

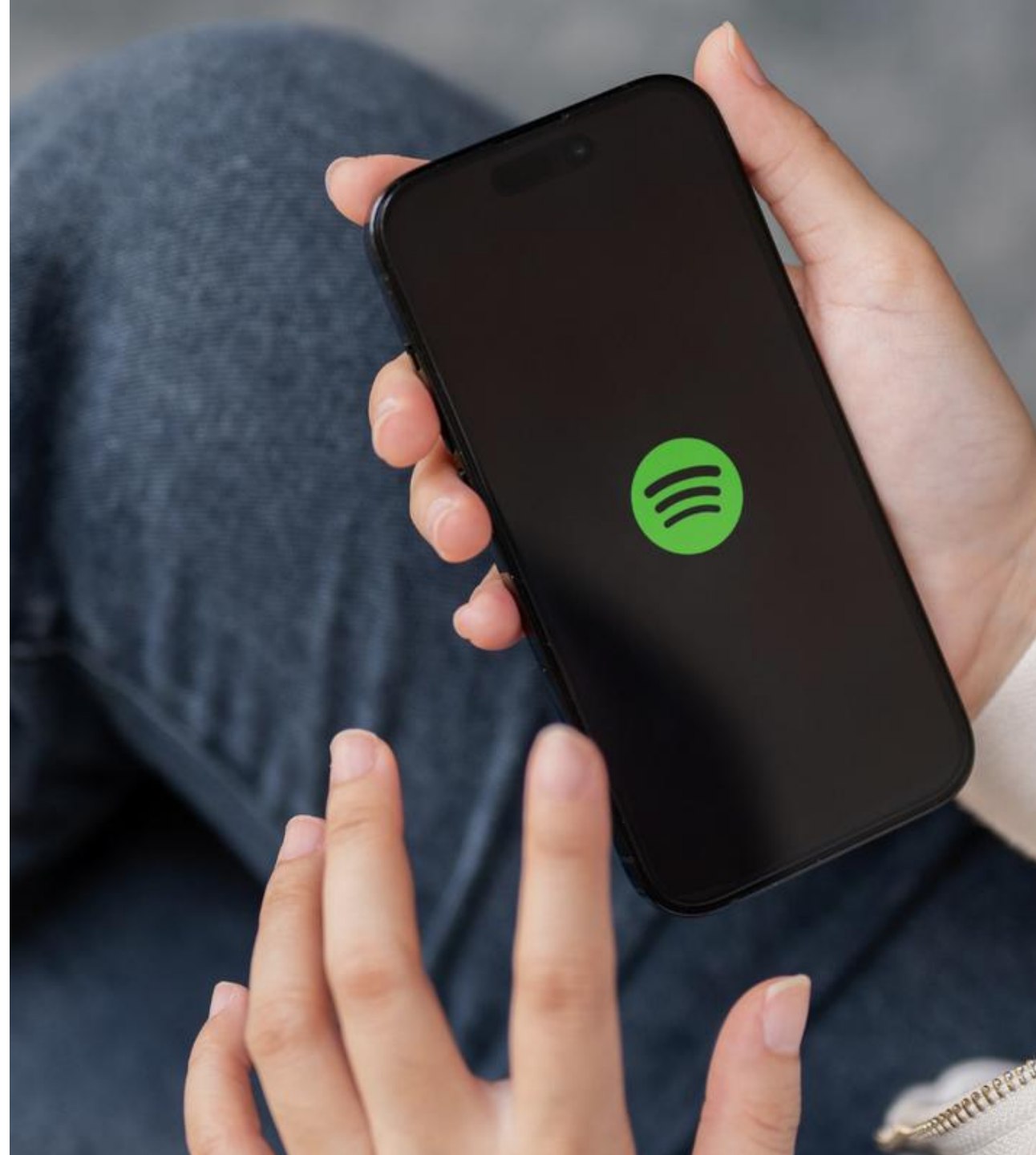
SPOTIFY

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COMPANY REPORT



No room for disappointments

Spotify reports Q2 earnings on Tuesday, July 29, before the market opens. We expect the business to continue to show resilience amid continued macroeconomic and geopolitical uncertainty, supported by its high share of subscription revenue and compelling value-proposition. Ahead of the Q2 print, we have slightly lowered our top- and bottom-line estimates, primarily due to FX and social charges. We have also revisited our mid- to long-term estimates and identified overlooked long-term operating leverage in the business. As a result, we now take a more optimistic view of Spotify's ability to scale revenue with a leaner cost base, which has positively impacted our fair value. Even so, the expected return over the next 12 months remains unattractive at current levels, with potential upside weighted toward 2027. As such, we reiterate our Reduce recommendation but increase our target price to USD 650 (was USD 570) due to estimate changes as well as the effects of a weaker USD versus EUR.

Modest MAU additions in the cards as 2025 will be back-loaded

After a rather subdued MAU growth in the first quarter (+3m), following a very strong Q4, we expect a +11m (q/q) net additions, bringing the total to 689m. In Q1, Spotify delivered a strong subscriber growth despite macroeconomic and geopolitical headwinds, underscoring the resilience of its business model and value proposition. We expect this momentum to continue in Q2 and have raised our subscriber estimate to 273m, (from 272m; Q2'24: 246m; Q1'25: 268m), as we also see upward pressure from iOS app rule changes in May that have boosted premium conversion, according to the company. In addition, we have slightly trimmed our Q2 ARPU estimates due to FX headwinds, and we expect revenue to land in line with guidance at 4.3 BNEUR (Q1'24: 3.8 BNEUR), marking a solid 13% year-on-year increase.

