SPOTIFY

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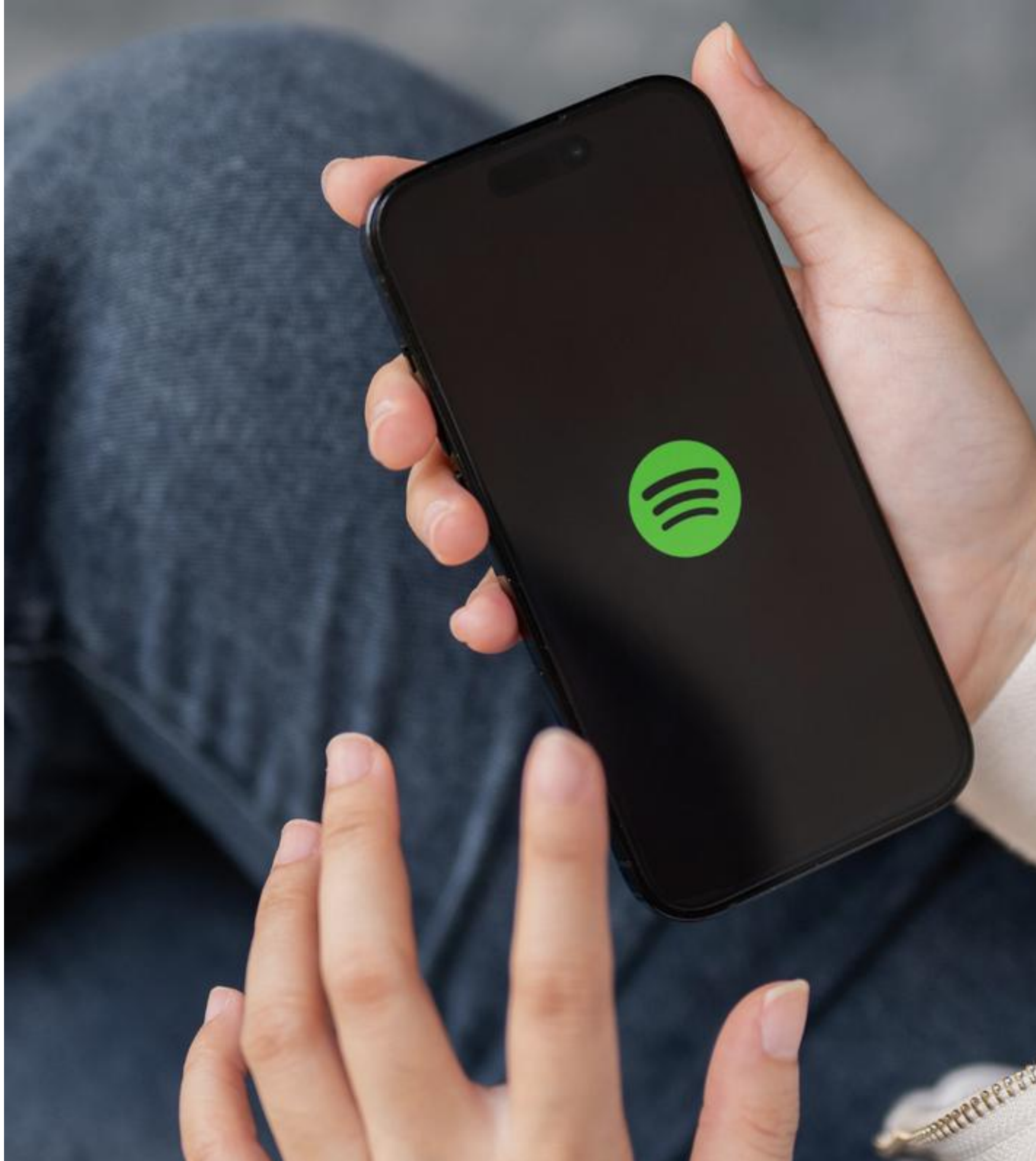
Christoffer Jennel
46731589555
christoffer.jennel@inderes.com

COMPANY REPORT



Resilient business to a high price tag

Spotify's Q1 print was broadly in line with our expectations, though net subscriber additions surprised positively. However, guidance for Q2'25 came in somewhat below both our and Street's estimates, particularly on MAUs, revenue, and operating income. That said, the guided +5m premium subscriber additions (q/q) stood out as a clear positive, beating our expectations. We think this underscores the strength of Spotify's value proposition even amid macroeconomic headwinds and soft consumer sentiment. However, following the Q1 report, we have slightly lowered our estimates, primarily due to FX-effects, with currency-neutral estimates remaining largely intact. The share price has been resilient despite a broader market downturn and continues to trade at rich levels. As such, we continue to view the risk/reward as insufficient and reiterate our Reduce recommend-dation and, when adjusting for the effects of a weaker USD to EUR, we increase our target price to USD 570 (was USD 535).

Delivers a solid Q1…

MAUs came in at 678m, in line with company guidance, reflecting a modest +3m q/q increase after a very strong Q4 (+35m). While ad-supported users declined by 2m q/q, premium subscriber additions stood out, rising by +5m (+12% y/y), which was the highest subscriber growth in a first quarter since 2020. ARPU grew 4% y/y to EUR 4.73, supported by price increases implemented in 2024, resulting in a 15% y/y revenue increase to 4.2 BNEUR, in line with our estimates. Gross margin printed 31.6%, slightly above guidance (31.5%) and in line with our forecast, though down from 32.2% in Q4 due to seasonal effects and investments in areas such as video. Operating income (EBIT) reached 509 MEUR (Q1'24: 168 MEUR), corresponding to a 12.1% margin. This was roughly in line with our estimate of 502 MEUR, though ~7% below guidance. FCFF was strong and came in at 534 MEUR (Q1'24: 207 MEUR), reflecting a 13% margin.

…but the Q2 outlook was a bit soft

Q2 guidance came in somewhat below our and consensus pre-Q1 estimates across most lines, except for subscribers, which again surprised to the upside. Revenue guidance of 4.3 BNEUR (13% y/y) was below our 4.4 BNEUR, largely due to FX effects. Gross margin guidance of 31.5% was also below our 31.9% estimate, suggesting more variability than we had anticipated. On the earnings call, Spotify reaffirmed its confidence in 2025 MAU net additions being within the historical 4-year range and reiterated expectations for full-year gross margin to improve compared to 2024. However, we have slightly trimmed our estimates, mainly on revenue and profitability due to FX-effects, while nudging our net subscriber additions higher. On a currency-neutral basis, our estimates remains largely intact. We also lowered our 2025 gross margin assumptions slightly. For 2025, we estimate revenue growth of 15% to 18 BNEUR (prev. 18.4 BNEUR) with an EBIT of 2.2 BNEUR (12% margin, prev. 2.3 BNEUR).

Still too early to turn bullish on the stock

Following our revised estimates, we still believe the near-term valuation to be on the high side, trading at EV/EBIT 43x, EV/FCFF 33x, and EV/GP 17x for 2025e. For next year, the overall valuation picture looks more neutral, falling within the top of our acceptable valuation ranges. While we believe Spotify to be largely insulated from current global turmoil, we think it is somewhat premature to turn bullish on the stock as of now based on 2026 and beyond. Our DCF model, assuming sustained strong growth and margin expansion, supports our view on the valuation, indicating a fair value of USD 572. That said, the long-term fundamentals remains intact, and Spotify has, in our view, a long runway of growth left and years of margin expansion ahead, with pricing likely to play a larger role. We believe much of this is already priced into the stock and we view the risk/reward to be insufficient to turn bullish on the stock at this time.

Recommendation
Reduce
(prev. Reduce)

Target price:
USD 570
(prev. USD 535)

Share price:
USD 576.9

Business risk ●●○○○

Valuation risk ●●●○○

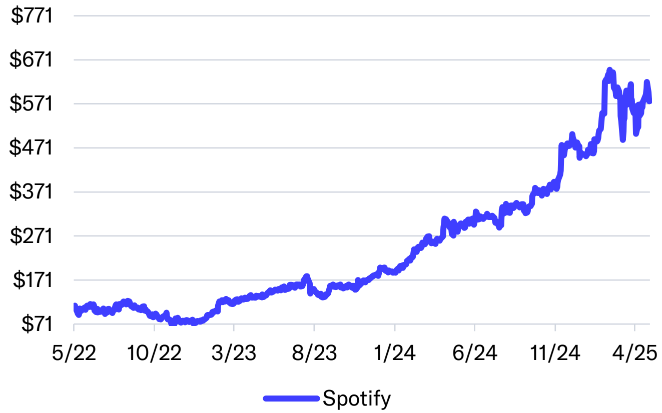
	2024	2025e	2026e	2027e
Revenue (MEUR)	15,673	17,981	20,770	23,760
growth-%	18%	15%	16%	14%
EBIT adj. (MEUR)	1,365	2,233	2,809	3,296
EBIT-% adj.	8.7 %	12.4 %	13.5 %	13.9 %
Net Income (MEUR)	1,138	2,067	2,864	3,199
EPS (adj.) (EUR)	5.6	10.0	13.6	14.9
P/E (adj.)	77.4	50.7	37.3	34.1
P/B	15.9	13.8	10.2	8.0
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	60.5	43.3	34.0	28.5
EV/EBITDA	54.0	41.3	32.8	27.8
EV/S	5.3	5.4	4.6	4.0

