

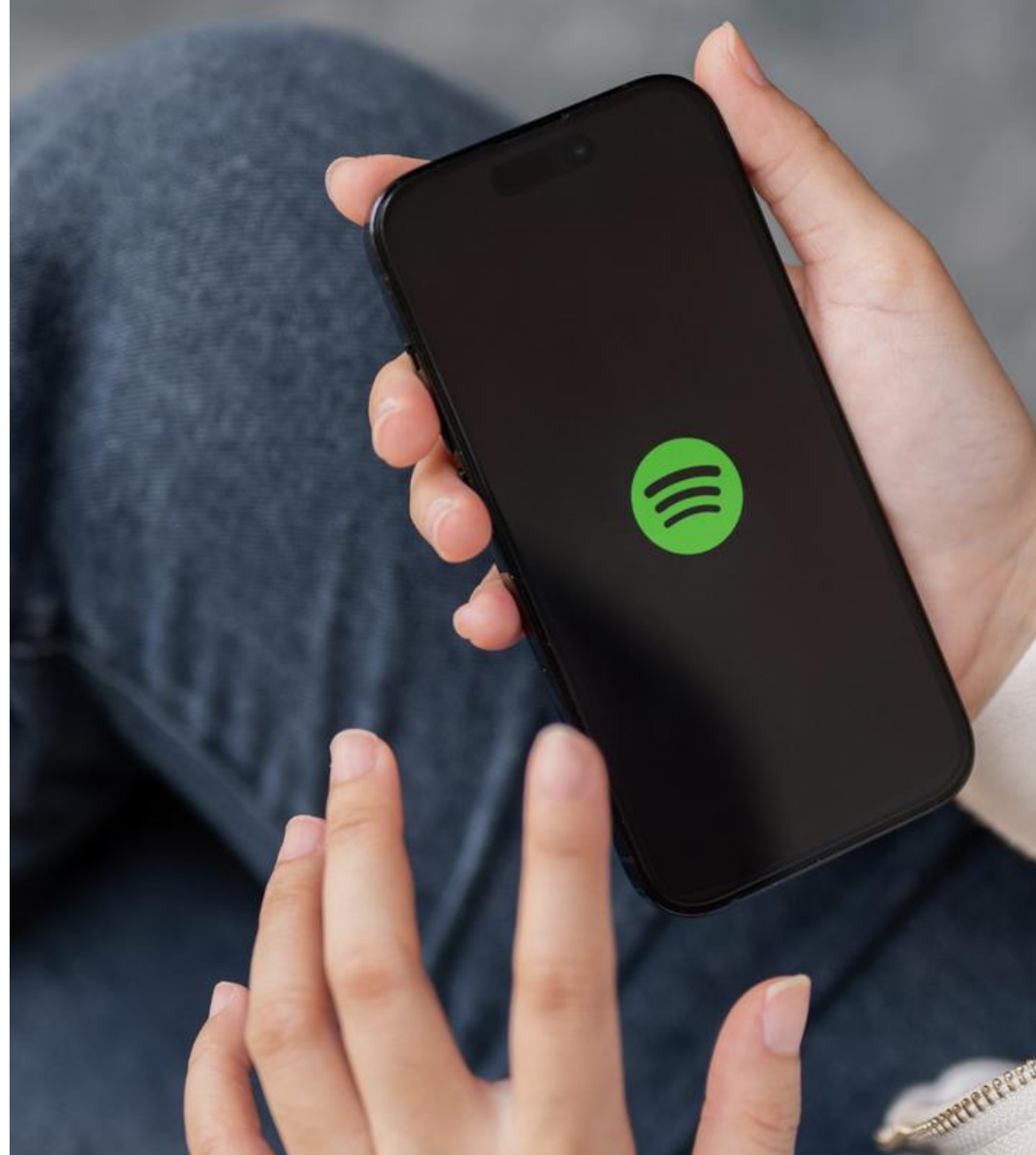
SPOTIFY

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COMPANY REPORT



The valuation volume remains too high

Spotify's Q2 print missed our top- and bottom-line estimates. Still, subscriber growth outperformed once again, driven by broad-based strength across all markets. Q3 guidance followed a similar pattern, with weaker financials but stronger user growth than expected. While the strong momentum in MAU and subscriber net adds are encouraging and vital for Spotify's long-term leadership, the faster growth in lower-ARPU emerging markets is dilutive to near-term pricing. Combined with cautious management commentary on future price increases, this led to slight downward revisions on our ARPU forecasts. Following the Q2 report, we raised our user growth assumptions modestly, but this was more than offset by downward revisions related to pricing, FX headwinds, and slightly higher OpEx. Despite the post-earnings drop in the share price, we still view the risk/reward as unattractive. As such, we reiterate our Reduce recommendation and lower our target price to USD 625 (was USD 650).

Delivered a mixed Q2 print...

Spotify showed a strong development in user growth in Q2, with net MAU/subscriber additions being +7m/+3m above guidance as well as our estimates. However, pricing trends were a bit softer than expected (ARPU: -1% y/y vs Inderes est: 2%), even when adjusting for FX. While price hikes in 2024 contributed positively to the FX-neutral growth, strong subscriber growth in emerging markets had a dilutive effect due to lower price points. The strong user growth did not offset weaker pricing and overall FX headwinds, with revenue amounting to 4.2 BNEUR (10% y/y), below our and Street's estimate of 4.3 BNEUR. Gross margin printed 31.5%, in line with guidance (31.5%) and our estimate. EBIT amounted to 406 MEUR (Q1'24: 266 MEUR), corresponding to a 10% margin. This was below our estimate of 477 MEUR, primarily due to lower revenue, higher social charges, and OpEx than expected.

...and a mixed Q3 guidance

Q3 guidance echoed the Q2 results, with stronger-than-

expected user growth, but weaker financial headline figures. Revenue guidance of 4.2 BNEUR (6% y/y) was well below our and Street's estimate of 4.6/4.5 BNEUR, largely due to large FX headwinds and softer pricing trends. Gross margin guidance of 31.1% also trailed our 31.7% forecast, indicating greater variability than anticipated. EBIT guidance of 485 MEUR similarly missed both our and Street's expectations. On the earnings call, Spotify reiterated its focus on maximizing user lifetime value (LTV) over short-term gains, highlighting strong user engagement and market positioning. The company also increased its existing share buyback program from 1 BNEUR to 2 BNEUR, with 1.9 BNEUR still authorized given minimal prior usage. Following the weaker-than-expected Q2 report as well as guidance, we have made downward revisions to our estimates. For 2025, we now estimate revenue growth of 10% to 17.3 BNEUR (was 14%, 17.9 BNEUR) with an EBIT of 2 BNEUR (11% margin, was 2.2 BNEUR).

No upside in sight over the next 12 months

Despite the post-earnings share price drop, we still view Spotify's near-term valuation as elevated, with the stock trading at EV/EBIT of 53-37x, EV/FCFF of 42-30x, and EV/GP of 19-16x on our revised 2025-2026 estimates. However, the valuation becomes more attractive in 2027, where Spotify trades near the lower end of our acceptable range (EV/EBIT: 30x, EV/FCFF: 25x, EV/GP: 13x). While Spotify's large subscription base offers some insulation from macroeconomic and geopolitical turmoil, we believe it is too early to turn bullish based on 2027+ metrics, especially given that the stock still trades at the high end of our acceptable multiples for 2026. That said, 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. That said, we believe much of this upside is already reflected in the current valuation, and the near-term risk/reward remains unattractive at this stage.

