

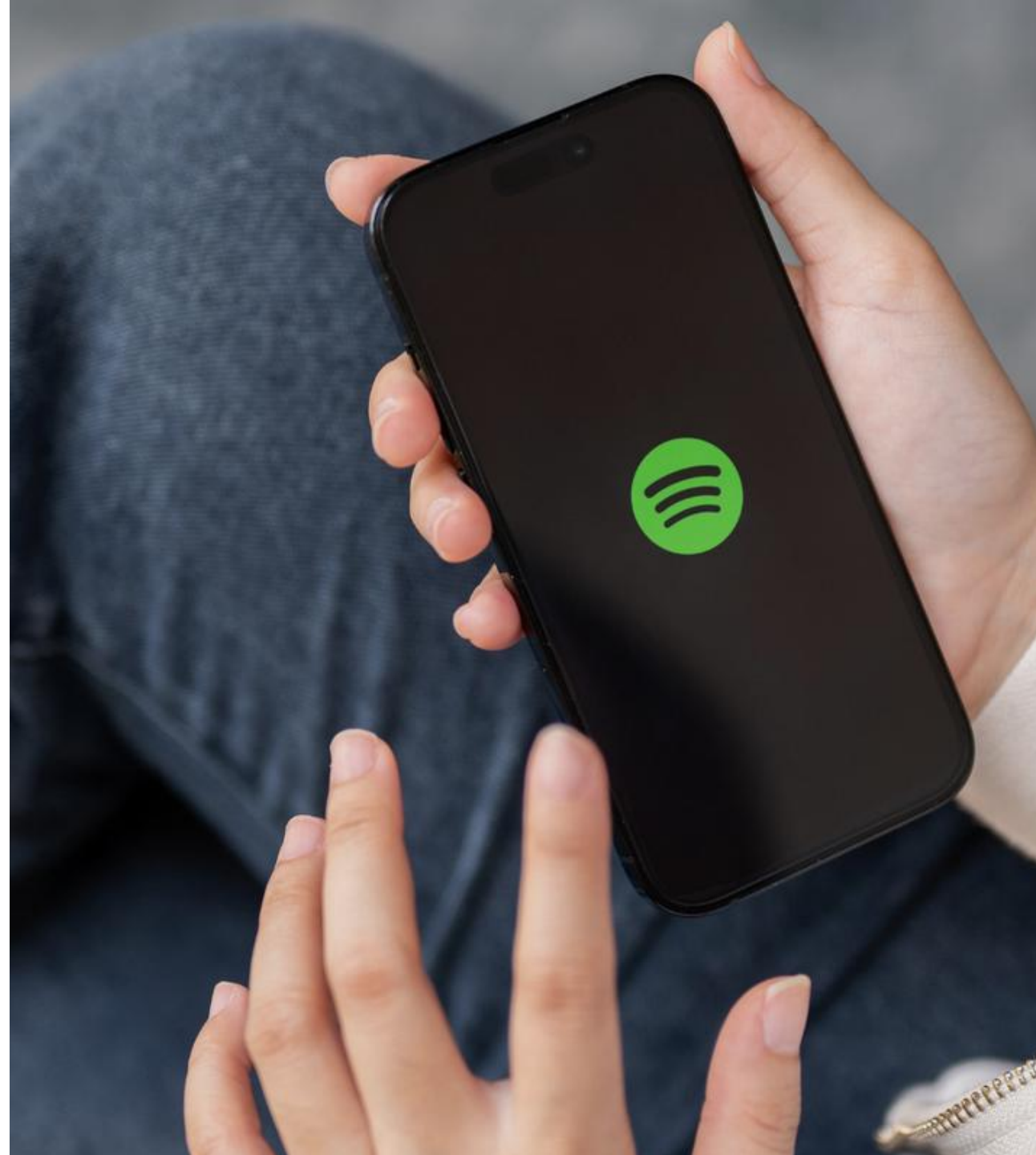
SPOTIFY

4/21/2026 09:10 CET



Christoffer Jennel, Analyst
46731589555
christoffer.jennel@inderes.com

COMPANY REPORT



Riding the rhythm

Spotify will report Q1 earnings on Tuesday, April 28, before market opens. We expect the company to demonstrate continued operational momentum, characterized by steady user growth and robust profitability improvements. While reported revenue growth continues to face significant currency headwinds, we expect the underlying business to remain strong, supported by recent pricing actions in the US and a continued focus on AI-driven operational efficiencies. Our Q1 expectations are largely aligned with the company's guidance, although we've increased our EBIT estimate due to the impact of the negative share price development in Q1 (-17%) on social charges. Following recent share price strength, some of the upside we saw has already materialized. That said, Spotify is currently trading at the low end of our acceptable valuation ranges (EV/FCFF 26': 24x, EV/EBIT: 28x, EV/GP: 12x), leaving further upside potential in the stock. However, due to the recent increase in the share price, we lower our recommendation to Accumulate (was Buy) while leaving our target price unchanged at USD 595.

Investment case relies on scale, brand, and improved monetization

Spotify remains the clear global leader in audio streaming, with +750m MAUs and +290m premium subscribers. In our view, the investment case for Spotify rests on its vast user scale and data insights, strong brand, and improving monetization potential across existing and new subscription plans, advertising expansion, and new content verticals. Having compounded scale and customer goodwill for nearly two decades, coupled with the transition to a cost-efficiency and profitability mindset in recent years, we believe Spotify is well-positioned to continue to deliver robust earnings and FCF growth in the years to come.

We expect a profitability beat as social charges provide a tailwind

We expect continued solid operational momentum in Q1 with MAU and premium subscribers reaching 759m and 293m respectively (+8m/+3m q/q). Revenue growth will continue to be pressured by

significant currency headwinds (~670 bps), and we expect reported growth of ~8% to 4.53 BEUR. Ahead of the Q1 report, we have raised our EBIT estimate to 713 MEUR (15.7% margin) from 663 MEUR, well above the company's own guidance of 660 MEUR, driven by lower-than-guided social charges* following the weak share price performance in Q1 (-17%). We expect the gross margin to improve to 32.8% (Q1'25: 31.6%) as pricing actions outpace content cost growth, while AI-driven efficiencies continue to compress R&D and G&A as a share of revenue. We remain attentive to any signs of churn following the January US price increases, the trajectory of the ad business, and the Q2 guidance. We also note that the upcoming Investor Day on May 21 represents a potential additional catalyst as management is expected to revisit long-term targets, update on the "superfan" tier initiative, and present its strategic vision for AI.

Still attractive despite recent run

The stock is up some 13% since we turned to Buy in our February update, and with only small estimate revisions into Q1 earnings, Spotify trades, based on our 2026-2027 estimates, at EV/EBIT of 28x-23x, EV/FCFF of 24x-21x, and EV/Gross Profit of 13x-11x, all below or at the low end of our acceptable valuation ranges. While some of the upside we saw has already materialized, we still view current levels as attractive to get exposure to a market-leading company with clear scale advantages and data capabilities relative to competitors, which previously has traded at rich premiums. At our target price, Spotify trades at the midpoint of our acceptable valuation ranges, which we view as justified for now. At the same time, we acknowledge that the combination of double-digit growth and margin expansion that we forecast going forward is expected to depress our estimated valuation multiples below our ranges already in 2027, which we think motivates a continued positive view on valuation, should these materialize. As such, we see the risk/reward as attractive, with a solid 12-month upside potential.