Source: Inderes

Guidance (New guidance)

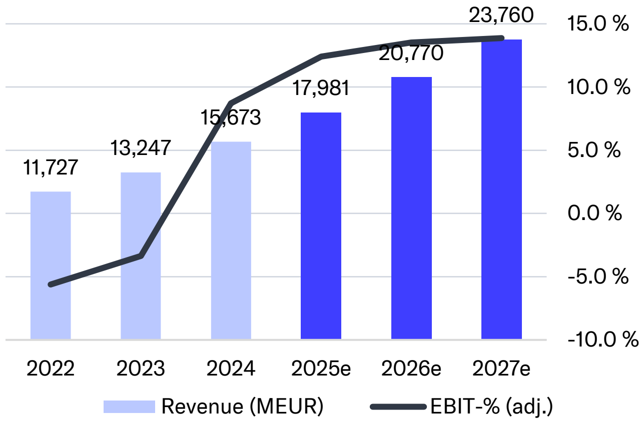
For Q2'25, Spotify expects:
MAU: 689m (+11m q/q)
Premium subscribers: 273m (+5m q/q)
Revenue: 4.3 BNEUR
Gross margin: 31.5%
Operating income: 539 MEUR

Share price



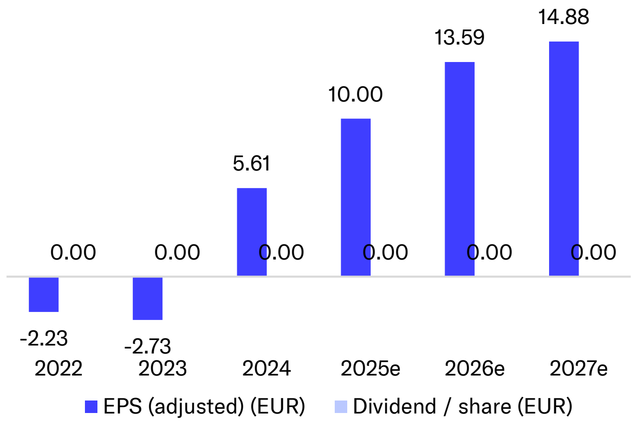
Source: Millistream Market Data AB

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 advertisng 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)	506.8	506.8	506.8
Number of shares, millions	206.6	210.8	215.0
Market cap (MEUR)	104,716	106,811	108,947
EV (MEUR)	96,770	95,519	93,918
P/E (adj.)	50.7	37.3	34.1
P/E	50.7	37.3	34.1
P/FCF	37.9	33.9	31.1
P/B	13.8	10.2	8.0
P/S	5.8	5.1	4.6
EV/Sales	5.4	4.6	4.0
EV/EBITDA	41.3	32.8	27.8
EV/EBIT (adj.)	43.3	34.0	28.5

Solid Q1, but a bit cautious Q2 outlook

Solid Q1, but Q2 guidance was a bit shy overall

Q1 MAUs reached 678m (Q1'24: 615m), in line with company guidance but 1m below both our and Street's estimate of 679m. Premium subs came in at 268m (Q1'24: 239m), beating our and Street's estimates by 3m and ahead of guidance (265m). Ad-supported users declined by 2m q/q, compared to our forecast of +2m (Street: +1m). Premium ARPU was EUR 4.73 (Inderes: EUR 4.75, Street: EUR 4.79), down 2% q/q but up 4% y/y (Q1'24: EUR 4.55), supported by 2024's price hikes.

Q1 revenue grew 15% y/y (FX-neutral: 15%) to 4.2 BNEUR, in line with our forecast. Premium revenue grew 16% to 3.8 BNEUR (Inderes est: 3.8 BNEUR), while ad-supported revenue came in at 419 MEUR and below our revised estimate of 447 MEUR, mainly due to weaker pricing trends.

The Q2 outlook was a bit soft, with Spotify guiding for Q2 MAUs of 689m, below Street's estimate (694m) but closer to our 690m. Premium subs guidance of 273m came in ahead of our 269m and Street's 271m, implying strong +5m q/q growth. However, revenue guidance of 4.3 BNEUR (13% y/y) was below our and Street's 4.4 BNEUR, mainly due to FX effects*.

Social charges weighed on Q1 EBIT

Gross margin continued to improve, reaching 31.6% in Q1'25 (Q1'24: 27.6%), fully in line with our and Street's estimates (31.6%) and slightly above company guidance (31.5%). Spotify reiterated that gross margin will remain variable throughout the year as the company continues to invest in areas such as product expansion and video. Nonetheless, management reaffirmed expectations for full-year gross margin to remain above FY24's level. For Q2'25, Spotify guided to a gross margin of 31.5%, which was below our estimate of 31.9% prior to the Q1 report.

Operating income (EBIT) was 509 MEUR (Q1'24: 168 MEUR), corresponding to a 12% margin. This was broadly in line with our estimate of 502 MEUR, but below Street's 527 MEUR and company guidance of 548 MEUR. The shortfall was primarily driven by higher-than-expected social charges, amounting to 75 MEUR (guidance: 18 MEUR), which was a bit higher than our revised estimate of 65 MEUR (prev. 45 MEUR). Hence, if social charges would have been in line with the company's estimate, Spotify would have beaten its guidance by 3%. Overall, operating expenses (as a percentage of revenue) were about 20 bps lower than our estimates and 350 bps lower than Q1'24, showcasing continued operational efficiency. Q2 EBIT guidance of 539 MEUR implies a 12.5% margin, slightly below our and Street's 12.6% (Inderes est: 555 MEUR, Street's: 554 MEUR).

No news on capital allocation

Spotify's reported free cash flow reached 534 MEUR (Q1'24: 207 MEUR), equivalent to a 12.7% margin, and was in line with our estimated ~540 MEUR**. The liquidity and balance sheet continued to improve, with the net cash position amounting to 5.8 BNEUR (incl. leases). Regarding capital allocation, the company re-emphasized that business priorities come first, with shareholder interests also considered if the excess capacity continues to rise.

Estimates	Q1'24	Q1'25	Q1'25e	Q1'25e	Consensus			Difference (%)	2025e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low		High	Act. vs. inderes	Inderes
Revenue	3,636	4,190	4,210	4,211	4,113	-	4,298	0%	17,981
EBITDA	203	536	533	555	479	-	653	1%	2,345
EBIT	168	509	502	527	470	-	599	1%	2,233
PTP	174	328	549	551	372	-	620	-40%	2,170
EPS (adj.)	0.97	1.10	2.68	2.27	1.84	-	3.62	-59%	10.00
Revenue growth-%	19.5 %	15.2 %	15.8 %	15.8 %	13.1 %	-	18.2 %	-0.5 pp	14.7 %
EBIT-% (adj.)	4.6 %	12.1 %	11.9 %	12.5 %	10.1 %	-	12.2 %	0.2 pp	12.4 %

Source: Inderes & Bloomberg (consensus)

*For Q2, the company anticipates a 170 bps FX headwind to revenue growth at current currency rates.

***Adding back SCB and excluding lease payments to make it easier to compare to reported figures.*

We inch our estimates slightly lower, mainly due to FX-effects

Estimate revisions

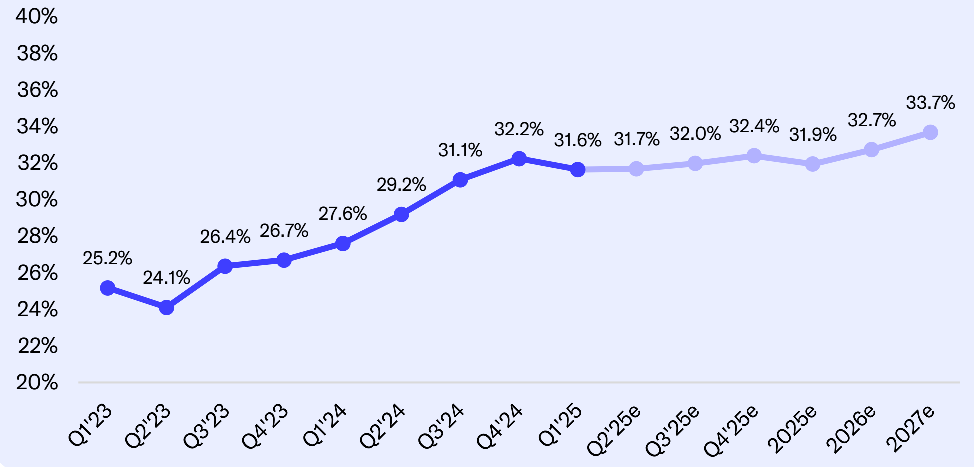
- Our 2025-2026 revenue estimates inch around 2% lower, primarily due to negative FX effects. On a currency-neutral basis, our estimates remained quite intact.
- We expect FY25 MAUs of 731, trimming our previous estimate by -3m. That said, we estimate 2m more subs (288m) and 4-5m less ad-supported users given the Q1 report.
- Spotify's monetization pace in Q1 was in line with estimates, but due to FX effects, we have inched our ARPU slightly for the forecast period.
- Spotify's Q2 gross margin guidance of 31.5% came in below our expectation of 31.9%, suggesting greater variability than we had previously anticipated. As a result, we have modestly lowered our gross margin assumptions for 2025, with a minor ripple effect across the forecast period.
- Following our revenue and gross margin cuts, EBIT estimates have been trimmed by -3% in FY25-26, with a follow-through effect on the rest of the forecast period.
- Due to lower profitability estimates, our FCFF estimates have been lowered somewhat.