We are fine-tuning our long-term cost estimates

We revise our Q2 gross margin assumptions slightly down to 31.5% (from 31.7%), in line with guidance, to better reflect recent

platform improvements (e.g. concert discovery, AI playlist) and expansions (video, new audiobook market launches). However, our FY25 gross margin estimates remain unchanged, as we expect stronger operating leverage during the rest of the year. Further down the P&L, we're trimming our Q2 EBIT estimate by ~11% to 477 MEUR (prev. 533 MEUR), 5-13% below consensus and guidance, to incorporate incremental social charges (Inderes est: 105 MEUR). In this update, we have also revisited our mid- to long-term estimates, where we feel that we might have been too conservative on the operating leverage in the business. Specifically, we see the increased adoption and use of AI in the day-to-day operations enabling smarter, faster execution and stronger scaling effects on R&D expenses, as illustrated in the last couple of quarters. Against this backdrop, we have raised our mid- to long-term margin trajectory, which has positively impacted our estimated fair value.

Priced to perfection, risk/reward remains unattractive

Even so, we still believe the near-term valuation remains too rich, with Spotify trading at EV/EBIT 54-40x, EV/FCFF 41-32x, and EV/GP 21-17x for 2025-2026e. We believe the overall valuation picture in 2027 (EV/EBIT: 32x, EV/FCFF: 28x, EV/GP: 14x), looks more neutral and aligns with the midpoint of our acceptable valuation ranges. While we believe subscription businesses with large user bases, such as Spotify, are rather insulated from current global turmoil, we think it is somewhat premature to turn bullish on the stock based on 2027 estimates and beyond, considering the current elevated valuation. Our DCF model, assuming sustained strong growth and margin expansion, supports our view on the valuation, indicating a fair value of USD 649. That said, the long-term fundamentals remain intact, and Spotify has, in our view, a long runway of growth left and years of margin expansion ahead, where pricing will play a larger role. However, we believe that much of this is already priced into the stock in the near term, 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 650
(prev. USD 570)

Share price:

USD 706.9

Business risk



Valuation risk



	2024	2025e	2026e	2027e
Revenue (MEUR)	15,673	17,865	20,668	23,651
growth-%	18%	14%	16%	14%
EBIT adj. (MEUR)	1,365	2,184	2,893	3,537
EBIT-% adj.	8.7 %	12.2 %	14.0 %	15.0 %
Net Income (MEUR)	1,138	2,015	2,943	3,419
EPS (adj.) (EUR)	5.6	9.8	14.0	15.9
P/E (adj.)	77.4	62.0	43.3	38.0
P/B	15.9	16.6	12.2	9.3
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	60.5	53.6	40.1	32.4
EV/EBITDA	54.0	51.0	38.7	31.7
EV/S	5.3	6.6	5.6	4.9

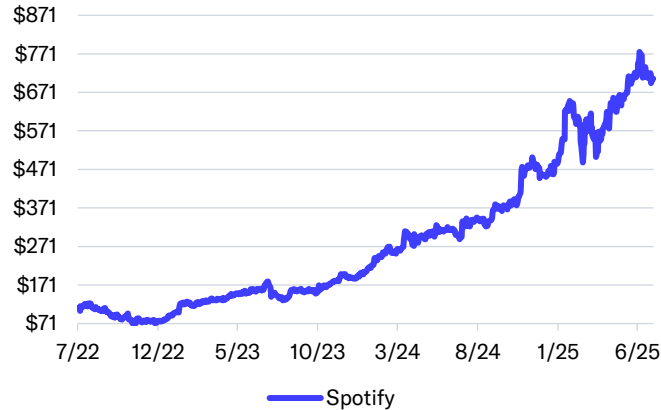
Source: Inderes

Guidance

(Unchanged)

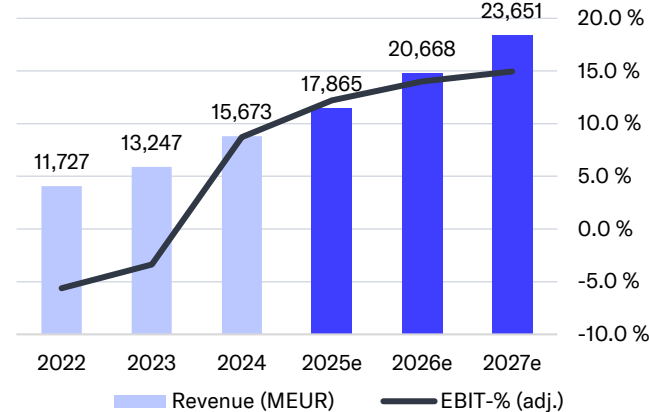
For Q2'25, Spotify expects:
MAU: 689m (+11m q/q)
Premium subscribers: 273m (+5m q/q)
Revenue: 4.3 BNEUR
Gross margin: 31.5%
Operating income: 539 MEUR