Recommendation

Accumulate

(prev. Buy)

Target price:

USD 595

(prev. USD 595)

Share price:

USD 537

Business risk



Valuation risk



	2025	2026e	2027e	2028e
Revenue (MEUR)	17,186	19,619	22,645	25,534
growth-%	10%	14%	15%	13%
EBIT adj. (MEUR)	2,198	2,977	3,569	4,417
EBIT-% adj.	12.8 %	15.2 %	15.8 %	17.3 %
Net Income (MEUR)	2,212	3,033	3,438	4,104
EPS (adj.) (EUR)	10.8	14.5	16.2	19.1
P/E (adj.)	46.0	31.3	28.0	23.8
P/B	12.2	8.4	6.5	5.2
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	42.8	28.2	22.9	17.8
EV/EBITDA	40.8	27.0	22.1	17.3
EV/S	5.5	4.3	3.6	3.1

Source: Inderes

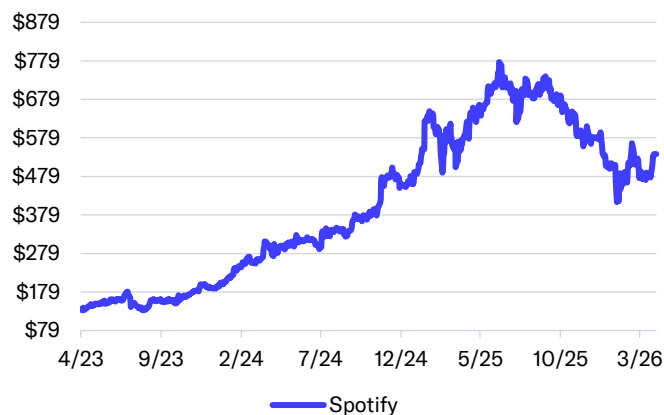
Guidance

(Unchanged)

For Q1'26, Spotify expects:
 MAU: 759m (+8m q/q)
 Premium subscribers: 293m (+3m q/q)
 Revenue: 4.5 BNEUR (+8% y/y)
 Gross margin: 32.8%
 Operating income: 660 MEUR

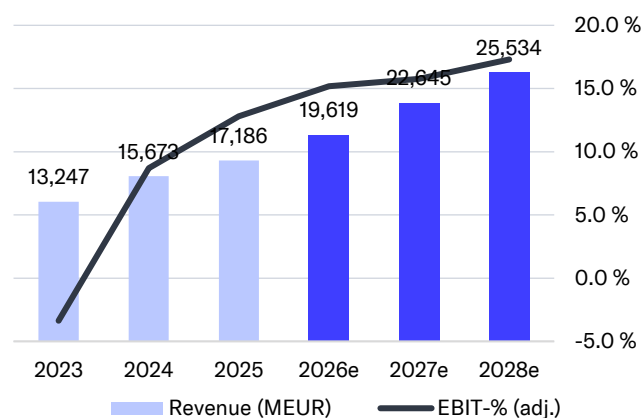
* Social Charges are payroll taxes that vary with Spotify's stock price due to their link to share-based compensation in certain countries.

Share price



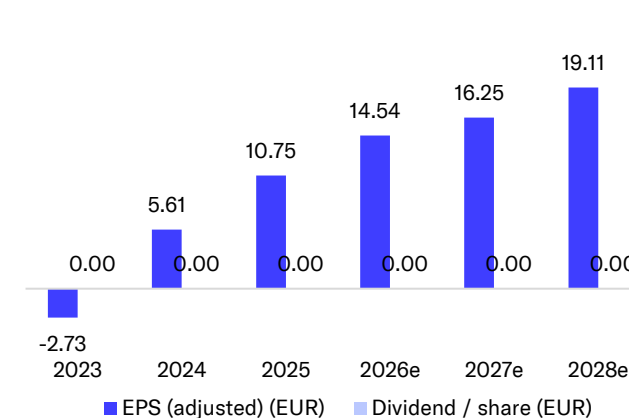
Source: Millstream Market Data AB

Revenue and EBIT-% (adj.)



Source: Inderes

EPS and DPS



Source: Inderes

Value drivers

- Top-of-mind brand in audio with a market-leading position
- On track to reach one billion users by 2030
- With the most loyal and engaged customers in the space, Spotify has an untapped potential in its advertising business
- The shift to podcast profitability and ramping up Marketplace contribution enables incremental leverage and margin expansion
- Potential to grow in emerging markets and increase market share
- Expanding into new emerging verticals while improving monetization enables ARPU and margin expansion

Risk factors

- Worsening relationships with the music industry could pose operational challenges
- The competition in the audio industry is fierce and includes financially stronger companies
- Challenges in executing emerging verticals may put pressure on the balance sheet
- A deceleration in subscriber growth could drive significant volatility in the share price
- While offering opportunities for Spotify, AI advancements could enable competitors to narrow the gap in personalization capabilities

Valuation	2026e	2027e	2028e
Share price (EUR)	455.4	455.4	455.4
Number of shares, millions	208.5	211.6	214.8
Market cap (MEUR)	94,945	96,369	97,814
EV (MEUR)	84,045	81,714	78,767
P/E (adj.)	31.3	28.0	23.8
P/E	31.3	28.0	23.8
P/FCF	30.4	27.3	23.5
P/B	8.4	6.5	5.2
P/S	4.8	4.3	3.8
EV/Sales	4.3	3.6	3.1
EV/EBITDA	27.0	22.1	17.3
EV/EBIT (adj.)	28.2	22.9	17.8
EV/FCFF	24.4	20.9	17.2

Efficiency and pricing expected to drive margin gains (1/2)

Revenue growth tempered by currency headwinds despite pricing actions

We expect Spotify to report Q1 revenue of 4.53 BEUR, representing a year-over-year increase of ~8%, or ~14-15% on a currency-neutral basis. We expect top line growth to remain volume-lead during the quarter, with monthly active users (MAU) and subscribers are projected to land at 759m (14% y/y) and 293m (9% y/y), representing a net additions of 8m and 3m quarter to quarter. This is also in line with the company's guidance. Currency movements are expected to remain a headwind during the quarter (~670 bps negative impact), limiting the reported effects of earlier price hikes on international markets (e.g. Europe, Latin America, Middle East in Q3'25) and in the US (mid Q1'26). However, we expect revenue growth to accelerate over the course of the year, from Q2 and onwards, supported by a full-quarter benefit from recent US price increases and fading currency headwinds. We also anticipate ad-

supported revenue to remain relatively soft in the short term (Q1'26: 431 MEUR, 3% y/y), with growth rates expected to be in the low-to-mid single digits, as the business continues to navigate pricing softness and inventory optimization before accelerating meaningfully in the second half of the year, supported by new DSP partnerships and expanded ad capabilities and formats that we expect will boost programmatic ad revenue.

Efficiency gains and pricing to drive margin expansion

Heading into the Q1 report, we expect cost benefits from lower social charges relative to the company's 10 MEUR guidance, driven by the negative share price performance during the quarter (-17%). As such, we raised our EBIT forecast to 713 MEUR for Q1 (was 663 MEUR, Q1'25: 509 MEUR) corresponding to an EBIT margin of 15.7% (Q1'25: 12.1%), where we expect social charges to reduce costs by ~45 MEUR (was +10 MEUR, in line with guidance). As such, we expect these effects to result in a notably beat relative

to company's own guidance of 660 MEUR. Beyond the mechanically positive effects from lower social charges, we expect improved year-on-year profitability to be driven by a strengthened gross margin (32.8% vs 31.6% in Q1'25) as pricing adjustments are expected to outpace net content-cost growth. Furthermore, we believe Spotify will continue to reap the benefits of its AI-driven efficiency improvements, particularly visible in lower R&D and G&A expenses relative to revenue (SG&A-% of revenue: 17% vs 19% last year).

