

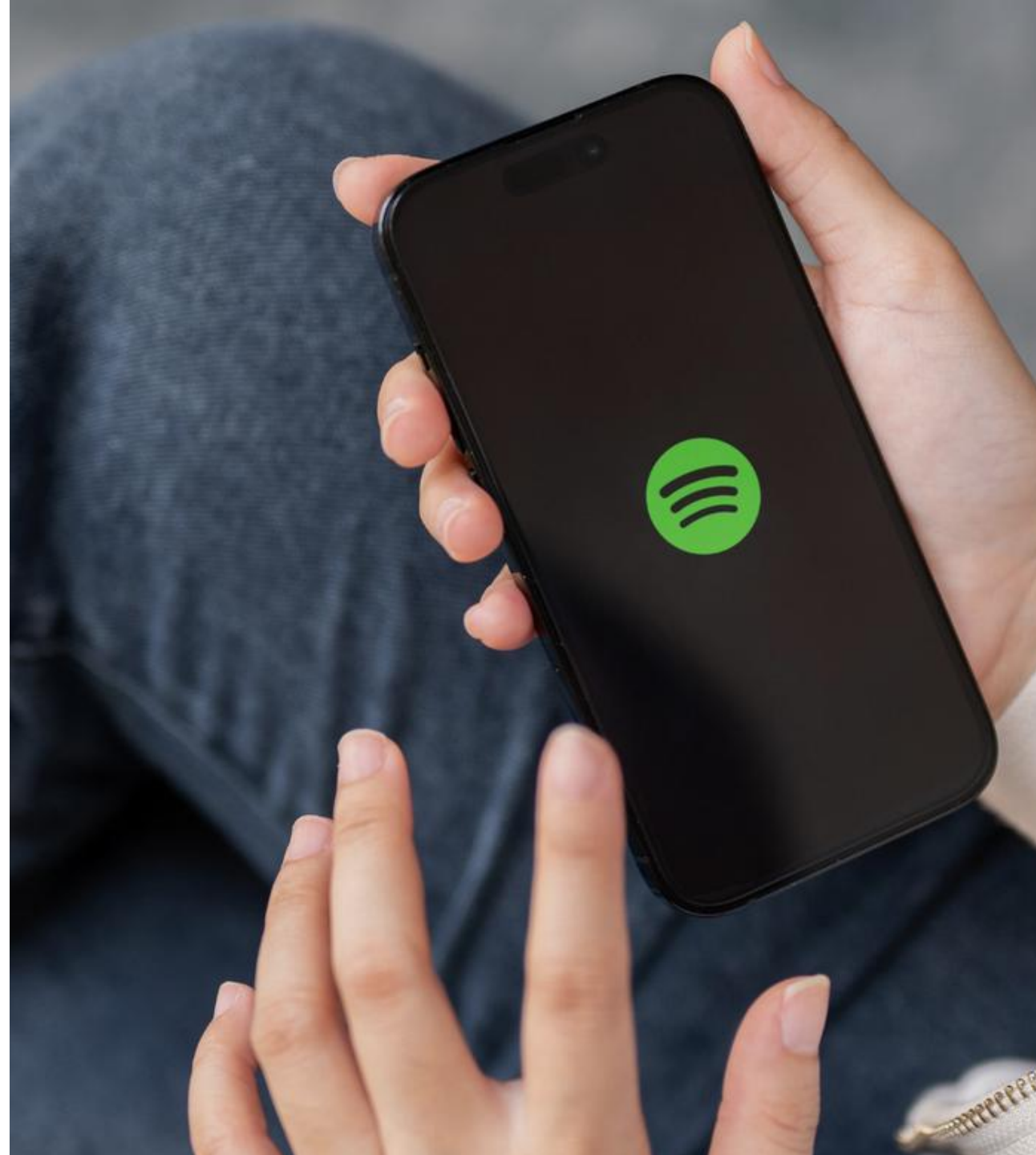
# SPOTIFY

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# COMPANY REPORT



# Accelerated execution adds to the pricing potential

Spotify reports Q3 earnings on Tuesday, November 4, before the market opens. We expect Q3 revenue to be in line with guidance, driven by robust MAU/subs growth, but FX headwinds to weigh on ARPU. We have increased our Q3 EBIT as we believe the weak share price performance during Q3 (-9%) should provide operating cost benefits via lower social charges\*. We think the market was a bit concerned about management’s commentary around future price increases in Q2 and the lack of price increases in larger markets up until Q2. However, Spotify has since raised prices in several markets (excl. U.S.) which, combined with recent platform improvements, have led us to increase our ARPU assumptions slightly. Even so, we still view the risk/reward as unattractive and reiterate our Reduce recommendation, while adjusting target price on updated estimates to USD 645 (was USD 625).

## Investment case relies on scale, brand, and improved monetization

Spotify remains the clear global leader in audio streaming, with ~700m MAUs and nearly 280m 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 through new subscriptions plans, advertising expansion, and new content verticals. Having compounded scale and customer goodwill for nearly two decades, coupled with recent years’ transition to a cost-efficiency and profitability mindset, we believe Spotify is well positioned to continue to deliver robust earnings and FCFF growth in the years to come.

## Recent platform improvements add to pricing potential

Recent months have been eventful for Spotify, not only with Daniel Ek stepping down as CEO (see comment [here](#)), but also through several commercial and product developments. In August, the company raised prices on its premium plans across multiple international markets (excl. U.S.), followed more recently by increases in the UK, showcasing growing evidence of pricing power. The company has also inked new direct licensing deals,

including with Sony Music Group and Merlin. On the product side, the company launched lossless audio for Premium users, loosened free-tier restrictions, and added in-app messaging to boost user value and engagement. It also introduced ChatGPT integration and plans to bring its in-house video podcast to Netflix in early 2026 (U.S. launch first). In addition, Spotify announced new ad partnerships and product updates, such as Amazon DSP integration. Overall, we view these developments as supportive of the investment case, through enhancing user and creator value, strengthening industry relationships, and, more importantly, improving long-term monetization potential.

