied when set in February.
- On profitability, we cut our 2026e adjusted EBITDA by 9-15%. Two changes drive this. First, we assume a slower gross margin expansion following Verve's increasing focus on strategic partnerships, which includes rebate programs and lower gross margins. We now model 40.4%, 40.5%, and 41.5% for 2026-2028 (was 41.7%, 42.7%, and 43.0%). The ~6pp year-on-year gain Verve reported in Q3 is real, but it is measured against a pre-transition comparison period, and from Q4 onward the company laps a quarter that already carried the new structure.
- Second, we have raised our assumptions for operating costs below gross profit. Other operating expenses reached 21 MEUR in Q3 against ~8 MEUR a year earlier, and we assume only partial delivery of the at least 8 MEUR of annualized savings management guided toward in August. Our 2026e adjusted EBITDA of 135 MEUR now sits ~10 MEUR below the low end of the 145-175 MEUR guidance range and implies Q4 adjusted EBITDA of ~49 MEUR, roughly flat year-on-year.
- We raise our 2026e items affecting comparability to ~24 MEUR (was 20 MEUR) on relocation and severance costs, while keeping them at ~13-14 MEUR annually in 2027-2028. As a result, our reported EBITDA estimates fall by 14-17% across the forecast period.

Estimate revisions	2026e	2026e	Change	2027e	2027e	Change	2028e	2028e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	667	658	-1%	718	691	-4%	776	737	-5%
EBITDA	129	111	-14%	161	133	-17%	185	157	-15%
EBIT (exc. NRIs)	104	95.8	-8%	128	112	-12%	157	134	-15%
EBIT	63.6	54.3	-15%	94.9	81.5	-14%	124	107	-14%
PTP	3.1	-4.6	-250%	46.4	33.0	-29%	77.5	59.7	-23%
EPS (excl. NRIs)	0.21	0.17	-19%	0.34	0.27	-19%	0.46	0.36	-22%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

Revenue trimmed, profitability cut more sharply (2/2)

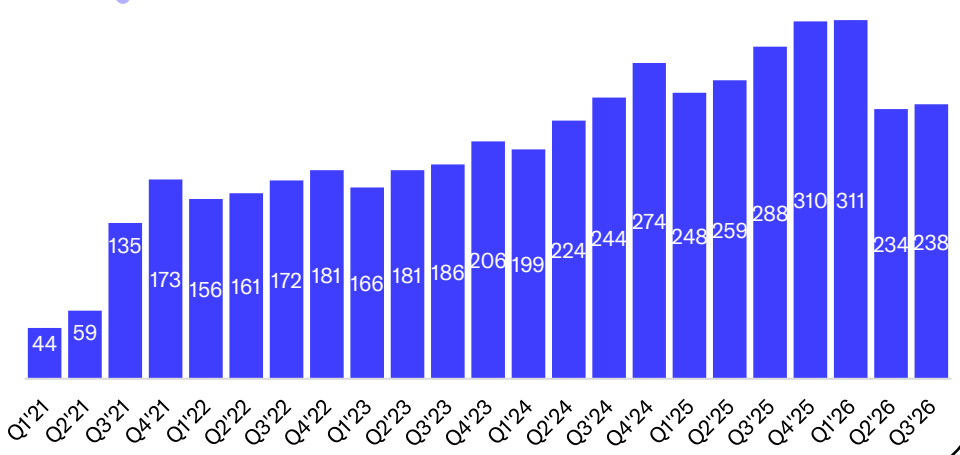
- Below EBITDA, the cuts are partly cushioned. We lower our depreciation and amortization assumption after Verve's legacy supply-side platforms were fully amortized at the end of Q2, which absorbs roughly 6 MEUR of the 2026 adjusted EBITDA reduction at the EBIT line. Our adjusted EBIT estimate thus falls by ~8% to 96 MEUR for 2026e, and by 12–15% to 112 MEUR and 134 MEUR for 2027e–2028e.
- We also cut our free cash flow estimates in line with earnings for outer years. We now expect adjusted leverage to be broadly unchanged in Q4. Management has indicated that the primary lever for deleveraging is earnings improvement, and as we have reduced our Q4 earnings assumption as well as for outer years, we now see leverage falling to 3.0x by the end of 2027 and to 2.3x by the end of 2028 (was 2.4x and 1.8x), meaning that the 1.5-2.5x target range is only reached in 2028 on our estimates. That said, during the call, the CEO opened the door to a potential sale of the gaming unit, which formed the base of the company but whose added value to the rest of the business is, in his view, declining over time. However, he stressed that this is very speculative, as the gaming market is weak. The CFO added that deleveraging would be a first priority for any significant proceeds, e.g., through bond buybacks. We view a divestment as the most tangible potential lever for accelerating the deleveraging, and we welcome the CFO's sharper focus on the balance sheet and cash conversion. However, given the uncertainty around both timing and valuation, we do not include a divestment in our estimates.
- Our longer-term estimates have also moved lower. In our DCF model, the growth path beyond 2028 is broadly unchanged, gradually tapering from ~6% toward the 2% terminal growth rate, but it now starts from a ~5% lower revenue base. The bigger change is in profitability: we now see the EBIT margin peaking slightly lower and later, at ~16.5% in 2030 (previously ~17% in 2029), followed by a steeper convergence toward a terminal EBIT margin of 12% (was 13.5%). While we continue to view the gross margin gains from the platform unification as durable, Q3 showed that they do not automatically translate into operating margin, as Verve keeps reinvesting to defend its position in a consolidating ad tech market. We therefore assume a lower long-term EBIT margin.
- In addition, we have reassessed our required rate of return, raising our cost of equity to 15.8% (was 14.6%) and our WACC to 12.9% (was 12.1%). This reflects a higher risk-free rate of 3.0% (was 2.5%) in light of the higher interest rate environment and the current rate outlook. Combined with our lower estimates, this lowers our DCF value to SEK 11 per share (was SEK 21).

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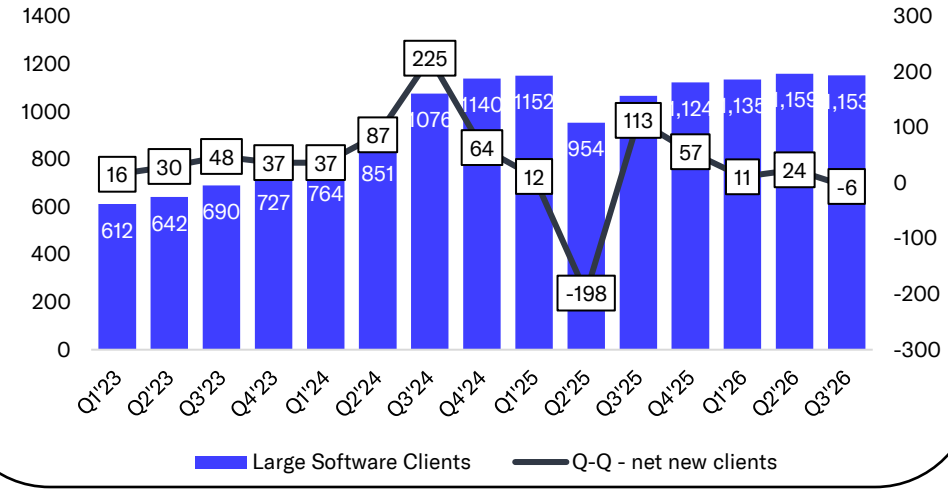
Source: Inderes

Company KPI's

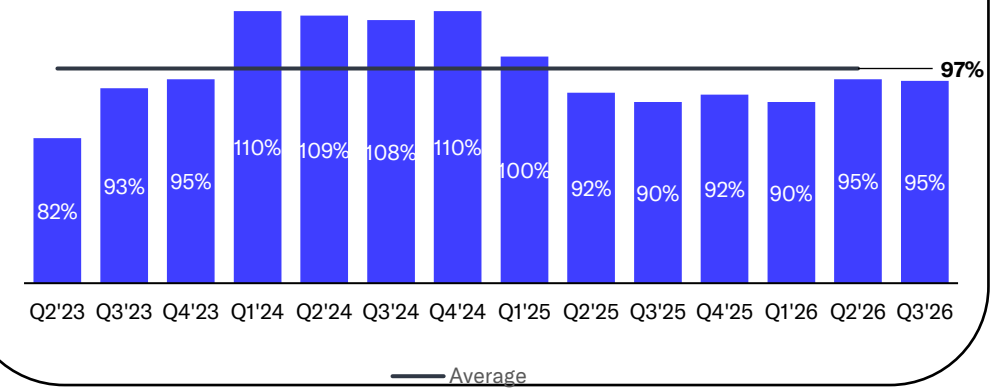
Ad Impressions (in bn)