Recommendation

Reduce

(prev. Reduce)

Target price:

USD 625

(prev. USD 650)

Share price:

USD 620

Business risk



Valuation risk



	2024	2025e	2026e	2027e
Revenue (MEUR)	15,673	17,254	20,102	22,999
growth-%	18%	10%	17%	14%
EBIT adj. (MEUR)	1,365	1,978	2,763	3,383
EBIT-% adj.	8.7 %	11.5 %	13.7 %	14.7 %
Net Income (MEUR)	1,138	1,298	2,820	3,264
EPS (adj.) (EUR)	5.6	6.3	13.4	15.2
P/E (adj.)	77.4	85.5	40.1	35.4
P/B	15.9	16.3	11.7	8.9
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	60.5	52.4	37.2	29.9
EV/EBITDA	54.0	49.7	35.8	29.1
EV/S	5.3	6.0	5.1	4.4

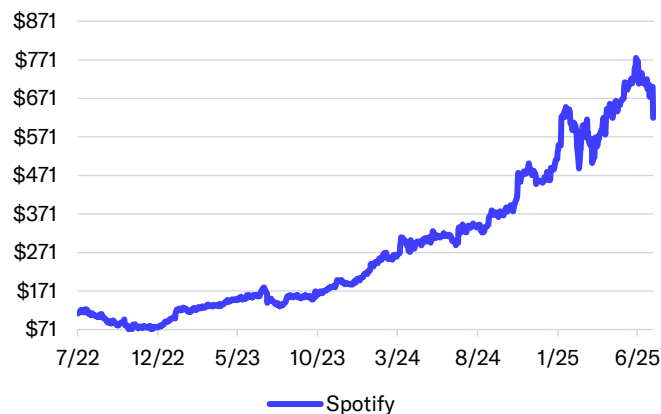
Source: Inderes

Guidance

(New guidance)

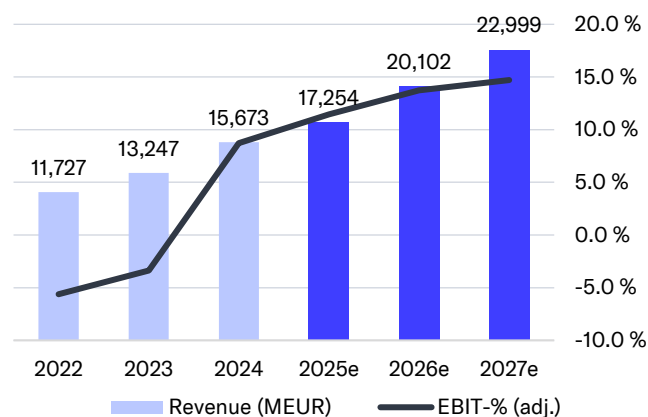
For Q3'25, Spotify expects:
 MAU: 710m (+14m q/q)
 Premium subscribers: 281m (+5m q/q)
 Revenue: 4.2 BNEUR (+6% y/y)
 Gross margin: 31.1%
 Operating income: 485 MEUR

Share price



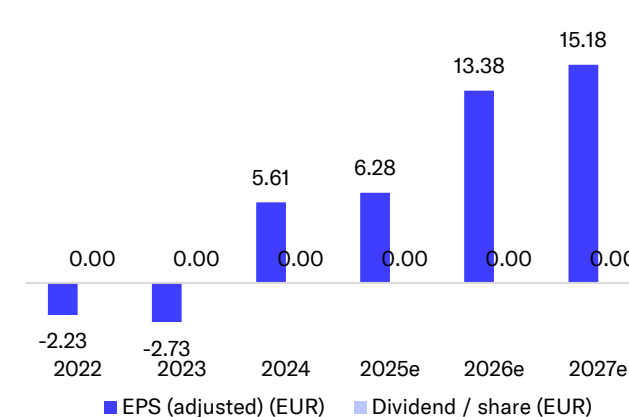
Source: Millstream Market Data AB

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)	537.0	537.0	537.0
Number of shares, millions	206.6	210.8	215.0
Market cap (MEUR)	110,974	113,194	115,457
EV (MEUR)	103,746	102,716	101,178
P/E (adj.)	85.5	40.1	35.4
P/E	85.5	40.1	35.4
P/FCF	45.3	37.1	32.2
P/B	16.3	11.7	8.9
P/S	6.4	5.6	5.0
EV/Sales	6.0	5.1	4.4
EV/EBITDA	49.7	35.8	29.1
EV/EBIT (adj.)	52.4	37.2	29.9
EV/FCFF	41.5	29.8	25.2

Strong development in the user base, but headline figures disappoint

Strong user growth offset by pricing and FX pressures

Q2 MAUs reached 696m (Q2'24: 626m), which was +7m above our estimate of 689m (guidance: 689m, Street: 689m), led by strong development in Rest of the World, Latin America, and Europe. Premium subs came in at 276m (Q2'24: 246m), beating our and Street's estimates by 3m. Ad-supported users increased by 10m q/q, compared to our forecast of +6m (Street: +6m). Premium ARPU was EUR 4.57 (Inderes: EUR 4.71, Street: EUR 4.67), down 3% q/q and 1% y/y, but up 3% y/y on a FX neutral basis (Q2'24: EUR 4.62). 2024's price hikes contributed positively to the FX-neutral growth, while strong subscriber growth in emerging markets had a dilutive effect due to lower price points.

Q2 revenue grew 10% y/y (FX-neutral: 15%) to 4.2 BNEUR, below our forecast of 4.3 BNEUR. Premium revenue grew 12% (16% FX-neutral) to 3.7 BNEUR (Inderes est: 3.8 BNEUR), while ad revenue came in at 453 MEUR and below our estimate of 460 MEUR, mainly due to softness in pricing.

Spotify guided to Q3 MAUs of 710m, above both Street's estimate

(707m) as well as ours (705m). Premium subs guidance of 281m came in ahead of our 277m and Street's 279m, implying +5m q/q growth. However, revenue guidance of 4.2 BNEUR (5% y/y) was well below our and Street's 4.6 BNEUR and 4.5 BNEUR, largely due to FX effects (~490 bps headwind) and softer pricing trends.

FX, social charges and higher OpEx behind EBIT miss

Gross margin reached 31.5% in Q2'25 (Q2'24: 29.2%), fully in line with our and Street's estimates, as well as guidance Spotify incorporated some more variability to the gross margin in its Q3 guidance, with GM expected to decrease q/q to 31.1%. A regulatory contribution is baked into this guidance, which is estimated to impact GM by about 40 bps. This was below of estimate of 31.7% prior the Q2 report. Nonetheless, management reaffirmed expectations for full-year gross margin to remain above FY24's level.

Operating income (EBIT) was 406 MEUR (Q2'24: 266 MEUR), corresponding to a 10% margin. This was well below the company's guidance of 539 MEUR as well as our (477 MEUR) and

Street's (490 MEUR) estimate. Social charges* pressured EBIT with 115 MEUR (guidance: 18 MEUR), which was higher than our estimate of 105 MEUR. Operating expenses increased 8% y/y (5% FX neutral and excl. social charges) and in relation to revenue, these were about 140 bps higher than our forecast, primarily driven by higher-than-expected R&D and S&M expenses. Q3 EBIT guidance of 485 MEUR implies a 11.5% margin, which also fell short of our 12.3% and Street's 12.7% (Inderes est: 562 MEUR, Street's: 570 MEUR).

Increasing existing share repurchase program by 1 BNUSD

Spotify's reported free cash flow reached 700 MEUR (Q2'24: 490 MEUR), equivalent to a 17% margin, and was more or less in line with our estimated ~690 MEUR**. The liquidity and balance sheet continued to improve, with the net cash position amounting to 6 BNEUR (incl. leases). In terms of capital allocation, the company announced an increase to its existing share repurchase program, from 1 BNUSD to 2 BNUSD. With only about 100 MUSD used to date, approximately 1.9 BNUSD* remains authorized.

Estimates MEUR / EUR	Q2'24	Q2'25	Q2'25e	Q2'25e	Consensus		Difference (%)	2025e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Revenue	3,807	4,193	4,283	4,267	4,111	4,370	-2%	17,254
EBITDA	310	433	504	501	400	611	-14%	2,087
EBIT	266	406	477	490	394	584	-15%	1,978
PTP	270	48.0	516	478	211	600	-91%	1,535
EPS (adj.)	1.35	-0.42	2.51	1.97	1.05	3.72	-117%	6.28
Revenue growth-%	19.8 %	10.1 %	12.5 %	12.1 %	8.0 %	14.8 %	-2.4 pp	10.1 %
EBIT-% (adj.)	7.0 %	9.7 %	11.1 %	11.5 %	10.1 %	12.0 %	-1.5 pp	11.5 %

Source: Inderes & Bloomberg (consensus)

*The buyback program is set to expire on April 21, 2026, but may be renewed with shareholder approval. **Adding back SCB and excluding lease payments to make it easier to compare to reported figures..