## We inch our pricing assumptions slightly higher

In light of recent developments, we make slight upward revisions to our 2026-2027 estimates, reflecting our view that the enhanced user offering strengthens Spotify’s pricing power. As such, our revenue and EBIT estimates for 2026-2027 inches ~1% and 1-3%. Our MAU and subscriber estimates remain unchanged, as we see recent developments as supportive of our existing user growth assumptions. For Q3, we make no changes to our revenue estimate, but we increase EBIT by 5% to 503 MEUR as we expect lower social charges to provide some cost benefits, following the negative share price development during the third quarter

## Still too expensive to enter the share

Despite recent share price weakness and our modest upward estimate revisions, we still don't see upside on a 12-month horizon. Based on our estimates, Spotify trades at EV/EBIT 55-39x, EV/FCFF 42-31x, and EV/GP 20-16x for 2025-2026, and thus exceeds the upper end of our acceptable valuation range (EV/EBIT: 33-36x, EV/FCFF: 25-30x, EV/GP: 13-17x). In 2027, we feel that the valuation picture looks more attractive, but not sufficiently to turn bullish just yet, as the share still trades above our comfort levels for 2026. Our DCF model, assuming sustained strong growth and margin expansion, supports our view on the valuation, indicating a fair value of USD 645.

## Recommendation

**Reduce**

(prev. Reduce)

## Target price:

**USD 645**

(prev. USD 625)

## Share price:

USD 657

## Business risk



## Valuation risk



	2024	2025e	2026e	2027e
Revenue (MEUR)	15,673	17,254	20,186	23,327
growth-%	18%	10%	17%	16%
EBIT adj. (MEUR)	1,365	2,017	2,792	3,477
EBIT-% adj.	8.7 %	11.7 %	13.8 %	14.9 %
Net Income (MEUR)	1,138	1,340	2,851	3,354
EPS (adj.) (EUR)	5.6	6.5	13.5	15.6
P/E (adj.)	77.4	87.6	42.0	36.4
P/B	15.9	17.1	12.3	9.3
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	60.5	54.5	39.1	30.9
EV/EBITDA	54.0	51.7	37.6	30.1
EV/S	5.3	6.4	5.4	4.6

Source: Inderes

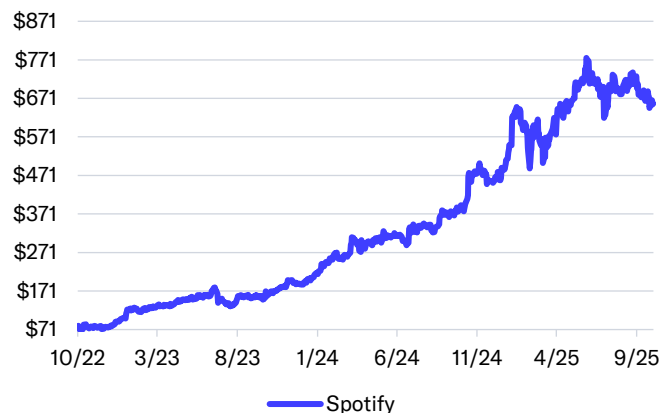
## Guidance

(Q3 guidance)

For Q3'25, Spotify expects:  
MAU: 710m (+14m q/q)  
Premium subscribers: 281m (+5m q/q)  
Revenue: 4.2 BNEUR (+6% y/y)  
Gross margin: 31.1%  
Operating income: 485 MEUR

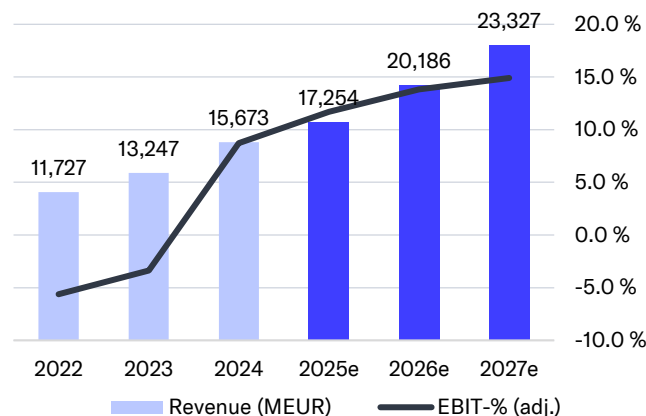
\*Social charges are payroll taxes that vary with Spotify’s stock price due to their link to share-based compensation in certain countries.

## Share price



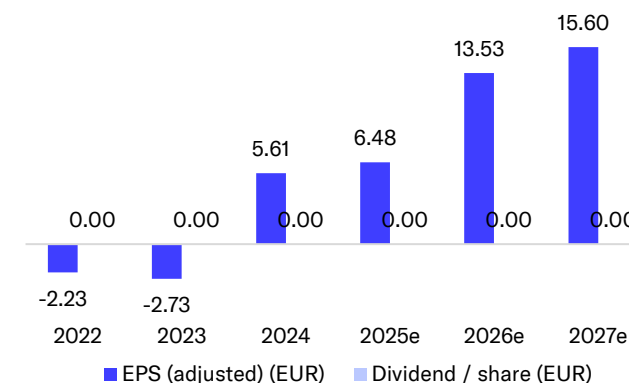
Source: Millistream Market Data AB

## 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 enable incremental leverage and margin expansion
- Potential to grow in emerging markets and increase market share
- Expanding into new emerging verticals while improving monetization enable 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 contains 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	2025e	2026e	2027e
Share price (EUR)	567.8	567.8	567.8
Number of shares, millions	206.6	210.8	215.0
Market cap (MEUR)	117,334	119,681	122,075
EV (MEUR)	110,014	109,061	107,510
P/E (adj.)	87.6	42.0	36.4
P/E	87.6	42.0	36.4
P/FCF	46.1	38.6	32.8
P/B	17.1	12.3	9.3
P/S	6.8	5.9	5.2
EV/Sales	6.4	5.4	4.6
EV/EBITDA	51.7	37.6	30.1
EV/EBIT (adj.)	54.5	39.1	30.9
EV/FCFF	42.5	31.2	25.9

# We expect solid user growth but FX headwinds to weigh on reported growth

## FX and growth in emerging markets expected to hold back ARPU expansion

For Q3, we estimate net MAU additions of +14m (q/q), bringing total MAUs to 710m, in line with company guidance but slightly below Street’s 711m estimate. We expect subscriber growth to remain resilient, extending the strong year-to-date momentum with +5m net new subscribers, reaching 281m, consistent with both Street and company expectations.