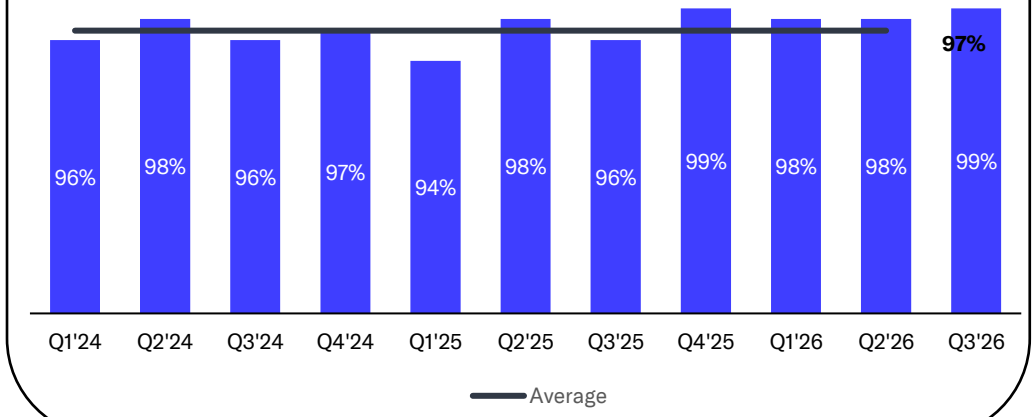
Large Software Clients



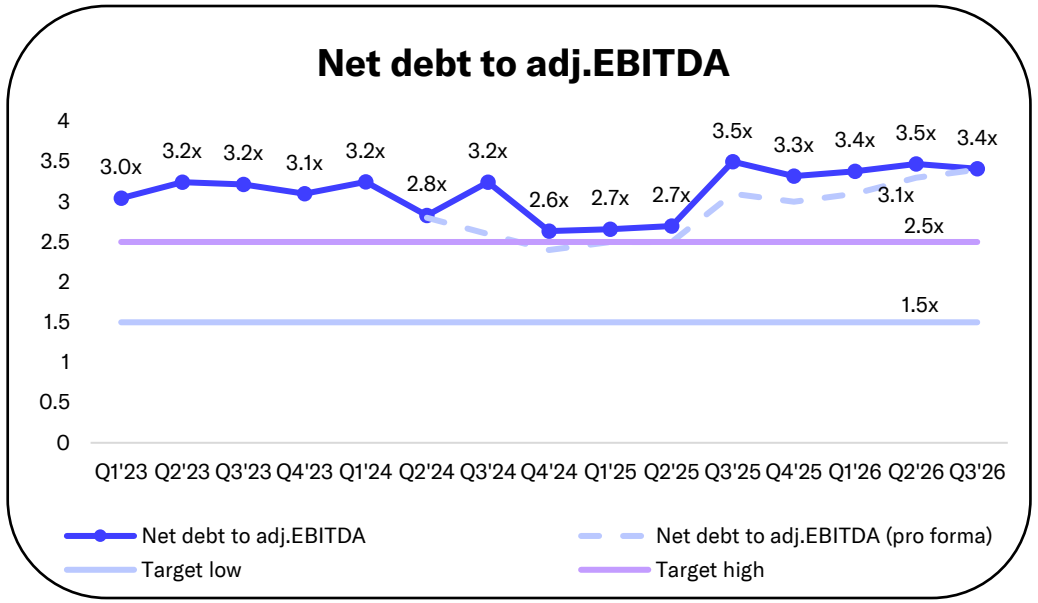
Net Dollar Expansion rate of Software Clients