Estimate revisions MEUR / EUR	2025e Old	2025e New	Change %	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %
Revenue	18,389	17,981	-2%	21,180	20,770	-2%	24,227	23,760	-2%
EBITDA	2,419	2,345	-3%	2,983	2,909	-2%	3,493	3,380	-3%
EBIT (exc. NRIs)	2,295	2,233	-3%	2,883	2,809	-3%	3,404	3,296	-3%
EBIT	2,295	2,233	-3%	2,883	2,809	-3%	3,404	3,296	-3%
PTP	2,483	2,170	-13%	3,100	3,015	-3%	3,676	3,554	-3%
EPS (excl. NRIs)	12.13	10.00	-18%	14.11	13.59	-4%	15.54	14.88	-4%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

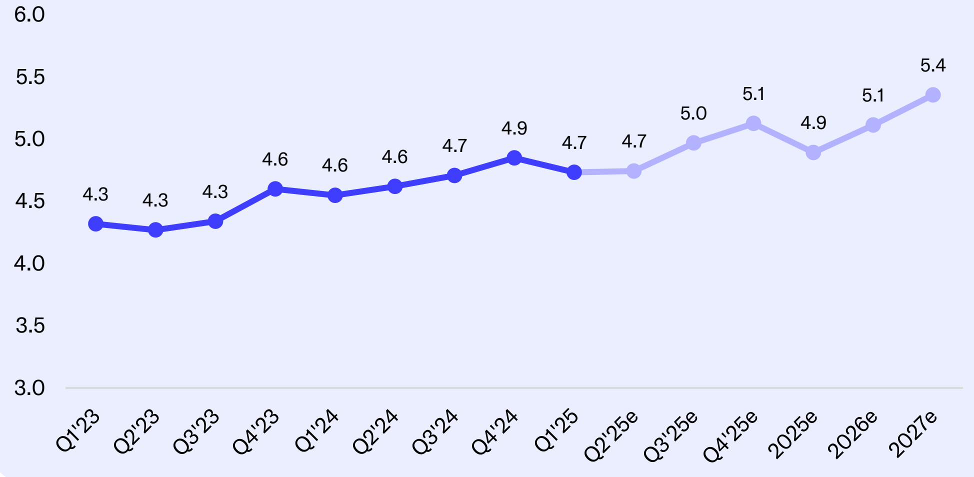
Source: Inderes

Key KPI's

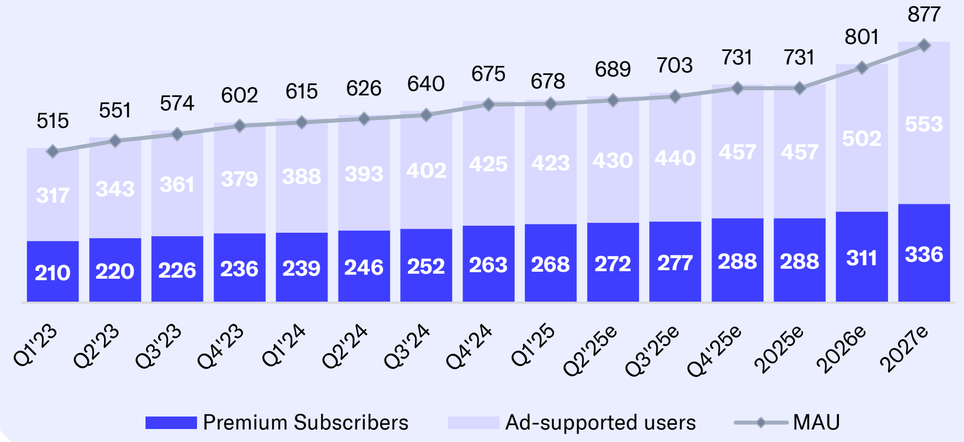
Gross margin trajectory (est.)



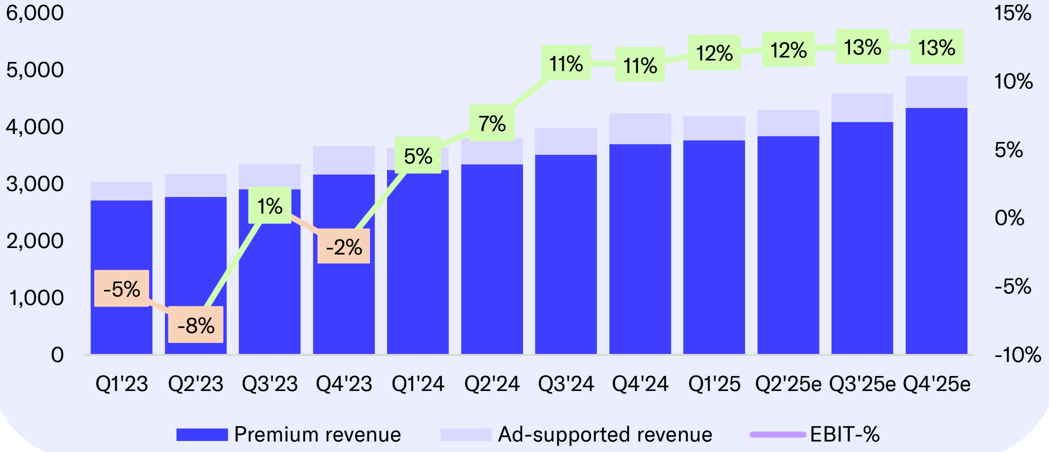
Monthly Premium ARPU trajectory (est.)



User growth trajectory (est.)



Revenue and EBIT-% (est.)



Source: Inderes

Still too early to turn bullish on the stock

Valuation summary - Reduce

We forecast strong earnings growth for Spotify in 2025-2026 (EBIT growth 25-26e: 64-26%) as the company continues to diligently balance growth with profitability, while utlizing several monetization levers to drive ARPU growth (e.g. launching a super-fan tier, tapping into higher ARPU segments, price hikes, etc.). However, we view the current valuation as too rich, with much of the earnings growth for 2025-2026 already reflected in the share price, warranting a more cautious stance at this point. Hence, we reiterate our Reduce recommendation, but raise the target price to USD 570 (was USD 535) due to the effects of a weaker USD to EUR.

Absolute multiples in 2025-2026

Based on our revised 2025 estimates, Spotify is trading at 43x EV/EBIT, 33x EV/FCFF, and 17x EV/GP. We believe these multiples remains elevated in absolute terms and relative to our acceptable valuation ranges (EV/GP: 13-17x, EV/EBIT: 33-36x, EV/FCFF: 25-30x). We think this is particularly notable given the current high-interest-rate environment, Spotify's relatively low underlying profitability, its reliance on licensed content, and the still-limited evidence of sustained pricing power in more mature markets.

However, we acknowledge that Spotify remains in the early stages of its profitability turnaround, albeit with significant progress already made. Given Spotify's strong business momentum, we believe a valuation near the upper end of these ranges is currently justified.

Based on our estimates, the overall valuation picture looks more neutral in 2026, with overall earnings/FCFF based mulitples falling within our acceptables ranges (EV/GP: 14x, EV/EBIT: 34x, EV/FCFF: 27x). Even though we believe Spotify is largely insulated from ongoing tariff and economic turmoil, they are not immune to a further downturn or prolonged weak sentiment. As such, given that, combined with Spotify already trading at the top of our acceptable valuation ranges on 2026e multiples, we believe it is somewhat premature to turn bullish on the stock as of now.

However, extending our view to 2027, the valuation becomes more compelling, with multiples falling below our acceptable ranges (EV/EBIT 26': 29x, EV/FCFF: 24x, EV/GP: 12x).

Valuation compared to the peer group

To provide some flavor on Spotify's valuation, we have compiled several sets of peers in different segments that either share similarities to Spotify's business model, engages large user bases, monetize users through ads, or participate in the broader music/audio industry. For more details on the peer setup and background to our preferred peer group, we refer to our initiation of coverage report.

On a relative basis, Spotify trades at a premium to the Subscription Services ("SS") peer group on both EV/FCFF and EV/EBIT for 2025e (SPOT: 33x/44x vs SS: 14x & 12x). While we believe Spotify deserves a premium valuation compared to the SS group as whole, the absolute multiples are excessive, in our view, despite the relatively stronger expected earnings/FCFF growth.

At the same time, Spotify trades at a discount to Netflix (25e: 55x) on a FCFF basis, but at a premium on an EBIT basis (NTFL: 37x). While we argue this dynamic (on a FCFF basis) if justified due to lower underlying profitability, higher dependency on licensed content, more limited track record of increasing prices in established markets, we also think that current the valuation gap (on EV/FCFF) between the companies is too steep. However, we note that both companies trade at very high absolute multiples.