We don’t expect any bigger impact on premium ARPU in Q3 from announced price increases across multiple international markets (e.g. Europe, Latin America, and the Middle East, excluding the U.S.), considering these was gradually introduced during the quarter and management guidance on flat pricing trends. We also expect further strong subscriber growth in emerging markets to have a dilutive effect on ARPU, similar as seen in H1’25, which coupled with FX headwinds offset these underlying gains in Q3. As such, we don’t make any changes to our Q3’25 monthly premium ARPU assumption, which remains at EUR 4.51, implying a -4% contraction year-on-year, but flat on a currency-neutral basis

(EUR 4.71). However, we have inched our premium ARPU assumptions slightly higher for the next few quarters, reflecting our increased conviction in Spotify’s pricing power. This is further bolstered by recent platform improvements and product launches, which we believe will support better pricing leverage due the added value. However, in the near-term, these upward adjustments are partially offset by higher expected FX headwinds but overall have a small positive impact on our medium-term outlook.

Our advertising revenue estimate remains unchanged at 473 MEUR, implying flat year-on-year growth, and we expect total revenue of 4.2 BNEUR (+6% y/y), in line with guidance. For Q4, we reiterate our 4.6 BNEUR revenue forecast, as our small pricing revisions are offset by slightly stronger FX headwinds at current rates.

**Sequentially lower gross margins reflects recent platform investments**

Spotify has guided for a Q3 gross margin of 31.1%, representing a

40-bps decline from previous quarter. The guidance reflected both a seasonal regulatory charge (~40-bps impact) but also, what we believe, recent platform investments, and thus aligning with management commentary around gross margin variability in 2025 as the company accelerates the pace of new products rollouts. Our gross margin estimate of 31.1% remains unchanged and aligns with guidance and Street’s estimates. Looking ahead, we expect Q4 gross margin guidance of 32.6% (was 32.5%), supported by seasonal strength and incremental pricing effects. On operating income, we expect cost benefits via lower social charges relative to the company guidance of 25 MEUR, as a result of the negative share price development during the quarter (-9%). We estimate this will reduce costs by ~25 MEUR, given historical sensitivity disclosed by the company. In light of this, we have raised our EBIT estimate to 503 MEUR (was 478 MEUR), implying an 11.9% margin, which is above company guidance of 485 MEUR and slightly higher than Street’s 497 MEUR. For Q4, we expect the company to guide for EBIT of 599 MEUR (was 585 MEUR), representing a 12.9% margin, compared with Street’s 613 MEUR (13.4% margin).

Estimates	Q3'24	Q3'25	Q3'25e	Q3'25e	Consensus	2025e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low High	Inderes
Revenue	3,988		4,236	4,233	4,194 - 4,291	17,254
EBITDA	484		530	536	502 - 595	2,126
EBIT	454		503	497	471 - 546	2,017
PTP	398		552	504	348 - 601	1,577
EPS (adj.)	1.48		2.67	2.01	1.43 - 2.67	6.48
Revenue growth-%	18.8 %		6.2 %	6.1 %	5.2 % - 7.6 %	10.1 %
EBIT-% (adj.)	11.4 %		11.9 %	11.7 %	9.9 % - 12.2 %	11.7 %

Source: Inderes & Bloomberg  
(consensus, 34 estimates)

# We inch our pricing assumptions slightly higher

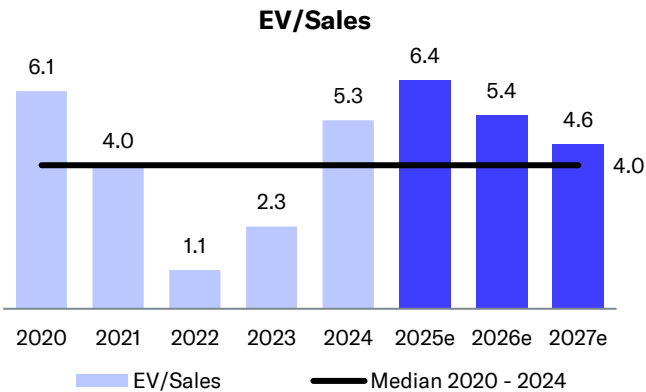
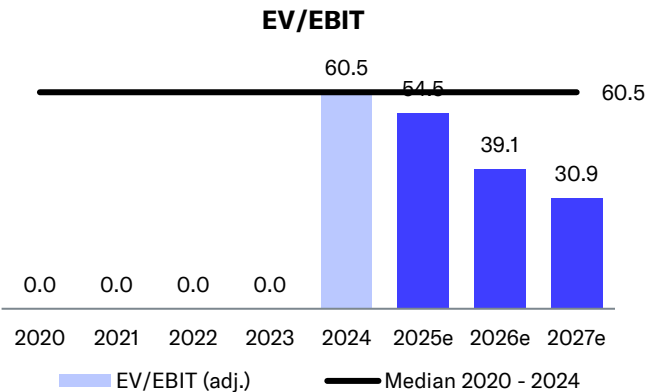
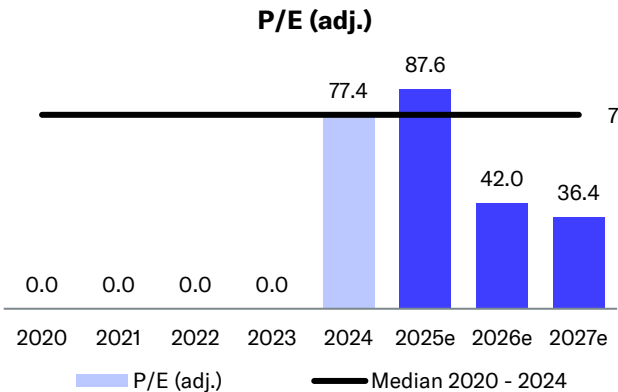
- Our 2025 revenue estimates remain unchanged as the impact of our slightly higher pricing assumptions (premium ARPU) is offset by incremental higher expected FX headwinds. However, we raise our FY25e EBIT estimates by some 2%, reflecting lower anticipated social charges in Q3, and modestly higher gross margin in Q4. We expect FX headwinds to be more neutral on the cost side as we believe roughly half of the headcount is USD-denominated.
- Recent platform improvements strengthen our conviction in Spotify's near-to-medium term pricing power, considering the added value to users. While FX headwinds are expected to stick around into early 2026 given current EUR/USD levels, our slight upward ARPU revisions have a bigger impact in 2027.
- We expect our slightly higher pricing assumptions to support modestly higher premium gross margins which, coupled with the increased revenue estimates, lifted our EBIT estimates by 1-3% in 2026-2027.

Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	17,254	17,254	0%	20,102	20,186	0%	22,999	23,327	1%
EBITDA	2,087	2,126	2%	2,870	2,900	1%	3,475	3,569	3%
EBIT (excl. NRIs)	1,978	2,017	2%	2,763	2,792	1%	3,383	3,477	3%
EBIT	1,978	2,017	2%	2,763	2,792	1%	3,383	3,477	3%
PTP	1,535	1,577	3%	2,968	3,001	1%	3,627	3,726	3%
EPS (excl. NRIs)	6.28	6.48	3%	13.38	13.53	1%	15.18	15.60	3%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

# Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price (EUR)	261.9	211.7	74.2	169.1	434.0	567.8	567.8	567.8	567.8
Number of shares, millions	187.6	191.3	192.9	194.7	202.9	206.6	210.8	215.0	219.3
Market cap (MEUR)	49,122	40,507	14,318	32,933	88,062	117,334	119,681	122,075	124,516
EV (MEUR)	47,952	38,788	12,650	30,415	82,615	110,014	109,061	107,510	105,514
P/E (adj.)	neg.	neg.	neg.	neg.	77.4	87.6	42.0	36.4	30.9
P/E	neg.	neg.	neg.	neg.	77.4	87.6	42.0	36.4	30.9
P/FCF	neg.	37.6	neg.	>100	43.6	46.1	38.6	32.8	29.7
P/B	17.5	19.1	6.0	13.1	15.9	17.1	12.3	9.3	7.3
P/S	6.2	4.2	1.2	2.5	5.6	6.8	5.9	5.2	4.7
EV/Sales	6.1	4.0	1.1	2.3	5.3	6.4	5.4	4.6	4.0
EV/EBITDA	neg.	>100	neg.	neg.	54.0	51.7	37.6	30.1	23.8
EV/EBIT (adj.)	neg.	>100	neg.	neg.	60.5	54.5	39.1	30.9	24.4
EV/FCFF	262.0	124.3	197.7	40.9	35.1	42.5	31.2	25.9	22.5



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		Dividend yield-%		P/B
Company	MEUR	MEUR	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e
Big Tech													
Apple	3,467,358	3,507,420	30.7	28.9	28.2	26.5	9.8	9.2	36.8	33.8	0.4	0.4	63.5
Amazon.com	2,059,683	2,043,289	29.2	24.2	14.2	11.9	3.3	3.0	33.1	29.1			6.6
Alphabet	2,942,992	2,876,499	25.5	21.8	18.8	15.9	8.4	7.4	27.0	25.8	0.3	0.3	8.5
Subscription businesses													
Netflix	399,054	403,498	34.9	28.0	33.6	27.1	10.4	9.2	42.8	33.6			15.3
Match Group	6,721	9,392	12.4	10.6	8.7	8.0	3.1	3.0	14.6	11.9	2.3	2.6	
Bumble	493	1,305		6.6	4.6	4.9	1.5	1.6		5.2			0.7
Chegg	89	68		68.8	1.2	1.2	0.2	0.3		11.0			0.5
Vimeo	1,125	847	183.8	72.2	27.4	23.8	2.3	2.2	89.3	64.8			
Roku	12,745	10,830		201.6	33.1	23.1	2.7	2.4	658.1	113.2			5.4
Media/Entertainment													
Warner Bros. Discovery	46,289	72,882	92.2	51.0	10.1	9.8	2.3	2.2	67.8				1.5
The Walt Disney Company	173,893	205,794	13.9	12.6	11.8	10.5	2.5	2.4	19.0	17.3	0.9	1.0	1.8
Paramount Skydance Corporation	14,234	24,863	11.7	10.8	9.4	9.1	1.0	1.0	11.6	13.7	1.1	1.3	0.7
Digital Ad-supported businesses													
Snap	11,106	11,697			25.6	17.8	2.3	2.1	29.3	22.5			5.9
Meta Platforms	1,452,937	1,439,434	20.3	19.2	14.1	12.3	8.4	7.2	24.0	22.0	0.3	0.3	7.4
Reddit	31,896	30,119	114.5	53.6	47.1	30.8	16.7	12.4	103.5	58.1			13.4
Pinterest	19,127	16,828	58.8	32.8	15.4	12.8	4.6	4.0	18.6	15.4			4.1
Music/Audio													
iHeartMedia	397	4,641	22.9	10.7	7.7	6.4	1.4	1.3		7.3			
Sirius XM Holdings	6,750	15,488	10.2	9.7	7.0	7.0	2.1	2.1	8.4	7.6	4.7	4.9	0.8
Deezer	122	89				12.4	0.2	0.2					
Tencent Music Entertainment Group	30,177	28,471	19.3	18.7	19.1	17.1	7.2	6.3	27.4	23.1	0.7	0.9	3.3
Warner Music Group Corp.	14,331	17,648	24.3	18.2	14.6	12.9	3.1	3.0	38.0	23.4	2.3	2.4	24.8
Universal Music Group	42,260	45,495	20.6	17.9	16.7	14.9	3.7	3.4	22.9	20.8	2.4	2.6	8.0
Live Nation Entertainment	30,014	31,212	25.4	20.3	14.7	13.0	1.4	1.3	147.6	52.3			37.0
Spotify (Inderes)	117,334	110,014	54.5	39.1	51.7	37.6	6.4	5.4	87.6	42.0	0.0	0.0	17.1
Average			41.7	35.1	17.4	14.3	4.3	3.8	74.7	29.1	1.5	1.7	11.0
Median			24.9	20.3	14.7	12.8	2.7	2.4	29.3	22.5	1.0	1.1	5.9
Diff-% to median			119%	93%	253%	195%	137%	125%	198%	87%	-100%	-100%	188%