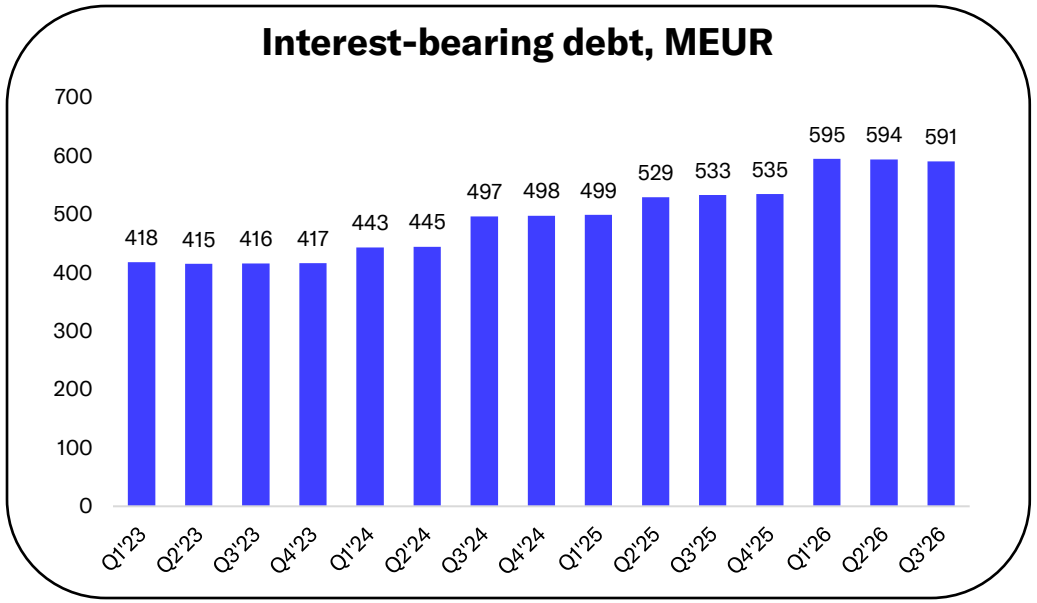


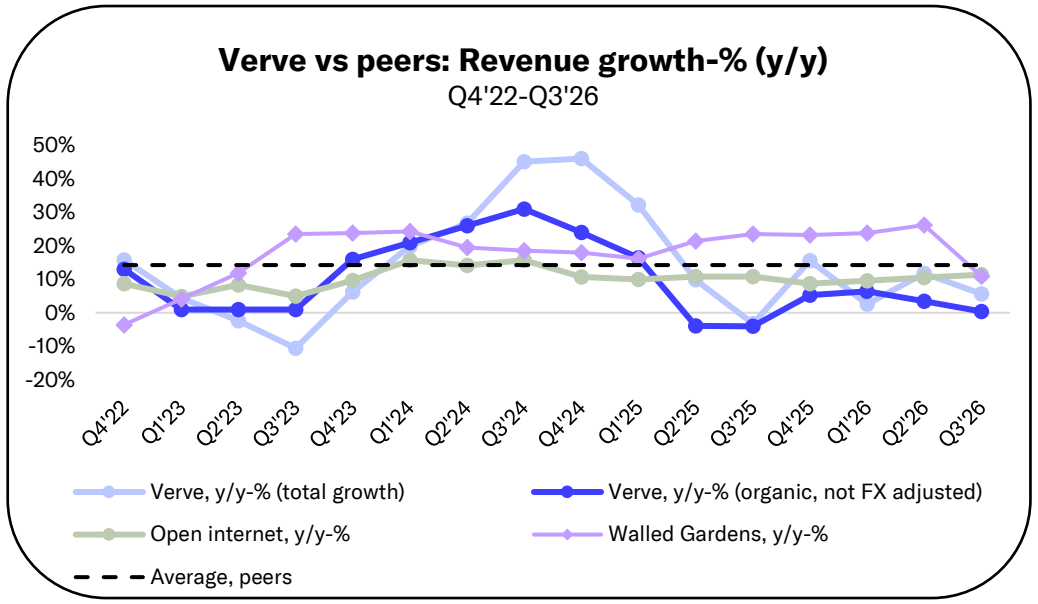
Retention rate of Software Clients

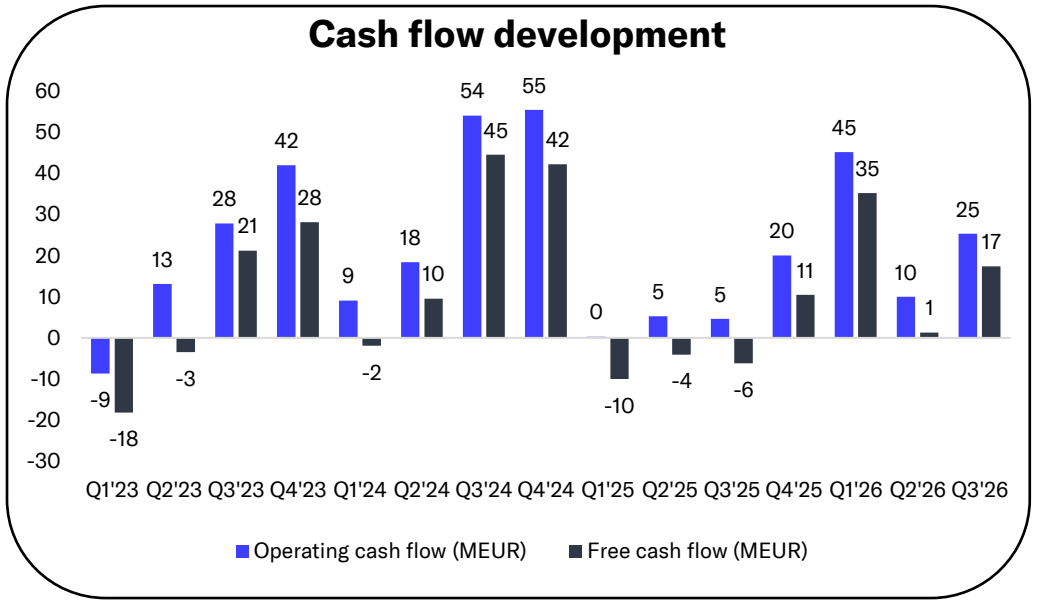


Other metrics

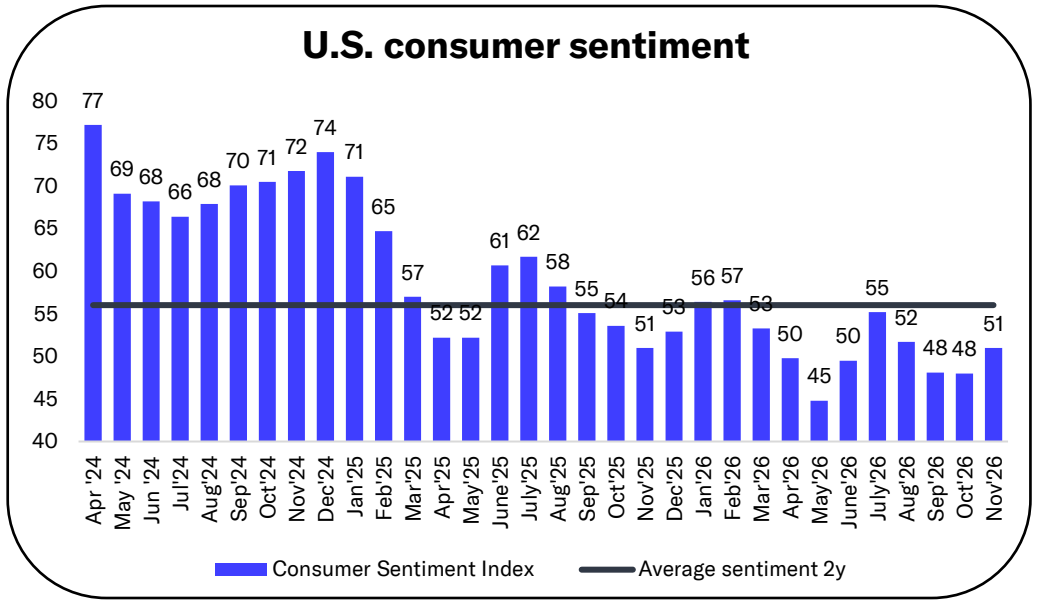


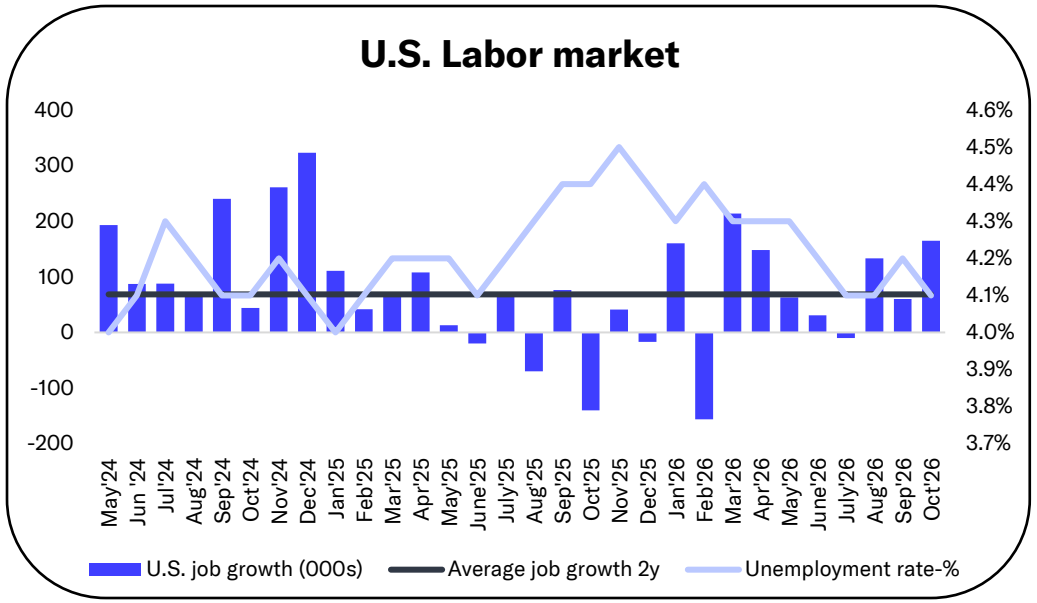


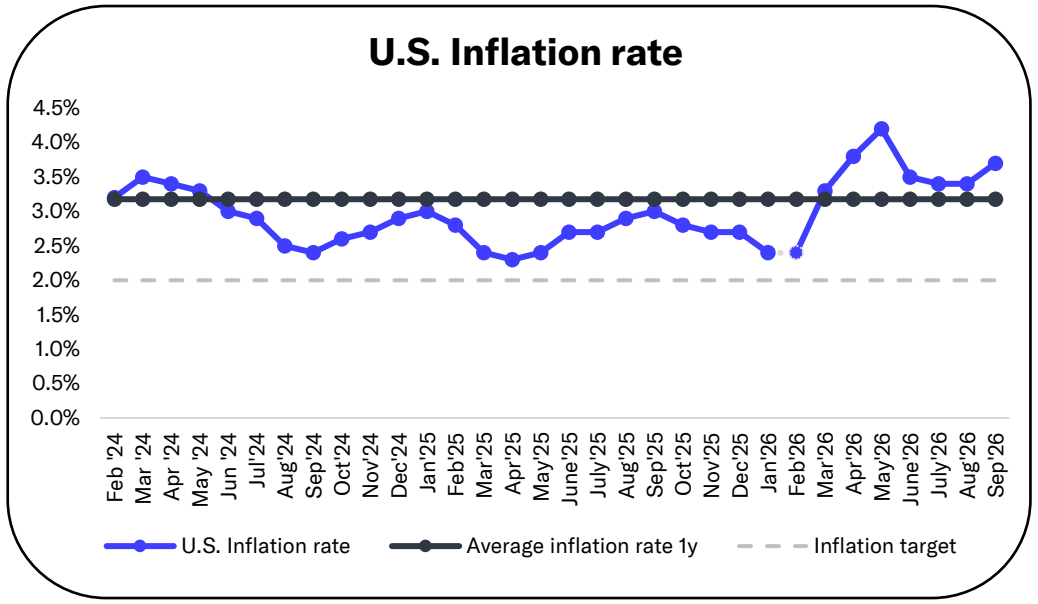


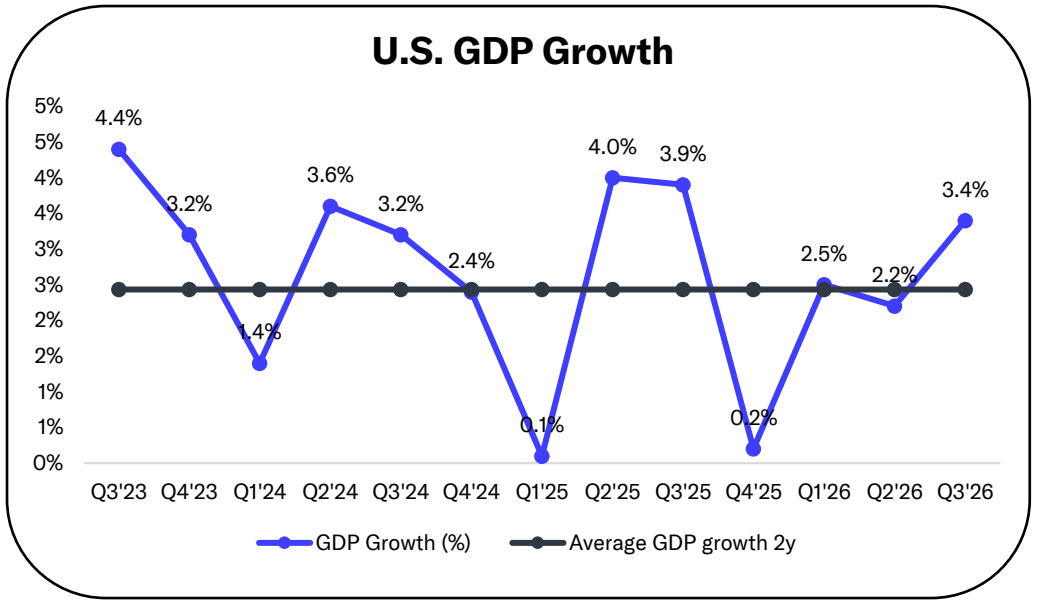


Macro snapshot









Sources: U.S. Bureau of Labor Statistics, University of Michigan

Valuation 1/3

Re-rating hinges on improving cash conversion, deleveraging, and restoring investor confidence

Verve's derating traces back to 2023, when contracting ad budgets collided with high leverage and rising rates, compressing both earnings and valuation multiples. Management has since acted on several fronts by, e.g., acquiring Jun Group to lift earnings quality and strengthen the demand side, raising 810 MSEK in equity, and refinancing its bonds at a lower coupon. However, 2025 proved harder than expected, as platform unification triggered a profit warning while securitization constraints kept free cash flow weak, and H1'26 was soft, with organic growth decelerating to just 3.5% in Q2.