Share price



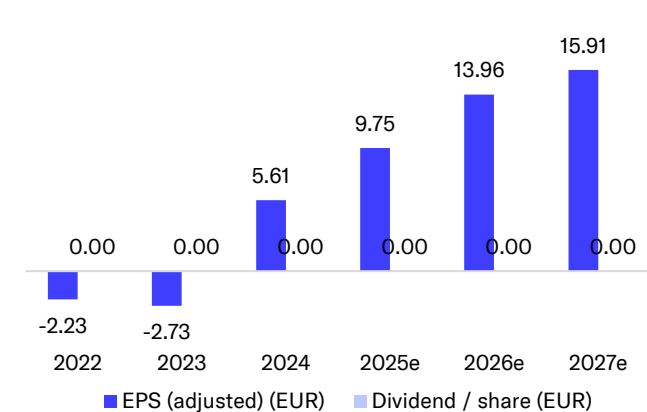
Source: Millstream Market Data AB

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 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)	604.4	604.4	604.4
Number of shares, millions	206.6	210.8	215.0
Market cap (MEUR)	124,900	127,398	129,946
EV (MEUR)	117,041	116,112	114,707
P/E (adj.)	62.0	43.3	38.0
P/E	62.0	43.3	38.0
P/FCF	46.6	39.4	35.0
P/B	16.6	12.2	9.3
P/S	7.0	6.2	5.5
EV/Sales	6.6	5.6	4.9
EV/EBITDA	51.0	38.7	31.7
EV/EBIT (adj.)	53.6	40.1	32.4
EV/FCFF	41.5	32.0	27.6

Platform improvements and pricing in focus for Q2

MAU growth will be back-loaded in 2025

We forecast +11m (q/q) net MAU additions in Q2, bringing the total to 689m, in line with guidance and Street's expectations. This represents an uptick from the relatively modest +3m additions in Q1 but is at the same time below the five-year average of 16m in a Q2. However, management noted in the Q1 earnings call that it expects 2025 MAU additions will be in the range of the past four years (i.e. 61-113m). This means that MAU additions for 2025 will be back-loaded, where Q4 is typically the strongest quarter due to, e.g., the Wrapped campaign.

Despite a macroeconomic and geopolitical environment causing an elevated level of uncertainty, subscriber growth was a bright spot in the Q1 report (+5m), showcasing the business model's strength and value proposition, while ad-supported users dropped 2m q/q in Q1. We expect the positive momentum in subscriber growth to continue in Q2. We raise our estimate to 273m (from 272m, Q2'24:246m, Q1'25: 268m) as we see some upward pressure following

the iOS app rule changes in May, which has benefited premium subscriptions conversion according to the company. Against this backdrop, we have also lifted our 2025 MAU estimate by 4m to 735m (was 731m). We estimate premium ARPU at EUR 4.71 (was 4.74; Q2'24: EUR 4.62; Q1'25: EUR 4.73), resulting in a 2% increase (y/y), or 6% on a FX-neutral basis (we expect currency headwinds). We have also slightly decreased our ARPU estimates for H2'25, primarily due to FX. However, we are still convinced that there will be good headroom for price increases in the coming quarters and years, considering its long history of accumulating user goodwill. This will be further enabled by the push into video, launch of higher-priced tiers, and overall music improvements on the platform, which increases the price-to-value ratio. We think commentary around pricing, platform improvements and ARPU will be in focus in the Q2 print.

We nudge down the gross margin ahead of the Q2 print

We revise our Q2 gross margin assumptions slightly down

to 31.5% (from 31.7%) to better reflect recent platform improvements (e.g. concert discovery, AI playlist) and expansions (video, new audiobook market launches). We have also fine-tuned our gross margin assumptions for Q3 and Q4, where we have put a higher weight on the seasonally strong Q4. However, our FY25 gross margin estimates remain unchanged, as we expect stronger operating leverage during the rest of the year. Any updates to margin outlooks or the pace of investments will be of interest in the Q2 print.

Strong share price appreciation will weigh on Q2 EBIT

Further down the P&L, we're trimming our Q2 EBIT estimate by ~10% to 477 MEUR (prev. 533 MEUR), 5-13% below guidance (539 MEUR) and consensus (502 MEUR), to incorporate incremental social charges*. We estimate a 105 MEUR impact from these charges (prev. 35-40 MEUR), due to Q2 share price appreciation. As these charges are non-operational and tied to share price movements, they introduce earnings noise, rather than structural weakness.

Estimates MEUR / EUR	Q2'24	Q2'25	Q2'25e	Q2'25e	Consensus		2025e
	Comparison	Actualized	Inderes	Consensus	Low	High	Inderes
Revenue	3,807		4,283	4,273	4,188	- 4,370	17,865
EBITDA	310		504	521	425	- 651	2,292
EBIT	266		477	502	394	- 584	2,184
PTP	270		516	489	211	- 600	2,118
EPS (adj.)	1.35		2.51	2.02	1.05	- 3.72	9.75
Revenue growth-%	19.8 %		12.5 %	12.2 %	10.0 %	- 14.8 %	14.0 %
EBIT-% (adj.)	7.0 %		11.1 %	11.8 %	9.9 %	- 12.0 %	12.2 %

Source: Inderes & Bloomberg (consensus, 34 estimates)

*The company incorporated 18 MEUR of social charges in its Q2 guidance, based on a Q1 close share price of USD 550.03.

We are raising our mid- to long-term margin estimates

Revisiting our margin trajectory estimates – focus on cost structure

In this preview, alongside minor adjustments ahead of the Q2 report and H2'25, we've revisited our mid-to long-term margin trajectory. Rather than revenue growth and gross margin, our revisions focus on operating expenses.

Our big picture assumption, at the time of our [Initiation of Coverage report](#) (12/13/2024), was that Spotify's operational leverage would mainly stem from gross margin gains and S&M cost efficiencies. By that time, gross margin was ~29% (LTM), S&M at 9%, with R&D and G&A at 10% and 3% of revenue, respectively. Compared to Spotify's long-term target presented at Investor Day 2022 (R&D: 10-13%, S&M: 6-7%, G&A: < 3%), R&D-% and G&A-% were already at the lower end. As such, while we assumed that Spotify could achieve some short-term efficiency gains due to strong revenue growth, we had modelled that R&D-% would eventually bounce back toward the lower end of target of 10% over the coming years.