Source: Refinitiv / Inderes

# Income statement

Income statement (MEUR)	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	13247	3636	3807	3988	4242	15,673	4,190	4,193	4,236	4,636	17,254	20,186	23,327	26,225
Premium revenue	11566	3247	3351	3516	3705	13,819	3,771	3,740	3,763	4,080	15,354	17,875	20,329	22,664
Ad-supported revenue	1681	389	456	472	537	1,854	419	453	473	555	1,900	2,311	2,998	3,561
EBITDA	-165.0	203	310	484	532	1,529	538	432	530	626	2,126	2,900	3,569	4,426
Depreciation	-281.0	-35.0	-44.0	-30.0	-55.0	-164	-29	-26	-27	-27	-109	-108	-92	-96
EBIT (excl. NRI)	-446.0	168	266	454	477	1,365	509	406	503	599	2,017	2,792	3,477	4,330
EBIT	-446.0	168	266	454	477	1,365	509	406	503	599	2,017	2,792	3,477	4,330
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	-59.0	6.0	4.0	-56.0	22.0	-24	-181	-358	50	50	-440	209	249	272
PTP	-505.0	174	270	398	499	1,341	328	48	553	648	1,577	3,001	3,726	4,602
Taxes	-27.0	23.0	4.0	-98.0	-132.0	-203	-103	-134	0	0	-237	-150	-373	-575
Minority interest	0.0	0.0	0.0	0.0	0.0	0	0	0	0	0	0	0	0	0
Net earnings	-532.0	197	274	300	367	1,138	225	-86	553	648	1,340	2,851	3,354	4,027
Net earnings	-532.0	197	274	300	367	1,138	225	-86	553	648	1,340	2,851	3,354	4,027
EPS (adj.) (EUR)	-2.73	0.97	1.35	1.48	1.81	5.61	1.09	-0.42	2.68	3.14	6.48	13.53	15.60	18.36
EPS (rep.) (EUR)	-2.73	0.97	1.35	1.48	1.81	5.61	1.09	-0.42	2.68	3.14	6.48	13.53	15.60	18.36

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	13.0 %	19.5 %	19.8 %	18.8 %	15.6 %	18.3 %	15.2 %	10.1 %	6.2 %	9.3 %	10.1 %	17.0 %	15.6 %	12.4 %
Adjusted EBIT growth-%	-32.3 %	-207.7 %	-207.7 %	1318.8 %	-735.9 %	-406.0 %	202.9 %	52.7 %	10.9 %	25.5 %	47.8 %	38.4 %	24.5 %	24.5 %
EBITDA-%	-1.2 %	5.6 %	8.1 %	12.1 %	12.5 %	9.8 %	12.8 %	10.3 %	12.5 %	13.5 %	12.3 %	14.4 %	15.3 %	16.9 %
Adjusted EBIT-%	-3.4 %	4.6 %	7.0 %	11.4 %	11.2 %	8.7 %	12.1 %	9.7 %	11.9 %	12.9 %	11.7 %	13.8 %	14.9 %	16.5 %
Net earnings-%	-4.0 %	5.4 %	7.2 %	7.5 %	8.7 %	7.3 %	5.4 %	-2.0 %	13.1 %	14.0 %	7.8 %	14.1 %	14.4 %	15.4 %

Source: Inderes

Monthly active user (MAU)	602	615	626	640	675	675	678	696	710	739	739	810	886	960
Premium subscribers	236	239	246	252	263	263	268	276	281	292	292	318	341	365
Ad-supported users	379	388	393	402	425	425	423	433	443	460	460	505	557	607
Premium ARPU	4.4	4.6	4.6	4.7	4.9	4.7	4.7	4.6	4.5	4.8	4.6	4.9	5.2	5.4

# Balance sheet

Assets (MEUR)	2023	2024	2025e	2026e	2027e
<b>Non-current assets</b>	<b>3,086</b>	<b>3,626</b>	<b>3,581</b>	<b>3,585</b>	<b>3,607</b>
Goodwill	1,137	1,201	1,199	1,199	1,199
Intangible assets	84	48	21	0	0
Tangible assets	547	414	449	474	496
Associated companies	0	0	0	0	0
Other investments	1,215	1,635	1,635	1,635	1,635
Other non-current assets	75	142	142	142	142
Deferred tax assets	28	186	135	135	135
<b>Current assets</b>	<b>5,260</b>	<b>8,379</b>	<b>10,074</b>	<b>12,289</b>	<b>16,508</b>
Inventories	0	0	0	0	0
Other current assets	188	160	160	160	160
Receivables	858	771	794	1,009	1,283
Cash and equivalents	4,214	7,448	9,120	11,120	15,065
<b>Balance sheet total</b>	<b>8,346</b>	<b>12,005</b>	<b>13,655</b>	<b>15,874</b>	<b>20,115</b>