Weaker-than-expected Q2 print and Q3 guidance weighed on our estimates

Estimate revisions

- Our 2025 revenue estimates inch around 3% lower following the weaker-than-expected Q2 print. The downward revision primarily reflects expected FX headwinds in the coming quarters. It also incorporates somewhat lower expected underlying pricing effects as YTD price increases have been limited to smaller markets. In addition, the strong growth in emerging markets (which has a short-term dilutive impact due to lower ARPU levels), and cautious management commentary on near-time future pricing actions also had a negative impact on our pricing assumptions. These estimates had also a follow-through effect on our 2026-2027 estimates (and beyond) by a similar -3%.
- However, due to the stronger-than-expected growth in MAU and subs, we have increased our FY25 MAU/subs to 739m/292m, from previous estimate by of 735m/288m. This had a follow-through effect on our estimate beyond 2025 as well. However, this only partially offsets the impact of lower Premium ARPU expectations.
- Spotify's Q3 gross margin guidance of 31.1% came in below our expectation of 31.7%, suggesting greater variability than we had previously anticipated, even though the guidance incorporated a 40 bps headwinds due to a regulatory charge. 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 -9% in FY25, and -4-5% in 2026-2027, as we also inched our cost estimates (primarily on R&D and S&M) slightly up. This had a small negative impact on our estimated EBIT margins over the short and medium term.
- Due to decreased profitability estimates, our FCFF estimates have been lowered somewhat.

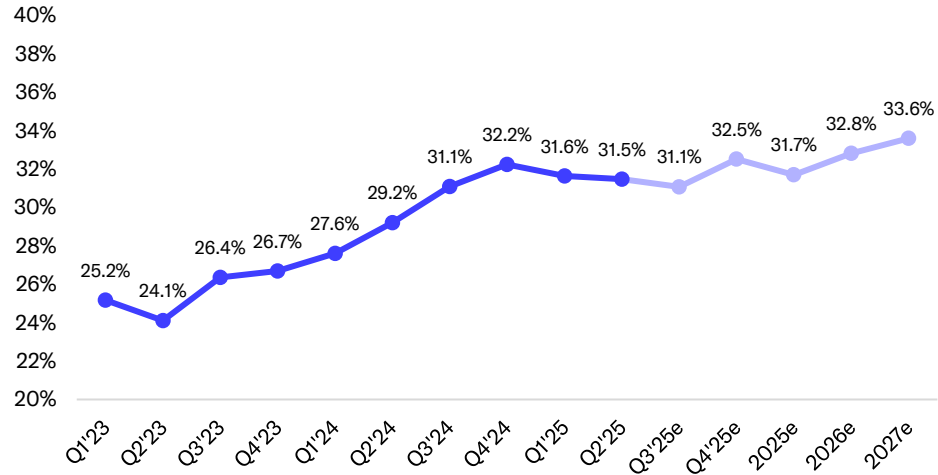
Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	17,865	17,254	-3%	20,668	20,102	-3%	23,651	22,999	-3%
EBITDA	2,292	2,087	-9%	2,996	2,870	-4%	3,623	3,475	-4%
EBIT (exc. NRIs)	2,184	1,978	-9%	2,893	2,763	-5%	3,537	3,383	-4%
EBIT	2,184	1,978	-9%	2,893	2,763	-5%	3,537	3,383	-4%
PTP	2,118	1,535	-27%	3,098	2,968	-4%	3,799	3,627	-5%
EPS (excl. NRIs)	9.75	6.28	-36%	13.96	13.38	-4%	15.90	15.18	-5%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

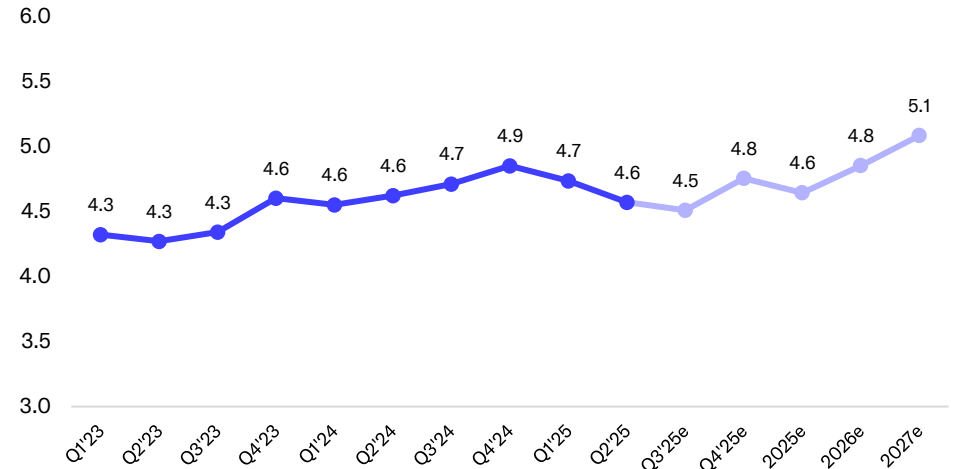
Key KPI's



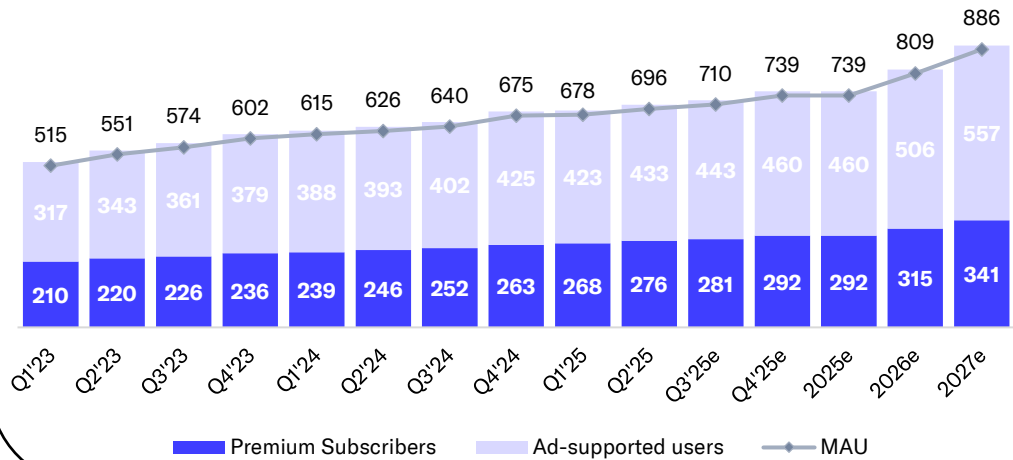
Gross margin trajectory (est.)



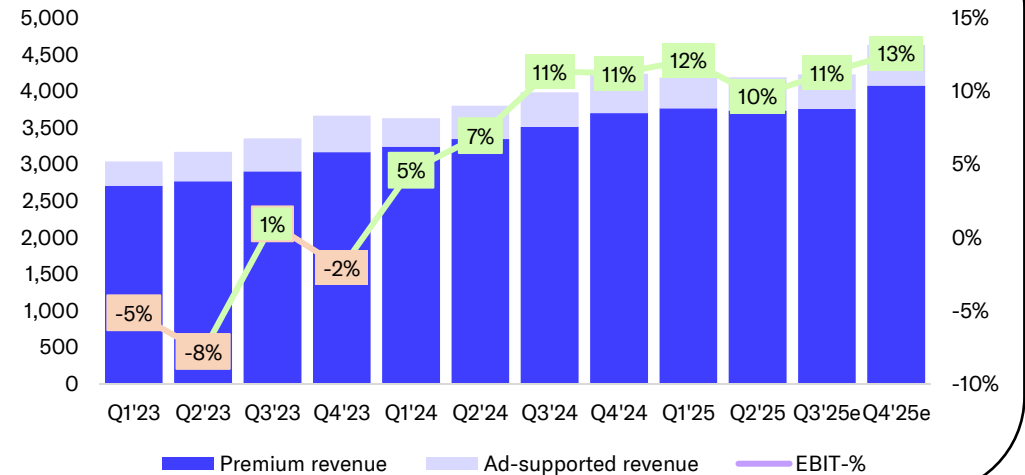
Monthly Premium ARPU trajectory (est.)



User growth trajectory (est.)



Revenue and EBIT-% (est.)



No upside in sight over the next 12 months 1/2

Valuation summary - Reduce

We forecast strong earnings growth for Spotify in 2025-2027 (EBIT CAGR 25-27e: 35%) as the company continues to diligently balance growth with profitability, while utilizing several monetization levers to drive ARPU growth (e.g. launching a super-fan tier, tapping into higher ARPU segments, price hikes, etc.). However, despite the post-earnings share price drop, the current valuation remains too rich, in our view, with much of the near-term earnings growth already reflected in the share price, warranting a more cautious stance at this point. Hence, we reiterate our Reduce recommendation and lower the target price to USD 625 (was USD 650).