Estimates MEUR / EUR	Q1'25	Q1'26	Q1'26e	Q1'26e	Consensus		2026e
	Comparison	Actualized	Inderes	Consensus	Low	High	Inderes
Revenue	4,190		4,530	4,526	4,499	- 4,587	19,619
EBITDA	538		746	724	687	- 770	3,109
EBIT	509		713	680	620	- 743	2,977
PTP	328		767	744	546	- 980	3,192
EPS (adj.)	1.09		3.43	2.93	1.91	- 3.94	14.54
Revenue growth-%	15.2 %		8.1 %	8.0 %	7.4 %	- 9.5 %	14.2 %
EBIT-% (adj.)	12.1 %		15.7 %	15.0 %	13.8 %	- 16.2 %	15.2 %

Source: Inderes & Bloomberg (consensus)

Efficiency and pricing expected to drive margin gains (2/2)

2026 is the year of raising ambitions and product innovation

Management has labeled 2026 as "the year of raising ambitions," signaling a shift toward faster innovation and product delivery. In the Q1 report, we look for updates on the launch of new product features and the potential introduction of the higher-priced "superfan" tier, which we view as a key lever for future ARPU expansion. We also see the company's focus on video podcasting and AI-enhanced personalization as central to increasing user lifetime value and engagement.

A key watchpoint will be the Q2 guidance, where we expect revenue of 4.8 BEUR (+14% y/y), +16m MAU additions (incl. +6m premium subs), a gross margin of 32.9%, and EBIT of 701 MEUR (14.7% margin). We will continue to focus on potential comments supporting our pricing power thesis following the US price hikes and current price gap relative to competitors, but also on

subscriber momentum and the trajectory of the advertising business.

In addition, we think the company's upcoming Investor Day on May 21 could serve as a potential catalyst for the stock, where the company likely will revisit its long-term targets. We also think Spotify will provide an update on initiatives such as the superfan tier and outline its broader ambition to evolve Spotify into what it describes as the world's first truly intelligent, agentic media platform, enabling conversational user interaction and building on proprietary data sets across music, podcasts and audiobooks to deepen personalization. Since the last Investor Day in 2022, Spotify has scaled its podcast offering, introduced video and launched tiers for audiobooks, all of which should help operating leverage. The management has also talked up the potential of AI both on the cost and revenue front in recent quarters, why we believe there could be a possibility that we'll see upward revised targets particularly

on profitability. We also feel this need to be supported by a broader vision around revenue growth drivers for investor conviction.

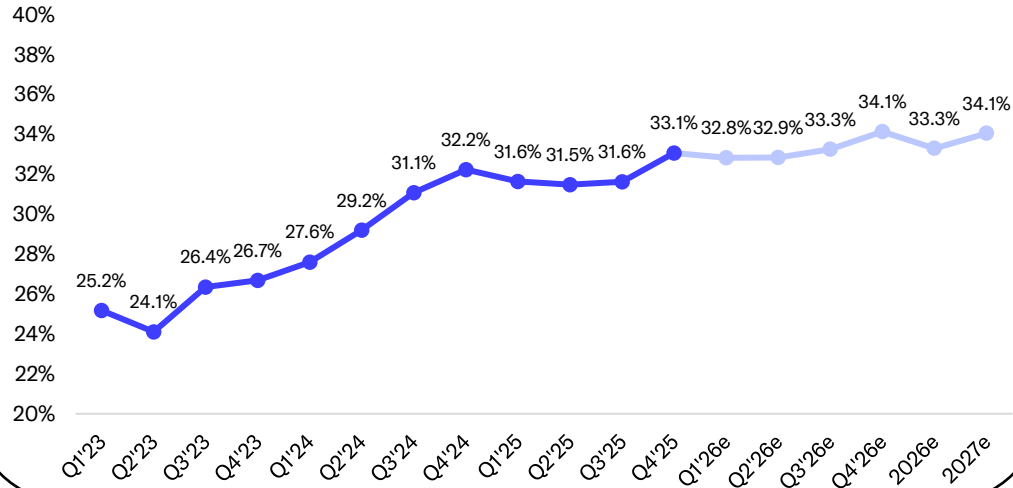
Estimates MEUR / EUR	Q1'25	Q1'26	Q1'26e	Q1'26e	Consensus		2026e
	Comparison	Actualized	Inderes	Consensus	Low	High	Inderes
Revenue	4,190		4,530	4,526	4,499	- 4,587	19,619
EBITDA	538		746	724	687	- 770	3,109
EBIT	509		713	680	620	- 743	2,977
PTP	328		767	744	546	- 980	3,192
EPS (adj.)	1.09		3.43	2.93	1.91	- 3.94	14.54
Revenue growth-%	15.2 %		8.1 %	8.0 %	7.4 %	- 9.5 %	14.2 %
EBIT-% (adj.)	12.1 %		15.7 %	15.0 %	13.8 %	- 16.2 %	15.2 %

Source: Inderes & Bloomberg (consensus)

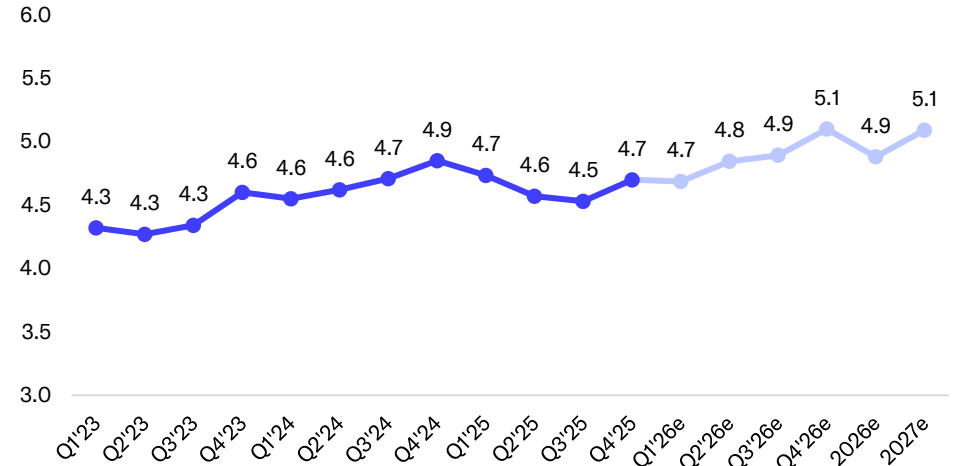
Key KPI's



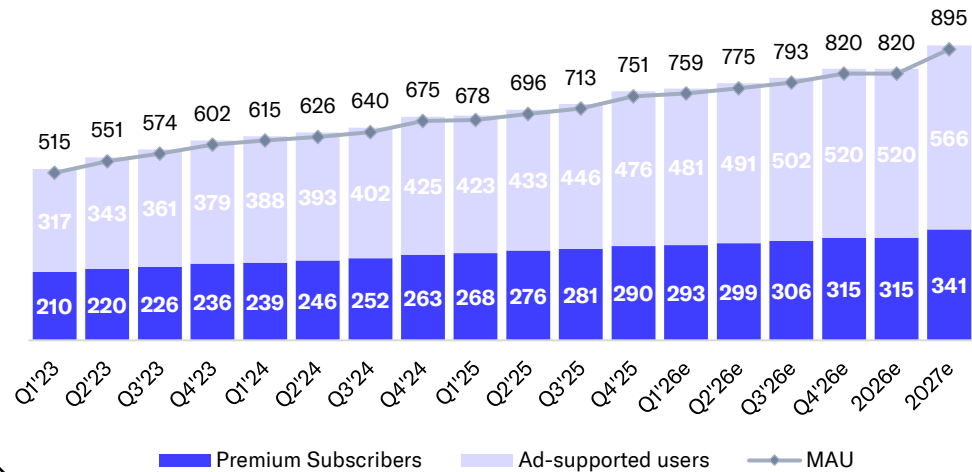
Gross margin trajectory (est.)