Since the company's Investor Day in June 2022, the development of AI has been more or less exponential, and AI adoption has accelerated across companies and industries, with Spotify being no exception. For Spotify, R&D expenses peaked at 14% of revenue (LTM) in Q2'23 but has since gradually decreased, reaching ~9% in Q4'24 and Q1'25 (LTM). Obviously, the 2023 layoffs (-20% FTE), shutdowns of underperforming projects and general cost saving measures implemented enabled Spotify to trim its R&D costs. However, despite this, Spotify has managed to keep up revenue growth, and we think that, in addition to the aforementioned, the increased use and implementation of AI in its operations, leading to increased productivity, has played a vital role in that scaling. The company themselves have expressed that internal tooling and AI systems built in past few years has enabled faster and smarter execution.

Against this backdrop, we believe the company can manage to hover below its LT target of 10-13% for a longer period of time than previously anticipated by, e.g., leveraging AI and

other internal efficiencies. Our new estimate sits at 8.5% in R&D costs in 2026 and gradually increases to 9% in 2030 (previously 10%). We acknowledge that we are still above Street's estimate on this cost line, with Street estimating this figure to gradually decrease toward around 7% in 2029, which to us looks quite bullish at this time.

In addition, we've slightly lowered our SG&A-% assumptions. We believe Spotify's recent efficiency gains, platform improvements, and new feature launches should drive even stronger product-market fit, boosting user engagement and enabling lower-cost user acquisition via word-of-mouth and virality.

Impact on margins

These updates raise our mid-to long-term margin outlook:

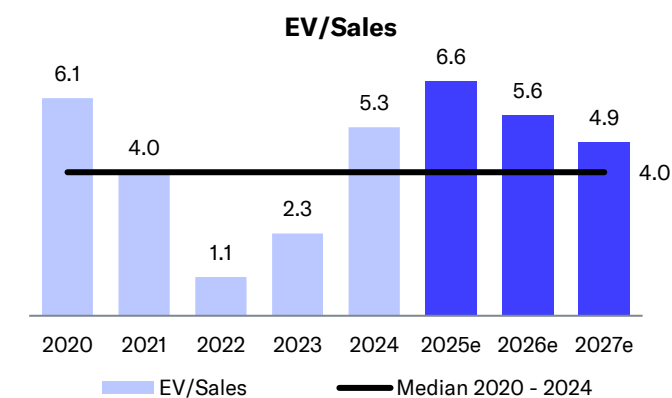
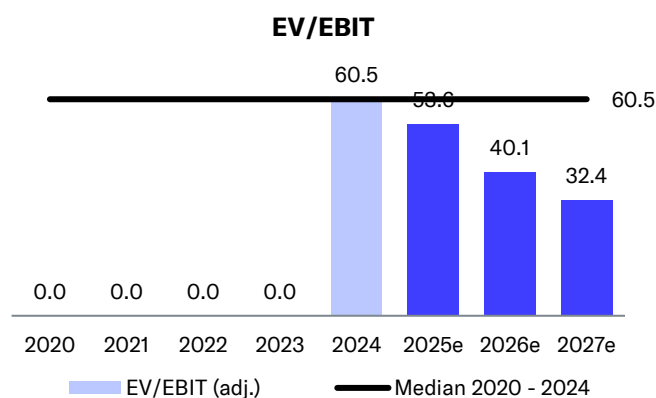
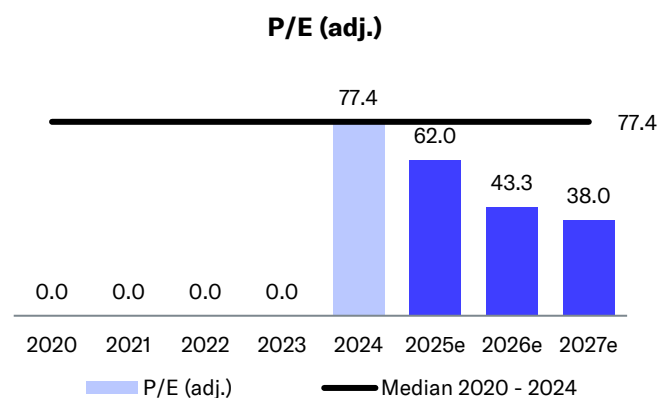
- 2026-2030 EBIT-%: 14-18.5% (prev. 13.5-17.1%)
- Terminal EBIT-%: 20.5% (prev. 19.2%)

Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	17,981	17,865	-1%	20,770	20,668	0%	23,760	23,651	0%
EBITDA	2,345	2,292	-2%	2,909	2,996	3%	3,380	3,623	7%
EBIT (exc. NRIs)	2,233	2,184	-2%	2,809	2,893	3%	3,296	3,537	7%
EBIT	2,233	2,184	-2%	2,809	2,893	3%	3,296	3,537	7%
PTP	2,170	2,118	-2%	3,015	3,098	3%	3,554	3,799	7%
EPS (excl. NRIs)	10.00	9.75	-2%	13.59	13.96	3%	14.88	15.91	7%
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	604.4	604.4	604.4	604.4
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	124,900	127,398	129,946	132,545
EV (MEUR)	47,952	38,788	12,650	30,415	82,615	117,041	116,112	114,707	112,829
P/E (adj.)	neg.	neg.	neg.	neg.	77.4	62.0	43.3	38.0	32.7
P/E	neg.	neg.	neg.	neg.	77.4	62.0	43.3	38.0	32.7
P/FCF	neg.	37.6	neg.	>100	43.6	46.6	39.4	35.0	31.3
P/B	17.5	19.1	6.0	13.1	15.9	16.6	12.2	9.3	7.4
P/S	6.2	4.2	1.2	2.5	5.6	7.0	6.2	5.5	5.0
EV/Sales	6.1	4.0	1.1	2.3	5.3	6.6	5.6	4.9	4.2
EV/EBITDA	neg.	>100	neg.	neg.	54.0	51.0	38.7	31.7	25.4
EV/EBIT (adj.)	neg.	>100	neg.	neg.	60.5	53.6	40.1	32.4	25.9
EV/FCFF	262.0	124.3	197.7	40.9	35.1	41.5	32.0	27.6	23.9



Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B 2025e
			2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	
Big Tech													
Apple	2,713,023	2,755,501	25.2	23.8	23.1	21.7	7.9	7.5	29.6	27.3	0.5	0.5	52.6
Amazon.com	2,081,065	2,065,072	31.0	25.6	14.9	12.5	3.5	3.2	36.9	31.5			6.9
Alphabet	1,976,997	1,907,426	17.3	15.6	12.9	11.4	5.8	5.2	19.8	18.7	0.4	0.5	5.9
Subscription businesses													
Netflix	448,000	453,183	39.4	32.5	37.8	31.4	11.8	10.5	47.3	38.5			19.4
Match Group	6,849	9,425	12.8	11.1	8.8	8.2	3.2	3.1	15.3	12.9	2.3	2.6	294.3
Bumble	651	1,511	7.9	8.8	5.7	6.2	1.8	1.8	7.9	7.5			0.7
Chegg	125	102		41.2	1.7	1.6	0.3	0.3	105.4	10.8			0.7
Vimeo	568	320			13.4	11.3	0.9	0.8	310.0	108.9			
Roku	11,496	9,601		365.7	31.6	21.7	2.5	2.2		140.8			4.9
Media/Entertainment													
Warner Bros. Discovery	27,073	56,631	74.7	35.5	7.6	7.4	1.7	1.7					0.9
The Walt Disney Company	185,714	221,688	15.3	14.1	12.5	11.6	2.7	2.6	20.9	19.1	0.8	0.9	2.0
Paramount Global	7,858	18,421	9.3	8.4	7.8	7.4	0.8	0.8	10.5	9.0	1.5	1.5	0.5
Digital Ad-supported businesses													
Snap	14,210	14,557			32.6	22.4	2.9	2.6	35.5	25.3			7.2
Meta Platforms	1,532,375	1,496,921	23.7	21.0	16.0	13.7	9.3	8.2	27.7	24.9	0.3	0.3	7.9
Reddit	23,095	21,431	136.2	56.4	40.8	27.9	13.6	10.6	117.9	64.2			10.2
Pinterest	21,984	19,748	68.9	42.5	18.7	15.4	5.5	4.8	21.4	17.8			4.8
Music/Audio													
iHeartMedia	236	4,419	17.1	10.3	7.3	6.1	1.4	1.3		5.4			
Sirius XM Holdings	6,711	15,549	10.1	10.1	7.1	7.1	2.1	2.1	8.1	7.8	4.7	5.0	0.8
Deezer	148	117				8.8	0.2	0.2					
Tencent Music Entertainment Group	28,647	26,464	19.6	18.7	19.2	17.5	7.1	6.4	28.3	24.2	0.8	0.9	3.1
Warner Music Group Corp.	13,819	17,084	22.5	18.2	14.8	13.3	3.1	3.0	27.9	23.3	2.4	2.5	22.7
Universal Music Group	49,649	52,286	23.0	20.1	18.7	16.6	4.2	3.9	27.1	23.7	2.0	2.2	9.9
Live Nation Entertainment	29,558	30,619	23.2	19.9	14.8	13.2	1.4	1.3	69.5	55.7			27.8
Spotify (Inderes)	124,900	117,041	53.6	40.1	51.0	38.7	6.6	5.6	62.0	43.3	0.0	0.0	16.6
Average			32.1	40.0	16.7	13.7	4.1	3.6	50.9	33.2	1.6	1.7	24.2
Median			22.7	20.0	14.8	12.5	2.9	2.6	27.9	23.7	1.2	1.2	6.4
Diff-% to median			136%	101%	245%	211%	125%	114%	122%	83%	-100%	-100%	158%

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	4,283	4,572	4,820	17,865	20,668	23,651	26,586
Premium revenue	11566	3247	3351	3516	3705	13,819	3,771	3,823	4,069	4,260	15,923	18,241	20,658	23,031
Ad-supported revenue	1681	389	456	472	537	1,854	419	460	502	560	1,942	2,427	2,993	3,555
EBITDA	-165.0	203	310	484	532	1,529	536	504	589	662	2,292	2,996	3,623	4,441
Depreciation	-281.0	-35.0	-44.0	-30.0	-55.0	-164	-27	-27	-27	-27	-108	-103	-86	-89
EBIT (excl. NRI)	-446.0	168	266	454	477	1,365	509	477	562	635	2,184	2,893	3,537	4,352
EBIT	-446.0	168	266	454	477	1,365	509	477	562	635	2,184	2,893	3,537	4,352
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	38	38	38	-66	205	262	283
PTP	-505.0	174	270	398	499	1,341	328	516	601	674	2,118	3,098	3,799	4,636
Taxes	-27.0	23.0	4.0	-98.0	-132.0	-203	-103	0	0	0	-103	-155	-380	-579
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	516	601	674	2,015	2,943	3,419	4,056
Net earnings	-532.0	197	274	300	367	1,138	225	516	601	674	2,015	2,943	3,419	4,056
EPS (adj.) (EUR)	-2.73	0.97	1.35	1.48	1.81	5.61	1.09	2.50	2.91	3.26	9.75	13.96	15.91	18.50
EPS (rep.) (EUR)	-2.73	0.97	1.35	1.48	1.81	5.61	1.09	2.50	2.91	3.26	9.75	13.96	15.91	18.50

