

# VERVE

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INDERES CORPORATE CUSTOMER  
**COMPANY REPORT**



# Strong execution all over

Verve delivered a strong beat in Q4, exceeding our estimates on both the top and bottom line. The company's business momentum remains robust, with improving cost scalability driving strong margins. Despite the post-earnings rally, we still see an attractive return potential at current levels. As a result, we raise our target price to SEK 57 (was SEK 50) and upgrade our recommendation to Buy (was Accumulate).

## Q4 exceeded our estimates by a wide margin

Verve reported a 46% year-on-year growth in Q4'24 (24% organic) to 144 MEUR, which exceeded our expectations (130 MEUR). Beyond stronger-than-expected contribution from Jun Group, it is evident that Verve's core business momentum with ID-less targeting solutions as well as expansion into new ad formats both exceeded our expectations. The company's key KPIs remained solid during the quarter, although the addition of large software clients moderated in Q4 compared to previous quarters. Nevertheless, Verve has accumulated a very solid base of new customers in 2024, providing a strong foundation for sustained growth in 2025 and beyond. Adjusted EBIT came in at 42 MEUR (Q4'23: 26.8 MEUR), translating to a 29% margin, which significantly exceeded our 32.2 MEUR estimate. The stronger EBIT was mainly driven by the higher-than-expected revenue, lower cost pressures from scaling new ad formats, and stronger-than-expected Jun Group revenue contribution (which carries better gross margins). Free cash flow totaled 42 MEUR, in line with our expectations, demonstrating continued improvements in cash conversion.

## We raise our estimates, but we are somewhat cautious on the overall market development in 2025

Our 2025-2026 revenue estimates have been raised by 1-2% following the stronger-than-expected Q4 performance. However, despite the revenue beat, we remain somewhat cautious about the 2025 digital advertising market outlook due to rising macroeconomic and geopolitical uncertainties early in the year.

This caution stems from heightened global economic risks, including potential and already unfolding policy shifts under the Trump administration, rising U.S. inflation expectations, and deteriorating U.S. consumer sentiment. Furthermore, we have increased our profitability estimates (adj. EBIT) by 4-7% in 2025-2026, resulting in higher margin assumptions, primarily driven by higher gross margin estimates and lower personnel expenses as a percentage of revenue. Over the long term, we have inched our revenue growth and EBIT margin assumptions a bit higher, reflecting our increased confidence in Verve's positioning within privacy-first targeting solutions and overall profitability. These adjustments naturally had a positive impact on cash flows and our fair value.

## Despite the post-earnings rally, the stock is still at attractive levels

The share price has been highly volatile in recent months, but Verve's Q4 report reaffirms that the company's fundamentals remain solid. Despite the strong rally on earnings day, we see the current share price as an attractive buying opportunity based on our updated estimates. Based on our estimates, Verve trades at an adjusted EV/EBIT of 7x-6x and an EV/FCFF (excl. earn-outs) of 9x-8x for 2025-2026e, which we believe remain on the low side and represent a steep discount to peers. While we believe Verve should not yet trade in line with peers, given that a large portion of its earnings and cash flow is currently allocated to interest payments, we expect the valuation gap to narrow in the coming years as the company deleverages its balance sheet. We believe Verve is well-positioned to do so, supported by strong growth fundamentals, enhanced earnings quality following the Jun Group acquisition, and improved working capital management. As a result, we see upside potential in the valuation multiples, and our DCF model, which better reflects Verve's long-term value creation, points to a potential upside with a fair value estimate of SEK 57.7 per share, reinforcing our positive investment view.

## Recommendation

**Buy**  
(prev. Accumulate)

## Target price:

**57.00 SEK**  
(prev. 50 SEK)

## Share price:

42.85 SEK

## Business risk



## Valuation risk



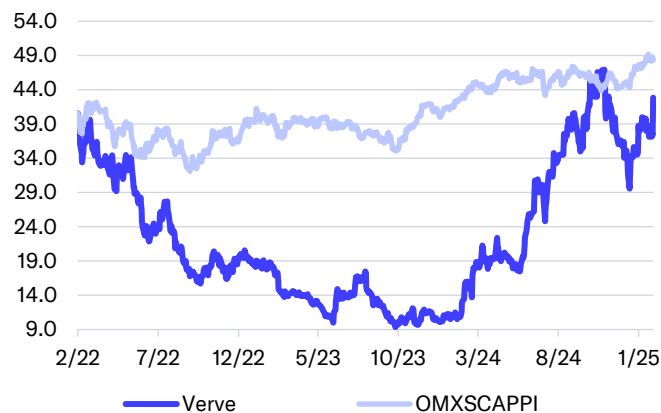
	2024	2025e	2026e	2027e
<b>Revenue</b>	437.0	527.1	582.4	634.8
<b>growth-%</b>	36%	21%	11%	9%
<b>EBIT adj.</b>	107.1	138.7	163.1	179.9
<b>EBIT-% adj.</b>	24.5 %	26.3 %	28.0 %	28.3 %
<b>Net Income</b>	28.8	56.4	81.3	99.1
<b>EPS (adj.)</b>	0.24	0.39	0.53	0.63
<b>P/E (adj.)</b>	12.8	9.9	7.2	6.1
<b>P/B</b>	1.3	1.4	1.2	1.0
<b>Dividend yield-%</b>	0.0 %	0.0 %	0.0 %	0.0 %
<b>EV/EBIT (adj.)</b>	8.7	7.4	5.9	4.7
<b>EV/EBITDA</b>	7.0	6.2	5.0	4.0
<b>EV/S</b>	2.1	1.9	1.6	1.3

Source: Inderes

## Guidance

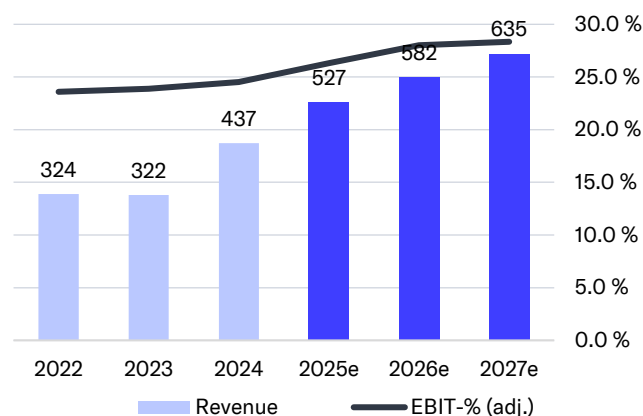
(No guidance)

## Share price



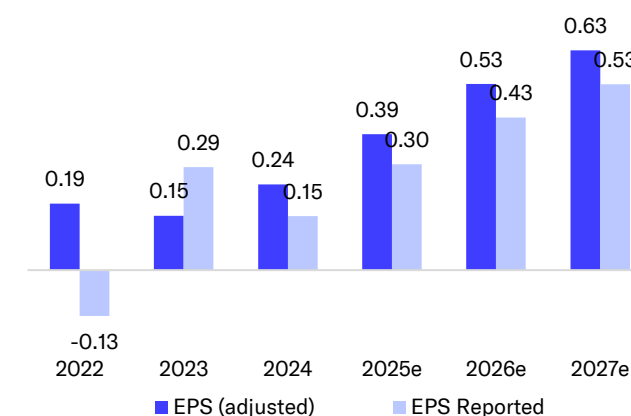
Source: Millstream Market Data AB

## Revenues and operating profit-%



Source: Inderes

## Earnings per share



Source: Inderes

## Value drivers

- High single-digit growth in the programmatic ad market over the medium to long term, with In-app and CTV markets growing even faster
- Market-leading mobile In-App SSP
- Several proprietary targeting solutions for a post-identifier and cookie-less world
- Strong and increasing industry recognition could boost revenue growth
- A trusted end-to-end omnichannel platform
- Own first-party content that provides data to the ad platform
- Improved quality of earnings and increased potential for synergies in coming years following the acquisition of Jun Group

## Risk factors

- Failing to maintain/increase market share in programmatic advertising
- Market disruption due to technological or regulatory reasons
- Despite a partial recovery in ad spending, persistent low CPMs and evolving privacy regulations pose ongoing risks
- Rapid slowdown in first-party games revenue
- Macroeconomic challenges could constrain marketing budgets and decelerate growth

Valuation	2025e	2026e	2027e
<b>Share price (EUR)</b>	3.83	3.83	3.83
<b>Number of shares, millions</b>	187.2	187.2	187.2
<b>Market cap (MEUR)</b>	716	716	716
<b>EV (MEUR)</b>	1025	959	848
<b>P/E (adj.)</b>	9.9	7.2	6.1
<b>P/E</b>	12.7	8.8	7.2
<b>P/B</b>	1.4	1.2	1.0
<b>P/S</b>	1.4	1.2	1.1
<b>EV/Sales</b>	1.9	1.6	1.3
<b>EV/EBITDA</b>	6.2	5.0	4.0
<b>EV/EBIT (adj.)</b>	7.4	5.9	4.7
<b>Payout ratio (%)</b>	0.0 %	0.0 %	0.0 %
<b>Dividend yield-%</b>	0.0 %	0.0 %	0.0 %

Source: Inderes

# Strong beat on both top and bottom lines

## Revenue exceeded our estimates...

Verve reported a 46% year-on-year growth in Q4'24 (24% organic), reaching 144 MEUR. This was well above our and consensus estimate of 130 MEUR and 129 MEUR, respectively. We estimate that Jun Group contributed ~22 MEUR to revenue, exceeding our 19 MEUR estimate.