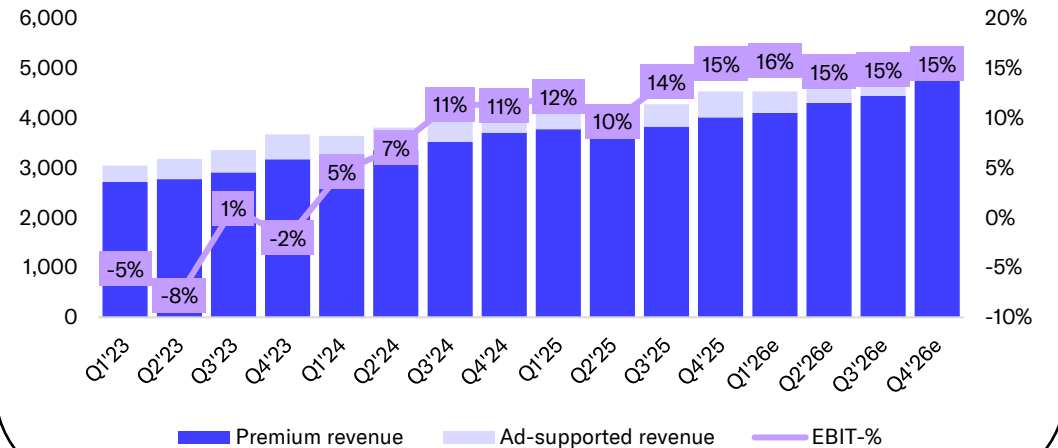
Monthly Premium ARPU trajectory (est.)



User growth trajectory (est.)



Revenue and EBIT-% (est.)



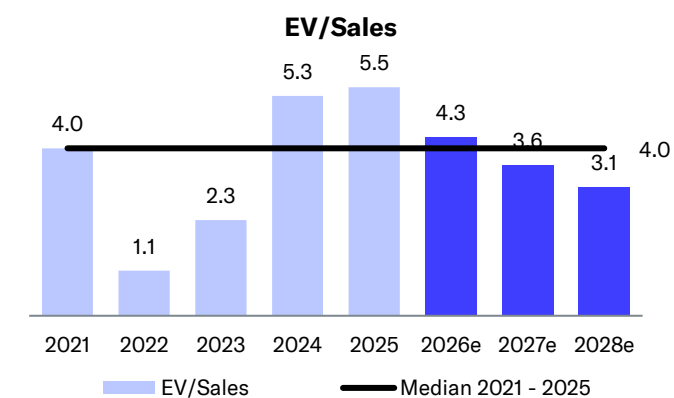
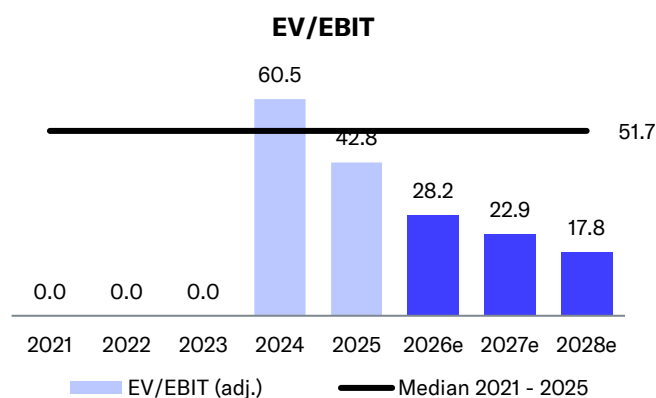
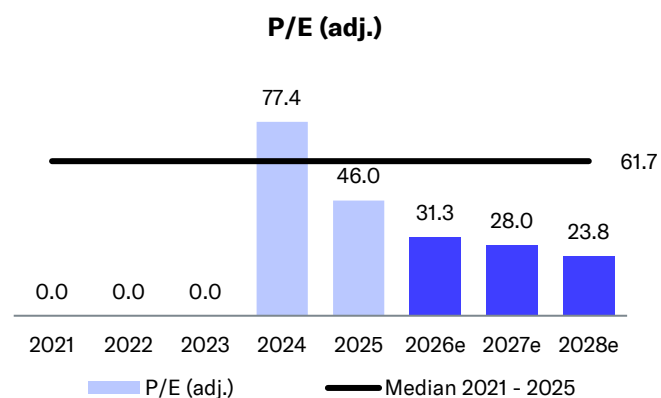
Estimate revisions

Estimate revisions MEUR / EUR	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %	2028e Old	2028e New	Change %
Revenue	19,619	19,619	0%	22,645	22,645	0%	25,534	25,534	0%
EBITDA	3,059	3,109	2%	3,702	3,702	0%	4,551	4,551	0%
EBIT (exc. NRIs)	2,927	2,977	2%	3,569	3,569	0%	4,417	4,417	0%
EBIT	2,927	2,977	2%	3,569	3,569	0%	4,417	4,417	0%
PTP	3,141	3,192	2%	3,819	3,820	0%	4,689	4,690	0%
EPS (excl. NRIs)	14.31	14.54	2%	16.24	16.25	0%	19.10	19.11	0%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price (EUR)	211.7	74.2	169.1	434.0	494.4	455.4	455.4	455.4	455.4
Number of shares, millions	191.3	192.9	194.7	202.9	205.7	208.5	211.6	214.8	218.0
Market cap (MEUR)	40,507	14,318	32,933	88,062	101,707	94,945	96,369	97,814	99,282
EV (MEUR)	38,788	12,650	30,415	82,615	94,131	84,045	81,714	78,767	75,326
P/E (adj.)	neg.	neg.	neg.	77.4	46.0	31.3	28.0	23.8	21.7
P/E	neg.	neg.	neg.	77.4	46.0	31.3	28.0	23.8	21.7
P/FCF	37.6	neg.	>100	43.6	54.0	30.4	27.3	23.5	21.2
P/B	19.1	6.0	13.1	15.9	12.2	8.4	6.5	5.2	4.2
P/S	4.2	1.2	2.5	5.6	5.9	4.8	4.3	3.8	3.5
EV/Sales	4.0	1.1	2.3	5.3	5.5	4.3	3.6	3.1	2.6
EV/EBITDA	>100	neg.	neg.	54.0	40.8	27.0	22.1	17.3	14.4
EV/EBIT (adj.)	>100	neg.	neg.	60.5	42.8	28.2	22.9	17.8	14.8
EV/FCFF	212.0	40.5	475.2	111.0	39.9	24.4	20.9	17.2	14.7



Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B 2026e
			2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e
Big Tech													
Apple	3,405,533	3,425,584	26.9	25.1	24.8	23.1	8.6	8.1	32.1	29.2	0.4	0.4	44.1
Amazon.com	2,268,352	2,239,439	26.6	21.4	12.7	10.2	3.3	2.9	31.9	26.1			5.3
Alphabet	3,458,286	3,393,891	24.9	21.2	18.2	15.1	8.5	7.3	29.3	25.1	0.3	0.3	7.9
Subscription businesses													
Netflix	339,229	340,990	24.6	20.6	23.4	19.6	7.8	7.0	27.1	24.7			10.8
Match Group	7,137	9,636	10.9	10.0	8.7	8.2	3.3	3.1	13.6	11.8	2.2	2.4	
Bumble	491	936	5.1	5.2	4.0	4.0	1.3	1.3	4.3	4.7			0.7
Chegg	97	80			3.2	2.7	0.4	0.5					0.5
Roku	14,878	12,943	61.9	34.4	23.8	18.1	2.8	2.5	57.3	37.4			5.8
Media/Entertainment													
Warner Bros. Discovery	58,393	83,820	50.6	41.2	11.6	11.6	2.6	2.6		294.8			1.9
The Walt Disney Company	159,979	198,834	12.5	11.7	10.4	9.7	2.3	2.2	16.0	14.5	1.4	1.6	1.7
Paramount Skydance Corporation	10,847	20,686	12.6	10.5	6.9	6.7	0.8	0.8	16.0	13.5	1.7	1.7	1.1
Digital Ad-supported businesses													
Snap	8,609	9,116		86.5	9.5	7.8	1.6	1.5	11.3	8.6			4.1
Meta Platforms	1,447,163	1,428,047	19.4	16.5	12.2	10.0	6.7	5.7	22.6	19.6	0.3	0.4	5.8
Reddit	27,027	24,927	36.1	22.9	22.0	15.8	9.4	7.2	40.4	29.0			8.4
Pinterest	10,096	8,000	19.6	15.6	6.8	5.9	2.0	1.8	11.5	10.0			2.6
Music/Audio													
iHeartMedia	537	4,603	11.9	12.5	6.8	7.1	1.3	1.3					
Sirius XM Holdings	7,783	15,948	10.0	10.0	7.3	7.3	2.2	2.2	8.9	8.5	4.1	4.3	1.0
Deezer	135	96	19.9	7.8	6.6	3.9	0.2	0.2	66.5	15.5			
Tencent Music Entertainment Group	13,519	11,363	8.0	7.2	7.5	6.7	2.5	2.3	10.4	9.4	1.9	2.4	1.3
Warner Music Group Corp.	13,572	16,741	17.4	14.2	12.0	10.7	2.8	2.6	22.8	17.9	2.6	2.7	16.5
Universal Music Group	37,469	40,407	17.0	15.1	13.7	12.4	3.0	2.8	19.3	17.4	2.8	3.0	6.9
Live Nation Entertainment	30,813	33,059	26.7	21.3	15.1	13.4	1.4	1.3	105.4	63.5			31.4
Spotify (Inderes)	94,945	84,045	28.2	22.9	27.0	22.1	4.3	3.6	31.3	28.0	0.0	0.0	8.4
Average			22.1	20.5	12.1	10.5	3.4	3.0	28.8	34.1	1.8	1.9	8.3
Median			19.5	15.6	11.0	9.9	2.6	2.4	22.6	17.7	1.8	2.0	5.3
Diff-% to median			45%	47%	146%	124%	66%	51%	39%	59%	-100%	-100%	59%

Source: Refinitiv / Inderes

Income statement

Income statement (MEUR)	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26e	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue	15673	4190	4193	4272	4531	17,186	4,530	4,785	4,954	5,350	19,619	22,645	25,534	28,720
Premium revenue	13819	3771	3740	3826	4013	15,350	4,100	4,303	4,440	4,753	17,596	20,038	22,342	25,130
Ad-supported revenue	1854	419	453	446	518	1,836	431	481	514	598	2,023	2,607	3,192	3,590
EBITDA	1529	538	432	611	727	2,308	746	734	769	860	3,109	3,702	4,551	5,238
Depreciation	-164.0	-29.0	-26.0	-29.0	-26.0	-110	-33	-33	-33	-33	-133	-133	-133	-135
EBIT (excl. NRI)	1365	509	406	582	701	2,198	713	701	736	826	2,977	3,569	4,417	5,103
EBIT	1365	509	406	582	701	2,198	713	701	736	826	2,977	3,569	4,417	5,103
Share of profits in assoc. compan.	0.0	0.0	0.0	0.0	0.0	0	0	0	0	0	0	0	0	0
Net financial items	-24.0	-181.0	-358.0	245	320	26	54	54	54	54	215	251	273	273
PTP	1341	328	48.1	827	1021	2,224	767	755	790	880	3,192	3,820	4,690	5,377
Taxes	-203.0	-103.0	-134.0	72.0	153	-12	-38	-38	-40	-44	-160	-382	-586	-806
Minority interest	0.0	0.0	0.0	0.0	0.0	0	0	0	0	0	0	0	0	0
Net earnings	1138	225	-85.9	899	1174	2,212	728	717	751	836	3,033	3,438	4,104	4,570
Net earnings	1138	225	-85.9	899	1174	2,212	728	717	751	836	3,033	3,438	4,104	4,570
EPS (adj.) (EUR)	5.61	1.09	-0.42	4.37	5.71	10.75	3.49	3.44	3.60	4.01	14.54	16.25	19.11	20.96
EPS (rep.) (EUR)	5.61	1.09	-0.42	4.37	5.71	10.75	3.49	3.44	3.60	4.01	14.54	16.25	19.11	20.96

Key figures	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26e	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue growth-%	18.3 %	15.2 %	10.1 %	7.1 %	6.8 %	9.7 %	8.1 %	14.1 %	16.0 %	18.1 %	14.2 %	15.4 %	12.8 %	12.5 %
Adjusted EBIT growth-%	406.0 %	202.9 %	52.7 %	28.3 %	46.9 %	61.0 %	40.1 %	72.6 %	26.4 %	17.9 %	35.4 %	19.9 %	23.8 %	15.5 %
EBITDA-%	9.8 %	12.8 %	10.3 %	14.3 %	16.0 %	13.4 %	16.5 %	15.3 %	15.5 %	16.1 %	15.8 %	16.3 %	17.8 %	18.2 %
Adjusted EBIT-%	8.7 %	12.1 %	9.7 %	13.6 %	15.5 %	12.8 %	15.7 %	14.7 %	14.9 %	15.4 %	15.2 %	15.8 %	17.3 %	17.8 %
Net earnings-%	7.3 %	5.4 %	-2.0 %	21.1 %	25.9 %	12.9 %	16.1 %	15.0 %	15.2 %	15.6 %	15.5 %	15.2 %	16.1 %	15.9 %

Source: Inderes

Balance sheet

Assets (MEUR)	2024	2025	2026e	2027e	2028e
Non-current assets	3,626	4,519	4,519	4,522	4,526
Goodwill	1,201	1,083	1,083	1,083	1,083
Intangible assets	48	41	41	41	41
Tangible assets	414	422	422	425	429
Associated companies	0	0	0	0	0
Other investments	1,635	2,181	2,181	2,181	2,181
Other non-current assets	142	130	130	130	130
Deferred tax assets	186	662	662	662	662
Current assets	8,379	10,496	12,646	16,740	21,383
Inventories	0	0	0	0	0
Other current assets	160	227	227	227	227
Receivables	771	802	1,020	1,359	1,609
Cash and equivalents	7,448	9,467	11,399	15,155	19,548
Balance sheet total	12,005	15,015	17,165	21,262	25,909