Source: Inderes

Liabilities & equity (MEUR)	2023	2024	2025e	2026e	2027e
<b>Equity</b>	<b>2,523</b>	<b>5,525</b>	<b>6,865</b>	<b>9,716</b>	<b>13,070</b>
Share capital	0	0	0	0	0
Retained earnings	-4,182	-3,044	-1,704	1,147	4,501
Hybrid bonds	0	0	0	0	0
Revaluation reserve	0	0	0	0	0
Other equity	6,705	8,569	8,569	8,569	8,569
Minorities	0	0	0	0	0
<b>Non-current liabilities</b>	<b>1,754</b>	<b>2,055</b>	<b>554</b>	<b>554</b>	<b>554</b>
Deferred tax liabilities	8	21	21	21	21
Provisions	24	28	28	28	28
Interest bearing debt	1,696	2,001	500	500	500
Convertibles	0	0	0	0	0
Other long term liabilities	26	5	5	5	5
<b>Current liabilities</b>	<b>4,069</b>	<b>4,425</b>	<b>6,236</b>	<b>5,604</b>	<b>6,491</b>
Interest bearing debt	0	0	1,300	0	0
Payables	4,040	4,372	4,883	5,551	6,438
Other current liabilities	29	53	53	53	53
<b>Balance sheet total</b>	<b>8,346</b>	<b>12,005</b>	<b>13,655</b>	<b>15,874</b>	<b>20,115</b>

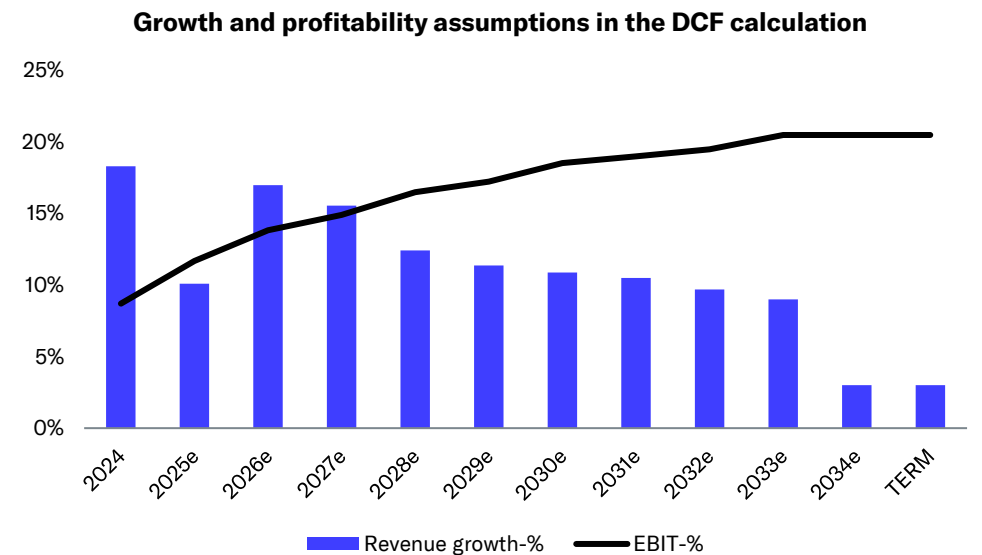
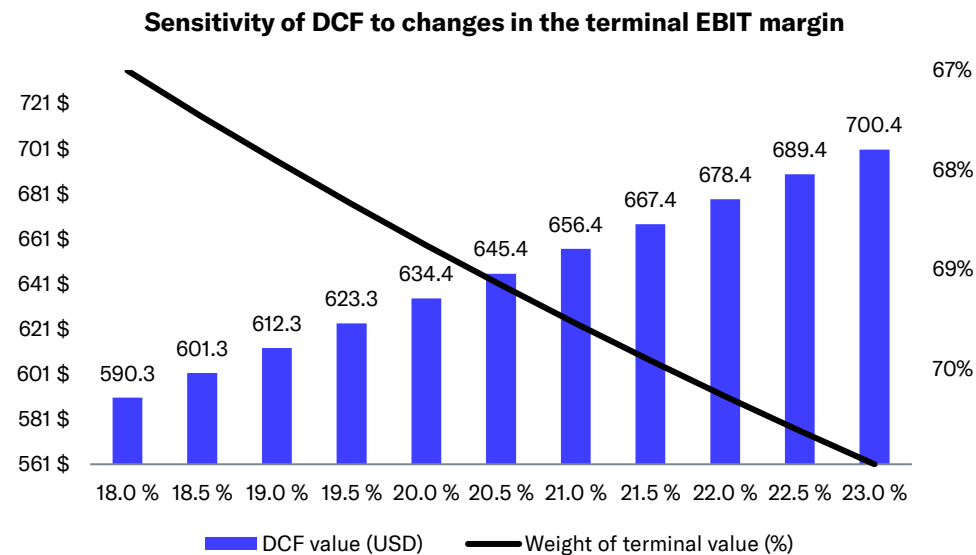
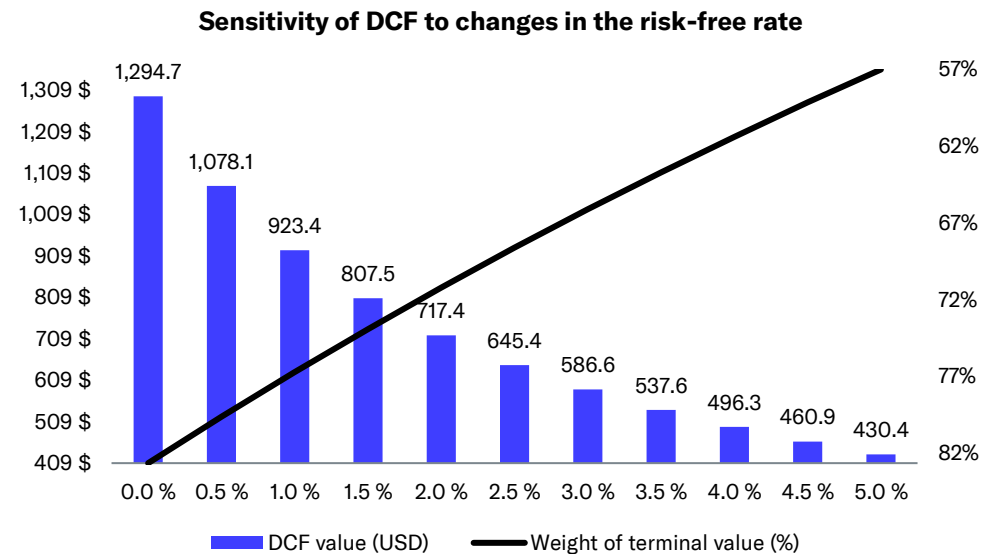
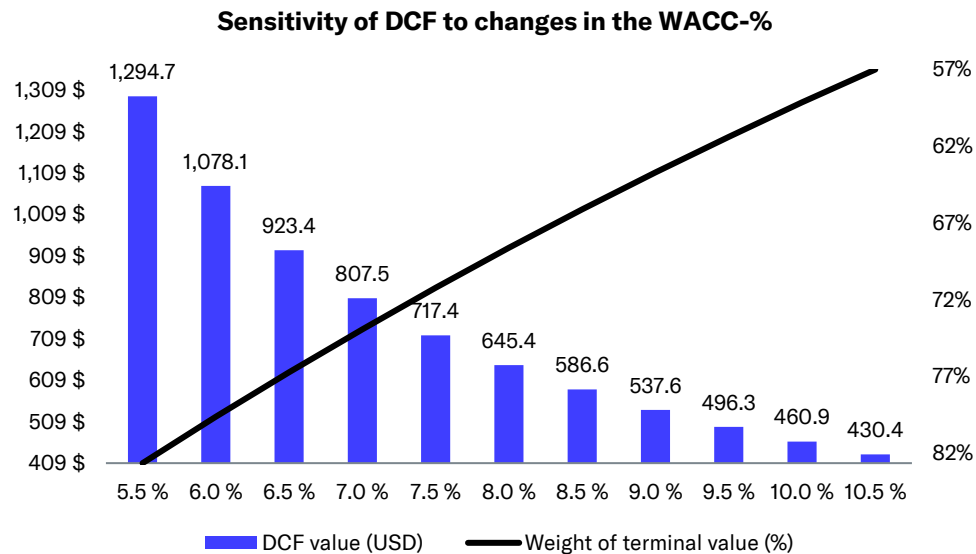
# DCF-calculation