In addition to the stronger-than-expected contribution from Jun Group, it is evident that Verve's core business momentum within ID-less targeting solutions as well as expansion into new ad formats has progressed beyond our expectations. iOS revenue grew 46% in FY2024 to 153 MUSD\*, and we estimate Q4 growth was around 30%. Revenue from new ad formats (full-screen and video ads within mobile apps) continued to scale rapidly, growing 150% year-on-year to 13 MEUR in Q4.

Verve delivered 274 billion ad impressions in Q4, representing a year-on-year increase of 33% and 12% quarter-on-quarter, suggesting continued improved CPM:s.

The number of new large software clients added in Q4 slowed to +16 quarter-on-quarter, bringing the total to 1,014 (Q3'24: +147, 998 in total). However, we do not see this as a concern, given that Q4 is typically a peak season quarter when advertisers prefer stability over switching solutions. Most client onboarding and budget reallocation tend to occur in the first half of the year, as advertisers experiment to maximize returns.

The net dollar expansion rate rose to a solid 110% (Q3'24: 108%), indicating that existing customers continue to increase spending. Meanwhile, customer retention edged up to 97%, surpassing the two-year average of 96%, which we think is particularly impressive given the recent years strong influx of new clients (FY24: +413, FY23: +176).

## ...and so did the adjusted EBIT

Adjusted EBIT came in at 42 MEUR (Q4'23: 26.8 MEUR), translating to a 29% margin, significantly exceeding our 32.2 MEUR estimate. The stronger EBIT was mainly driven

by the higher-than-expected volumes, lower cost pressures from scaling new ad formats, a stronger-than-expected Jun Group revenue contribution (which carries better gross margins), and somewhat lower personnel costs as a percentage of revenue compared to our estimate.

## Strong profitability reduced the leverage ratio

Operating cash flows (OCF) amounted to 55 MEUR, with changes in working capital (14 MEUR) had a positive impact on OCF due to seasonality. After accounting for CAPEX of 13 MEUR, free cash flow stood at 42 MEUR, which aligned with our estimates. Net debt decreased by some 26 MEUR quarter-on-quarter, which was expected due to seasonally strong cash flows and the full contribution of Jun Group in quarter. As a result, net debt/adj. EBITDA decreased to 2.6x (Q3'24: 3.2x) and on a pro forma basis\*\*, the ratio decreased to 2.4x (Q3'24: 2.6x). With Jun Group's full integration and anticipated bond refinancing, Verve is well positioned for debt amortization, and we expect the leverage ratio to decline in the coming quarters and years.

Estimates MEUR / EUR	Q4'23	Q4'24	Q4'24e	Q4'24e	Consensus		Difference (%)	2024
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Actual
Revenue	98.7	144	130	129	127	- 130	11%	437
EBITDA (adj.)	31.7	48.5	38.9	42.4	38.9	- 47.4	25%	133
EBIT (adj.)	26.8	42.1	32.2	32.6	31.0	- 35.8	31%	107
EBIT	19.7	33.9	27.0	30.5	27.0	- 36.0	26%	90.3
PTP	5.6	17.1	15.0	18.6	14.9	- 27.1	14%	31.8
EPS (adj.)	0.08	0.12	0.09	0.09	0.06	- 0.12	36%	0.24
EPS (reported)	0.03	0.08	0.06	0.07	0.03	- 0.11	27%	0.16
Revenue growth-%	6.3 %	46.1 %	31.9 %	30.5 %	28.7 %	- 31.7 %	14.2 pp	35.7 %
EBIT-% (adj.)	27.1 %	29.2 %	24.8 %	25.3 %	24.4 %	- 27.5 %	4.4 pp	24.5 %

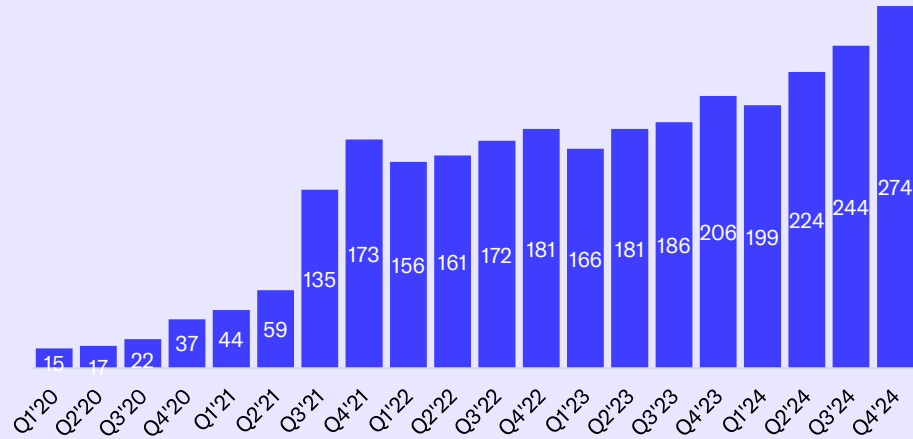
Source: Inderes & Bloomberg  
(4) (consensus)

\*MUSD according to company presentation \*\*Including Jun Group LTM adj.EBITDA.

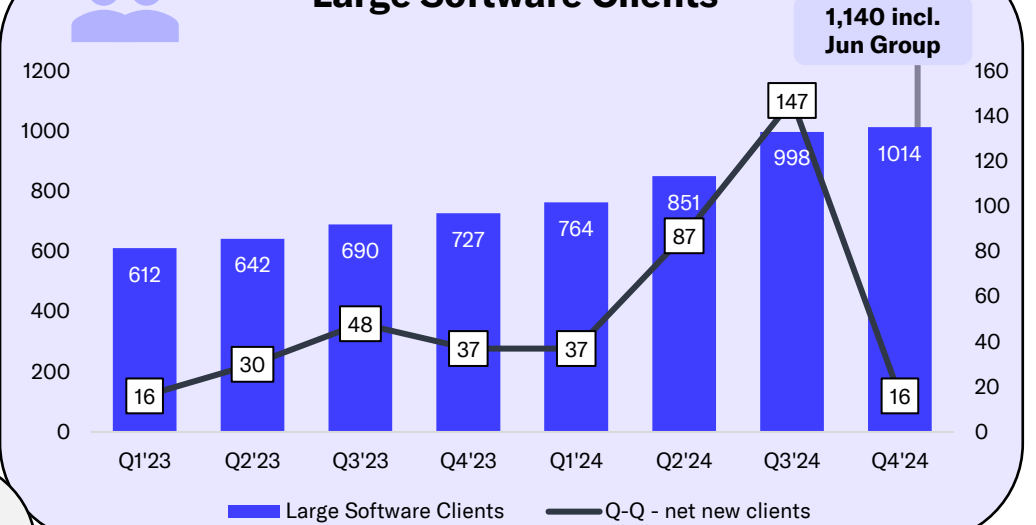
# KPI's



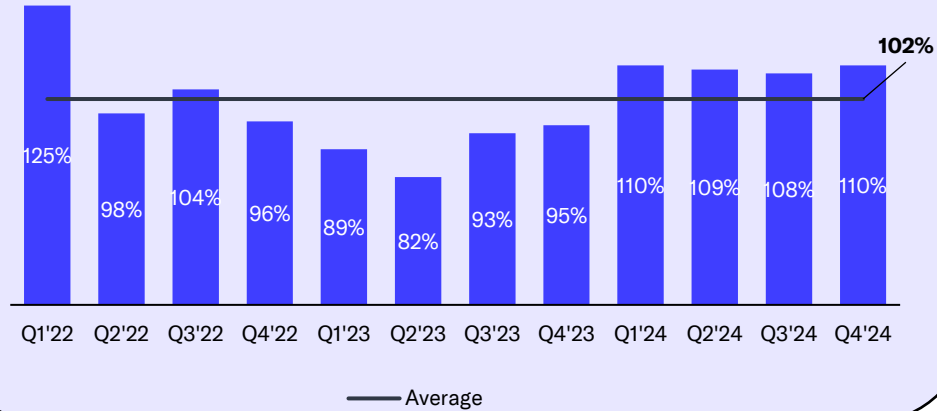
## Ad Impressions (in bn)