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 %	12.5 %	14.6 %	13.6 %	14.0 %	15.7 %	14.4 %	12.4 %
Adjusted EBIT growth-%	-32.3 %	-207.7 %	-207.7 %	1318.8 %	-735.9 %	-406.0 %	202.9 %	79.5 %	23.9 %	33.2 %	60.0 %	32.5 %	22.3 %	23.0 %
EBITDA-%	-1.2 %	5.6 %	8.1 %	12.1 %	12.5 %	9.8 %	12.8 %	11.8 %	12.9 %	13.7 %	12.8 %	14.5 %	15.3 %	16.7 %
Adjusted EBIT-%	-3.4 %	4.6 %	7.0 %	11.4 %	11.2 %	8.7 %	12.1 %	11.1 %	12.3 %	13.2 %	12.2 %	14.0 %	15.0 %	16.4 %
Net earnings-%	-4.0 %	5.4 %	7.2 %	7.5 %	8.7 %	7.3 %	5.4 %	12.0 %	13.1 %	14.0 %	11.3 %	14.2 %	14.5 %	15.3 %

Source: Inderes

Monthly active user (MAU)	602	615	626	640	675	675	678	689	705	735	735	805	881	955
Premium subscribers	236	239	246	252	263	263	268	273	277	288	288	311	337	361
Ad-supported users	379	388	393	402	425	425	423	429	441	459	459	505	556	606
Premium ARPU	4.4	4.6	4.6	4.7	4.9	4.7	4.7	4.7	4.9	5.0	4.8	5.1	5.3	5.5

Balance sheet

Assets (MEUR)	2023	2024	2025e	2026e	2027e
Non-current assets	3,086	3,626	3,594	3,588	3,601
Goodwill	1,137	1,201	1,199	1,199	1,199
Intangible assets	84	48	20	0	0
Tangible assets	547	414	432	446	459
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	10,820	13,186	17,318
Inventories	0	0	0	0	0
Other current assets	188	160	160	160	160
Receivables	858	771	1,000	1,240	1,419
Cash and equivalents	4,214	7,448	9,659	11,786	15,739
Balance sheet total	8,346	12,005	14,414	16,774	20,919

Source: Inderes

Liabilities & equity (MEUR)	2023	2024	2025e	2026e	2027e
Equity	2,523	5,525	7,540	10,483	13,903
Share capital	0	0	0	0	0
Retained earnings	-4,182	-3,044	-1,029	1,914	5,334
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	6,319	5,737	6,462
Interest bearing debt	0	0	1,300	0	0
Payables	4,040	4,372	4,966	5,684	6,409
Other current liabilities	29	53	53	53	53
Balance sheet total	8,346	12,005	14,414	16,774	20,919