DCF model (MEUR)	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	18.3 %	10.1 %	17.0 %	15.6 %	12.4 %	11.4 %	10.9 %	10.5 %	9.7 %	9.0 %	3.0 %	3.0 %
EBIT-%	8.7 %	11.7 %	13.8 %	14.9 %	16.5 %	17.2 %	18.5 %	19.0 %	19.5 %	20.5 %	20.5 %	20.5 %
EBIT (operating profit)	1,365	2,017	2,792	3,477	4,330	5,037	6,002	6,801	7,657	8,774	9,037	
+ Depreciation	164	109	108	92	96	100	103	107	110	113	116	
- Paid taxes	-348	-186	-150	-373	-575	-797	-1,111	-1,446	-1,636	-1,879	-1,807	
- Tax, financial expenses	-52	-108	-2	-4	-5	-6	-7	-8	-8	-8	0	
+ Tax, financial income	48	42	12	29	39	47	68	94	112	132	0	
- Change in working capital	471	488	453	613	431	548	571	561	626	154	241	
Operating cash flow	1,648	2,362	3,213	3,834	4,315	4,930	5,626	6,108	6,862	7,286	7,587	
+ Change in other long-term liabilities	-17	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-546	-115	-112	-114	-116	-119	-121	-123	-126	-126	-116	
Free operating cash flow	1,085	2,247	3,101	3,720	4,199	4,811	5,505	5,985	6,736	7,160	7,471	
+/- Other	933	296	0	0	0	0	0	0	0	0	0	
FCFF	2,018	2,543	3,101	3,720	4,199	4,811	5,505	5,985	6,736	7,160	7,471	153,594
Discounted FCFF		2,511	2,835	3,148	3,290	3,490	3,697	3,721	3,878	3,816	3,687	75,793
Sum of FCFF present value		109,866	107,355	104,521	101,372	98,082	94,592	90,895	87,174	83,296	79,479	75,793
Enterprise value DCF		109,866										
- Interest bearing debt		-2,001										
+ Cash and cash equivalents		7,448										
-Minorities		0										
-Dividend/capital return		0										
Equity value DCF (MEUR)		115,313										
Equity value DCF per share (EUR)		558										
Equity value DCF per share (USD)		645										
WACC												
Tax-% (WACC)		21.0 %										
Target debt ratio (D/(D+E))		0.0 %										
Cost of debt		0.0 %										
Equity Beta		1.16										
Market risk premium		4.75%										
Liquidity premium		0.00%										
Risk free interest rate		2.5 %										
Cost of equity		8.0 %										
Weighted average cost of capital (WACC)		8.0 %										