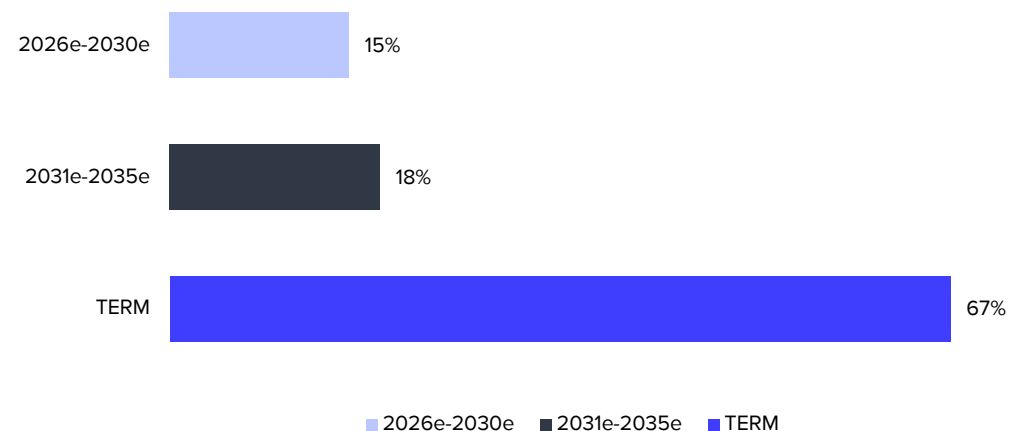
Source: Inderes

Liabilities & equity (MEUR)	2024	2025	2026e	2027e	2028e
Equity	5,525	8,329	11,362	14,800	18,904
Share capital	0	0	0	0	0
Retained earnings	-3,044	-832	2,201	5,639	9,743
Hybrid bonds	0	0	0	0	0
Revaluation reserve	0	0	0	0	0
Other equity	8,569	9,161	9,161	9,161	9,161
Minorities	0	0	0	0	0
Non-current liabilities	2,055	652	719	719	719
Deferred tax liabilities	21	163	163	163	163
Provisions	28	54	54	54	54
Interest bearing debt	2,001	433	500	500	500
Convertibles	0	0	0	0	0
Other long term liabilities	5	2	2	2	2
Current liabilities	4,425	6,034	5,085	5,743	6,287
Interest bearing debt	0	1,458	0	0	0
Payables	4,372	4,494	5,003	5,661	6,205
Other current liabilities	53	82	82	82	82
Balance sheet total	12,005	15,015	17,165	21,262	25,909

DCF-calculation

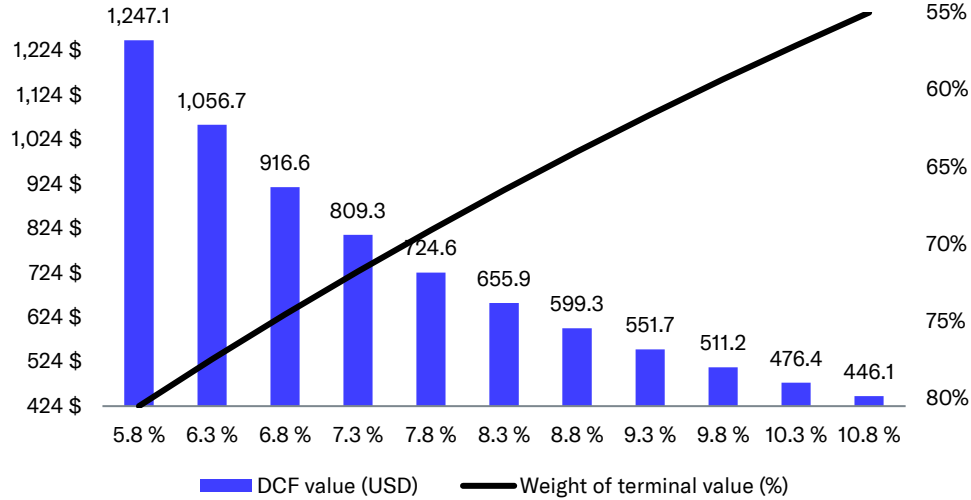
DCF model (MEUR)	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	9.7 %	14.2 %	15.4 %	12.8 %	12.5 %	11.4 %	10.5 %	10.0 %	9.0 %	7.0 %	3.0 %	3.0 %
EBIT-%	12.8 %	15.2 %	15.8 %	17.3 %	17.8 %	18.9 %	19.5 %	20.0 %	21.0 %	21.0 %	21.0 %	21.0 %
EBIT (operating profit)	2,198	2,977	3,569	4,417	5,103	6,057	6,893	7,777	8,901	9,524	9,809	
+ Depreciation	110	133	133	133	135	137	139	141	128	129	135	
- Paid taxes	-346	-160	-382	-586	-806	-1,121	-1,464	-1,659	-1,904	-2,051	-1,962	
- Tax, financial expenses	0	-2	-4	-5	-6	-7	-8	-8	-8	-8	0	
+ Tax, financial income	1	13	29	39	47	68	94	112	132	154	0	
- Change in working capital	53	291	320	294	344	435	564	399	443	248	211	
Operating cash flow	2,015	3,251	3,665	4,292	4,816	5,568	6,218	6,762	7,692	7,996	8,193	
+ Change in other long-term liabilities	23	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-527	-133	-135	-138	-141	-143	-146	-149	-149	-149	-135	
Free operating cash flow	1,511	3,119	3,530	4,154	4,676	5,425	6,071	6,613	7,543	7,847	8,058	
+/- Other	372	0	0	0	0	0	0	0	0	0	0	
FCFF	1,883	3,119	3,530	4,154	4,676	5,425	6,071	6,613	7,543	7,847	8,058	156,743
Discounted FCFF		2,950	3,084	3,351	3,483	3,732	3,856	3,879	4,085	3,924	3,721	72,386
Sum of FCFF present value		108,451	105,501	102,417	99,066	95,583	91,851	87,995	84,116	80,031	76,107	72,386
Enterprise value DCF		108,451										
- Interest bearing debt		-1,891										
+ Cash and cash equivalents		9,467										
+ Associated companies		0										
-Minorities		0										
-Dividend/capital return		0										
Equity value DCF (MEUR)		116,027										
Equity value DCF per share (EUR)		557										
Equity value DCF per share (USD)		656										
WACC												
Tax-% (WACC)		21.0 %										
Target debt ratio (D/(D+E))		0.0 %										
Cost of debt		0.0 %										
Equity Beta		1.22										
Market risk premium		4.75%										
Liquidity premium		0.00%										
Risk free interest rate		2.5 %										
Cost of equity		8.3 %										
Weighted average cost of capital (WACC)		8.3 %										