Q3 marked a setback for the proof points we have been waiting for, as organic growth stalled despite an easy comparison base, NDER remained stuck around 95%, the cost base absorbed the gross margin gains, and adjusted leverage edged up quarter-on-quarter, moving further away from the 1.5–2.5x target. The decline in Verve's bond prices also signals that the credit market has become more skeptical. In our view, the very low absolute multiples reflect execution uncertainty, fragile investor confidence, and a stretched balance sheet.

Earnings- and FCFF-based multiples are on the low side

Verve's income statement contains several non-cash items and non-recurring costs, so we pay close attention to free cash flow-based valuation methods such as DCF. However, we also approach the valuation through absolute valuation multiples and in relation to peers. Verve's median EV/EBIT ratio, adjusted for nonrecurring costs and PPA amortization, over the last five years is 7x, and the corresponding figures for the adjusted EBITDA, adjusted P/E and EV/S ratio are 6x, 8x, and 1.6x, respectively. The average ratios are 9x, 7x, 11x, and 2x, respectively. Looking at the unadjusted multiples, the corresponding median EV/EBIT, EV/EBITDA, and P/E ratios are 10x, 6x, and 20x. To assess how Verve is priced relative to FCFF generated, we can look at a cash flow-based multiple, such as EV/FCFF. The four-year median EV/FCFF, adjusted for earn-outs, is 15x. In general, we believe this demonstrates that Verve's adjusted earnings multiples do not currently reflect cash flows very well.

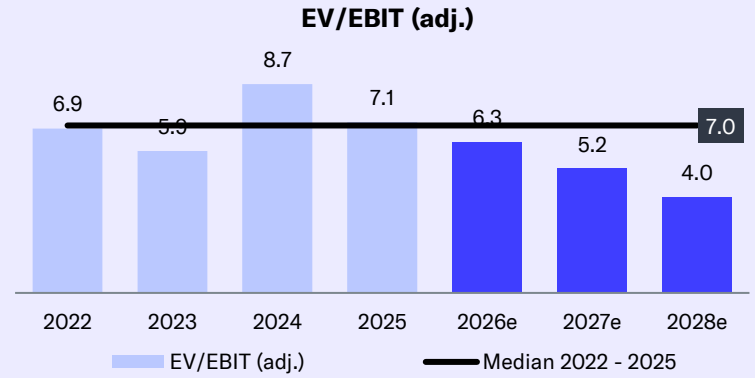
Based on our estimates and the current share price, Verve's adjusted EV/EBIT and EV/adjusted EBITDA multiples for 2026e-2027e stand at 6x-5x and 4x-4x, respectively, with unadjusted EV/EBIT and EV/EBITDA equivalents of 11x-7x and 5-4x. On a cash flow basis, EV/FCFF excluding earn-outs stands at 10x and 9x for the same years, and at 12x and 11x if we treat the securitization program as debt. As such, the adjusted earnings-based multiples remain well below their historical medians, while the cash flow-based multiples are less depressed than they first appear. Moreover, if we deduct net financial expenses from FCFF, the remaining cash flow implies a multiple of ~35x for 2027e, which highlights how much of Verve's operating cash flow is currently absorbed by its debt. In our view, this, together with the structural nature of the items affecting comparability, weakens the adjusted multiples as a valuation anchor, and we therefore place more weight on unadjusted and cash flow-based multiples.

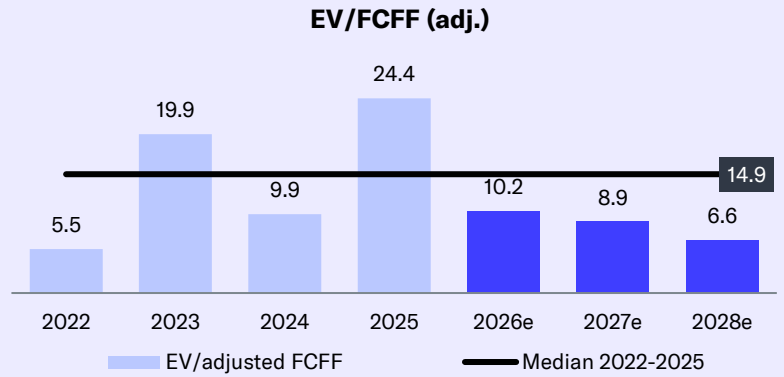
Trading at a discount to peers on earnings multiples

Relative to its peer group, Verve currently trades at a clear discount on earnings-based multiples. The peer group's median EV/EBIT and EV/FCFF multiples for 2026 and 2027 are 15x-16x and 12x-10x, respectively.

Valuation	2026e	2027e	2028e
Share price (EUR)	0.69	0.69	0.69
Number of shares, millions	200.1	200.1	200.1
Market cap (MEUR)	137	137	137
EV (MEUR)	601	581	536
P/E (adj.)	3.9	2.5	1.9
P/E	neg.	5.6	3.1
P/B	0.3	0.3	0.3
P/S	0.2	0.2	0.2
EV/Sales	0.9	0.8	0.7
EV/EBITDA	4.5	4.0	3.1
EV/EBIT (adj.)	6.3	5.2	4.0
EV/FCFF (adj.)*	10.2	8.9	6.6
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes





Valuation 2/3

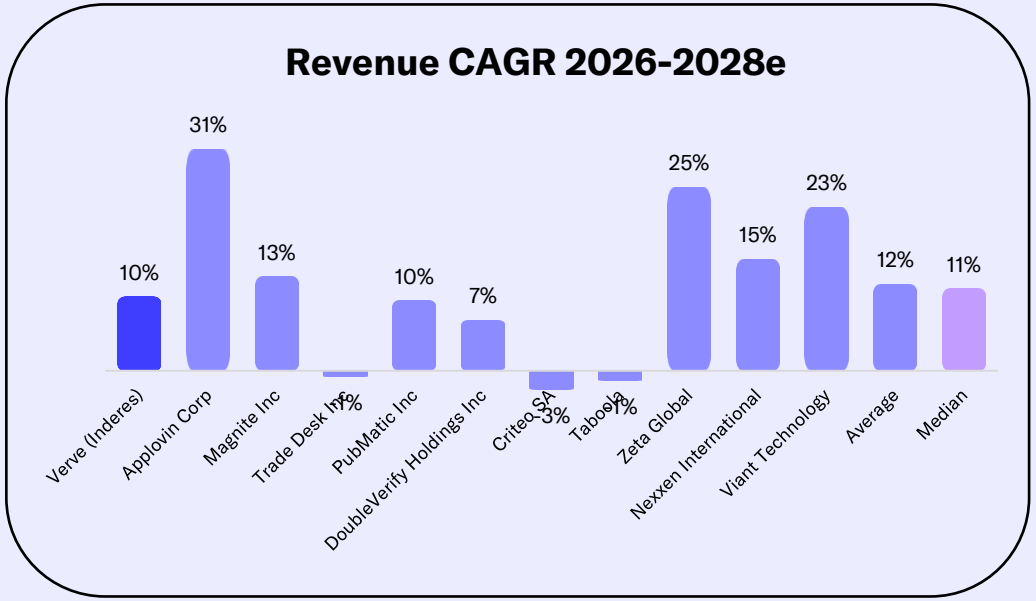
Corresponding EV/EBITDA, P/E, and EV/S multiples are 8x-7x, 21x-17x and 1.9x. We consider the discount justified, as Verve's adjusted EBITA margin is somewhat below the peer group, its growth outlook has weakened, and its significantly higher leverage means that a larger share of earnings and FCFF goes to interest expenses rather than shareholders, whereas peers typically have minimal debt or net cash. Verve's weaker cash conversion from adjusted EBITDA further supports a discount.

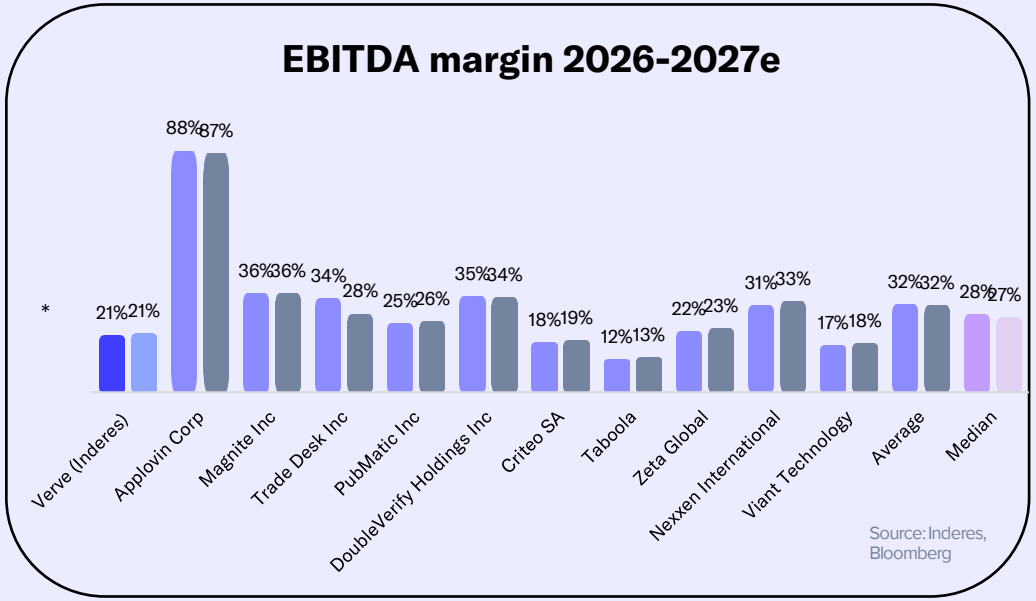
Total expected return in the coming years