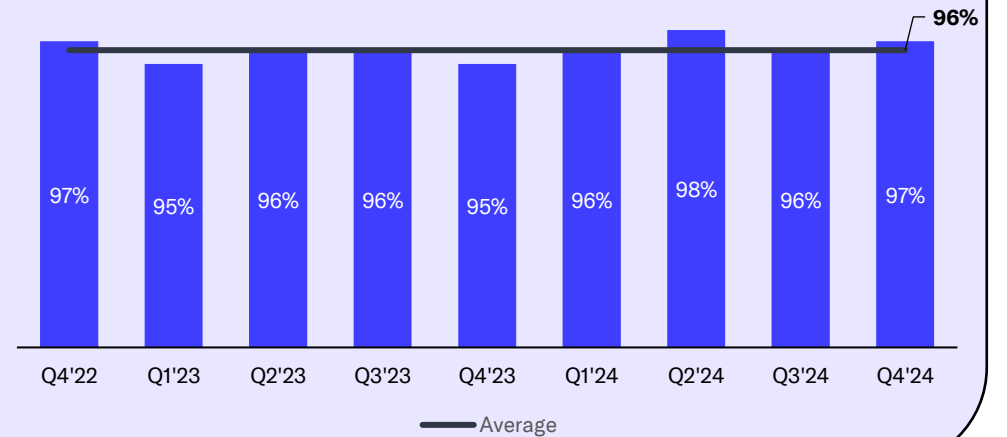
## Large Software Clients



## Net Dollar Expansion rate of Software Clients



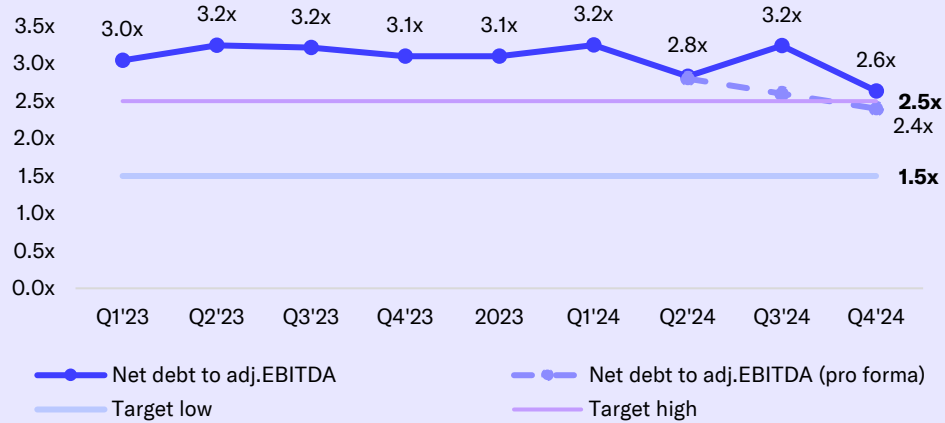
## Retention rate of Software Clients



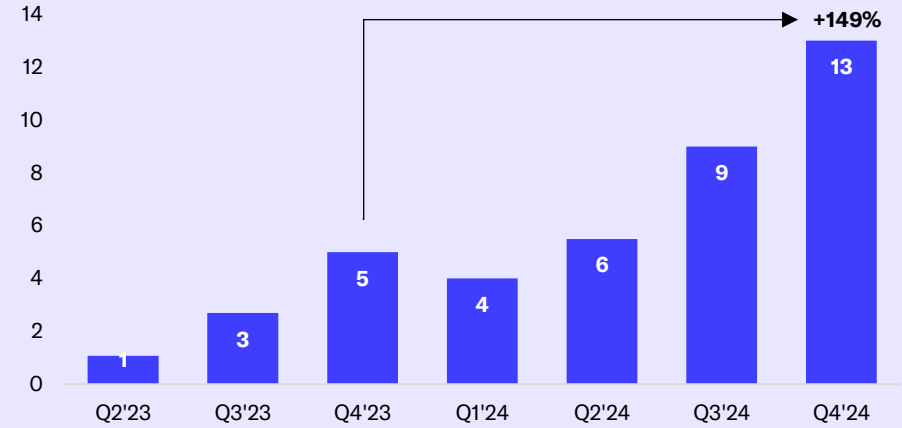


# Other metrics

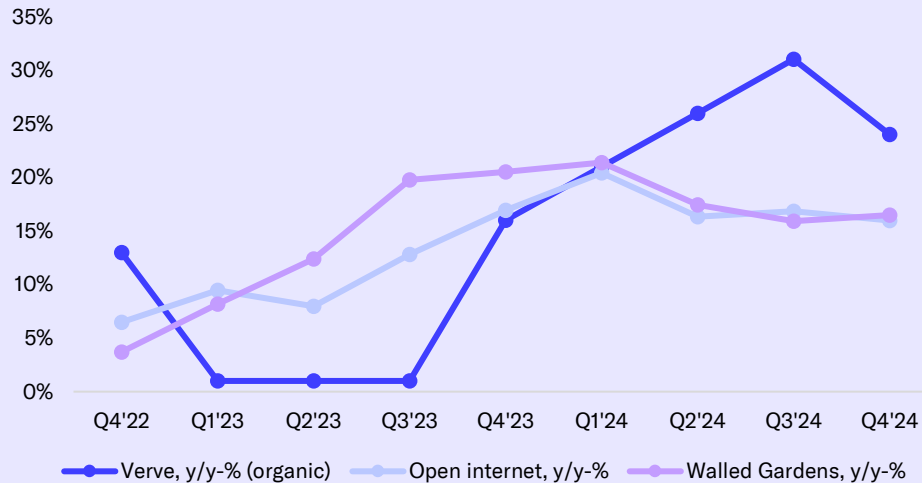
### Net debt to adj.EBITDA



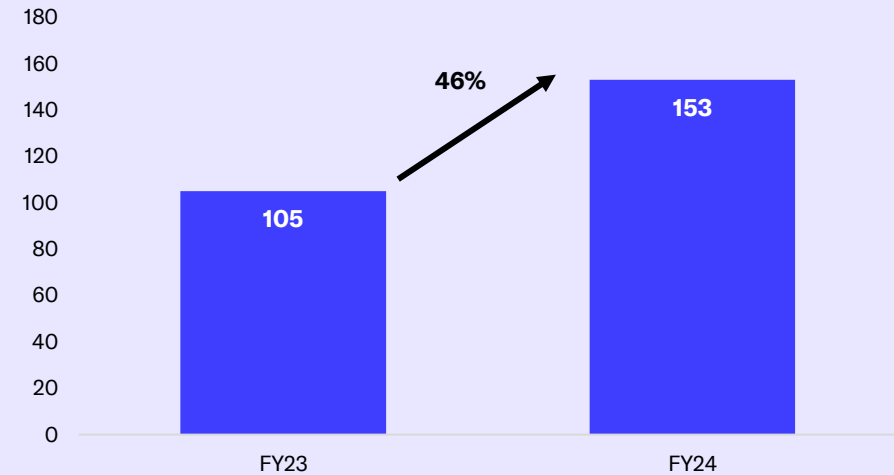
### Full-screen & video ads (MEUR)



### Verve vs peers: Revenue growth-% (y/y)



### iOS revenue (MUSD)



# Upward revisions focused on profitability

## Estimates changes

- Our 2025-2026 revenue estimates have been raised by 1-2% following the stronger-than-expected Q4 performance. However, despite the revenue beat, we remain somewhat cautious about the 2025 digital advertising market outlook due to rising macroeconomic and geopolitical uncertainties early in the year. This caution stems from heightened global economic risks, including potential and already unfolding policy shifts under the Trump administration, rising U.S. inflation expectations, and deteriorating U.S. consumer sentiment. We discussed these factors in more detail in our [preview comment](#).
- Our mid-to-long-term growth assumptions have been revised slightly upward, reflecting our increased confidence in Verve's positioning within privacy-first targeting solutions.