Cash flow distribution

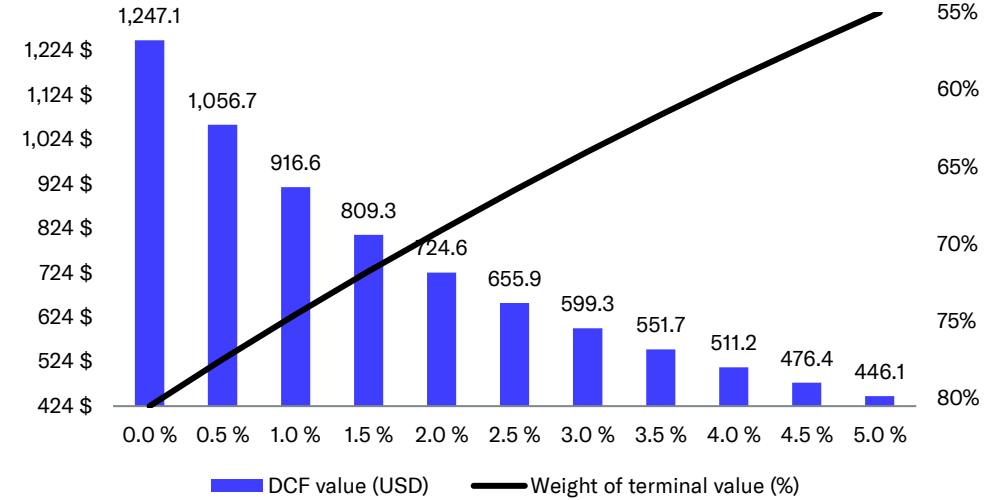


DCF sensitivity calculations and key assumptions in graphs

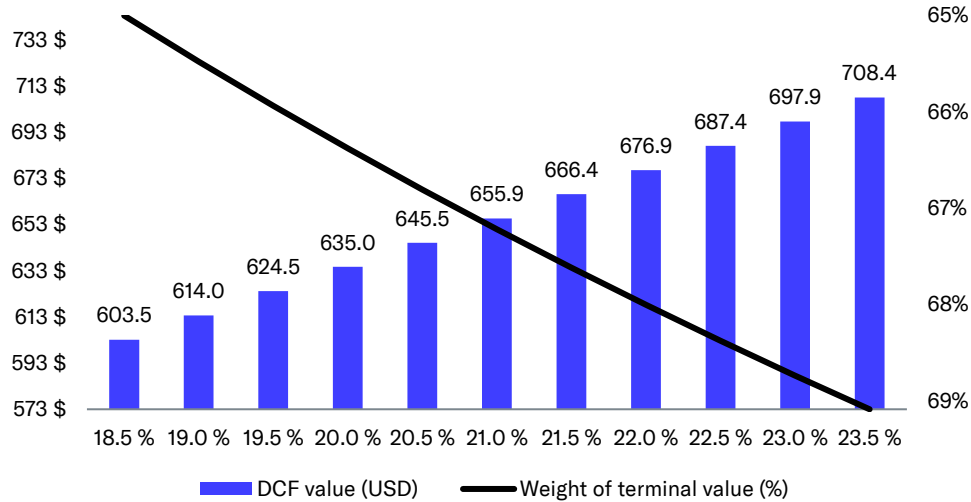
Sensitivity of DCF to changes in the WACC-%



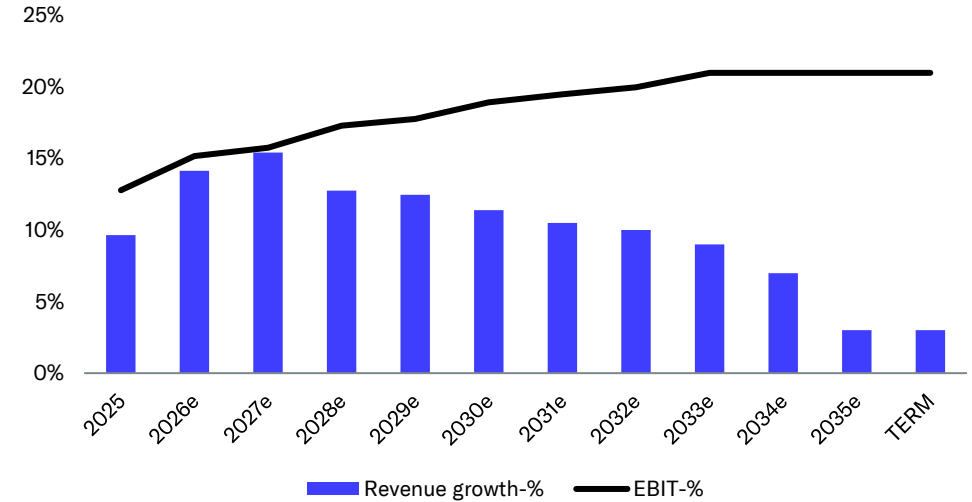
Sensitivity of DCF to changes in the risk-free rate



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 (MEUR)	2023	2024	2025	2026e	2027e	Per share data (EUR)	2023	2024	2025	2026e	2027e
Revenue	13,247	15,673	17,186	19,619	22,645	EPS (reported)	-2.73	5.61	10.75	14.54	16.25
EBITDA	-165	1,529	2,308	3,109	3,702	EPS (adj.)	-2.73	5.61	10.75	14.54	16.25
EBIT	-446	1,365	2,198	2,977	3,569	OCF / share	1.70	8.12	9.80	15.59	17.32
PTP	-505	1,341	2,224	3,192	3,820	OFCF / share	1.34	9.95	9.16	14.96	16.68
Net Income	-532	1,138	2,212	3,033	3,438	Book value / share	12.96	27.23	40.49	54.49	69.93
Extraordinary items	0.0	0.0	0.0	0.0	0.0	Dividend / share	0.00	0.00	0.00	0.00	0.00
Balance sheet (MEUR)	2023	2024	2025	2026e	2027e	Growth and profitability	2023	2024	2025	2026e	2027e
Balance sheet total	8,346	12,005	15,015	17,165	21,262	Revenue growth-%	13%	18%	10%	14%	15%
Equity capital	2,523	5,525	8,329	11,362	14,800	EBITDA growth-%	66%	1027%	51%	35%	19%
Goodwill	1,137	1,201	1,083	1,083	1,083	EBIT (adj.) growth-%	32%	406%	61%	35%	20%
Net debt	-2,518	-5,447	-7,576	-10,899	-14,655	EPS (adj.) growth-%	-23%	305%	92%	35%	12%
Cash flow (MEUR)	2023	2024	2025	2026e	2027e	EBITDA-%	-1.2 %	9.8 %	13.4 %	15.8 %	16.3 %
EBITDA	-165	1,529	2,308	3,109	3,702	EBIT (adj.)-%	-3.4 %	8.7 %	12.8 %	15.2 %	15.8 %
Change in working capital	535	471	53	291	320	EBIT-%	-3.4 %	8.7 %	12.8 %	15.2 %	15.8 %
Operating cash flow	330	1,648	2,015	3,251	3,665	ROE-%	-21.6 %	28.3 %	31.9 %	30.8 %	26.3 %
CAPEX	-63	-546	-527	-133	-135	ROI-%	-6.9 %	28.8 %	26.0 %	29.3 %	28.4 %
Free cash flow	260	2,018	1,883	3,119	3,530	Equity ratio	30.2 %	46.0 %	55.5 %	66.2 %	69.6 %
Valuation multiples	2023	2024	2025	2026e	2027e	Gearing	-99.8 %	-98.6 %	-91.0 %	-95.9 %	-99.0 %
EV/S	2.3	5.3	5.5	4.3	3.6	Net debt/EBITDA	15.3	-3.6	-3.3	-3.5	-4.0
EV/EBITDA	neg.	54.0	40.8	27.0	22.1	EBITDA/net financials	-2.8	63.7	-88.8	-14.4	-14.7
EV/EBIT (adj.)	neg.	60.5	42.8	28.2	22.9						
P/E (adj.)	neg.	77.4	46.0	31.3	28.0						
P/B	13.1	15.9	12.2	8.4	6.5						
Dividend-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %						

Source: Inderes

Disclaimer and recommendation history

The information presented in Inderes reports is obtained from several different public sources that Inderes considers to be reliable. Inderes aims to use reliable and comprehensive information, but Inderes does not guarantee the accuracy of the presented information. Any opinions, estimates and forecasts represent the views of the authors. Inderes is not responsible for the content or accuracy of the presented information. Inderes and its employees are also not responsible for the financial outcomes of investment decisions made based on the reports or any direct or indirect damage caused by the use of the information. The information used in producing the reports may change quickly. Inderes makes no commitment to announcing any potential changes to the presented information and opinions.

The reports produced by Inderes are intended for informational use only. The reports should not be construed as offers or advice to buy, sell or subscribe investment products. Customers should also understand that past performance is not a guarantee of future results. When making investment decisions, customers must base their decisions on their own research and their estimates of the factors that influence the value of the investment and take into account their objectives and financial position and use advisors as necessary. Customers are responsible for their investment decisions and their financial outcomes.