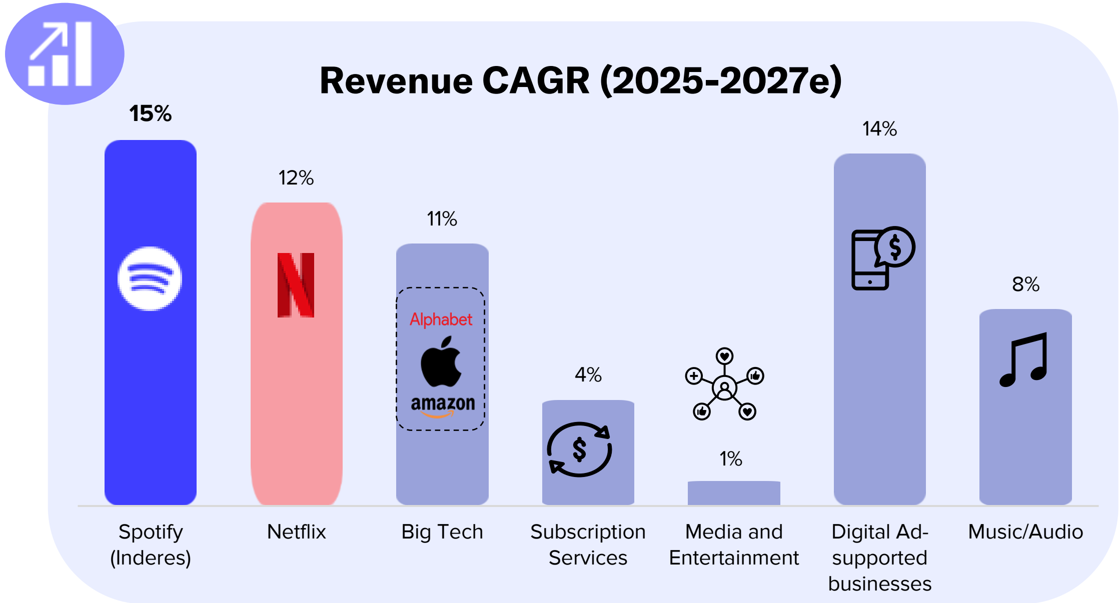
Valuation	2025e	2026e	2027e
Share price (EUR)	506.8	506.8	506.8
Number of shares, millions	206.6	210.8	215.0
Market cap (MEUR)	104,716	106,811	108,947
EV (MEUR)	96,770	95,519	93,918
P/E (adj.)	50.7	37.3	34.1
P/E	50.7	37.3	34.1
P/FCF	37.9	33.9	31.1
P/B	13.8	10.2	8.0
P/S	5.8	5.1	4.6
EV/Sales	5.4	4.6	4.0
EV/EBITDA	41.3	32.8	27.8
EV/EBIT (adj.)	43.3	34.0	28.5

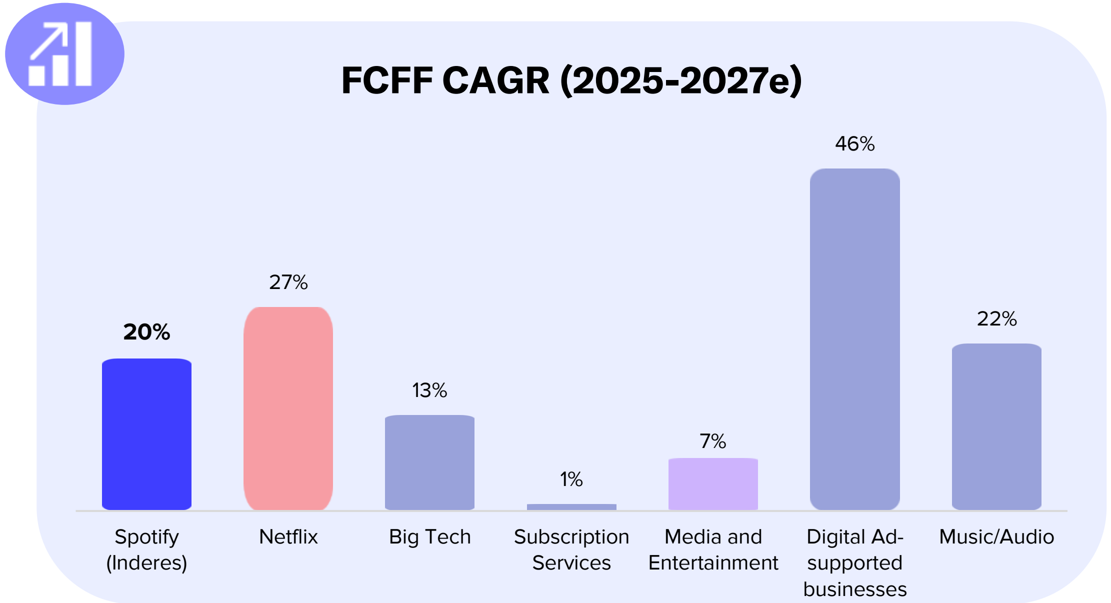
Selection of peers in each group

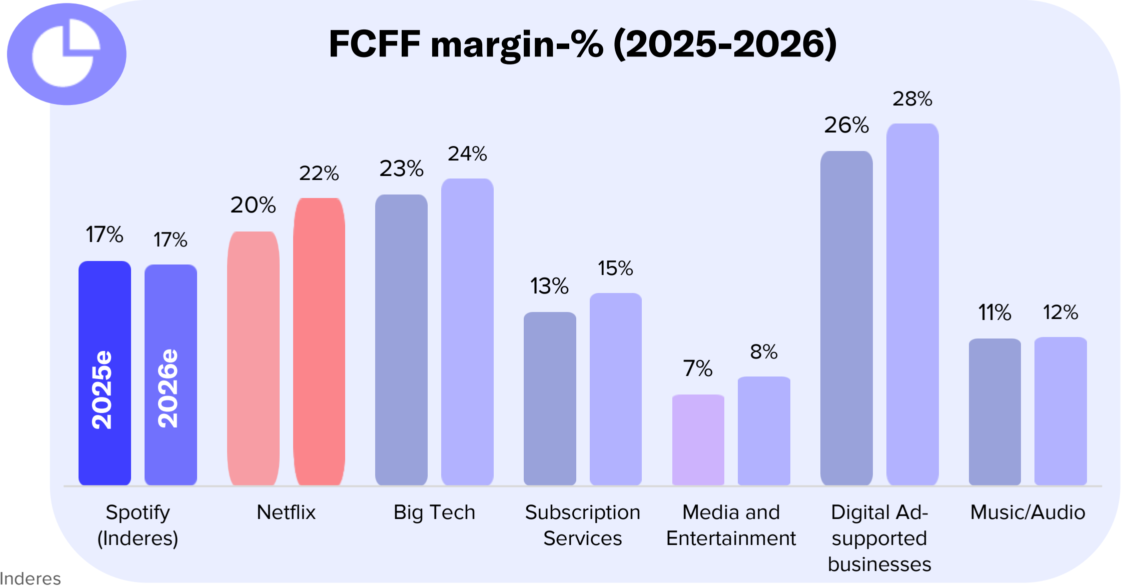
Big tech (BT)		amazon	Alphabet
Subscription services (SS)		Roku	Match Group
Media & Entertainment (ME)	Warner Bros. Discovery	The Walt Disney Company	Paramount
Digital ad-supported (DAS)		Meta	
Music/Audio (MA)	SiriusXM	Deezer	Tencent Music Entertainment