Absolute multiples in 2025-2027

Based on our revised 2025-2026 estimates, Spotify is trading at 52-37x EV/EBIT, 41-30x EV/FCFF, and 19-16x EV/GP. We believe these multiples remains stretched for 2025, and on the high side for 2026, 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 early stages of its profitability turnaround, having shifted from growth-at-all-cost phase to mindset focusing on efficiency and profits (in 2023). That said, significant progress has already been 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 compelling in 2027, with overall earnings/FCFF based multiples falling within our acceptable ranges (EV/GP: 13x, EV/EBIT: 30x, EV/FCFF: 25x). Thus, if the development continues on the trajectory we forecast, we believe there could be an attractive upside in the 2027 multiples if the revenue growth and profitability improvements remains intact. 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.
















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](#).

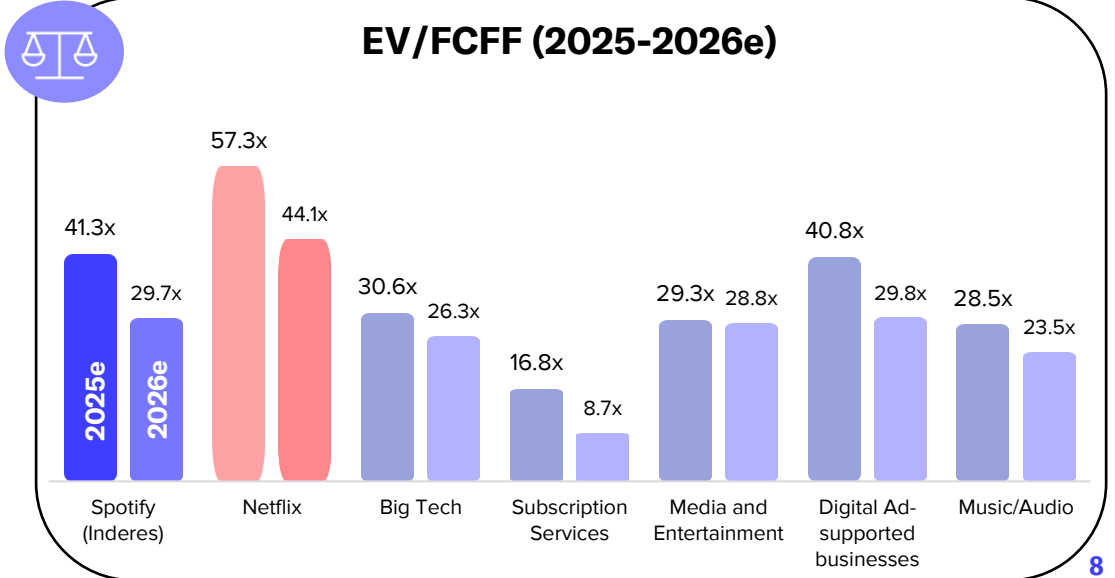
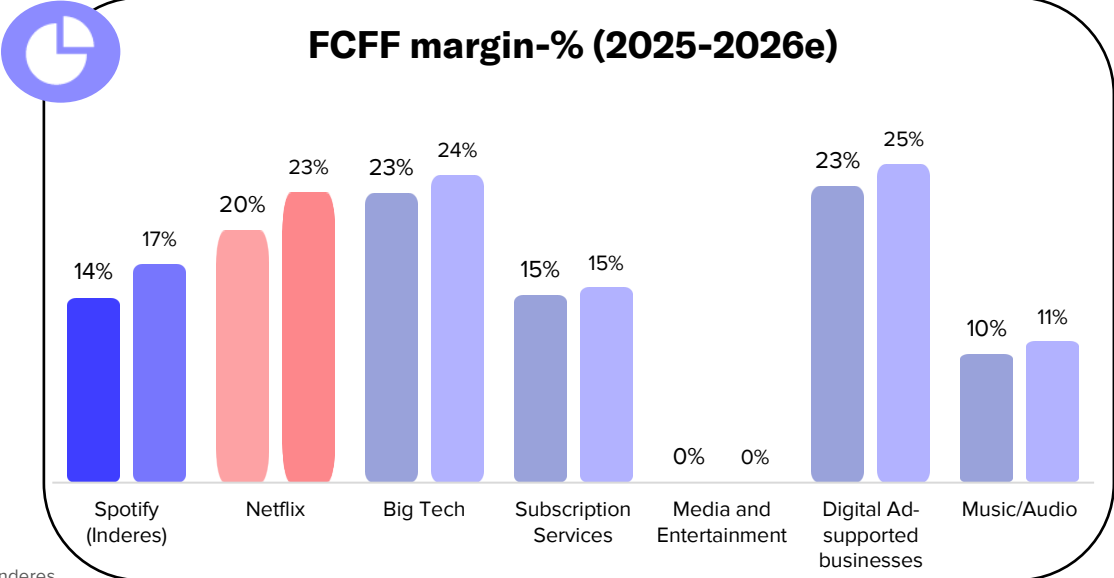
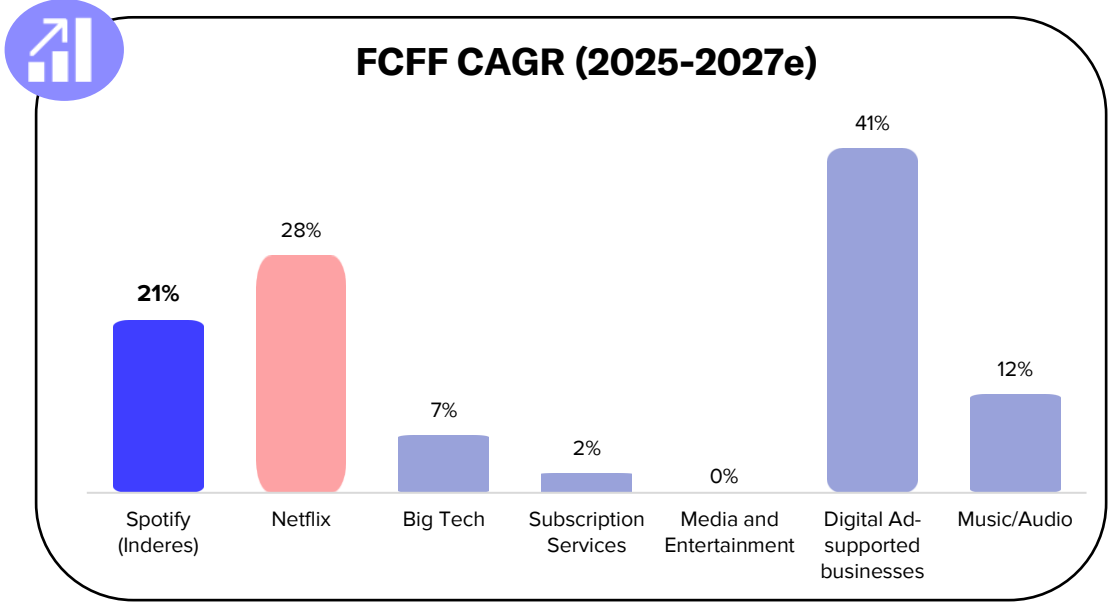
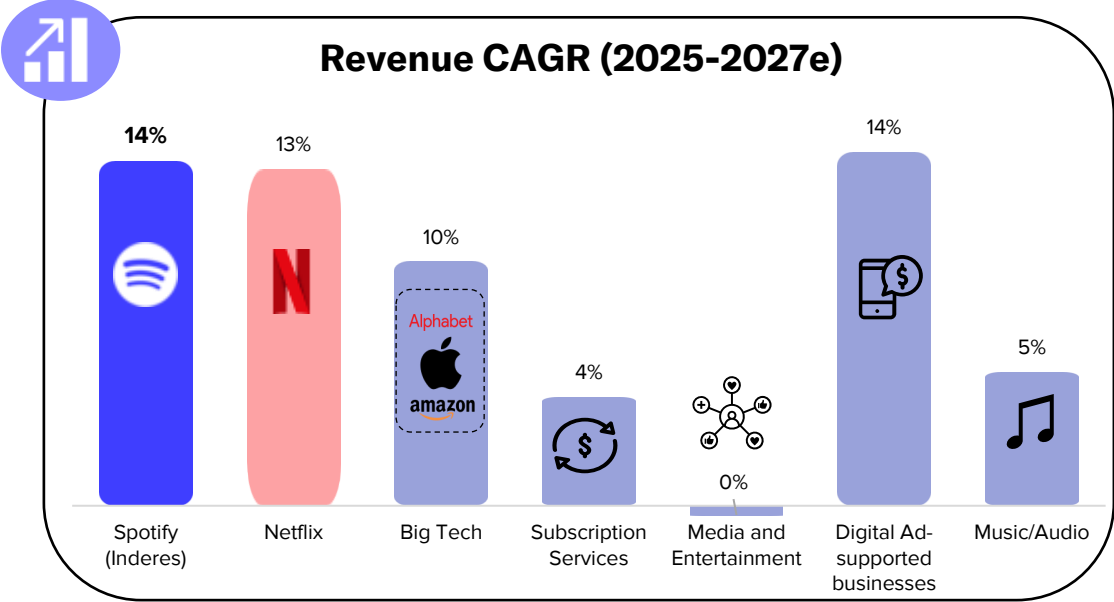
On a relative basis, Spotify trades at a premium to the Subscription Services ("SS") peer group on both EV/FCFF and EV/EBIT for 2026e (SPOT: 30x/37x vs SS: 9x & 21x). While we believe Spotify deserves a premium valuation compared to the SS group as whole, the absolute multiples are excessive, in our view, despite the relatively stronger expected earnings/FCFF growth.