### Cash flow distribution

Period	Percentage
2025e-2029e	14%
2030e-2034e	17%
TERM	69%

# DCF sensitivity calculations and key assumptions in graphs



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

# Summary

Income statement (MEUR)	2022	2023	2024	2025e	2026e	Per share data (EUR)	2022	2023	2024	2025e	2026e
Revenue	11,727	13,247	15,673	17,254	20,186	EPS (reported)	-2.23	-2.73	5.61	6.48	13.53
EBITDA	-488	-165	1,529	2,126	2,900	EPS (adj.)	-2.23	-2.73	5.61	6.48	13.53
EBIT	-659	-446	1,365	2,017	2,792	OCF / share	-2.22	1.70	8.12	11.43	15.24
PTP	-370	-505	1,341	1,577	3,001	OFCF / share	-5.70	1.34	9.95	12.31	14.71
Net Income	-430	-532	1,138	1,340	2,851	Book value / share	12.44	12.96	27.23	33.22	46.10
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)	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	7,636	8,346	12,005	13,655	15,874	Revenue growth-%	21%	13%	18%	10%	17%
Equity capital	2,401	2,523	5,525	6,865	9,716	EBITDA growth-%	-321%	-66%	-1027%	39%	36%
Goodwill	1,168	1,137	1,201	1,199	1,199	EBIT (adj.) growth-%	-801%	-32%	-406%	48%	38%
Net debt	-1,668	-2,518	-5,447	-7,320	-10,620	EPS (adj.) growth-%	1154%	23%	-305%	16%	109%
Cash flow (MEUR)	2022	2023	2024	2025e	2026e	EBITDA-%	-4.2 %	-1.2 %	9.8 %	12.3 %	14.4 %
EBITDA	-488	-165	1,529	2,126	2,900	EBIT (adj.)-%	-5.6 %	-3.4 %	8.7 %	11.7 %	13.8 %
Change in working capital	156	535	471	488	453	EBIT-%	-5.6 %	-3.4 %	8.7 %	11.7 %	13.8 %
Operating cash flow	-429	330	1,648	2,362	3,213	ROE-%	-19.0 %	-21.6 %	28.3 %	21.6 %	34.4 %
CAPEX	-662	-63	-546	-115	-112	ROI-%	-6.0 %	-6.9 %	28.8 %	28.4 %	32.2 %
Free cash flow	-1,100	260	2,018	2,543	3,101	Equity ratio	31.4 %	30.2 %	46.0 %	50.3 %	61.2 %
						Gearing	-69.5 %	-99.8 %	-98.6 %	-106.6 %	-109.3 %
Valuation multiples	2022	2023	2024	2025e	2026e						
EV/S	1.1	2.3	5.3	6.4	5.4						
EV/EBITDA	neg.	neg.	54.0	51.7	37.6						
EV/EBIT (adj.)	neg.	neg.	60.5	54.5	39.1						
P/E (adj.)	neg.	neg.	77.4	87.6	42.0						
P/B	6.0	13.1	15.9	17.1	12.3						
Dividend-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %						

Source: Inderes

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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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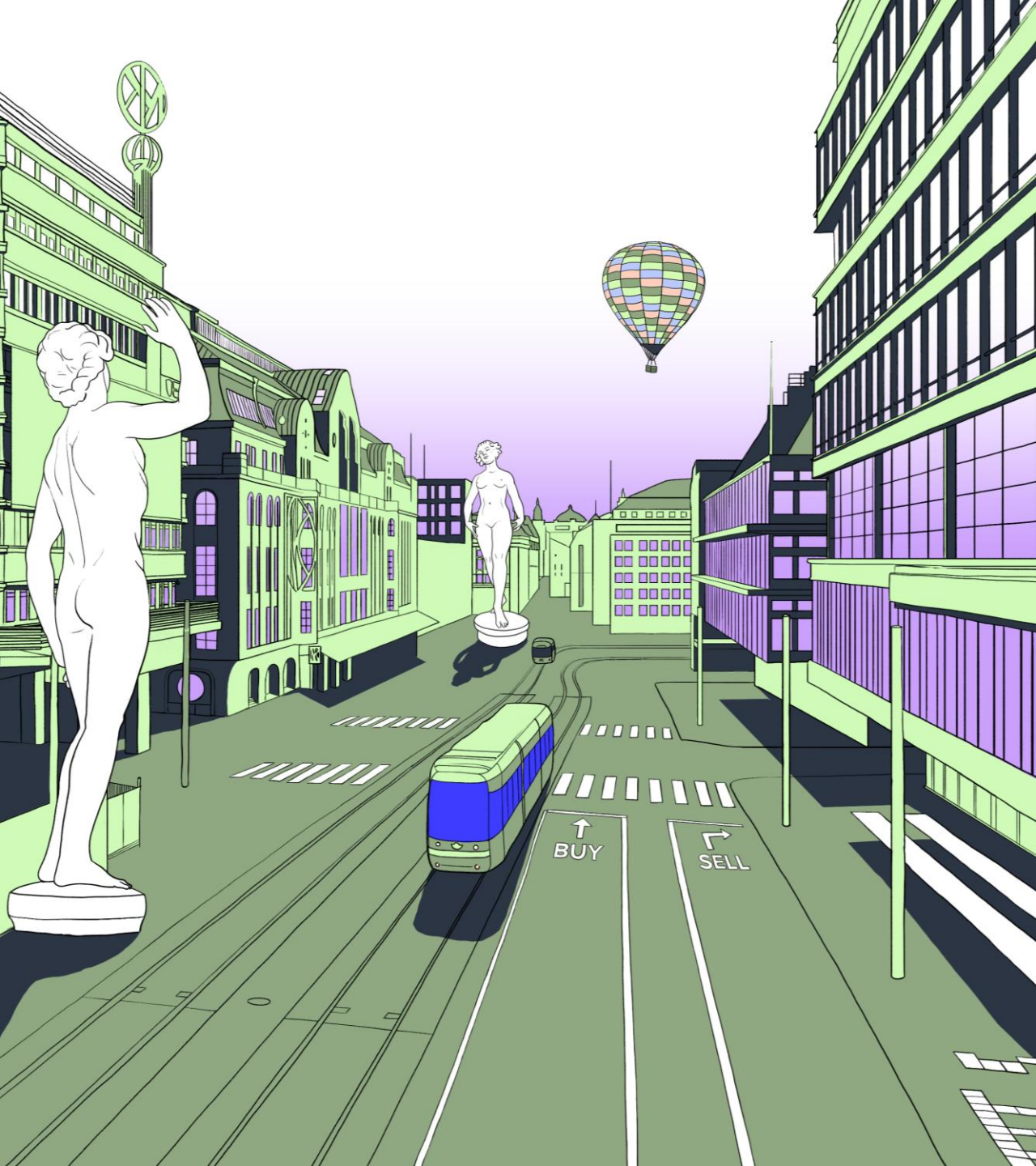
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## Recommendation history (>12 mo)

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



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