We also examined an investor's expected return over the next few years, simplifying our acceptable valuation and 2028 earnings estimates. Based on our estimates and assuming there are no major changes in the company's growth outlook and margin development, we believe Verve could be valued around 7-8x EV/EBIT and 8-9x EV/FCFF at the end of 2028. This means that, if our estimates materialize, Verve could be valued at roughly SEK 16-22 per share at the end of 2028 (at current EUR/SEK exchange rate), down from SEK 27-34 in our previous report due to our lower estimates and higher net debt. Hence, in this scenario, the total annual expected return would, on average, still be well above the cost of equity that we use. However, given Verve's high exposure to the digital advertising market, which is volatile by nature, we believe it is premature to place significant reliance on this scenario. Moreover, the stalled organic growth, the continued uncertainty around the economic outlook in the US, which is Verve's largest market, and the ongoing structural share shift toward the walled gardens introduce additional risks to this valuation path. We also feel that the rising cost base, the continued management turnover, and the remaining uncertainty around the company's cash conversion cast some additional uncertainty. Furthermore, the expected return is back-loaded and depends on an EV-based valuation, which introduces additional uncertainty, e.g., regarding the capital structure and refinancing terms, which are difficult to accurately forecast over time.

DCF model

Our DCF model indicates a value of SEK 11 per share (was SEK 21), assuming revenue growth of 5.0% in 2027 and 6.8% in 2028, which then gradually tapers toward a 2% terminal growth rate. Our assumptions imply a gradual margin expansion in the near term, followed by a gradual convergence to our used terminal EBIT margin of 12% (was 13.5%). In addition to our lower estimates, the lower DCF value reflects a higher cost of capital, as we have raised our WACC to 12.9% (was 12.1%) and our cost of equity to 15.8% (was 14.6%), driven by a higher risk-free rate in light of the higher interest rate environment.





Valuation 3/3

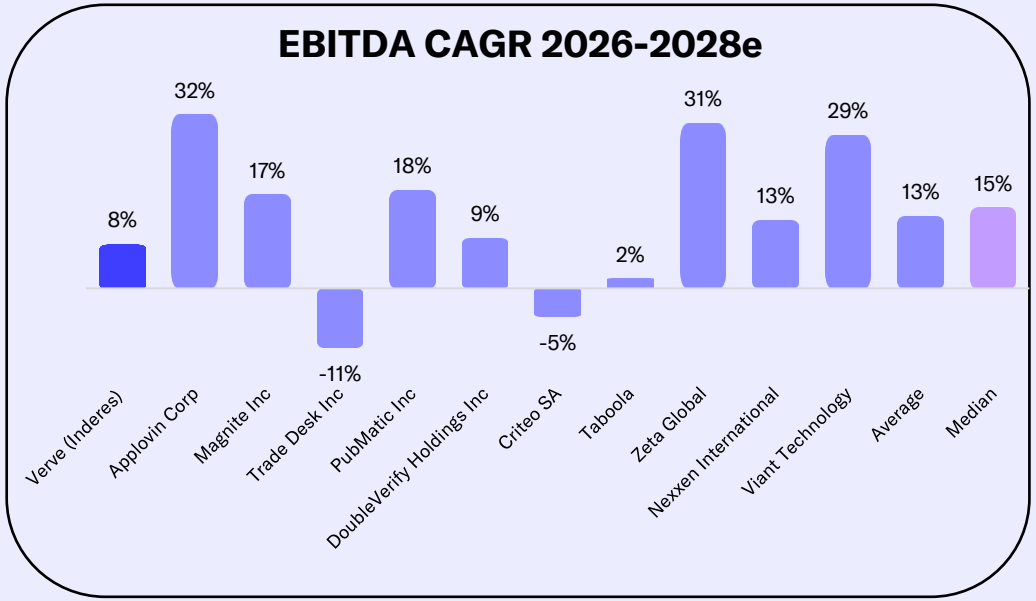
In our model, the weight of the terminal period is at a reasonable 38%. We continue to believe that our DCF analysis provides limited near-term support for the share price given the aforementioned uncertainties. We believe consistent operational delivery, primarily on cost control, organic revenue growth, cash conversion, and deleveraging, over the coming quarters is essential before we can confidently align our target price closer to our fair value estimate.

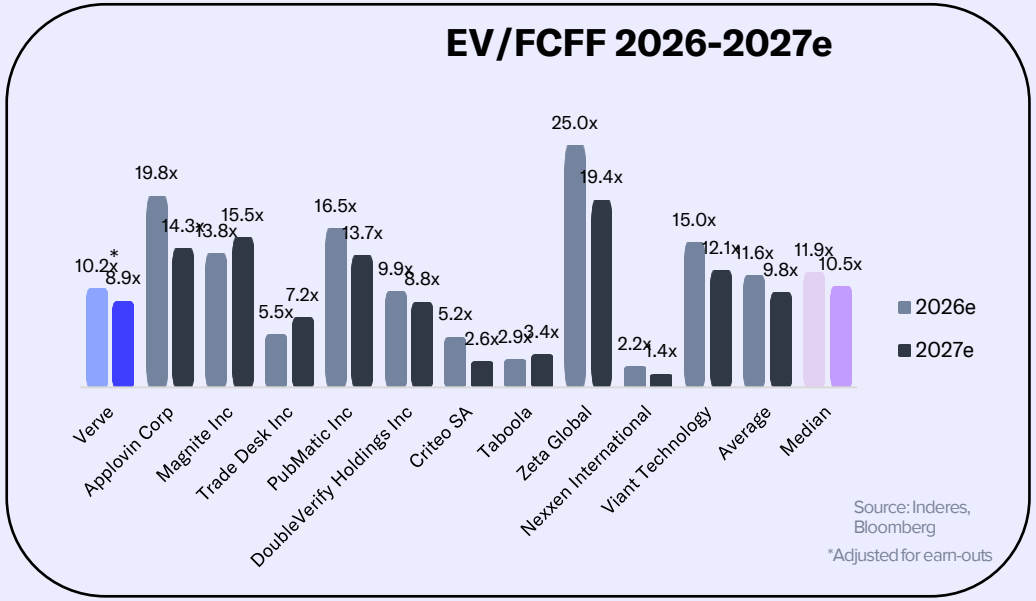
We reiterate our Accumulate recommendation

We reiterate our Accumulate recommendation, while lowering our target price to SEK 9.5 (was SEK 15), reflecting our lower estimates and a higher required return. At our target price, Verve would be valued at the low end of our acceptable valuation ranges (7-10x EV/adjusted EBIT, 5-8x EV/adjusted EBITDA, and 8-11x EV/FCFF) on earnings-based multiples.

We think a valuation at the low end of our ranges is justified at this stage for several reasons. First, organic growth has stalled, and as the recovery in demand failed to materialize in Q3, visibility for 2027 growth is low. Second, the margin gains from the platform unification are being absorbed by the cost base, and a recovery in operating leverage now depends on cost savings and sales productivity gains that have yet to be proven. Third, with adjusted leverage of 3.4x and bonds trading well below par, interest expenses consume a large share of operating cash flow, leaving little free cash flow to equity in the near term, while the CEO has explicitly prioritized growth investments over near-term deleveraging. Fourth, the extensive management turnover, with the CTO, CHRO, CRO, COO, and CFO all having left or been replaced this year, adds execution risk, while guidance credibility will be tested again, as we expect Verve to miss its 2026 guidance.

After Q2, we argued that the sell-off had priced in a great deal of bad news and that the downside looked limited, which proved wrong, as the share has since fallen by a further ~35%. Even so, we believe expectations embedded in the current valuation are now very low. With the share trading around SEK 7.7, we believe even a stabilization of the cost base and a Q4 delivery in line with our lowered estimates could be enough to support the stock, while potential deleveraging measures, such as the possible sale of the gaming unit that management is discussing, the new CFO's review of strategic and financial alternatives, and any evidence of a restart in organic growth in 2027 would leave the current depressed multiples with meaningful room to re-rate. However, our confidence in the case has declined, and we continue to see the balance-sheet and cash-conversion story as the key swing factor, which, coupled with the challenge of rebuilding investor confidence, will likely keep the share price volatile.