- In the light of the stronger-than-expected earnings in Q4, we have increased our profitability estimates (adj. EBIT) by 4-7% in 2025-2026, resulting in higher margin assumptions. This upward revision is primarily driven by 1) higher gross margin expectations, due to lower expected purchased service expenses. Previously, we assumed a greater weighing effect from scaling new ad formats, but Verve appears to be achieving higher pricing earlier than anticipated, 2) lower personnel expenses as a percentage of revenue, reflecting better-than-expected scaling efficiencies.
- These margin enhancements are slightly offset by lower expected capitalized development costs relative to revenue and reduced other operating income.
- In the short term, these revisions has resulted in a higher estimated adjusted EBIT margin, and we expect the adjusted EBIT margin to gradually improve to 28.3% in 2027, before gradually tapering toward our revised

terminal EBIT margin assumption of 19% (was 18.5%, company target: 20-25%).

- Following Verve's strong free cash flow generation throughout 2024 combined with our revised profitability estimates, we have raised our FCFE estimates by 7-8% in the near term.
- We increased our net financial estimates slightly due to somewhat higher interest expenses and net debt than expected in Q4
- The net effect of these revisions has led to a higher fair value estimate in our DCF model.

Estimate revisions	2024	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
MEUR / EUR	Inderes	Actualized	%	Old	New	%	Old	New	%
Revenue	423	437	3%	521	527	1%	573	582	2%
EBITDA	122	129	5%	160	165	3%	182	190	4%
EBIT (exc. NRIs)	97.2	107	10%	133	139	4%	153	163	7%
EBIT	83.3	90.3	8%	116	123	6%	135	145	7%
PTP	29.7	31.8	7%	73.2	75.2	3%	98.9	108	10%
EPS (excl. NRIs)	0.23	0.24	7%	0.38	0.39	1%	0.49	0.53	8%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

## Verve Group, Audiocast with teleconference, Q4'24



# Valuation 1/2

## The company is in a better position today to deleverage its balance sheet

After several years of strong revenue growth, Verve faced a notable slowdown in 2023, as shrinking advertising budgets in an uncertain macro environment weighed on demand. Combined with the company's high leverage and rising interest rates, this resulted in a sharp contraction in both the stock price and valuation multiples. However, in 2024, Verve returned to strong growth, benefiting from improving market conditions and growing demand for its privacy-centric advertising solutions. Management also took steps to improve the high leverage, including: 1) the acquisition of Jun Group, which enhances the Groups earnings quality, 2) raised 450 MSEK in a directed share issue, 3) refinanced part of its outstanding bonds at better terms, which lowers its annual interest expenses going forward and positions the company better to refinance its remaining bonds at more favorable terms. While Verve's net debt remains high, these actions make it more manageable, positioning the company more favorably for deleveraging in the next years. This is particularly relevant for a valuation standpoint, as lower debt levels should support a gradual re-rating of Verve's current multiples.

## The earnings and FCFF based multiples are on the low side

Verve's income statement contains several non-cash items and non-recurring costs, so we pay close attention to FCFF-based valuation methods such as DCF. However, we also approach the valuation through absolute valuation multiples and in relation to peers.

Verve's median adjusted\* EV/EBITDA and EV/EBIT ratios over the last five years are 7x and 9x, respectively. Furthermore, the three-year median EV/FCFF (excl. earn-outs) stands at 13x.

Based on our updated 2025-2026 estimates, Verve's EV/adj. EBIT multiples for 2025-2026 are 7x and 6x, respectively. At the same time, the corresponding EV/EBITDA multiples are 6x and 5x, while the EV/FCFF multiples (excl. earn-outs) are 9x and 8x. As Verve records a relatively high PPA amortizations (12 MEUR LTM), the adjusted multiples are generally lower than the unadjusted ones. As a result, the unadjusted EV/EBIT multiples for 2025-2026 are 8x-7x, respectively.

Thus, we believe that the overall earnings-based valuation for the current and next years are on the low side, both in absolute numbers and compared to historical figures.

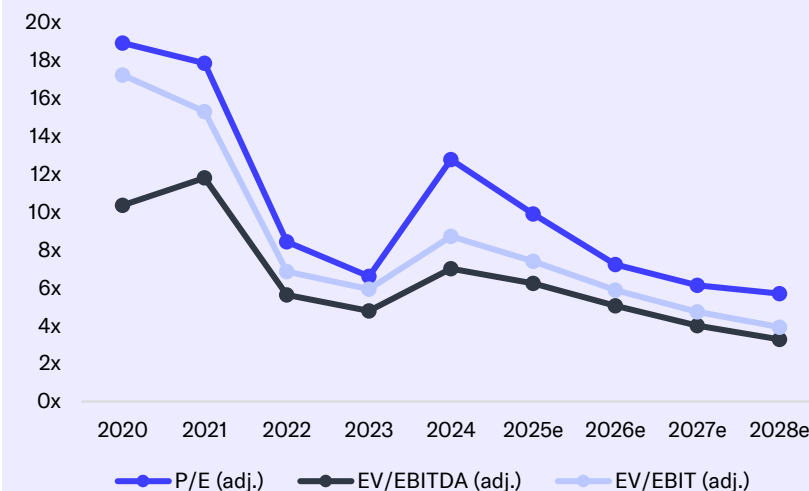
## Trading at a discount to peers, but is justified to some extent

Relative to its peer group, Verve currently trades at a significant discount on earnings-based multiples. The peer group's median EV/EBITDA and EV/EBIT multiples for 2025 and 2026 stand at 11x-10x and 41x-25x, respectively. However, it is important to note that there is considerable variation among peers, which influences the median values. A similar pattern is observed in FCFF-based multiples, where the median stands at 20x-15x for the same period, though the spread in multiples remains high within the peer group.

Valuation	2025e	2026e	2027e
Share price (EUR)	3.83	3.83	3.83
Number of shares, millions	187.2	187.2	187.2
Market cap (MEUR)	716	716	716
EV (MEUR)	1025	959	848
P/E (adj.)	9.9	7.2	6.1
P/E	12.7	8.8	7.2
P/B	1.4	1.2	1.0
P/S	1.4	1.2	1.1
EV/Sales	1.9	1.6	1.3
EV/EBITDA	6.2	5.0	4.0
EV/EBIT (adj.)	7.4	5.9	4.7
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