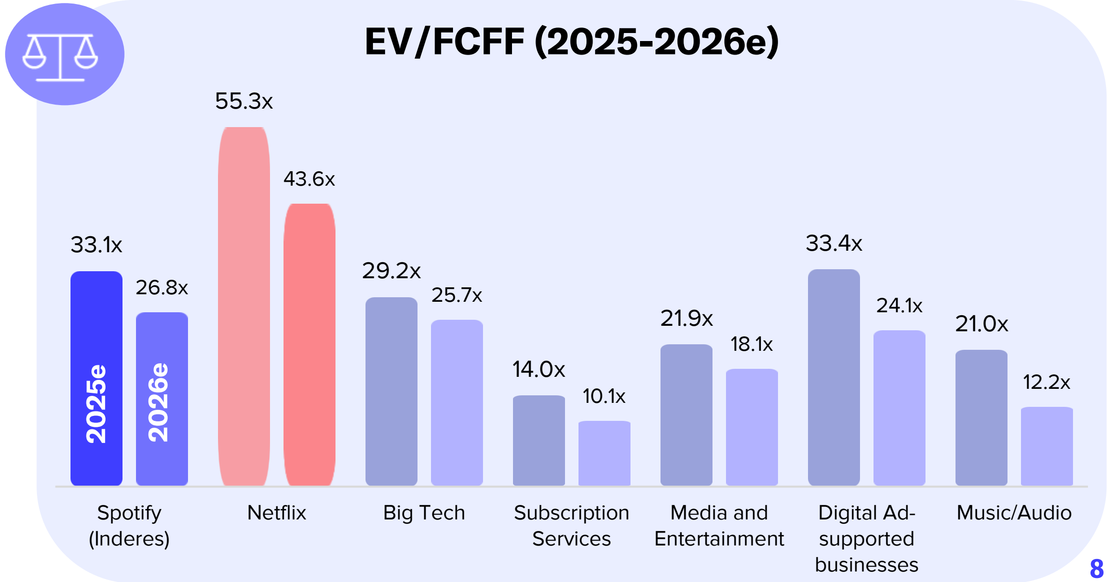
Source: Inderes

Valuation graphs: Spotify vs various peer groups









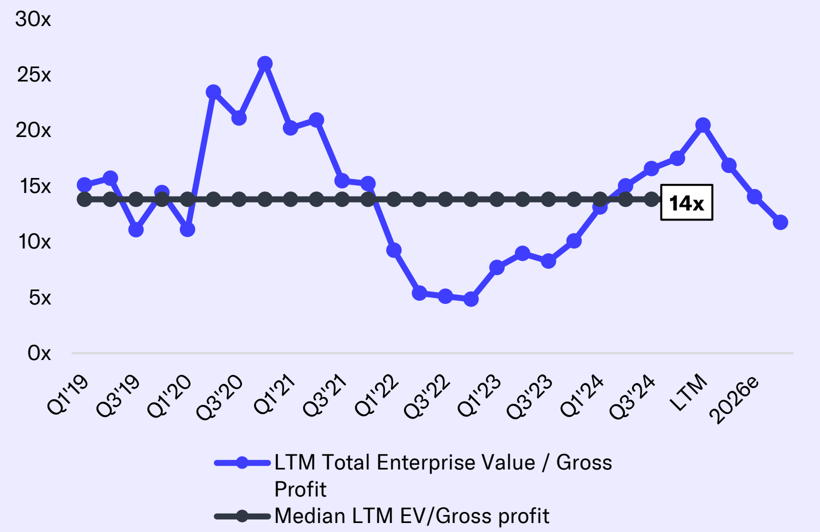
Source: Inderes

Still too early to turn bullish on the stock

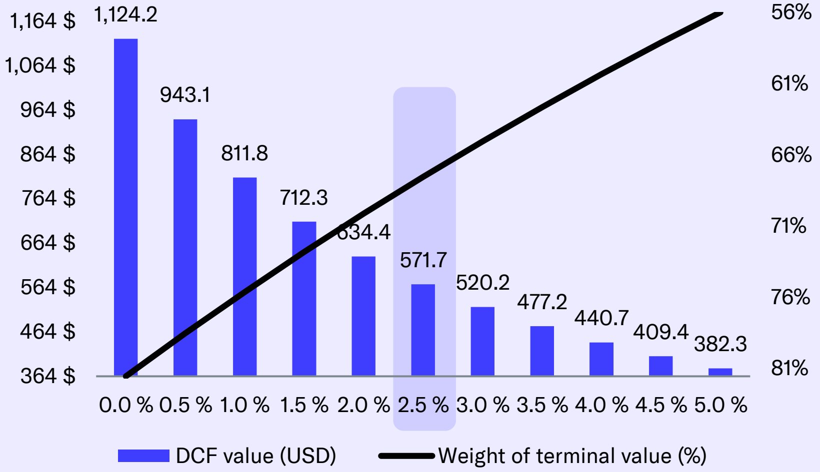
DCF suggests current price to be too high

We expect strong double-digit growth (CAGR: 14%) and continued margin expansion between 2025 and 2029, after which the top line growth gradually tapers towards 3%, which we use as the terminal growth rate. In the terminal period, we expect the EBIT margin to stabilize at around 19%. We estimate Spotify's cost of equity and WACC (due to no traditional financial debt) at 8.2%, which is fairly low but supported by its strong and wide market presence, superior global brand, robust balance sheet and improved profitability profile. With these assumptions, our DCF model arrives at an EV and equity value of around 118 BNUSD (prev. 108 BNUSD), which translates to around USD 572 per share. This is more or less in line with our target price and below the current share price, suggesting a downside for the share.

EV/Gross profit development



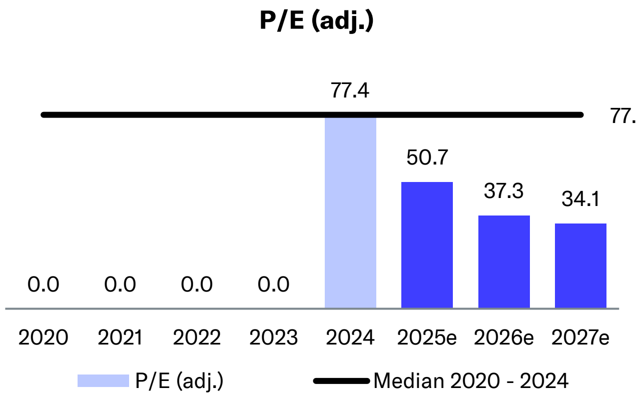
Sensitivity of DCF to changes in the risk-free rate

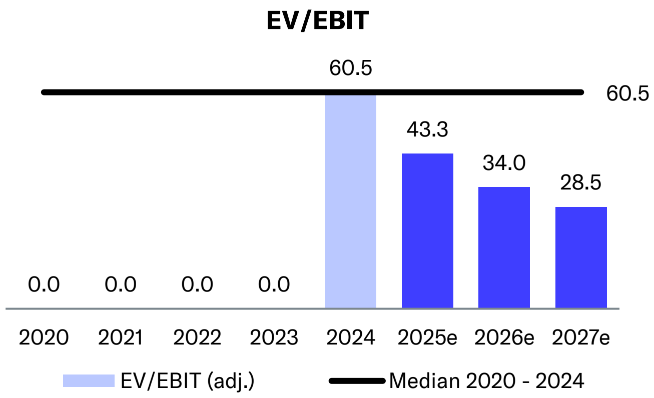


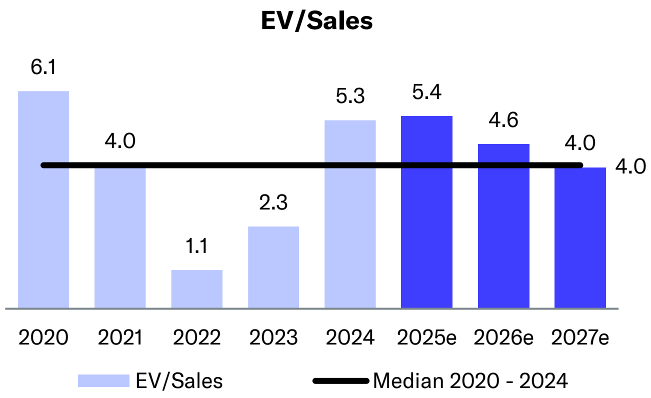
Source: Inderes

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	506.8	506.8	506.8	506.8
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	104,716	106,811	108,947	111,126
EV (MEUR)	47,952	38,788	12,650	30,415	82,615	96,770	95,519	93,918	91,962
P/E (adj.)	neg.	neg.	neg.	neg.	77.4	50.7	37.3	34.1	30.0
P/E	neg.	neg.	neg.	neg.	77.4	50.7	37.3	34.1	30.0
P/FCF	neg.	37.6	neg.	>100	43.6	37.9	33.9	31.1	28.5
P/B	17.5	19.1	6.0	13.1	15.9	13.8	10.2	8.0	6.4
P/S	6.2	4.2	1.2	2.5	5.6	5.8	5.1	4.6	4.2
EV/Sales	6.1	4.0	1.1	2.3	5.3	5.4	4.6	4.0	3.4
EV/EBITDA	neg.	>100	neg.	neg.	54.0	41.3	32.8	27.8	22.7
EV/EBIT (adj.)	neg.	>100	neg.	neg.	60.5	43.3	34.0	28.5	23.2
EV/FCFF	109.0	212.0	45.7	1448.3	121.9	33.1	26.8	23.6	20.8