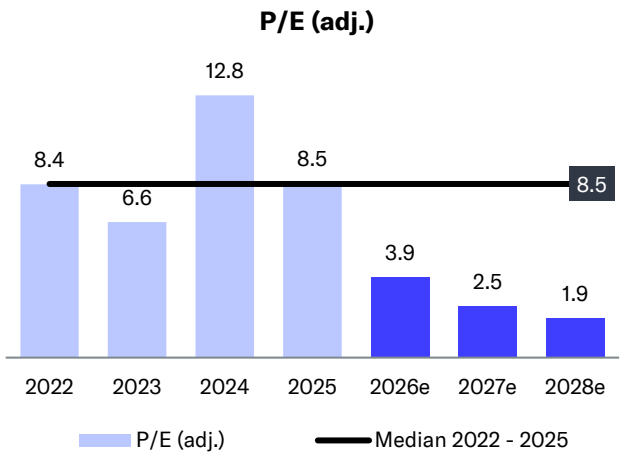


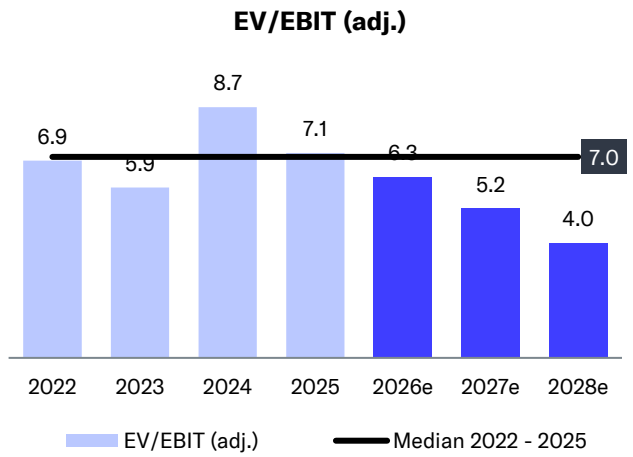


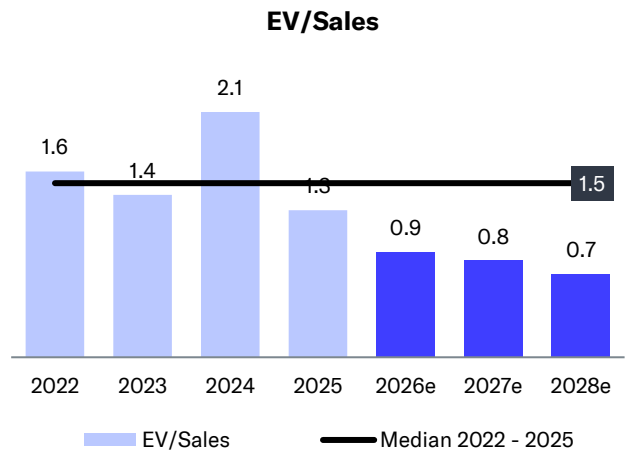
Valuation table

Valuation	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price (EUR)	1.60	1.02	3.12	1.30	**0.69**	**0.69**	**0.69**	**0.69**
Number of shares, millions	156.2	159.2	186.7	200.1	**200.1**	**200.1**	**200.1**	**200.1**
Market cap (MEUR)	255	163	583	260	**137**	**137**	**137**	**137**
EV (MEUR)	525	456	934	706	**601**	**581**	**536**	**472**
P/E (adj.)	8.4	6.6	12.8	8.5	**3.9**	**2.5**	**1.9**	**1.9**
P/E	neg.	3.5	20.2	>100	**neg.**	**5.6**	**3.1**	**2.2**
P/B	0.8	0.5	1.3	0.6	**0.3**	**0.3**	**0.3**	**0.3**
P/S	0.8	0.5	1.3	0.5	**0.2**	**0.2**	**0.2**	**0.2**
EV/Sales	1.6	1.4	2.1	1.3	**0.9**	**0.8**	**0.7**	**0.6**
EV/EBITDA	5.6	4.8	7.0	5.3	**4.5**	**4.0**	**3.1**	**2.8**
EV/EBIT (adj.)	6.9	5.9	8.7	7.1	**6.3**	**5.2**	**4.0**	**3.5**
EV/FCFF (adj.)*	5.5	19.9	9.9	76.6	**10.2**	**8.9**	**6.6**	**5.8**
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**

Source: Inderes







The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years.

Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		P/B
Company	**MEUR**	**MEUR**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**
Applovin Corp	105,074	105,386	17.7	14.1	16.5	13.3	13.9	11.1	21.5	16.8	25.3
Magnite Inc	3,239	3,200	23.2	19.5	11.8	10.5	4.5	4.1	20.7	17.6	3.5
Trade Desk Inc	5,761	4,264	11.4	18.8	4.8	6.0	1.6	1.7	10.2	11.1	2.2
PubMatic Inc	771	639	88.0	47.6	8.8	8.1	2.2	2.1	252.9	60.3	2.0
DoubleVerify Holdings Inc	1,929	1,726	12.9	10.7	6.8	6.3	2.4	2.2	30.5	23.4	1.8
Criteo SA	792	515	5.6	5.3	1.8	1.8	0.6	0.6	5.6	5.0	0.7
Taboola	451	405	3.7	3.6	2.1	2.1	0.2	0.2	3.4	3.1	
Zeta Global	6,864	6,777	21.9	17.0	18.0	14.6	4.0	3.4	27.3	21.6	6.7
Nexxen International	421	362	10.3	8.3	3.1	2.8	1.0	0.9	7.3	6.5	
Viant Technology	601	610	49.5	24.6	9.1	7.2	1.6	1.3	41.6	20.6	2.0
Verve (Inderes)	**137**	**601**	**6.3**	**5.2**	**4.5**	**4.0**	**0.9**	**0.8**	**3.9**	**2.5**	**0.3**
Average			**24.4**	**17.0**	**8.3**	**7.3**	**3.2**	**2.8**	**42.1**	**18.6**	**5.5**
Median			**15.3**	**15.6**	**7.8**	**6.7**	**1.9**	**1.9**	**21.1**	**17.2**	**2.1**
Diff-% to median			***-59%***	***-67%***	***-43%***	***-41%***	***-53%***	***-56%***	***-81%***	***-85%***	***-84%***

Source: Refinitiv / Inderes

Income statement

Income statement	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26	Q3'26	Q4'26e	2026e	2027e	2028e	2029e
Revenue	**437**	**109**	**106**	**142**	**194**	**551**	**137**	**152**	**164**	**204**	**658**	**691**	**737**	**782**
EBITDA (excl. NRI)	133	30.2	29.5	26.1	48.6	134	28.3	30.2	27.3	49.1	135	147	170	171
EBITDA	**129**	**27.5**	**27.0**	**21.8**	**45.8**	**122**	**24.0**	**20.9**	**21.7**	**44.4**	**111**	**133**	**157**	**170.6**
Depreciation	-38.2	-10.8	-10.4	-15.4	-16.6	-53.1	-15.6	-16.7	-12.1	-12.3	-56.7	-51.6	-49.6	-47.1
EBIT (excl. NRI)	**107**	**23.3**	**22.8**	**15.4**	**37.5**	**99.0**	**17.5**	**18.7**	**18.8**	**40.8**	**95.8**	**112**	**134**	**123**
EBIT	**90.3**	**16.7**	**16.6**	**6.5**	**29.2**	**69.1**	**8.4**	**4.2**	**9.6**	**32.1**	**54.3**	**81.5**	**107**	**123**
Net financial items	-58.5	-13.2	-20.8	-12.6	-15.2	-61.9	-15.1	-15.5	-14.1	-14.3	-59.0	-48.5	-47.6	-42.0
PTP	**31.8**	**3.5**	**-4.2**	**-6.2**	**14.1**	**7.2**	**-6.7**	**-11.3**	**-4.5**	**17.8**	**-4.6**	**33.0**	**59.7**	**81.5**
Taxes	-3.0	-3.3	4.6	2.6	-10.4	-6.5	3.7	3.8	-2.7	-6.8	-2.0	-8.6	-14.9	-20.4
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	**28.8**	**0.18**	**0.4**	**-3.6**	**3.7**	**0.7**	**-2.9**	**-7.5**	**-7.2**	**11.0**	**-6.6**	**24.4**	**44.8**	**61.1**
EPS (adj.)	**0.24**	**0.03**	**0.03**	**0.03**	**0.06**	**0.15**	**0.03**	**0.03**	**0.01**	**0.10**	**0.17**	**0.27**	**0.36**	**0.31**
EPS (rep.)	**0.15**	**0.00**	**0.00**	**-0.02**	**0.02**	**0.00**	**-0.01**	**-0.04**	**-0.04**	**0.06**	**-0.03**	**0.12**	**0.22**	**0.31**

Key figures	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26	Q3'26	Q4'26e	2026e	2027e	2028e	2029e
Revenue growth-%	35.7 %	32.2 %	9.9 %	24.8 %	34.4 %	26.1 %	25.8 %	43.5 %	15.6 %	5.3 %	19.4 %	5.0 %	6.8 %	6.0 %
Adjusted EBIT growth-%	39.2 %	40.2 %	-1.7 %	-38.8 %	-10.9 %	-7.5 %	-25.0 %	-18.0 %	22.1 %	8.8 %	-3.2 %	17.0 %	19.5 %	-7.8 %
EBITDA-%	29.4 %	25.2 %	25.4 %	15.4 %	23.6 %	22.2 %	17.5 %	13.7 %	13.2 %	21.8 %	16.9 %	19.3 %	21.3 %	21.8 %
Adjusted EBIT-%	24.5 %	21.4 %	21.5 %	10.9 %	19.4 %	18.0 %	12.8 %	12.3 %	11.5 %	20.0 %	14.6 %	16.2 %	18.2 %	15.8 %
Net earnings-%	6.6 %	0.2 %	0.4 %	-2.5 %	1.9 %	0.1 %	-2.1 %	-4.9 %	-4.4 %	5.4 %	-1.0 %	3.5 %	6.1 %	7.8 %

Source: Inderes

Full-year earnings per share are calculated using the number of shares at year-end.