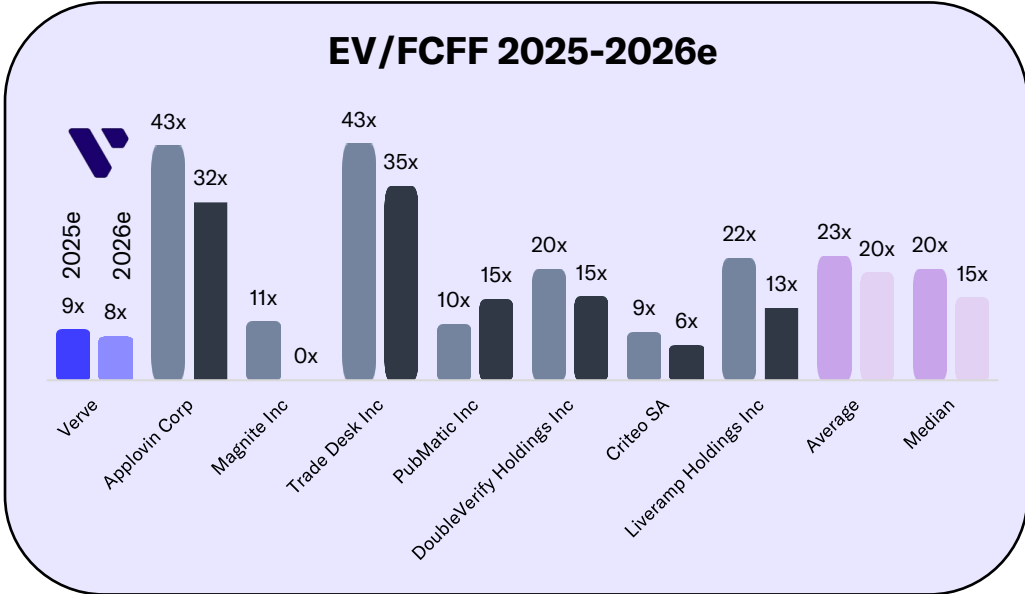
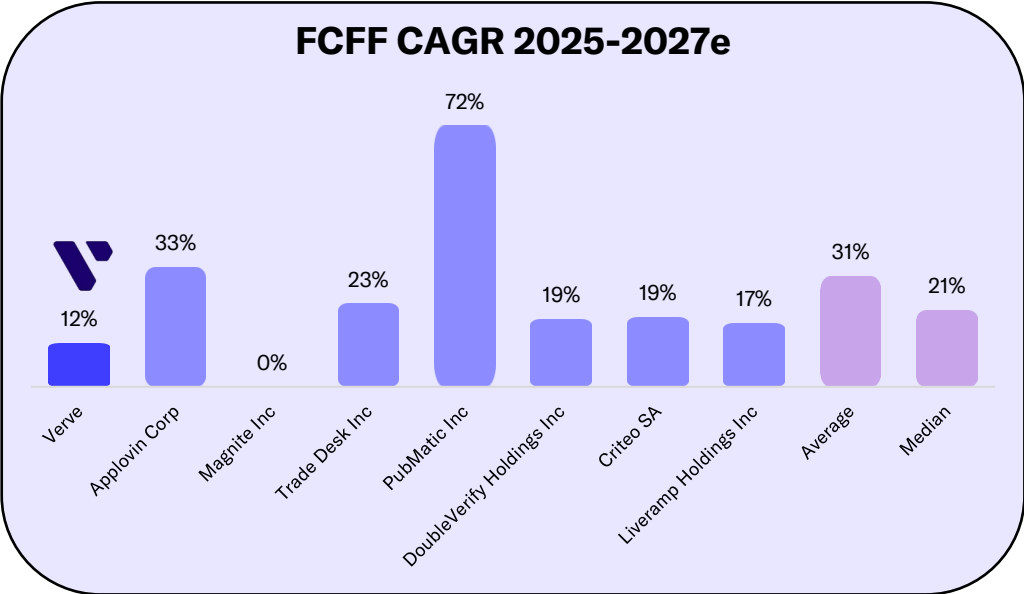
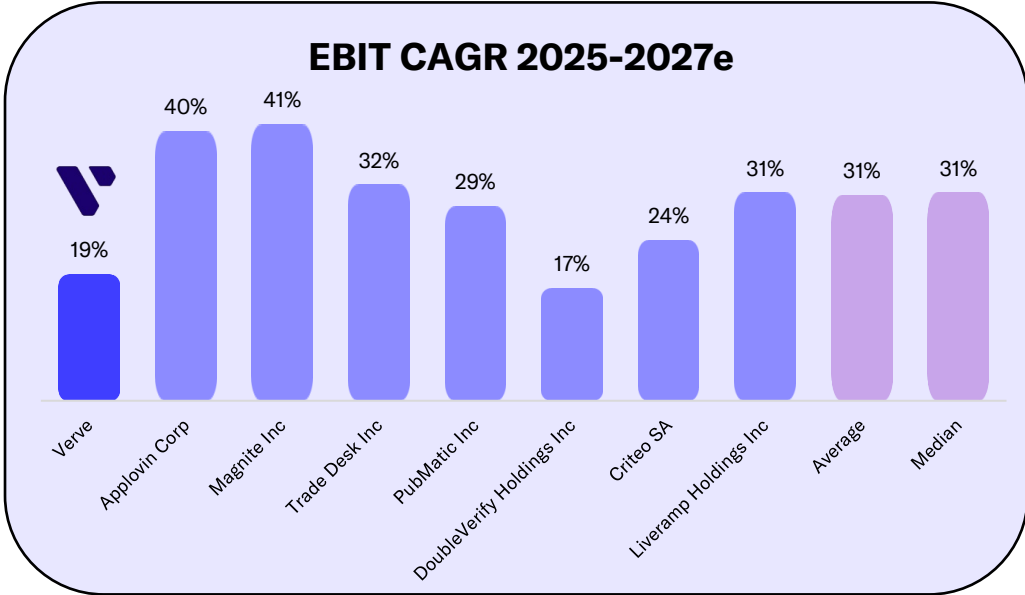
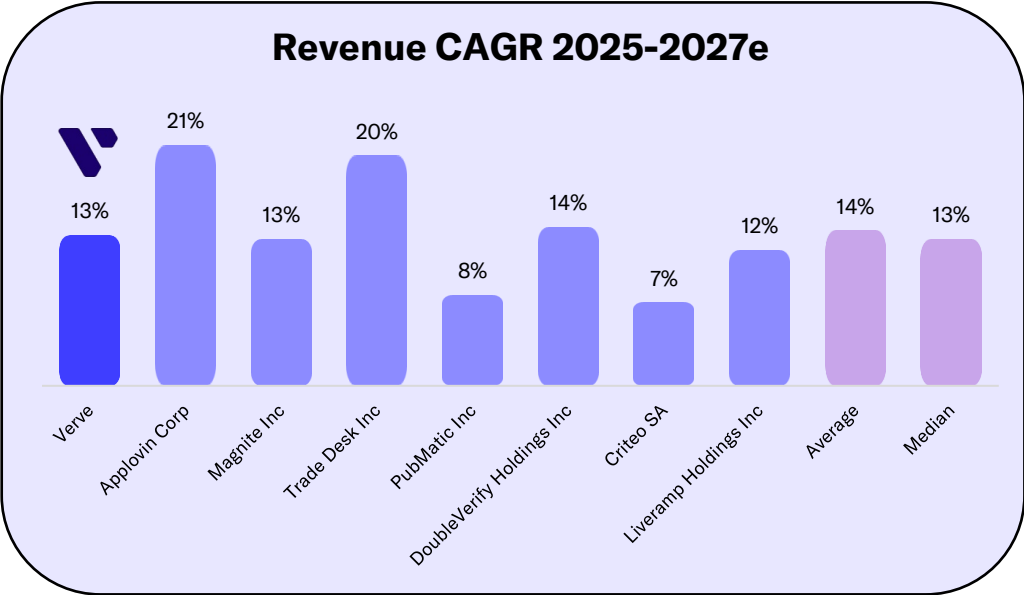
Development of valuation multiples



\*Adjusted for PPA amortization and non-recurring costs.



# Verve vs Peers: At a glance



# Valuation 2/2

At first glance, Verve's current valuation discount to peers appears excessive given its revenue and earnings growth outlook. However, considering that Verve, relative to the peer group, currently (FY24) has significantly more leverage (despite recent reduction) and is expected to have higher leverage going forward (2025-2027e), a larger portion of Verve's earnings and FCFF is allocated to interest expenses, which reduces its ability to return capital to shareholders. As a result, we believe that a valuation discount to peers is justified, as Verve's current earnings and FCFF should be valued lower relative to peers, which generally has very low (or no) debt and net cash positions. However, if deleveraging unfolds as we expect, we believe the valuation gap should gradually narrow over the next few years. But for now, we think a valuation gap is justified, and we also acknowledge that the peer multiples are currently on a high level.

## Expected return in the coming years and DCF model

We have also looked at an investor's expected return over the next few years by simplifying an acceptable valuation and our 2027 earnings estimates. In our view, Verve could be valued around 6x-10x EV/EBITDA, 8-11x EV/EBIT and 9x-12x EV/FCFF at the end of 2027 based on our current estimates, if the profitability improvement is still intact and there are no major changes in the company's growth outlook.