Valuation	2025e	2026e	2027e
Share price (EUR)	537.0	537.0	537.0
Number of shares, millions	206.6	210.8	215.0
Market cap (MEUR)	110,974	113,194	115,457
EV (MEUR)	103,746	102,716	101,178
P/E (adj.)	85.5	40.1	35.4
P/E	85.5	40.1	35.4
P/FCF	45.3	37.1	32.2
P/B	16.3	11.7	8.9
P/S	6.4	5.6	5.0
EV/Sales	6.0	5.1	4.4
EV/EBITDA	49.7	35.8	29.1
EV/EBIT (adj.)	52.4	37.2	29.9
EV/FCFF	41.5	29.8	25.2

Selection of peers in each group

Big tech (BT)			
Subscription services (SS)			
Media & Entertainment (ME)			
Digital ad-supported (DAS)			
Music/Audio (MA)			

Valuation graphs: Spotify vs various peer groups



Source: Inderes

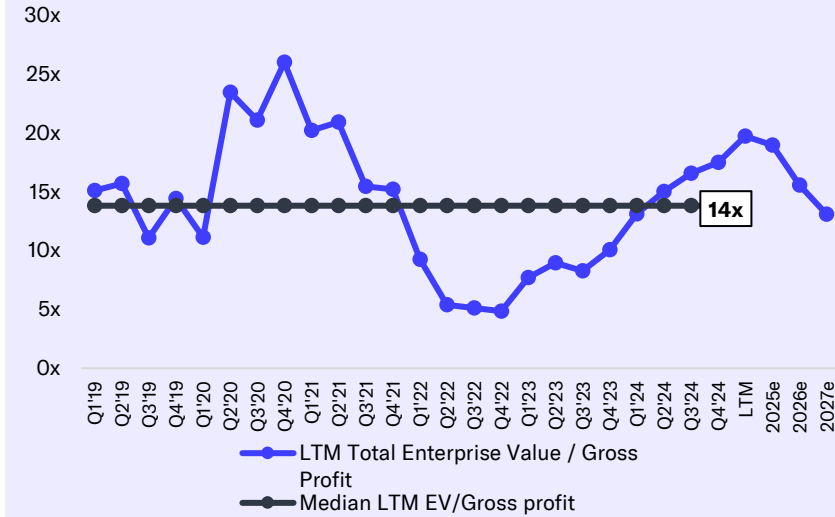
No upside in sight over the next 12 months 2/2

At the same time, Spotify trades at a discount to Netflix (25-26e: 57-44x) on a FCFF basis, but at a premium on an EBIT basis (NTFL: 37-30x). While we argue this dynamic (on a FCFF basis) is 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.

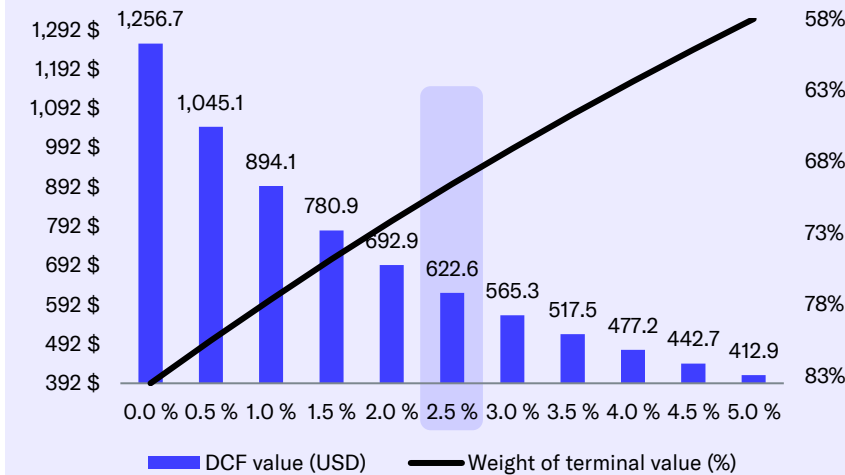
DCF suggests current price to be too high

We expect solid double-digit growth (CAGR: 13%) 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 20.5%. We estimate Spotify's cost of equity and WACC (due to no traditional financial debt) at 8%, which is fairly low but supported by its strong and wide market presence, the majority of revenue streams are through subscriptions, superior global brand, robust balance sheet and improved profitability profile. With these assumptions, our DCF model arrives at an equity value of around 129 BNUSD (prev. 133 BNUSD), which translates to around USD 623 per share (prev. USD 649). This is more or less in line with our target price and the current share price, suggesting a downside for the share on a risk-adjusted basis.

EV/Gross profit development

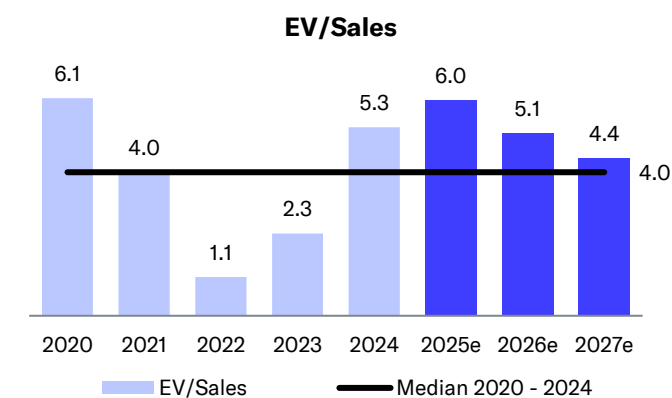
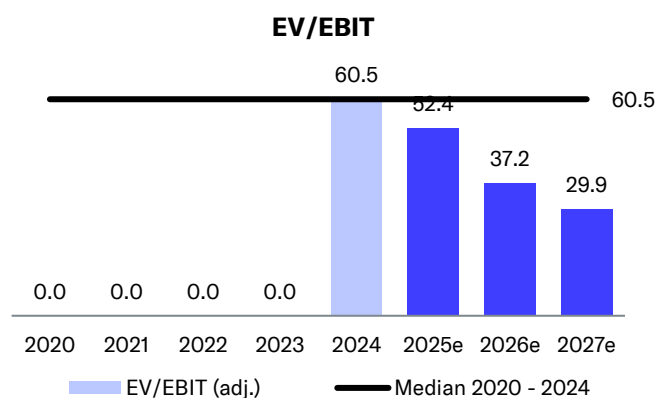
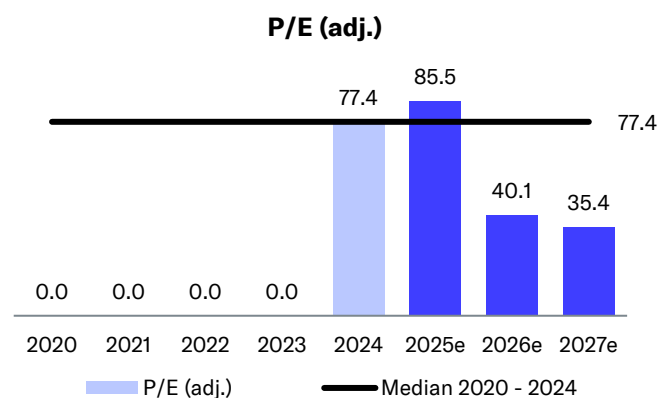