Balance sheet

Assets	2024	2025	2026e	2027e	2028e
Non-current assets	**1013**	**1021**	**1002**	**989**	**979**
Goodwill	718	715	715	715	715
Intangible assets	269	258	241	230	222
Tangible assets	4.3	13.0	11.3	9.4	7.9
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	4.9	7.1	7.1	7.1	7.1
Deferred tax assets	17.0	27.9	27.9	27.9	27.9
Current assets	**239**	**232**	**276**	**289**	**350**
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	31.7	30.0	39.5	41.4	44.2
Receivables	60.9	113	125	131	144
Cash and equivalents	147	89.0	111	116	162
Balance sheet total	**1252**	**1252**	**1278**	**1278**	**1329**

Source: Inderes

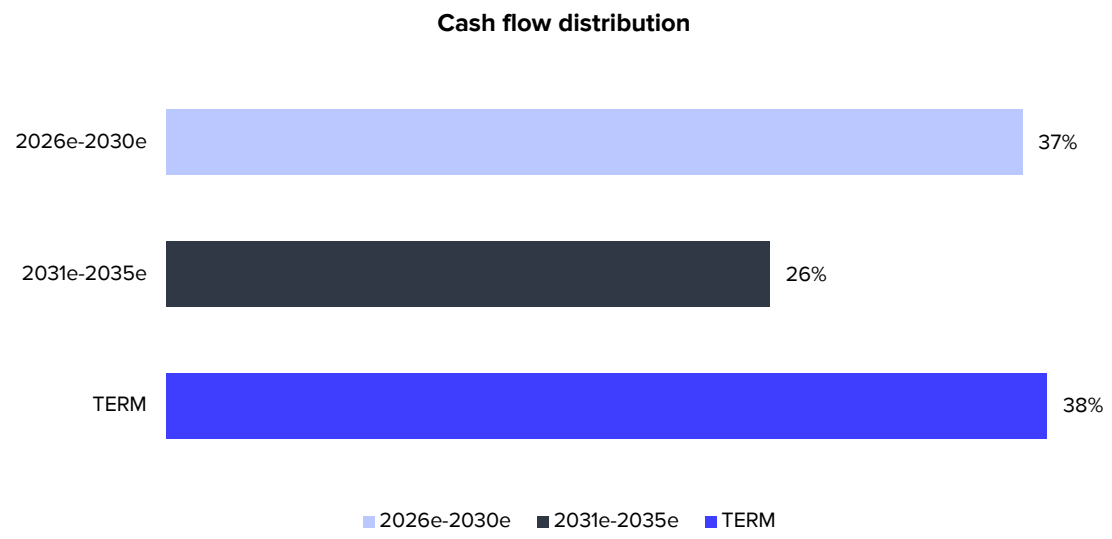
Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	**451**	**423**	**417**	**441**	**486**
Share capital	1.6	1.6	1.6	1.6	1.6
Retained earnings	76.9	77.6	70.9	95.3	140
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	372	344	344	344	344
Minorities	0.2	0.2	0.2	0.2	0.2
Non-current liabilities	**499**	**525**	**600**	**591**	**591**
Deferred tax liabilities	21.7	25.9	25.9	25.9	25.9
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	446	474	550	550	550
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	31.0	24.3	24.3	14.9	14.9
Current liabilities	**303**	**305**	**261**	**246**	**252**
Interest bearing debt	52.0	60.4	25.0	10.0	10.0
Payables	145	147	171	171	177
Other current liabilities	106	97.6	65.3	65.3	65.3
Balance sheet total	**1253**	**1253**	**1278**	**1278**	**1329**

DCF-calculation

DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	26.1 %	19.4 %	5.0 %	6.8 %	6.0 %	6.5 %	4.0 %	3.5 %	3.0 %	3.0 %	2.0 %	2.0 %
EBIT-%	12.5 %	8.3 %	11.8 %	14.6 %	15.8 %	16.5 %	15.6 %	15.0 %	13.0 %	12.0 %	12.0 %	12.0 %
EBIT (operating profit)	**69.1**	**54.3**	**81.5**	**107**	**123**	**137**	**135**	**134**	**120**	**114**	**116**	
+ Depreciation	53.1	56.7	51.6	49.6	47.1	39.6	38.3	42.6	45.8	47.2	48.7	
- Paid taxes	-13.2	-2.0	-8.6	-14.9	-20.4	-26.1	-26.7	-27.0	-23.9	-22.9	-24.0	
- Tax, financial expenses	-15.5	-14.7	-12.6	-11.9	-10.5	-8.2	-7.1	-6.6	-6.1	-5.6	-5.1	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	-56.8	-29.8	-8.6	-9.0	-4.6	-1.0	-0.7	-0.6	-0.5	-0.6	0.6	
Operating cash flow	**36.7**	**64.4**	**103**	**121**	**135**	**142**	**139**	**143**	**135**	**132**	**136**	
+ Change in other long-term liabilities	-6.7	0.0	-9.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-49.9	-38.0	-38.1	-40.2	-39.3	-43.5	-47.7	-52.8	-54.0	-52.0	-48.7	
Free operating cash flow	**-19.9**	**26.4**	**55.7**	**81.0**	**95.9**	**98.1**	**91.3**	**90.0**	**81.2**	**80.2**	**87.8**	
+/- Other	33.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	13.1	26.4	55.7	81.0	95.9	98.1	91.3	90.0	81.2	80.2	87.8	817
Discounted FCFF		**26.1**	**48.7**	**62.7**	**65.8**	**59.6**	**49.1**	**42.9**	**34.3**	**30.0**	**29.1**	**271**
Sum of FCFF present value		719	693	644	581	516	456	407	364	330	300	271

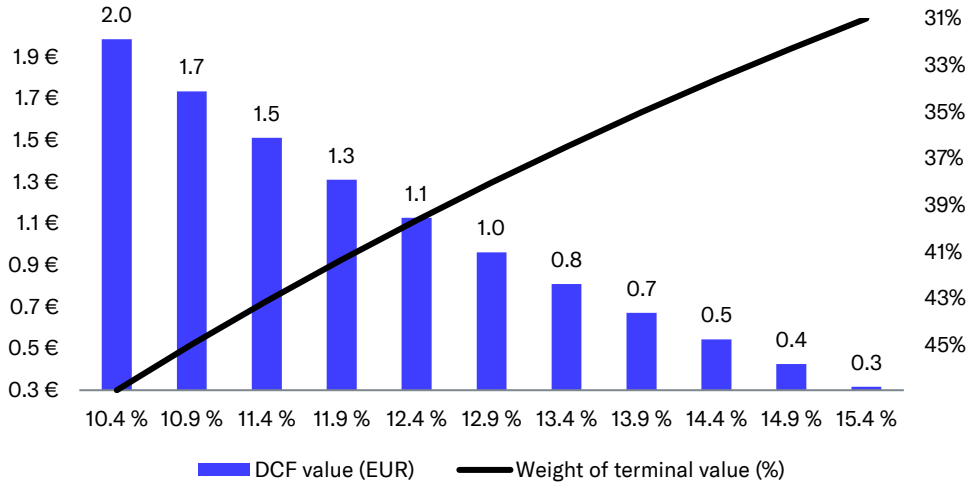
Enterprise value DCF	**719**
- Interest bearing debt	-614.9
+ Cash and cash equivalents	89.0
+ Associated companies	0.0
-Minorities	-0.1
-Dividend/capital return	0.0
Equity value DCF	**193**
Equity value DCF per share	**1.0**
Equity value DCF per share (SEK)	**11**

WACC	
Tax-% (WACC)	25.0 %
Target debt ratio (D/(D+E)	35.0 %
Cost of debt	10.0 %
Equity Beta	2.35
Market risk premium	4.75%
Liquidity premium	1.65%
Risk free interest rate	3.0 %
Cost of equity	**15.8 %**
Weighted average cost of capital (WACC)	**12.9 %**