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 Company	Market cap MEUR	EV MEUR	EV/EBIT 2025e	 2026e	EV/EBITDA 2025e	 2026e	EV/S 2025e	 2026e	P/E 2025e	 2026e	Dividend yield-% 2025e	 2026e	P/B 2025e
Big Tech													
Apple	2,787,140	2,824,934	24.9	23.2	22.9	21.4	7.9	7.4	29.1	26.5	0.5	0.5	54.0
Amazon.com	1,746,920	1,724,393	24.8	20.4	11.9	10.2	2.8	2.6	30.3	25.4			5.5
Alphabet	1,716,405	1,644,916	14.7	13.2	10.9	9.6	4.8	4.4	16.9	15.9	0.5	0.5	4.9
Subscription businesses													
Netflix	420,810	426,648	36.9	30.7	35.2	29.7	10.9	9.8	44.2	36.5			17.5
Match Group	6,404	8,933	12.0	10.4	8.2	7.6	3.0	2.8	14.4	12.0	2.6	2.9	
Bumble	388	1,257	10.4	11.5	5.6	5.6	1.4	1.4	7.8	8.0			0.4
Chegg	63	211			3.7	4.7	0.6	0.6	5.8	8.4			0.3
Vimeo	797	511		1938.5	20.6	16.3	1.4	1.3	185.7	80.0			
Roku	8,932	7,066		782.4	23.6	16.0	1.8	1.6		117.2			3.7
Media/Enterainment													
Warner Bros. Discovery	19,058	50,372	43.0	29.8	6.3	6.2	1.5	1.5		113.9			0.6
The Walt Disney Company	144,782	184,080	13.0	11.9	10.5	9.6	2.2	2.1	16.7	15.1	1.1	1.2	1.6
Paramount Global	7,315	19,128	8.9	8.1	7.5	7.2	0.8	0.8	8.6	7.2	1.7	1.7	0.5
Digital Ad-supported businesses													
Snap	13,468	13,703			25.2	17.1	2.6	2.3	27.7	19.0			6.0
Meta Platforms	1,229,919	1,187,197	18.6	16.3	12.4	10.6	7.3	6.4	22.4	19.6	0.4	0.4	6.0
Reddit	19,815	18,198	137.4	50.9	37.6	24.9	11.7	9.1	113.8	57.3			8.7
Pinterest	15,610	13,403	41.2	25.1	12.4	10.2	3.7	3.2	14.6	12.3			3.2
Music/Audio													
iHeartMedia	138	4,370	16.6	11.1	6.8	5.8	1.3	1.3		4.0			
Sirius XM Holdings	6,464	15,436	9.3	9.5	6.9	6.9	2.1	2.1	7.1	7.1	5.0	5.3	0.8
Deezer	170	140				8.5	0.3	0.2					
Tencent Music Entertainment Group	18,735	16,434	13.6	11.8	12.5	11.0	4.4	4.0	17.3	15.1	1.2	1.3	2.2
Warner Music Group Corp.	13,956	16,866	19.3	16.4	13.7	12.4	3.0	2.8	22.0	21.0	2.4	2.6	21.5
Universal Music Group	45,861	48,498	21.1	18.4	17.1	15.2	3.9	3.6	25.0	21.8	2.2	2.5	9.4
Live Nation Entertainment	27,205	29,208	22.1	19.3	13.7	12.3	1.3	1.2	54.2	41.2			22.6
Spotify (Inderes)	**104,716**	**96,770**	**43.3**	**34.0**	**41.3**	**32.8**	**5.4**	**4.6**	**50.7**	**37.3**	**0.0**	**0.0**	**13.8**
Average			**27.1**	**152.9**	**14.8**	**12.1**	**3.5**	**3.1**	**34.9**	**31.1**	**1.8**	**1.9**	**8.9**
Median			**18.9**	**17.4**	**12.4**	**10.2**	**2.6**	**2.3**	**22.0**	**19.3**	**1.4**	**1.5**	**4.9**
Diff-% to median			***129%***	***96%***	***233%***	***222%***	***106%***	***97%***	***131%***	***93%***	***-100%***	***-100%***	***182%***

Source: Refinitiv / Inderes

Income statement

Income statement (MEUR)	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	**13247**	**3636**	**3807**	**3988**	**4242**	**15,673**	**4,190**	**4,304**	**4,591**	**4,896**	**17,981**	**20,770**	**23,760**	**26,866**
Premium revenue	11566	3247	3351	3516	3705	13,819	3,771	3,843	4,088	4,338	16,040	18,353	20,785	23,501
Ad-supported revenue	1681	389	456	472	537	1,854	419	461	502	558	1,940	2,417	2,976	3,365
EBITDA	**-165.0**	**203**	**310**	**484**	**532**	**1,529**	**538**	**562**	**604**	**641**	**2,345**	**2,909**	**3,380**	**4,051**
Depreciation	-281.0	-35.0	-44.0	-30.0	-55.0	-164	-29	-29	-27	-27	-112	-100	-84	-86
EBIT (excl. NRI)	**-446.0**	**168**	**266**	**454**	**477**	**1,365**	**509**	**533**	**577**	**614**	**2,233**	**2,809**	**3,296**	**3,965**
EBIT	**-446.0**	**168**	**266**	**454**	**477**	**1,365**	**509**	**533**	**577**	**614**	**2,233**	**2,809**	**3,296**	**3,965**
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	39	39	39	-64	205	258	275
PTP	**-505.0**	**174**	**270**	**398**	**499**	**1,341**	**328**	**572**	**616**	**653**	**2,170**	**3,015**	**3,554**	**4,239**
Taxes	-27.0	23.0	4.0	-98.0	-132.0	-203	-103	0	0	0	-103	-151	-355	-530
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**	**572**	**616**	**653**	**2,067**	**2,864**	**3,199**	**3,710**
Net earnings	**-532.0**	**197**	**274**	**300**	**367**	**1,138**	**225**	**572**	**616**	**653**	**2,067**	**2,864**	**3,199**	**3,710**
EPS (adj.) (EUR)	**-2.73**	**0.97**	**1.35**	**1.48**	**1.81**	**5.61**	**1.09**	**2.77**	**2.98**	**3.16**	**10.00**	**13.59**	**14.88**	**16.92**
EPS (rep.) (EUR)	**-2.73**	**0.97**	**1.35**	**1.48**	**1.81**	**5.61**	**1.09**	**2.77**	**2.98**	**3.16**	**10.00**	**13.59**	**14.88**	**16.92**

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	13.0 %	19.5 %	19.8 %	18.8 %	15.6 %	18.3 %	15.2 %	13.1 %	15.1 %	15.4 %	14.7 %	15.5 %	14.4 %	13.1 %
Adjusted EBIT growth-%	-32.3 %	-207.7 %	-207.7 %	1318.8 %	-735.9 %	-406.0 %	202.9 %	100.4 %	27.2 %	28.7 %	63.6 %	25.8 %	17.3 %	20.3 %
EBITDA-%	-1.2 %	5.6 %	8.1 %	12.1 %	12.5 %	9.8 %	12.8 %	13.1 %	13.2 %	13.1 %	13.0 %	14.0 %	14.2 %	15.1 %
Adjusted EBIT-%	-3.4 %	4.6 %	7.0 %	11.4 %	11.2 %	8.7 %	12.1 %	12.4 %	12.6 %	12.5 %	12.4 %	13.5 %	13.9 %	14.8 %
Net earnings-%	-4.0 %	5.4 %	7.2 %	7.5 %	8.7 %	7.3 %	5.4 %	13.3 %	13.4 %	13.3 %	11.5 %	13.8 %	13.5 %	13.8 %

Source: Inderes

Monthly active user (MAU)	**602**	**615**	**626**	**640**	**675**	**675**	**678**	**689**	**703**	**731**	**731**	**801**	**877**	**950**
Premium subscribers	**236**	239	246	252	263	**263**	268	272	277	288	**288**	**311**	**336**	**360**
Ad-supported users	**379**	388	393	402	425	**425**	423	430	440	457	**457**	**502**	**553**	**602**
Premium ARPU	**4.4**	4.6	4.6	4.7	4.9	**4.7**	4.7	4.7	5.0	5.1	**4.9**	**5.1**	**5.4**	**5.6**

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

Balance sheet

Assets (MEUR)	2023	2024	2025e	2026e	2027e
Non-current assets	**3,086**	**3,626**	**3,584**	**3,576**	**3,586**
Goodwill	1,137	1,201	1,199	1,199	1,199
Intangible assets	84	48	18	0	0
Tangible assets	547	414	424	434	444
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	122	122	122
Deferred tax assets	28	186	186	186	186
Current assets	**5,260**	**8,379**	**10,913**	**13,198**	**17,115**
Inventories	0	0	0	0	0
Other current assets	188	160	160	160	160
Receivables	858	771	1,007	1,246	1,426
Cash and equivalents	4,214	7,448	9,746	11,792	15,529
Balance sheet total	**8,346**	**12,005**	**14,497**	**16,774**	**20,700**

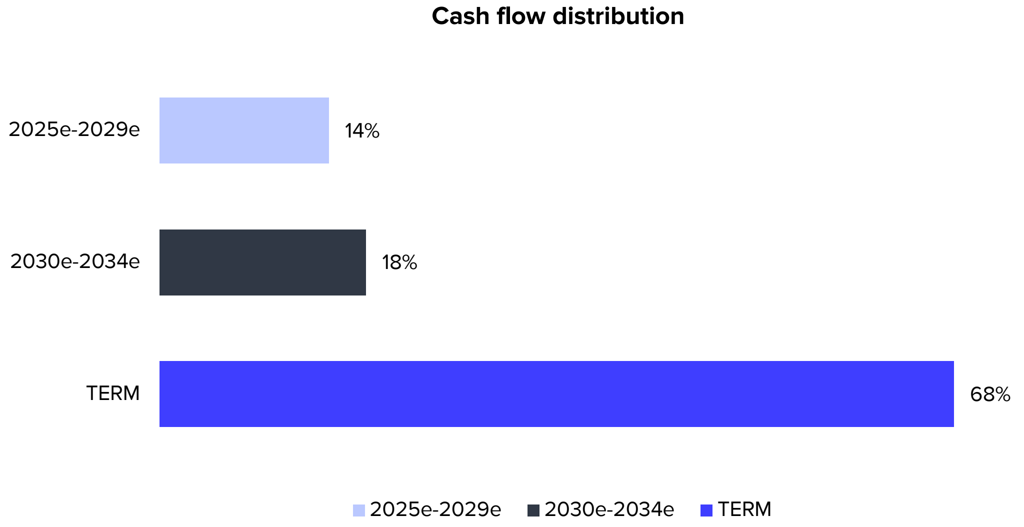
Source: Inderes

Liabilities & equity (MEUR)	2023	2024	2025e	2026e	2027e
Equity	**2,523**	**5,525**	**7,591**	**10,455**	**13,654**
Share capital	0	0	0	0	0
Retained earnings	-4,182	-3,044	-978	1,886	5,085
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
Non-current liabilities	**1,754**	**2,055**	**554**	**554**	**554**
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
Current liabilities	**4,069**	**4,425**	**6,352**	**5,765**	**6,492**
Interest bearing debt	0	0	1,300	0	0
Payables	4,040	4,372	4,999	5,712	6,439
Other current liabilities	29	53	53	53	53
Balance sheet total	**8,346**	**12,005**	**14,497**	**16,774**	**20,700**