Sensitivity of DCF to changes in the risk-free rate



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	537.0	537.0	537.0	537.0
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	110,974	113,194	115,457	117,767
EV (MEUR)	47,952	38,788	12,650	30,415	82,615	103,746	102,716	101,178	99,177
P/E (adj.)	neg.	neg.	neg.	neg.	77.4	85.5	40.1	35.4	30.2
P/E	neg.	neg.	neg.	neg.	77.4	85.5	40.1	35.4	30.2
P/FCF	neg.	37.6	neg.	>100	43.6	45.3	37.1	32.2	28.9
P/B	17.5	19.1	6.0	13.1	15.9	16.3	11.7	8.9	7.0
P/S	6.2	4.2	1.2	2.5	5.6	6.4	5.6	5.0	4.6
EV/Sales	6.1	4.0	1.1	2.3	5.3	6.0	5.1	4.4	3.8
EV/EBITDA	neg.	>100	neg.	neg.	54.0	49.7	35.8	29.1	23.1
EV/EBIT (adj.)	neg.	>100	neg.	neg.	60.5	52.4	37.2	29.9	23.6
EV/FCFF	262.0	124.3	197.7	40.9	35.1	41.5	29.8	25.2	21.8



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	2,738,606	2,781,729	25.1	23.6	22.9	21.6	7.9	7.5	29.5	27.2	0.5	0.5	52.3
Amazon.com	2,128,475	2,112,239	31.1	25.7	15.0	12.5	3.5	3.2	37.0	31.6			6.9
Alphabet	2,057,836	1,998,439	17.5	15.4	13.1	11.3	5.8	5.3	19.7	18.6	0.4	0.4	6.0
Subscription businesses													
Netflix	431,017	436,278	36.9	30.4	35.3	29.3	11.2	9.9	44.6	36.3			18.3
Match Group	7,248	9,863	13.2	11.5	9.1	8.5	3.3	3.2	15.9	13.5	2.2	2.5	286.2
Bumble	684	1,550	8.1	8.9	5.8	6.3	1.8	1.9	8.1	7.8			0.7
Chegg	126	102		40.9	1.7	1.6	0.3	0.3	104.6	10.7			0.7
Vimeo	551	300			12.4	10.5	0.8	0.8	296.5	104.2			
Roku	11,504	9,580		337.9	31.1	21.3	2.4	2.2		135.7			4.8
Media/Entertainment													
Warner Bros. Discovery	28,171	58,166	75.5	35.9	7.7	7.5	1.8	1.8					0.9
The Walt Disney Company	187,088	223,543	15.2	14.0	12.5	11.6	2.7	2.6	20.7	18.9	0.8	0.9	2.0
Paramount Global	8,106	18,823	9.4	8.5	7.8	7.5	0.8	0.8	10.8	9.2	1.5	1.5	0.5
Digital Ad-supported businesses													
Snap	13,623	13,975			30.6	21.0	2.8	2.5	33.8	23.9			6.8
Meta Platforms	1,527,394	1,491,401	23.3	20.6	15.7	13.4	9.1	8.0	27.1	24.4	0.3	0.3	7.7
Reddit	23,215	21,526	134.1	55.8	40.3	27.4	13.4	10.4	116.4	58.8			10.0
Pinterest	22,506	20,236	69.1	42.6	18.8	15.5	5.6	4.8	21.6	17.9			4.8
Music/Audio													
iHeartMedia	243	4,490	17.2	10.3	7.3	6.1	1.4	1.3		5.5			
Sirius XM Holdings	6,836	15,809	10.1	10.1	7.1	7.1	2.1	2.1	8.2	7.8	4.7	4.9	0.9
Deezer	146	116				8.7	0.2	0.2					
Tencent Music Entertainment Group	29,712	27,491	20.0	19.1	19.7	17.9	7.3	6.5	29.0	24.7	0.8	0.9	3.1
Warner Music Group Corp.	13,436	16,749	21.7	17.5	14.3	12.8	3.0	2.9	26.8	22.3	2.5	2.6	21.8
Universal Music Group	46,604	49,241	21.6	18.9	17.6	15.6	4.0	3.7	25.4	22.3	2.2	2.4	9.2
Live Nation Entertainment	30,218	31,270	23.3	20.1	14.9	13.2	1.4	1.3	70.1	56.1			28.1
Spotify (Inderes)	110,974	103,746	52.4	37.2	49.7	35.8	6.0	5.1	85.5	40.1	0.0	0.0	16.3
Average			31.8	38.4	16.4	13.4	4.0	3.6	49.8	32.3	1.6	1.7	23.6
Median			21.7	19.6	14.6	12.5	2.8	2.6	27.1	22.3	1.2	1.2	6.4
Diff-% to median			142%	90%	241%	185%	119%	99%	215%	80%	-100%	-100%	154%

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	20,102	22,999	25,860
Premium revenue	11566	3247	3351	3516	3705	13,819	3,771	3,740	3,763	4,080	15,354	17,790	20,001	22,299
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	505	612	2,087	2,870	3,475	4,294
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	478	585	1,978	2,763	3,383	4,198
EBIT	-446.0	168	266	454	477	1,365	509	406	478	585	1,978	2,763	3,383	4,198
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	48	48	-443	206	244	265
PTP	-505.0	174	270	398	499	1,341	328	48	526	633	1,535	2,968	3,627	4,463
Taxes	-27.0	23.0	4.0	-98.0	-132.0	-203	-103	-134	0	0	-237	-148	-363	-558
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	526	633	1,298	2,820	3,264	3,905
Net earnings	-532.0	197	274	300	367	1,138	225	-86	526	633	1,298	2,820	3,264	3,905
EPS (adj.) (EUR)	-2.73	0.97	1.35	1.48	1.81	5.61	1.09	-0.42	2.55	3.07	6.28	13.38	15.18	17.81
EPS (rep.) (EUR)	-2.73	0.97	1.35	1.48	1.81	5.61	1.09	-0.42	2.55	3.07	6.28	13.38	15.18	17.81

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 %	16.5 %	14.4 %	12.4 %
Adjusted EBIT growth-%	-32.3 %	-207.7 %	-207.7 %	1318.8 %	-735.9 %	-406.0 %	202.9 %	52.7 %	5.3 %	22.7 %	44.9 %	39.6 %	22.5 %	24.1 %
EBITDA-%	-1.2 %	5.6 %	8.1 %	12.1 %	12.5 %	9.8 %	12.8 %	10.3 %	11.9 %	13.2 %	12.1 %	14.3 %	15.1 %	16.6 %
Adjusted EBIT-%	-3.4 %	4.6 %	7.0 %	11.4 %	11.2 %	8.7 %	12.1 %	9.7 %	11.3 %	12.6 %	11.5 %	13.7 %	14.7 %	16.2 %
Net earnings-%	-4.0 %	5.4 %	7.2 %	7.5 %	8.7 %	7.3 %	5.4 %	-2.0 %	12.4 %	13.7 %	7.5 %	14.0 %	14.2 %	15.1 %

Source: Inderes

Monthly active user (MAU)	602	615	626	640	675	675	678	696	710	739	739	809	886	960
Premium subscribers	236	239	246	252	263	263	268	276	281	292	292	315	341	365
Ad-supported users	379	388	393	402	425	425	423	433	443	460	460	506	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	4.8	5.1	5.3

Balance sheet

Assets (MEUR)	2023	2024	2025e	2026e	2027e
Non-current assets	3,086	3,626	3,632	3,636	3,658
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	186	186	186
Current assets	5,260	8,379	9,981	12,142	16,204
Inventories	0	0	0	0	0
Other current assets	188	160	160	160	160
Receivables	858	771	794	1,005	1,265
Cash and equivalents	4,214	7,448	9,028	10,977	14,779
Balance sheet total	8,346	12,005	13,613	15,778	19,862