Given this and our current estimates, we believe that Verve could be valued at roughly SEK 70-105 per share at the end of 2027 (at current EUR/SEK exchange rate). At the current share price of SEK 42.85, we estimate that the expected annual return would be around 19-37% (no dividend is

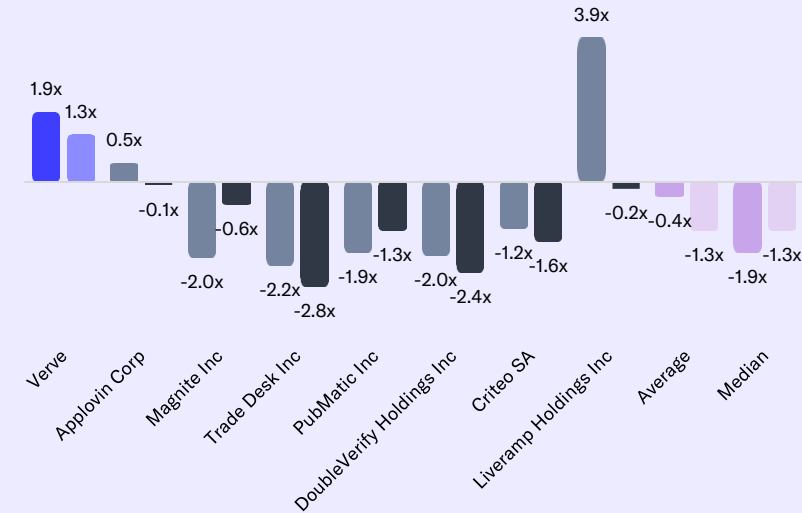
expected in the medium term). Hence, in this scenario, the total annual expected return would, on average, be well above the 10% WACC that we use. However, given Verve's increased exposure to the digital advertising market, which is inherently volatile, we believe it is premature to place significant reliance on this scenario. Furthermore, the expected return is somewhat back-loaded and depends on an EV-based valuation, which adds further uncertainty, e.g., regarding the capital structure, which is difficult to forecast over a longer period of time.

Furthermore, our DCF model indicates a value of SEK 57.7 per share, which assumes stronger-than-market growth in and gradual margin expansion in the near term, followed by a gradual convergence to our used terminal growth rate of 2% and EBIT margin of 19% (was 18.5%).

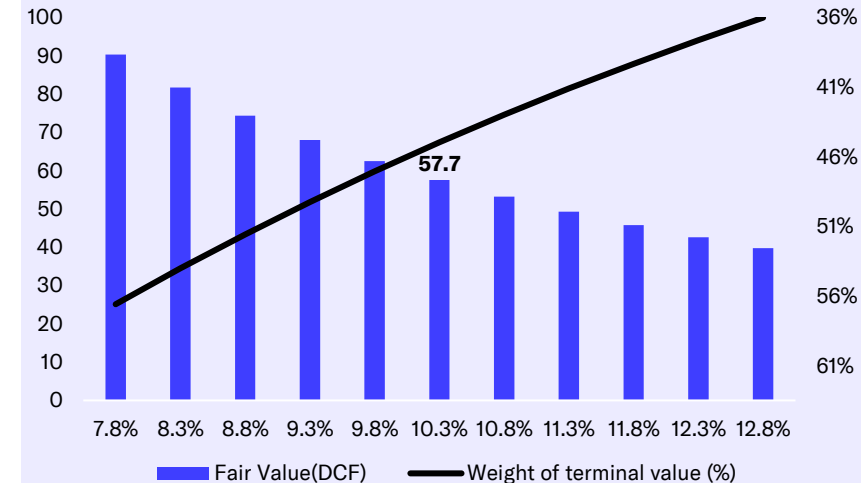
## We raise our recommendation and target price

We increase our target price to SEK 57 (was SEK 50) and raise our recommendation to Buy (was Accumulate). At this target price, Verve's adjusted EV/EBIT and EV/FCFF multiples for 2025-2026 are 9-7x and 11-10x (excluding earn-outs), respectively. While the EV/EBIT multiple remains low in absolute terms and considerably lower than peer median, the EV/FCFF multiple aligns slightly better with the peer median. We think this is reasonable, as we believe Verve's current earnings and FCFF should be valued at a discount to peers.

## Net debt/ EBITDA 2025-2026e



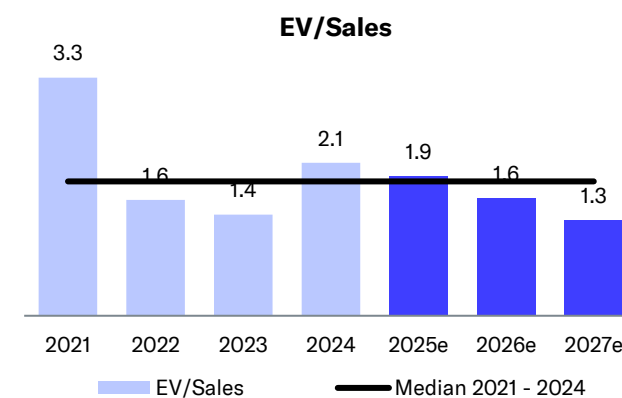
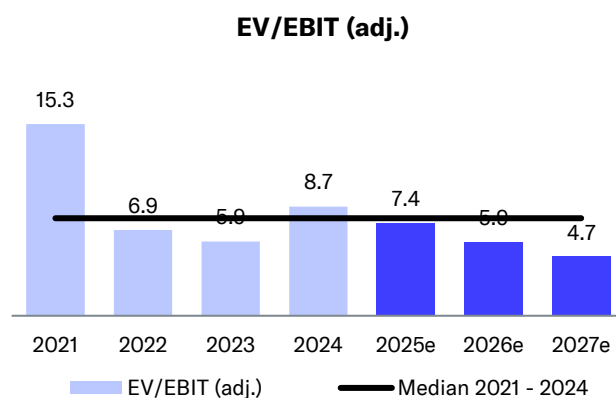
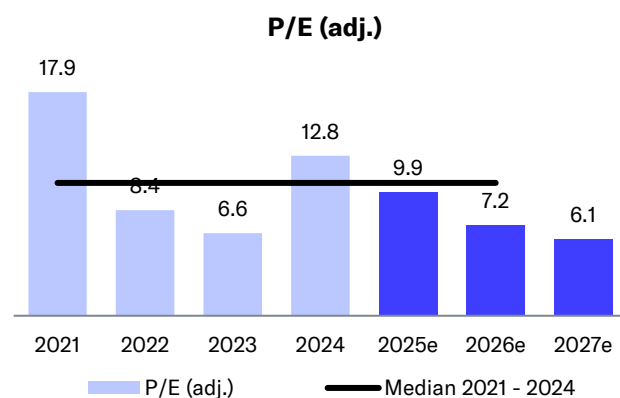
## Sensitivity of DCF to changes in the WACC-%



# Valuation table

Valuation	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price (EUR)	4.30	1.60	1.02	3.12	<b>3.83</b>	<b>3.83</b>	<b>3.83</b>	<b>3.83</b>
Number of shares, millions	141.7	156.2	159.2	186.7	<b>187.2</b>	<b>187.2</b>	<b>187.2</b>	<b>187.2</b>
Market cap (MEUR)	644	255	163	583	<b>716</b>	<b>716</b>	<b>716</b>	<b>716</b>
EV (MEUR)	840	525	456	934	<b>1025</b>	<b>959</b>	<b>848</b>	<b>736</b>
P/E (adj.)	17.9	8.4	6.6	12.8	<b>9.9</b>	<b>7.2</b>	<b>6.1</b>	<b>5.7</b>
P/E	37.9	neg.	3.5	20.2	<b>12.7</b>	<b>8.8</b>	<b>7.2</b>	<b>6.6</b>
P/B	2.1	0.8	0.5	1.3	<b>1.4</b>	<b>1.2</b>	<b>1.0</b>	<b>0.9</b>
P/S	2.6	0.8	0.5	1.3	<b>1.4</b>	<b>1.2</b>	<b>1.1</b>	<b>1.0</b>
EV/Sales	3.3	1.6	1.4	2.1	<b>1.9</b>	<b>1.6</b>	<b>1.3</b>	<b>1.1</b>
EV/EBITDA	11.8	5.6	4.8	7.0	<b>6.2</b>	<b>5.0</b>	<b>4.0</b>	<b>3.3</b>
EV/EBIT (adj.)	15.3	6.9	5.9	8.7	<b>7.4</b>	<b>5.9</b>	<b>4.7</b>	<b>3.9</b>
Payout ratio (%)	0.0 %	0.0 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>