DCF-calculation

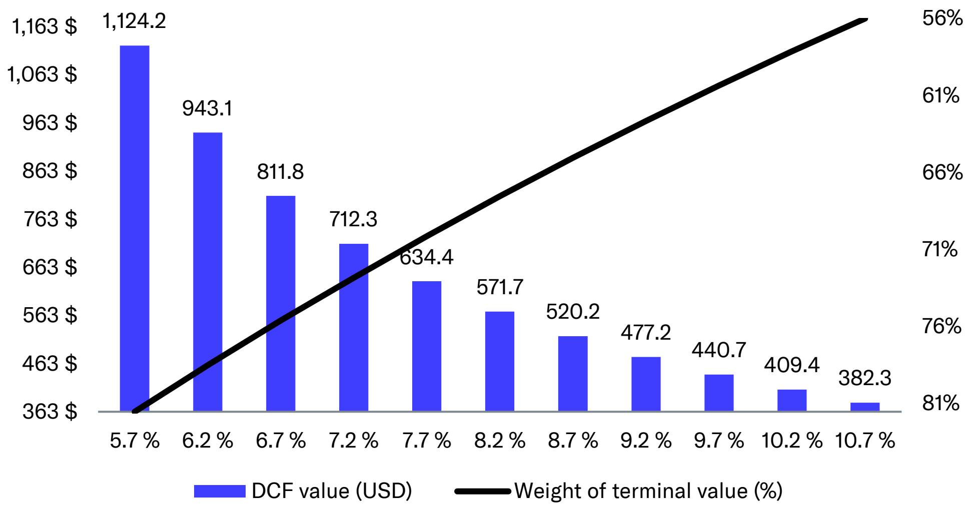
DCF model (MEUR)	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	18.3 %	14.7 %	15.5 %	14.4 %	12.4 %	11.4 %	10.9 %	10.5 %	9.7 %	9.0 %	3.0 %	3.0 %
EBIT-%	8.7 %	12.4 %	13.5 %	13.9 %	14.8 %	15.9 %	17.1 %	18.2 %	18.6 %	19.2 %	19.2 %	19.2 %
EBIT (operating profit)	**1,365**	**2,233**	**2,809**	**3,296**	**3,965**	**4,728**	**5,629**	**6,633**	**7,436**	**8,367**	**8,618**	
+ Depreciation	164	112	100	84	86	88	90	91	93	95	97	
- Paid taxes	-348	-103	-151	-355	-530	-750	-1,045	-1,411	-1,588	-1,795	-1,724	
- Tax, financial expenses	-52	-13	-2	-4	-5	-6	-7	-8	-8	-8	0	
+ Tax, financial income	48	10	12	30	39	47	67	92	109	129	0	
- Change in working capital	471	391	474	548	435	411	506	559	312	826	242	
Operating cash flow	**1,648**	**2,630**	**3,243**	**3,598**	**3,990**	**4,518**	**5,240**	**5,957**	**6,354**	**7,614**	**7,233**	
+ Change in other long-term liabilities	-17	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-546	-70	-92	-94	-96	-97	-99	-101	-103	-105	-112	
Free operating cash flow	**1,085**	**2,560**	**3,151**	**3,505**	**3,894**	**4,420**	**5,140**	**5,855**	**6,251**	**7,509**	**7,121**	
+/- Other	933	204	0	0	0	0	0	0	0	0	0	
FCFF	2,018	2,764	3,151	3,505	3,894	4,420	5,140	5,855	6,251	7,509	7,121	142,418
Discounted FCFF		**2,622**	**2,764**	**2,843**	**2,921**	**3,066**	**3,296**	**3,472**	**3,427**	**3,807**	**3,338**	**66,758**
Sum of FCFF present value		98,315	95,692	92,928	90,085	87,164	84,099	80,802	77,330	73,903	70,096	66,758
Enterprise value DCF		**98,315**										
- Interest bearing debt		-2,001										
+ Cash and cash equivalents		7,448										
-Minorities		0										
-Dividend/capital return		0										
Equity value DCF (MEUR)		**103,762**										
Equity value DCF per share (EUR)		**502.1**										
Equity value DCF per share (USD)		**571.7**										

WACC	
Tax-% (WACC)	21.0 %
Target debt ratio (D/(D+E)	0.0 %
Cost of debt	0.0 %
Equity Beta	1.19
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	**8.2 %**
Weighted average cost of capital (WACC)	**8.2 %**

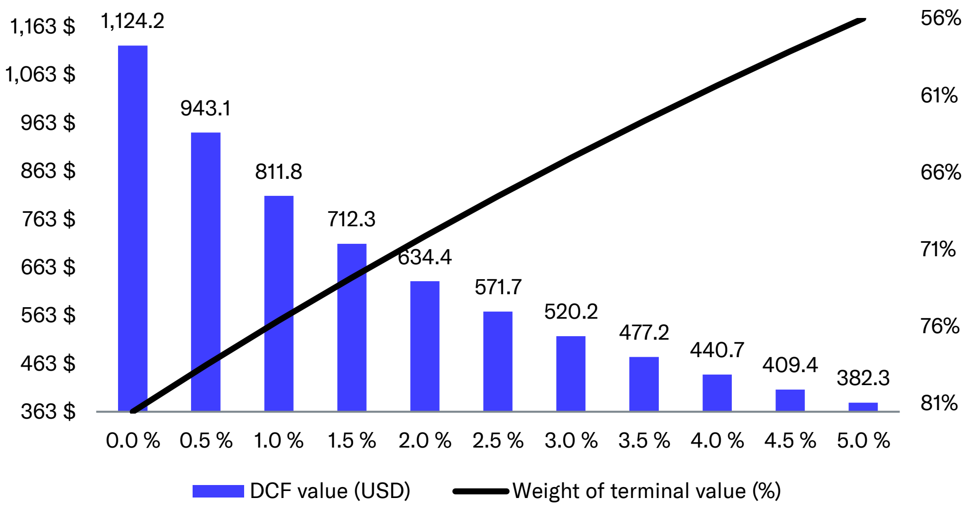


DCF sensitivity calculations and key assumptions in graphs

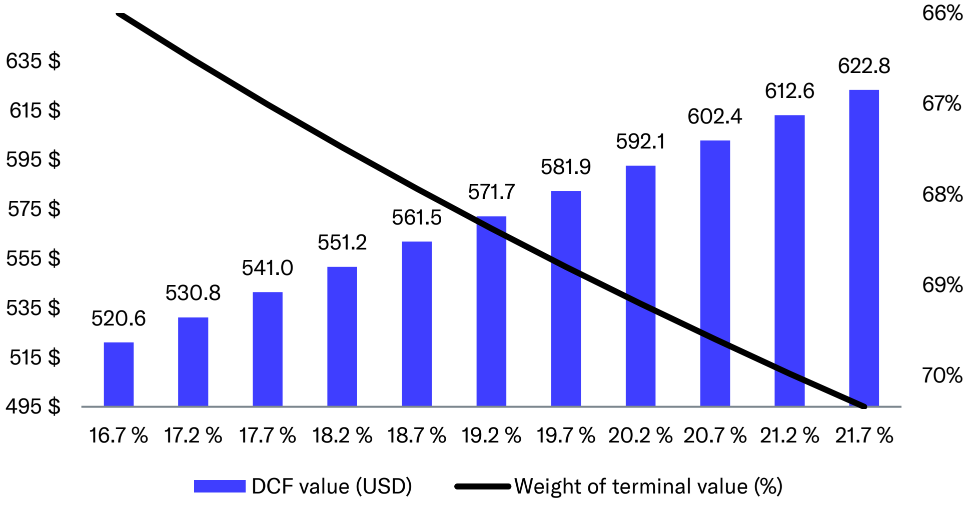
Sensitivity of DCF to changes in the WACC-%