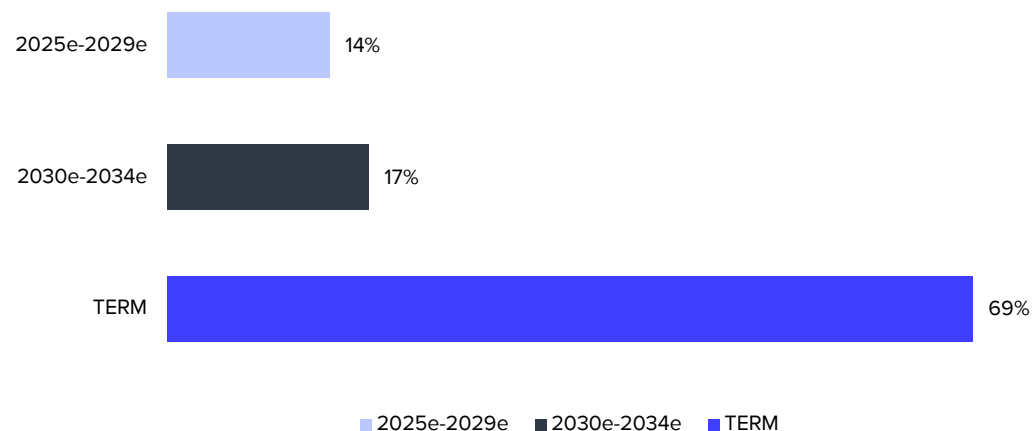
DCF-calculation

DCF model (MEUR)	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	18.3 %	14.0 %	15.7 %	14.4 %	12.4 %	11.4 %	10.9 %	10.5 %	9.7 %	9.0 %	3.0 %	3.0 %
EBIT-%	8.7 %	12.2 %	14.0 %	15.0 %	16.4 %	17.2 %	18.5 %	19.0 %	19.5 %	20.5 %	20.5 %	20.5 %
EBIT (operating profit)	1,365	2,184	2,893	3,537	4,352	5,089	6,063	6,894	7,761	8,894	9,161	
+ Depreciation	164	110	103	86	89	91	94	96	98	100	103	
- Paid taxes	-348	-103	-155	-380	-579	-806	-1,123	-1,466	-1,658	-1,906	-1,832	
- Tax, financial expenses	-52	-14	-2	-4	-5	-6	-7	-8	-8	-8	0	
+ Tax, financial income	48	11	12	30	40	48	69	96	114	135	0	
- Change in working capital	471	365	478	547	433	410	504	557	509	753	245	
Operating cash flow	1,648	2,553	3,329	3,816	4,330	4,827	5,599	6,167	6,817	7,969	7,676	
+ Change in other long-term liabilities	-17	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-546	-78	-98	-100	-102	-104	-106	-108	-110	-112	-107	
Free operating cash flow	1,085	2,475	3,232	3,717	4,229	4,723	5,493	6,060	6,707	7,856	7,569	
+/- Other	933	204	0	0	0	0	0	0	0	0	0	
FCFF	2,018	2,679	3,232	3,717	4,229	4,723	5,493	6,060	6,707	7,856	7,569	155,605
Discounted FCFF		2,589	2,892	3,079	3,243	3,354	3,612	3,688	3,780	4,099	3,656	75,165
Sum of FCFF present value		109,157	106,568	103,676	100,597	97,354	94,000	90,389	86,700	82,921	78,821	75,165
Enterprise value DCF		109,157										
- Interest bearing debt		-2,001										
+ Cash and cash equivalents		7,448										
-Minorities		0										
-Dividend/capital return		0										
Equity value DCF (MEUR)		114,604										
Equity value DCF per share (EUR)		554.6										
Equity value DCF per share (USD)		648.6										

WACC

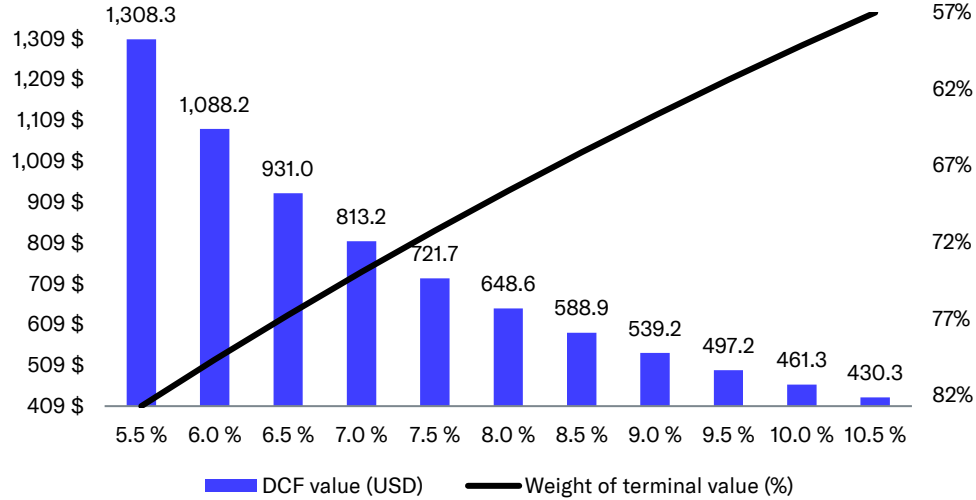
Tax-% (WACC)	21.0 %
Target debt ratio (D/(D+E))	0.0 %
Cost of debt	0.0 %
Equity Beta	1.16
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	8.0 %
Weighted average cost of capital (WACC)	8.0 %