Source: Inderes



# Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		P/B
			2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e
Applovin Corp	109,094	111,894	41.3	30.2	30.6	23.1	20.3	16.5	49.7	32.0	49.3
Magnite Inc	2,294	2,453	41.9	25.1	11.4	9.9	3.8	3.4	18.2	14.6	2.8
Trade Desk Inc	34,218	32,396	64.0	45.1	30.2	24.1	11.8	9.8	40.6	33.1	9.5
PubMatic Inc	678	544	1121.7	37.6	6.1	5.3	1.8	1.7	159.9	43.6	2.0
DoubleVerify Holdings Inc	3,476	3,135	32.6	24.4	13.2	11.5	4.4	3.9	43.2	38.6	2.8
Criteo SA	2,031	1,763	10.5	8.8	4.7	4.3	1.6	1.5	8.6	8.0	1.8
Liveramp Holdings Inc	1,872	1,506	11.8	9.4	11.2	9.1	2.1	2.0	17.7	14.7	2.1
<b>Verve (Inderes)</b>	<b>716</b>	<b>1025</b>	<b>7.4</b>	<b>5.9</b>	<b>6.2</b>	<b>5.0</b>	<b>1.9</b>	<b>1.6</b>	<b>9.9</b>	<b>7.2</b>	<b>1.4</b>
<b>Average</b>			<b>189.1</b>	<b>25.8</b>	<b>15.3</b>	<b>12.5</b>	<b>6.5</b>	<b>5.5</b>	<b>48.2</b>	<b>26.3</b>	<b>10.0</b>
<b>Median</b>			<b>41.3</b>	<b>25.1</b>	<b>11.4</b>	<b>9.9</b>	<b>3.8</b>	<b>3.4</b>	<b>40.6</b>	<b>32.0</b>	<b>2.8</b>
<b>Diff-% to median</b>			<b>-82%</b>	<b>-77%</b>	<b>-45%</b>	<b>-49%</b>	<b>-49%</b>	<b>-52%</b>	<b>-76%</b>	<b>-77%</b>	<b>-49%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25e	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
<b>Revenue</b>	<b>322</b>	<b>82.5</b>	<b>96.6</b>	<b>114</b>	<b>144</b>	<b>437</b>	<b>111</b>	<b>124</b>	<b>134</b>	<b>158</b>	<b>527</b>	<b>582</b>	<b>635</b>	<b>692</b>
<b>EBITDA (excl. NRI)</b>	93.2	19.1	21.3	23.1	31.7	133	22.0	29.1	33.6	45.1	165	190	212	225
<b>EBITDA</b>	<b>128</b>	<b>20.2</b>	<b>28.1</b>	<b>36.2</b>	<b>44.1</b>	<b>129</b>	<b>32.5</b>	<b>37.3</b>	<b>42.4</b>	<b>52.5</b>	<b>165</b>	<b>190</b>	<b>212</b>	<b>224.9</b>
Depreciation	-29.5	-7.9	-8.5	-11.7	-10.1	-38.2	-10.5	-10.5	-10.5	-10.5	-42.0	-44.9	-50.1	-55.2
<b>EBIT (excl. NRI)</b>	<b>76.9</b>	<b>16.6</b>	<b>23.2</b>	<b>25.2</b>	<b>42.1</b>	<b>107</b>	<b>26.0</b>	<b>30.8</b>	<b>35.9</b>	<b>46.0</b>	<b>139</b>	<b>163</b>	<b>180</b>	<b>188</b>
<b>EBIT</b>	<b>99.0</b>	<b>12.3</b>	<b>19.6</b>	<b>24.5</b>	<b>33.9</b>	<b>90.3</b>	<b>22.0</b>	<b>26.8</b>	<b>31.9</b>	<b>42.0</b>	<b>123</b>	<b>145</b>	<b>162</b>	<b>170</b>
Net financial items	-50.1	-14.1	-12.9	-14.6	-16.8	-58.5	-13.0	-12.0	-11.5	-11.0	-47.5	-36.7	-29.8	-25.7
<b>PTP</b>	<b>48.9</b>	<b>-1.9</b>	<b>6.7</b>	<b>9.8</b>	<b>17.1</b>	<b>31.8</b>	<b>9.0</b>	<b>14.8</b>	<b>20.4</b>	<b>31.0</b>	<b>75.2</b>	<b>108</b>	<b>132</b>	<b>144</b>
Taxes	-2.7	2.5	-0.4	-2.2	-2.8	-3.0	-2.2	-3.7	-5.1	-7.8	-18.8	-27.1	-33.0	-36.0
Minority interest	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net earnings</b>	<b>46.7</b>	<b>0.61</b>	<b>6.3</b>	<b>7.6</b>	<b>14.3</b>	<b>28.8</b>	<b>6.7</b>	<b>11.1</b>	<b>15.3</b>	<b>23.3</b>	<b>56.4</b>	<b>81.3</b>	<b>99.1</b>	<b>108</b>
<b>EPS (adj.)</b>	<b>0.15</b>	<b>0.03</b>	<b>0.05</b>	<b>0.04</b>	<b>0.12</b>	<b>0.24</b>	<b>0.06</b>	<b>0.08</b>	<b>0.10</b>	<b>0.15</b>	<b>0.39</b>	<b>0.53</b>	<b>0.63</b>	<b>0.67</b>
<b>EPS (rep.)</b>	<b>0.29</b>	<b>0.00</b>	<b>0.03</b>	<b>0.04</b>	<b>0.08</b>	<b>0.15</b>	<b>0.04</b>	<b>0.06</b>	<b>0.08</b>	<b>0.12</b>	<b>0.30</b>	<b>0.43</b>	<b>0.53</b>	<b>0.58</b>

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25e	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
<b>Revenue growth-%</b>	-0.8 %	20.0 %	26.8 %	45.2 %	46.1 %	35.7 %	34.4 %	28.3 %	17.9 %	9.7 %	20.6 %	10.5 %	9.0 %	9.0 %
<b>Adjusted EBIT growth-%</b>	0.5 %	9.7 %	39.9 %	36.6 %	57.3 %	39.2 %	56.2 %	32.9 %	42.5 %	9.3 %	29.5 %	17.6 %	10.3 %	4.3 %
<b>EBITDA-%</b>	39.9 %	24.5 %	29.1 %	31.8 %	30.6 %	29.4 %	29.3 %	30.1 %	31.6 %	33.2 %	31.2 %	32.6 %	33.4 %	32.5 %
<b>Adjusted EBIT-%</b>	23.9 %	20.2 %	24.0 %	22.1 %	29.2 %	24.5 %	23.4 %	24.9 %	26.8 %	29.1 %	26.3 %	28.0 %	28.3 %	27.1 %
<b>Net earnings-%</b>	14.5 %	0.7 %	6.5 %	6.7 %	9.9 %	6.6 %	6.1 %	9.0 %	11.4 %	14.7 %	10.7 %	14.0 %	15.6 %	15.6 %

Source: Inderes



# Balance sheet

Assets	2023	2024	2025e	2026e	2027e
<b>Non-current assets</b>	<b>814</b>	<b>1013</b>	<b>1017</b>	<b>1019</b>	<b>1018</b>
Goodwill	578	718	718	718	718
Intangible assets	219	269	271	273	272
Tangible assets	4.0	4.3	5.3	5.4	5.5
Associated companies	1.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	1.4	4.9	4.9	4.9	4.9
Deferred tax assets	10.5	17.0	17.0	17.0	17.0
<b>Current assets</b>	<b>194</b>	<b>239</b>	<b>236</b>	<b>271</b>	<b>347</b>
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	39.5	0.0	0.0	0.0	0.0
Receivables	32.3	92.6	103	111	117
Cash and equivalents	122	147	133	160	230
<b>Balance sheet total</b>	<b>1007</b>	<b>1252</b>	<b>1253</b>	<b>1289</b>	<b>1365</b>