Reports produced by Inderes may not be edited, copied or made available to others in their entirety, or in part, without Inderes' written consent. No part of this report, or the report as a whole, shall be transferred or shared in any form to the United States, Canada or Japan or the citizens of the aforementioned countries. The legislation of other countries may also lay down restrictions pertaining to the distribution of the information contained in this report. Any individuals who may be subject to such restrictions must take said restrictions into account.

Inderes issues target prices for the shares it follows. The recommendation methodology used by Inderes is based on the share's 12-month expected total shareholder return (including the share price and dividends) and takes into account Inderes' view of the risk associated with the expected returns. The recommendation policy consists of four tiers: Sell, Reduce, Accumulate and Buy. As a rule, Inderes' investment recommendations and target prices are reviewed at least 2–4 times per year in connection with the companies' interim reports, but the recommendations and target prices may also be changed at other times depending on the market conditions. The issued recommendations and target prices do not guarantee that the share price will develop in line with the estimate. Inderes primarily uses the following valuation methods in determining target prices and recommendations: Cash flow analysis (DCF), valuation multiples, peer group analysis and sum of parts analysis. The valuation methods and target price criteria used are always company-specific and they may vary significantly depending on the company and (or) industry.

Inderes' recommendation policy is based on the following distribution relative to the 12-month risk-adjusted expected total shareholder return.

Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
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

The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

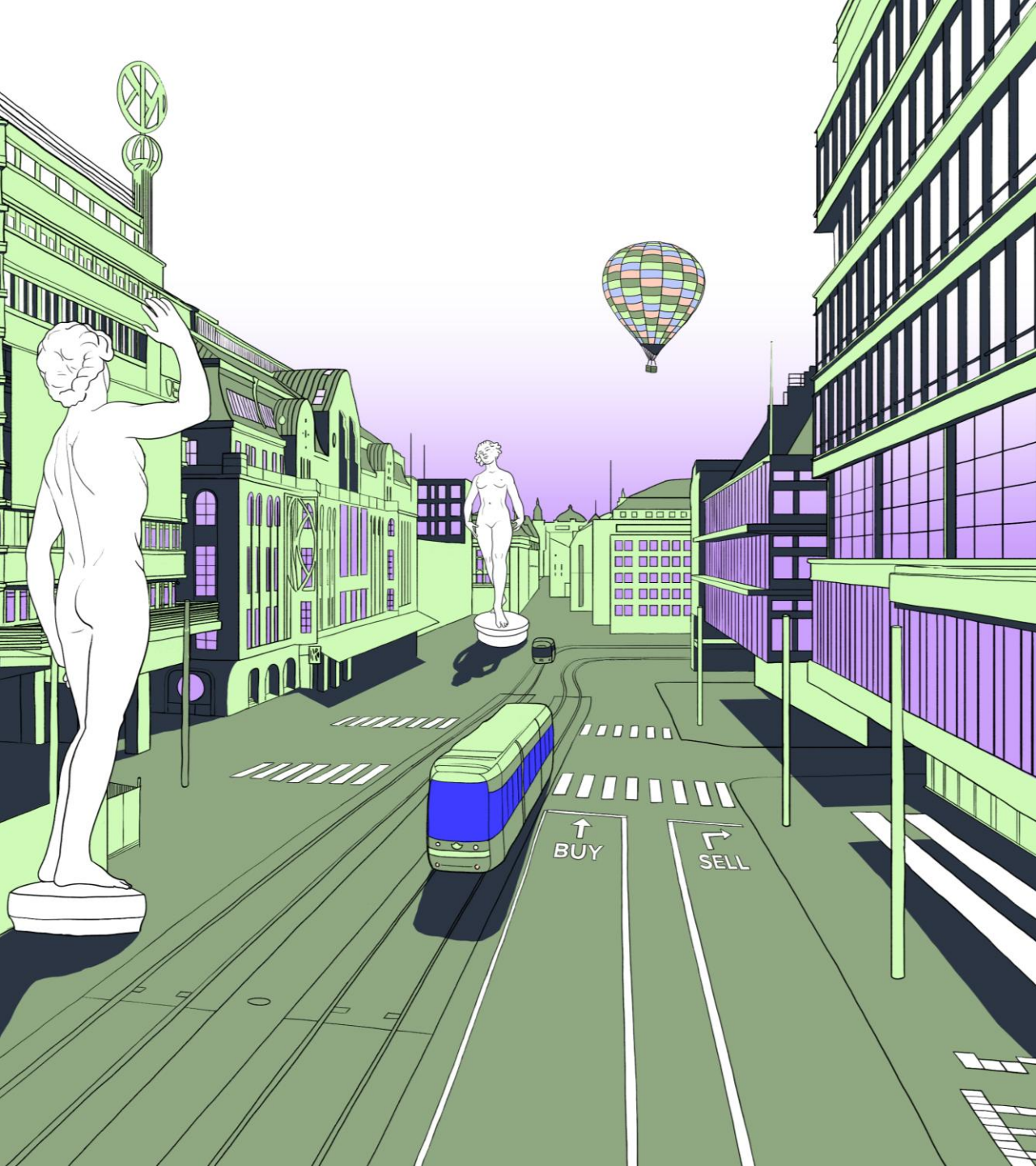
The analysts who produce Inderes' research and Inderes employees cannot have 1) shareholdings that exceed the threshold of significant financial gain or 2) shareholdings exceeding 1% in any company subject to Inderes' research activities. Inderes Oyj can only own shares in the target companies it follows to the extent shown in the company's model portfolio investing real funds. All of Inderes Oyj's shareholdings are presented in itemised form in the model portfolio. Inderes Oyj does not have other shareholdings in the target companies analysed. The remuneration of the analysts who produce the analysis are not directly or indirectly linked to the issued recommendation or views. Inderes Oyj does not have investment bank operations.

Inderes or its partners whose customer relationships may have a financial impact on Inderes may, in their business operations, seek assignments with various issuers with respect to services provided by Inderes or its partners. Thus, Inderes may be in a direct or indirect contractual relationship with an issuer that is the subject of research activities. Inderes and its partners may provide investor relations services to issuers. The aim of such services is to improve communication between the company and the capital markets. These services include the organisation of investor events, advisory services related to investor relations and the production of investor research reports.

More information about research disclaimers can be found at www.inderes.fi/research-disclaimer.

Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2024-12-13	Reduce	\$ 470	\$ 480
2025-02-05	Reduce	\$ 535	\$ 622
2025-04-30	Reduce	\$ 570	\$ 582
2025-07-22	Reduce	\$ 650	\$ 707
2025-07-30	Reduce	\$ 625	\$ 620
2025-10-31	Reduce	\$ 645	\$ 657
2025-11-05	Reduce	\$ 655	\$ 630
2025-01-22	Accumulate	\$ 590	\$ 511
2025-02-11	Buy	\$ 595	\$ 476
2025-04-21	Accumulate	\$ 595	\$ 537



CONNECTING INVESTORS AND COMPANIES.

Inderes democratizes financial information by connecting investors and listed companies. For investors, we are an investing community and a trusted source of financial information and equity research. For listed companies, we are a partner in delivering high-quality investor relations. Over 500 listed companies in Europe use our investor relations products and equity research services to provide better investor communications to their shareholders.

Our goal is to be the most investor-minded company in finance. Inderes was founded in 2009 by investors, for investors. As a Nasdaq First North-listed company, we understand the day-to-day reality of our customers.

Inderes Ab

Vattugatan 17, 5tr
Stockholm
+46 8 411 43 80

inderes.se

Inderes Oyj

Porkkalankatu 5
00180 Helsinki
+358 10 219 4690

inderes.fi

**inde
res.**