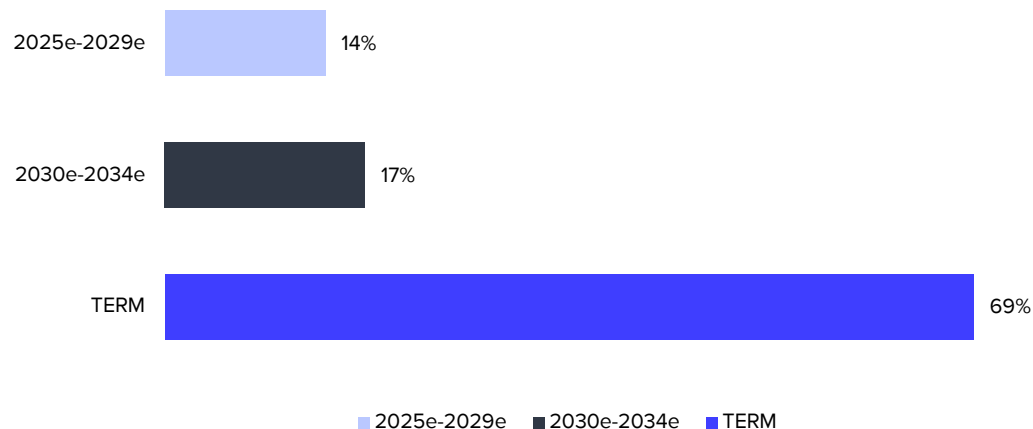
Source: Inderes

Liabilities & equity (MEUR)	2023	2024	2025e	2026e	2027e
Equity	2,523	5,525	6,823	9,643	12,908
Share capital	0	0	0	0	0
Retained earnings	-4,182	-3,044	-1,746	1,074	4,339
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	6,236	5,581	6,401
Interest bearing debt	0	0	1,300	0	0
Payables	4,040	4,372	4,883	5,528	6,348
Other current liabilities	29	53	53	53	53
Balance sheet total	8,346	12,005	13,613	15,778	19,862

DCF-calculation

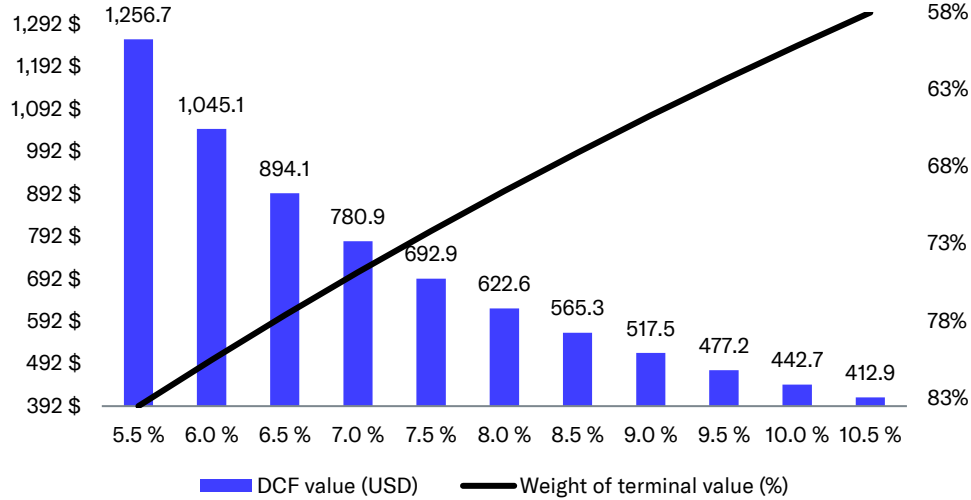
DCF model (MEUR)	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	18.3 %	10.1 %	16.5 %	14.4 %	12.4 %	11.4 %	10.9 %	10.5 %	9.7 %	9.0 %	3.0 %	3.0 %
EBIT-%	8.7 %	11.5 %	13.7 %	14.7 %	16.2 %	17.1 %	18.4 %	19.0 %	19.5 %	20.5 %	20.5 %	20.5 %
EBIT (operating profit)	1,365	1,978	2,763	3,383	4,198	4,914	5,862	6,707	7,551	8,653	8,912	
+ Depreciation	164	109	108	92	96	100	103	107	110	113	116	
- Paid taxes	-348	-237	-148	-363	-558	-777	-1,085	-1,425	-1,612	-1,852	-1,782	
- Tax, financial expenses	-52	-111	-2	-4	-5	-6	-7	-8	-8	-8	0	
+ Tax, financial income	48	43	12	28	38	46	66	92	110	129	0	
- Change in working capital	471	488	434	560	425	541	563	553	618	152	238	
Operating cash flow	1,648	2,270	3,166	3,696	4,194	4,818	5,503	6,025	6,768	7,187	7,483	
+ 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	2,155	3,054	3,582	4,078	4,699	5,382	5,902	6,643	7,061	7,368	
+/- Other	933	296	0	0	0	0	0	0	0	0	0	
FCFF	2,018	2,451	3,054	3,582	4,078	4,699	5,382	5,902	6,643	7,061	7,368	151,470
Discounted FCFF		2,373	2,737	2,973	3,133	3,343	3,544	3,599	3,750	3,690	3,565	73,292
Sum of FCFF present value		105,999	103,626	100,888	97,916	94,783	91,440	87,896	84,297	80,547	76,857	73,292
Enterprise value DCF		105,999										
- Interest bearing debt		-2,001										
+ Cash and cash equivalents		7,448										
-Minorities		0										
-Dividend/capital return		0										
Equity value DCF (MEUR)		111,446										
Equity value DCF per share (EUR)		539.3										
Equity value DCF per share (USD)		622.6										
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

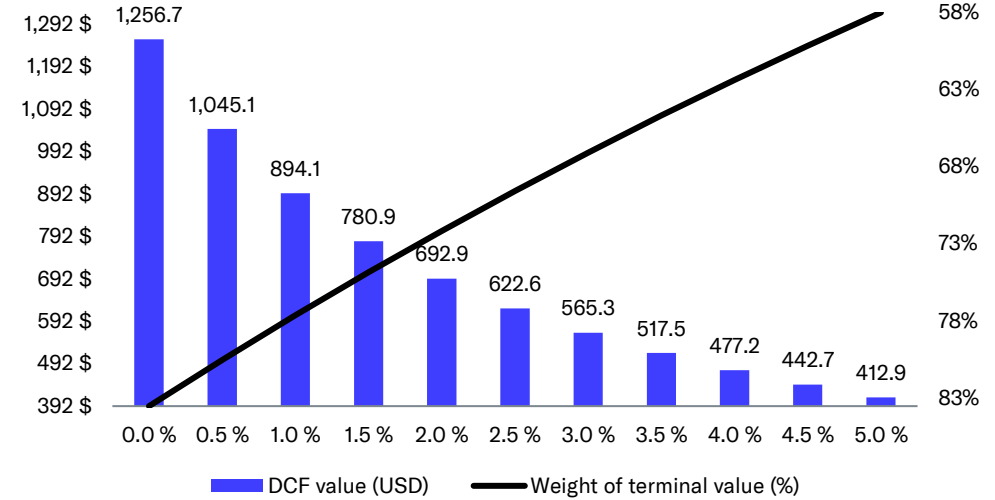


DCF sensitivity calculations and key assumptions in graphs

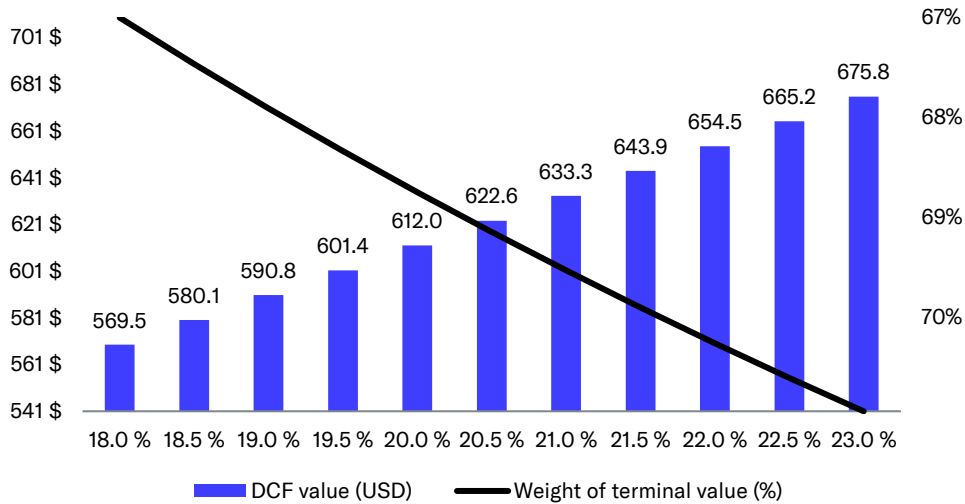
Sensitivity of DCF to changes in the WACC-%