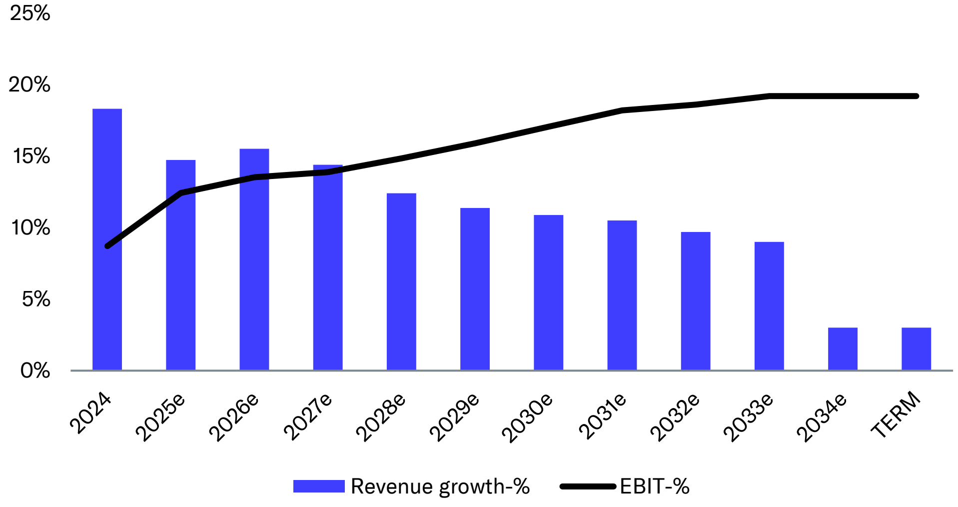
Sensitivity of DCF to changes in the risk-free rate



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)	2022	2023	2024	2025e	2026e
Revenue	11,727	13,247	15,673	**17,981**	**20,770**
EBITDA	-488	-165	1,529	**2,345**	**2,909**
EBIT	-659	-446	1,365	**2,233**	**2,809**
PTP	-370	-505	1,341	**2,170**	**3,015**
Net Income	-430	-532	1,138	**2,067**	**2,864**
Extraordinary items	0.0	0.0	0.0	**0.0**	**0.0**

Per share data (EUR)	2022	2023	2024	2025e	2026e
EPS (reported)	-2.23	-2.73	5.61	**10.00**	**13.59**
EPS (adj.)	-2.23	-2.73	5.61	**10.00**	**13.59**
OCF / share	-2.22	1.70	8.12	**12.73**	**15.38**
OFCF / share	-5.70	1.34	9.95	**13.38**	**14.95**
Book value / share	12.44	12.96	27.23	**36.74**	**49.60**
Dividend / share	0.00	0.00	0.00	**0.00**	**0.00**

Balance sheet (MEUR)	2022	2023	2024	2025e	2026e
Balance sheet total	7,636	8,346	12,005	**14,497**	**16,774**
Equity capital	2,401	2,523	5,525	**7,591**	**10,455**
Goodwill	1,168	1,137	1,201	**1,199**	**1,199**
Net debt	-1,668	-2,518	-5,447	**-7,946**	**-11,292**

Growth and profitability	2022	2023	2024	2025e	2026e
Revenue growth-%	21%	13%	18%	**15%**	**16%**
EBITDA growth-%	-321%	-66%	-1027%	**53%**	**24%**
EBIT (adj.) growth-%	-801%	-32%	-406%	**64%**	**26%**
EPS (adj.) growth-%	1154%	23%	-305%	**78%**	**36%**
EBITDA-%	-4.2 %	-1.2 %	9.8 %	**13.0 %**	**14.0 %**
EBIT (adj.)-%	-5.6 %	-3.4 %	8.7 %	**12.4 %**	**13.5 %**
EBIT-%	-5.6 %	-3.4 %	8.7 %	**12.4 %**	**13.5 %**
ROE-%	-19.0 %	-21.6 %	28.3 %	**31.5 %**	**31.7 %**
ROI-%	-6.0 %	-6.9 %	28.8 %	**29.0 %**	**30.0 %**
Equity ratio	31.4 %	30.2 %	46.0 %	**52.4 %**	**62.3 %**
Gearing	-69.5 %	-99.8 %	-98.6 %	**-104.7 %**	**-108.0 %**

Cash flow (MEUR)	2022	2023	2024	2025e	2026e
EBITDA	-488	-165	1,529	**2,345**	**2,909**
Change in working capital	156	535	471	**391**	**474**
Operating cash flow	-429	330	1,648	**2,630**	**3,243**
CAPEX	-662	-63	-546	**-70**	**-92**
Free cash flow	-1,100	260	2,018	**2,764**	**3,151**

Valuation multiples	2022	2023	2024	2025e	2026e
EV/S	1.1	2.3	5.3	**5.4**	**4.6**
EV/EBITDA	neg.	neg.	54.0	**41.3**	**32.8**
EV/EBIT (adj.)	neg.	neg.	60.5	**43.3**	**34.0**
P/E (adj.)	neg.	neg.	77.4	**50.7**	**37.3**
P/B	6.0	13.1	15.9	**13.8**	**10.2**
Dividend-%	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. Per-share figures are calculated using the number of shares at year-end.

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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

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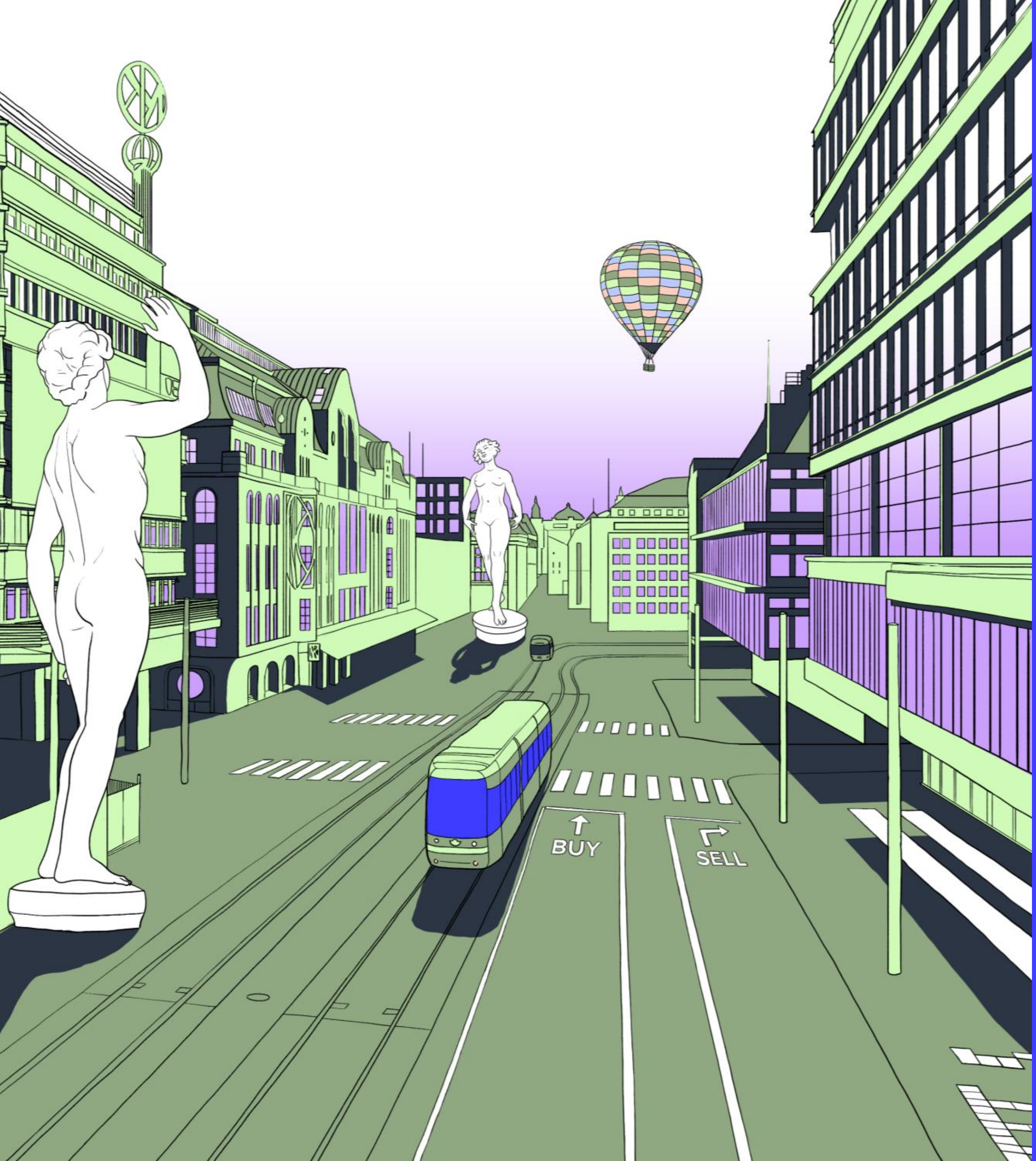
Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2024-12-13	Reduce	$ 470	$ 480
2025-02-05	Reduce	$ 535	$ 622
2025-04-30	Reduce	$ 570	$ 577



CONNECTING INVESTORS AND COMPANIES.

Inderes connects investors and listed companies.

We serve over 400 Nordic listed companies that want to better serve investors. The Inderes community is home to over 70,000 active investors.

We provide listed companies with solutions that enable seamless and effective investor relations. The Inderes service is built on four cornerstones for high-quality investor relations: Equity Research, Events, IR Software, and Annual General Meetings (AGM).

Inderes operates in Finland, Sweden, Norway, and Denmark and is listed on the Nasdaq First North Growth Market.

Inderes was created by investors, for investors.

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

inderes.