Cash flow distribution

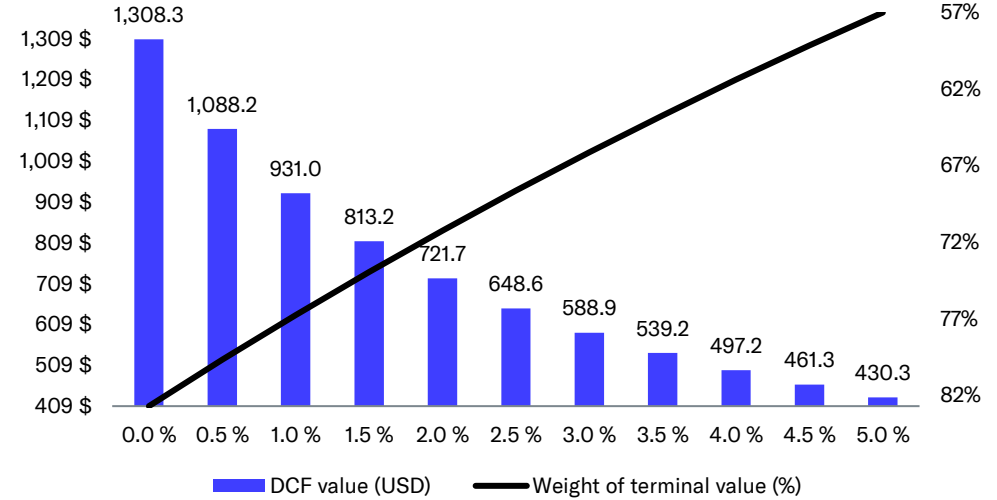


DCF sensitivity calculations and key assumptions in graphs

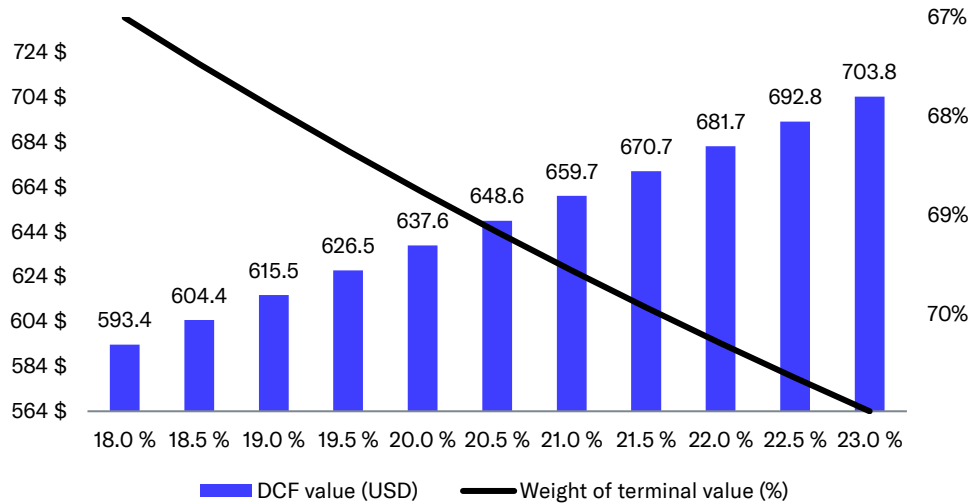
Sensitivity of DCF to changes in the WACC-%



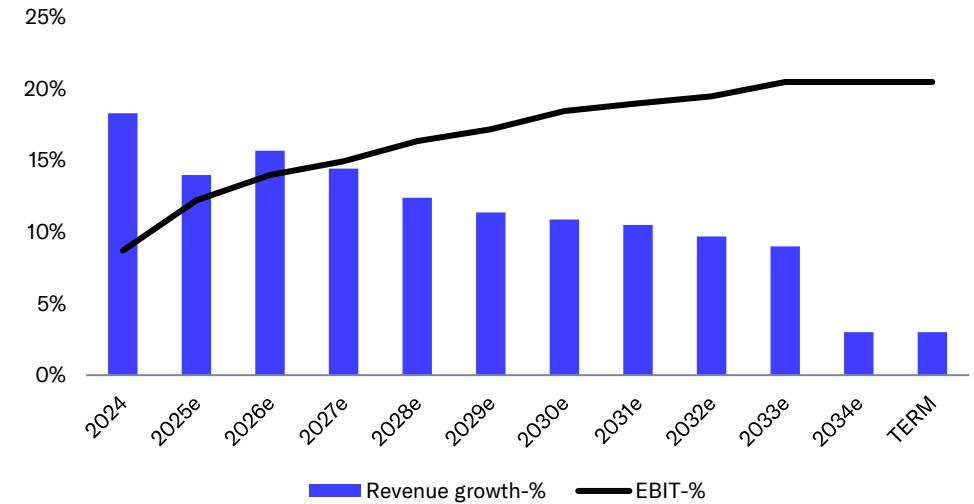
Sensitivity of DCF to changes in the risk-free rate



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	Per share data (EUR)	2022	2023	2024	2025e	2026e
Revenue	11,727	13,247	15,673	17,865	20,668	EPS (reported)	-2.23	-2.73	5.61	9.75	13.96
EBITDA	-488	-165	1,529	2,294	2,996	EPS (adj.)	-2.23	-2.73	5.61	9.75	13.96
EBIT	-659	-446	1,365	2,184	2,893	OCF / share	-2.22	1.70	8.12	12.35	15.80
PTP	-370	-505	1,341	2,118	3,098	OFCF / share	-5.70	1.34	9.95	12.96	15.33
Net Income	-430	-532	1,138	2,015	2,943	Book value / share	12.44	12.96	27.23	36.49	49.74
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	14,414	16,774	Revenue growth-%	21%	13%	18%	14%	16%
Equity capital	2,401	2,523	5,525	7,540	10,483	EBITDA growth-%	-321%	-66%	-1027%	50%	31%
Goodwill	1,168	1,137	1,201	1,199	1,199	EBIT (adj.) growth-%	-801%	-32%	-406%	60%	32%
Net debt	-1,668	-2,518	-5,447	-7,859	-11,286	EPS (adj.) growth-%	1154%	23%	-305%	74%	43%
Cash flow (MEUR)	2022	2023	2024	2025e	2026e	EBITDA-%	-4.2 %	-1.2 %	9.8 %	12.8 %	14.5 %
EBITDA	-488	-165	1,529	2,294	2,996	EBIT (adj.)-%	-5.6 %	-3.4 %	8.7 %	12.2 %	14.0 %
Change in working capital	156	535	471	365	478	EBIT-%	-5.6 %	-3.4 %	8.7 %	12.2 %	14.0 %
Operating cash flow	-429	330	1,648	2,553	3,329	ROE-%	-19.0 %	-21.6 %	28.3 %	30.8 %	32.7 %
CAPEX	-662	-63	-546	-78	-98	ROI-%	-6.0 %	-6.9 %	28.8 %	28.5 %	30.9 %
Free cash flow	-1,100	260	2,018	2,679	3,232	Equity ratio	31.4 %	30.2 %	46.0 %	52.3 %	62.5 %
Valuation multiples	2022	2023	2024	2025e	2026e	Gearing	-69.5 %	-99.8 %	-98.6 %	-104.2 %	-107.7 %
EV/S	1.1	2.3	5.3	6.6	5.6						
EV/EBITDA	neg.	neg.	54.0	51.0	38.7						
EV/EBIT (adj.)	neg.	neg.	60.5	53.6	40.1						
P/E (adj.)	neg.	neg.	77.4	62.0	43.3						
P/B	6.0	13.1	15.9	16.6	12.2						
Dividend-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %						

Source: Inderes

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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



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