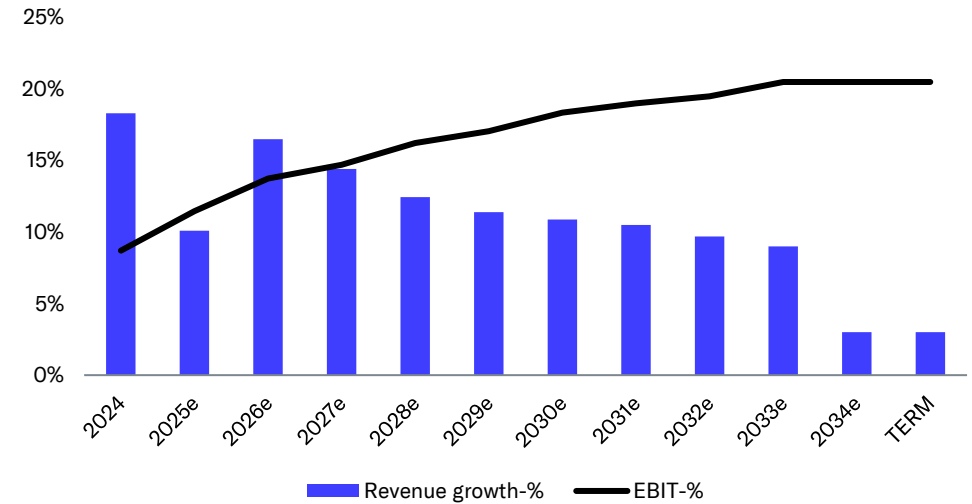
Sensitivity of DCF to changes in the risk-free rate



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	17,254	20,102	EPS (reported)	-2.23	-2.73	5.61	6.28	13.38
EBITDA	-488	-165	1,529	2,087	2,870	EPS (adj.)	-2.23	-2.73	5.61	6.28	13.38
EBIT	-659	-446	1,365	1,978	2,763	OCF / share	-2.22	1.70	8.12	10.99	15.02
PTP	-370	-505	1,341	1,535	2,968	OFCF / share	-5.70	1.34	9.95	11.86	14.49
Net Income	-430	-532	1,138	1,298	2,820	Book value / share	12.44	12.96	27.23	33.02	45.75
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	13,613	15,778	Revenue growth-%	21%	13%	18%	10%	17%
Equity capital	2,401	2,523	5,525	6,823	9,643	EBITDA growth-%	-321%	-66%	-1027%	37%	38%
Goodwill	1,168	1,137	1,201	1,199	1,199	EBIT (adj.) growth-%	-801%	-32%	-406%	45%	40%
Net debt	-1,668	-2,518	-5,447	-7,228	-10,477	EPS (adj.) growth-%	1154%	23%	-305%	12%	113%
						EBITDA-%	-4.2 %	-1.2 %	9.8 %	12.1 %	14.3 %
Cash flow (MEUR)	2022	2023	2024	2025e	2026e	EBIT (adj.)-%	-5.6 %	-3.4 %	8.7 %	11.5 %	13.7 %
EBITDA	-488	-165	1,529	2,087	2,870	EBIT-%	-5.6 %	-3.4 %	8.7 %	11.5 %	13.7 %
Change in working capital	156	535	471	488	434	ROE-%	-19.0 %	-21.6 %	28.3 %	21.0 %	34.3 %
Operating cash flow	-429	330	1,648	2,270	3,166	ROI-%	-6.0 %	-6.9 %	28.8 %	27.9 %	32.1 %
CAPEX	-662	-63	-546	-115	-112	Equity ratio	31.4 %	30.2 %	46.0 %	50.1 %	61.1 %
Free cash flow	-1,100	260	2,018	2,451	3,054	Gearing	-69.5 %	-99.8 %	-98.6 %	-105.9 %	-108.6 %
Valuation multiples	2022	2023	2024	2025e	2026e						
EV/S	1.1	2.3	5.3	6.0	5.1						
EV/EBITDA	neg.	neg.	54.0	49.7	35.8						
EV/EBIT (adj.)	neg.	neg.	60.5	52.4	37.2						
P/E (adj.)	neg.	neg.	77.4	85.5	40.1						
P/B	6.0	13.1	15.9	16.3	11.7						
Dividend-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %						

Source: Inderes

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

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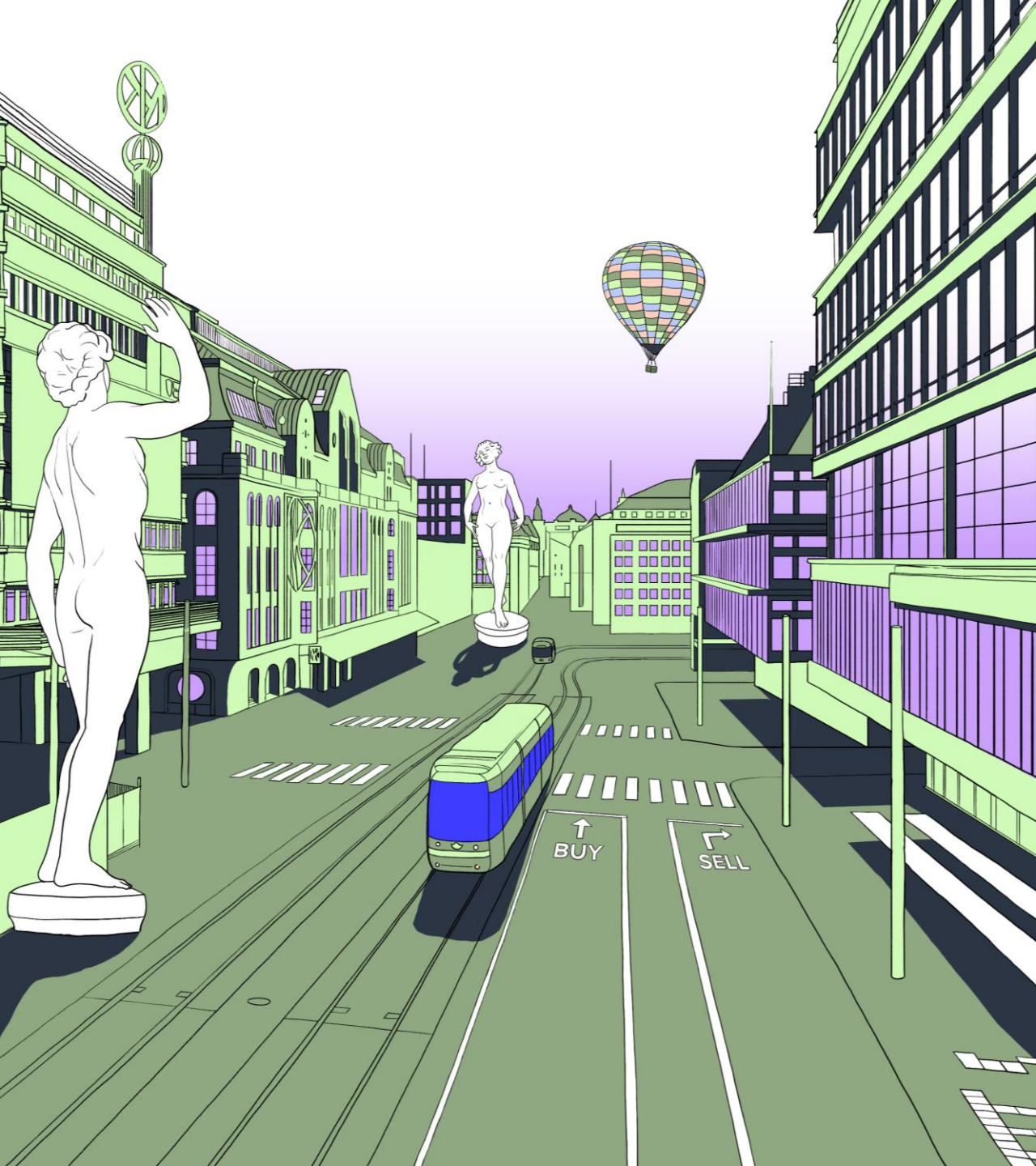
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Recommendation history (>12 mo)

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



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