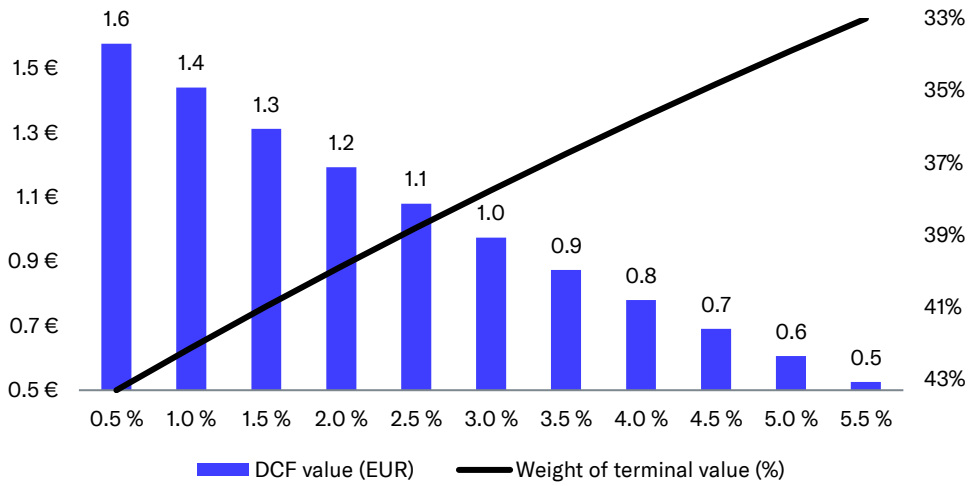


DCF sensitivity calculations and key assumptions in graphs

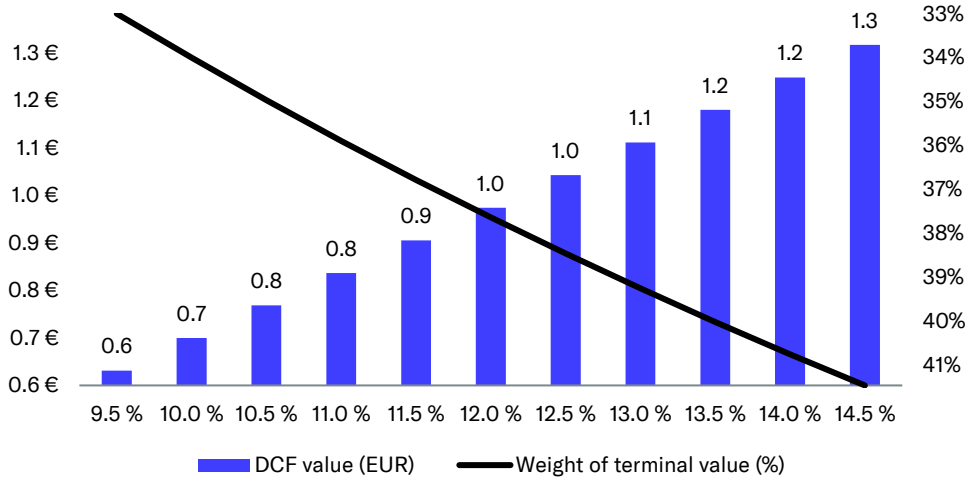
Sensitivity of DCF to changes in the WACC-%



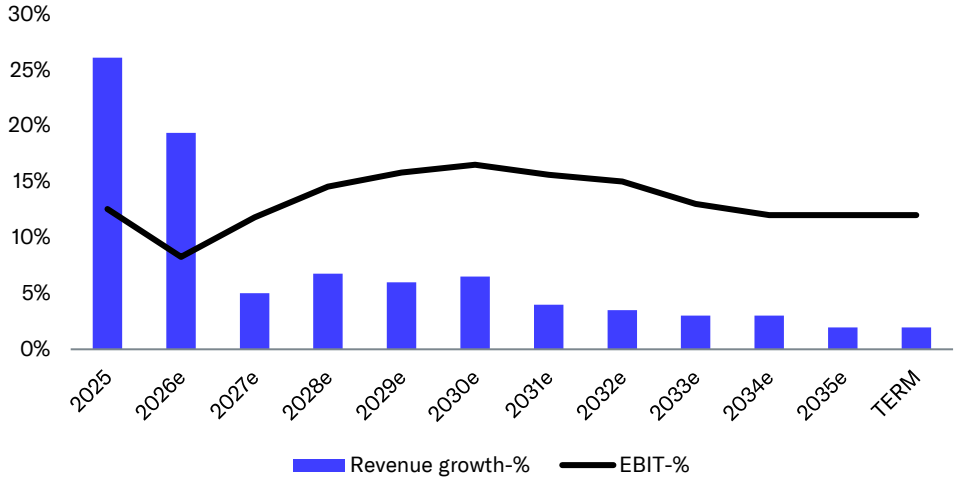
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2023	2024	2025	2026e	2027e
Revenue	322.0	437.0	550.9	**657.6**	**690.5**
EBITDA	128.5	128.5	122.1	**111.0**	**133.1**
EBIT	99.0	90.3	69.1	**54.3**	**81.5**
PTP	48.9	31.8	7.2	**-4.6**	**33.0**
Net Income	46.7	28.8	0.7	**-6.6**	**24.4**
Extraordinary items	22.1	-16.8	-30.0	**-41.5**	**-30.6**

Balance sheet	2023	2024	2025	2026e	2027e
Balance sheet total	1007.0	1252.4	1252.5	**1278.0**	**1277.6**
Equity capital	352.5	450.9	423.1	**416.5**	**440.9**
Goodwill	578.0	718.0	714.7	**714.7**	**714.7**
Net debt	292.8	351.2	445.9	**463.6**	**443.7**

Cash flow	2023	2024	2025	2026e	2027e
EBITDA	128.5	128.5	122.1	**111.0**	**133.1**
Change in working capital	-14.1	56.0	-56.8	**-29.8**	**-8.6**
Operating cash flow	109.5	162.3	36.7	**64.4**	**103.2**
CAPEX	-15.5	-232.3	-49.9	**-38.0**	**-38.1**
Free cash flow	41.3	-35.9	13.1	**26.4**	**55.7**

Valuation multiples	2023	2024	2025	2026e	2027e
EV/S	1.4	2.1	1.3	**0.9**	**0.8**
EV/EBITDA	4.8	7.0	5.3	**4.5**	**4.0**
EV/EBIT (adj.)	5.9	8.7	7.1	**6.3**	**5.2**
P/E (adj.)	6.6	12.8	8.5	**3.9**	**2.5**
P/B	0.5	1.3	0.6	**0.3**	**0.3**
Dividend-%	0.0 %	0.0 %	0.0 %	**0.0 %**	**0.0 %**

Source: Inderes

Per share data	2023	2024	2025	2026e	2027e
EPS (reported)	0.29	0.15	0.00	**-0.03**	**0.12**
EPS (adj.)	0.15	0.24	0.15	**0.17**	**0.27**
OCF / share	0.69	0.87	0.18	**0.32**	**0.52**
OFCF / share	0.26	-0.19	0.07	**0.13**	**0.28**
Book value / share	2.21	2.41	2.11	**2.08**	**2.20**
Dividend / share	0.00	0.00	0.00	**0.00**	**0.00**

Growth and profitability	2023	2024	2025	2026e	2027e
Revenue growth-%	-1%	36%	26%	**19%**	**5%**
EBITDA growth-%	52%	0%	-5%	**-9%**	**20%**
EBIT (adj.) growth-%	0%	39%	-8%	**-3%**	**17%**
EPS (adj.) growth-%	-18%	58%	-37%	**14%**	**58%**
EBITDA-%	39.9 %	29.4 %	22.2 %	**16.9 %**	**19.3 %**
EBIT (adj.)-%	23.9 %	24.5 %	18.0 %	**14.6 %**	**16.2 %**
EBIT-%	30.7 %	20.7 %	12.5 %	**8.3 %**	**11.8 %**
ROE-%	13.8 %	7.2 %	0.2 %	**-1.6 %**	**5.7 %**
ROI-%	13.1 %	10.5 %	7.2 %	**5.6 %**	**8.2 %**
Equity ratio	35.0 %	36.0 %	33.8 %	**32.6 %**	**34.5 %**
Gearing	83.1 %	77.9 %	105.4 %	**111.3 %**	**100.6 %**
Net debt/EBITDA	2.3	2.7	3.7	**4.2**	**3.3**
EBITDA/net financials	2.6	2.2	2.0	**1.9**	**2.7**

The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years. Per-share figures are calculated using the number of shares at year-end.

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Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2022-12-12	Buy	23 kr	16.90 kr
2023-01-03	Buy	26 kr	18.00 kr
2023-06-01	Buy	22 kr	12.70 kr
2023-09-01	Buy	21 kr	15.20 kr
2023-12-01	Buy	16 kr	10.10 kr
2024-03-01	Buy	17 kr	12.09 kr
2024-03-21	Buy	20 kr	16.98 kr
	Change of Analyst		
2024-05-08	Accumulate	24 kr	20.85 kr
2024-06-24	Buy	28 kr	18.52 kr
2024-07-05	Accumulate	29 kr	25.25 kr
2024-08-13	Accumulate	35 kr	31.55 kr
2024-08-30	Accumulate	38 kr	33.65 kr
2024-10-31	Accumulate	50 kr	45.20 kr
2024-11-29	Accumulate	50 kr	41.00 kr
2025-02-28	Buy	57 kr	42.85 kr
2025-04-09	Buy	45 kr	29.60 kr
2025-05-28	Buy	45 kr	34.24 kr
2025-08-18	Buy	32 kr	20.20 kr
2025-09-19	Buy	36 kr	25.70 kr
2025-11-19	Buy	26 kr	17.99 kr
2026-01-27	Buy	24 kr	18.37 kr
2026-02-20	Buy	20 kr	13.82 kr
2026-04-08	Accumulate	18 kr	14.74 kr
2026-05-21	Accumulate	18 kr	15.99 kr
2026-05-28	Accumulate	20 kr	17.73 kr
2026-08-28	Accumulate	15 kr	11.80 kr
2026-11-24	Accumulate	9.5 kr	7.70 kr



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