Source: Inderes

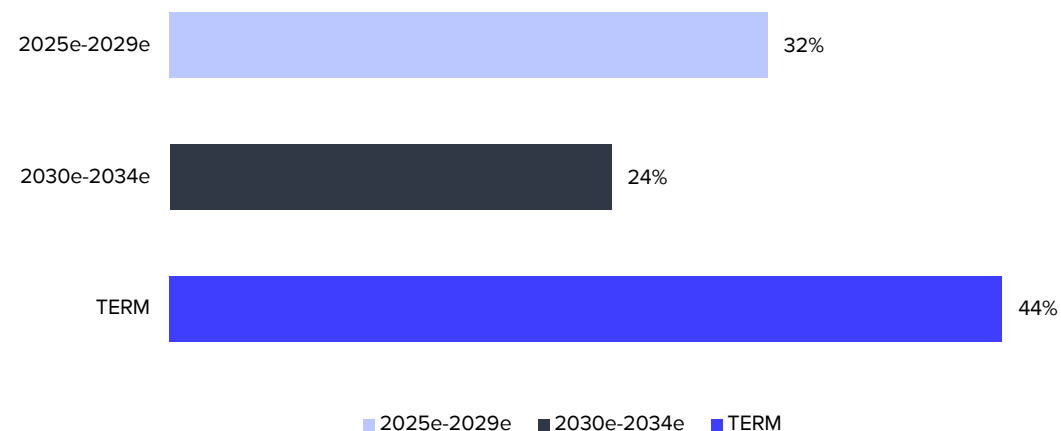
Liabilities & equity	2023	2024	2025e	2026e	2027e
<b>Equity</b>	<b>352</b>	<b>451</b>	<b>507</b>	<b>589</b>	<b>688</b>
Share capital	159	1.6	1.6	1.6	1.6
Retained earnings	48.1	76.9	133	215	314
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	145	372	372	372	372
Minorities	0.2	0.2	0.2	0.2	0.2
<b>Non-current liabilities</b>	<b>414</b>	<b>499</b>	<b>463</b>	<b>398</b>	<b>358</b>
Deferred tax liabilities	28.9	21.7	21.7	21.7	21.7
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	348	446	410	370	330
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	36.9	31.0	31.0	5.9	5.9
<b>Current liabilities</b>	<b>241</b>	<b>303</b>	<b>283</b>	<b>303</b>	<b>320</b>
Interest bearing debt	66.5	52.0	32.0	32.0	32.0
Payables	102	145	166	186	203
Other current liabilities	72.4	106	84.8	84.8	84.8
<b>Balance sheet total</b>	<b>1007</b>	<b>1253</b>	<b>1253</b>	<b>1289</b>	<b>1365</b>

# DCF-calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	35.7 %	20.6 %	10.5 %	9.0 %	9.0 %	7.5 %	6.5 %	4.0 %	3.5 %	3.0 %	2.0 %	2.0 %
EBIT-%	20.7 %	23.3 %	24.9 %	25.5 %	24.5 %	22.0 %	21.0 %	20.0 %	20.0 %	19.0 %	19.0 %	19.0 %
<b>EBIT (operating profit)</b>	<b>90.3</b>	<b>123</b>	<b>145</b>	<b>162</b>	<b>170</b>	<b>164</b>	<b>166</b>	<b>165</b>	<b>171</b>	<b>167</b>	<b>170</b>	
+ Depreciation	38.2	42.0	44.9	50.1	55.2	59.8	63.8	62.0	64.8	63.2	56.6	
- Paid taxes	-16.7	-18.8	-27.1	-33.0	-36.0	-35.4	-36.6	-36.7	-38.7	-38.4	-39.7	
- Tax, financial expenses	-5.5	-11.9	-9.2	-7.4	-6.4	-5.5	-5.0	-4.4	-3.9	-3.4	-2.8	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	56.0	-10.4	12.5	10.0	0.8	-1.0	3.2	1.9	3.2	2.8	1.0	
<b>Operating cash flow</b>	<b>162</b>	<b>124</b>	<b>166</b>	<b>182</b>	<b>183</b>	<b>182</b>	<b>192</b>	<b>187</b>	<b>196</b>	<b>191</b>	<b>185</b>	
+ Change in other long-term liabilities	-5.9	0.0	-25.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-232.3	-45.5	-47.1	-49.2	-51.3	-52.4	-53.7	-56.0	-60.2	-59.0	-59.0	
<b>Free operating cash flow</b>	<b>-75.9</b>	<b>78.1</b>	<b>94.1</b>	<b>132</b>	<b>132</b>	<b>129</b>	<b>138</b>	<b>132</b>	<b>136</b>	<b>132</b>	<b>126</b>	
+/- Other	40.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-35.9	78.1	94.1	132	132	129	138	132	136	132	126	1544
<b>Discounted FCFF</b>		<b>71.9</b>	<b>78.5</b>	<b>100</b>	<b>90.4</b>	<b>80.2</b>	<b>77.7</b>	<b>67.1</b>	<b>62.7</b>	<b>55.4</b>	<b>48.0</b>	<b>586</b>
Sum of FCFF present value		1318	1246	1168	1068	977	897	819	752	689	634	586
<b>Enterprise value DCF</b>		<b>1318</b>										
- Interest bearing debt		-497.9										
+ Cash and cash equivalents		147										
-Minorities		-0.3										
-Dividend/capital return		0.0										
<b>Equity value DCF</b>		<b>967</b>										
<b>Equity value DCF per share</b>		<b>5.2</b>										
<b>Equity value DCF per share (SEK)</b>		<b>57.7</b>										

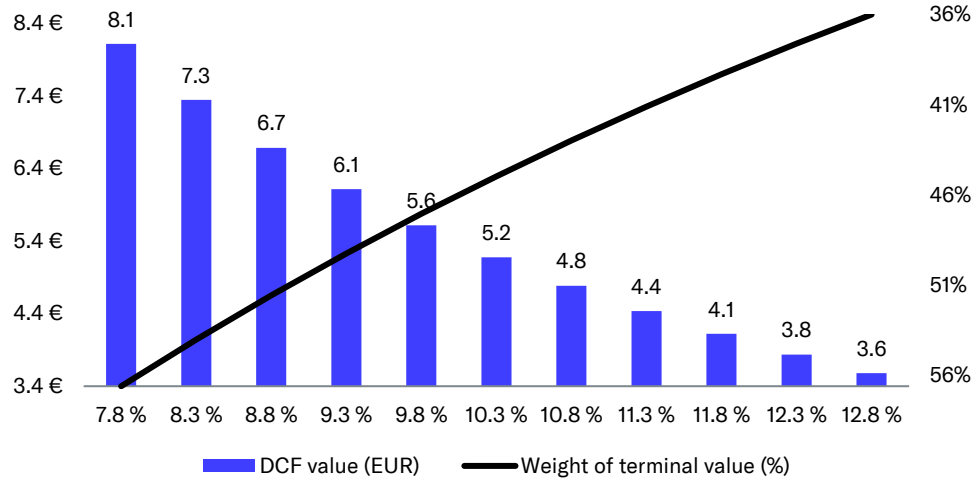
WACC	
Tax-% (WACC)	25.0 %
Target debt ratio (D/(D+E))	15.0 %
Cost of debt	8.2 %
Equity Beta	1.45
Market risk premium	4.75%
Liquidity premium	1.70%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>11.1 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>10.3 %</b>

Cash flow distribution

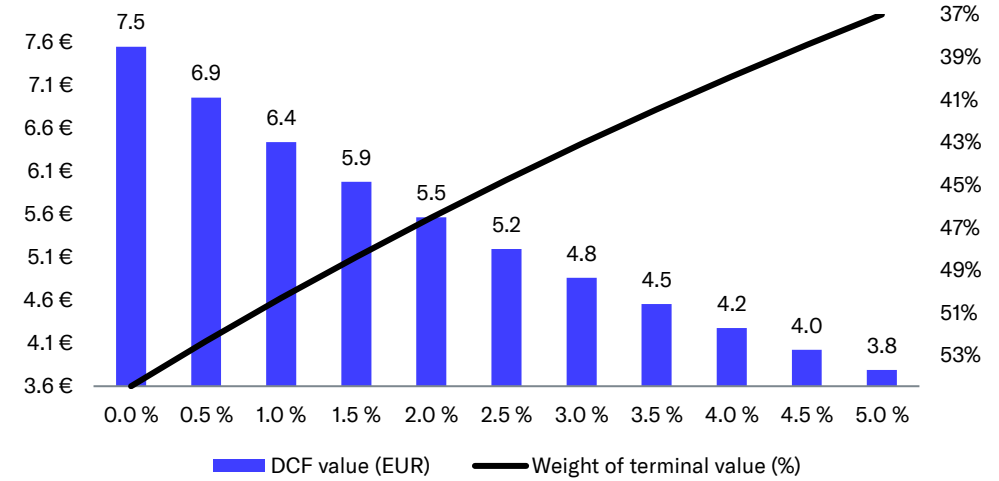


# DCF sensitivity calculations and key assumptions in graphs

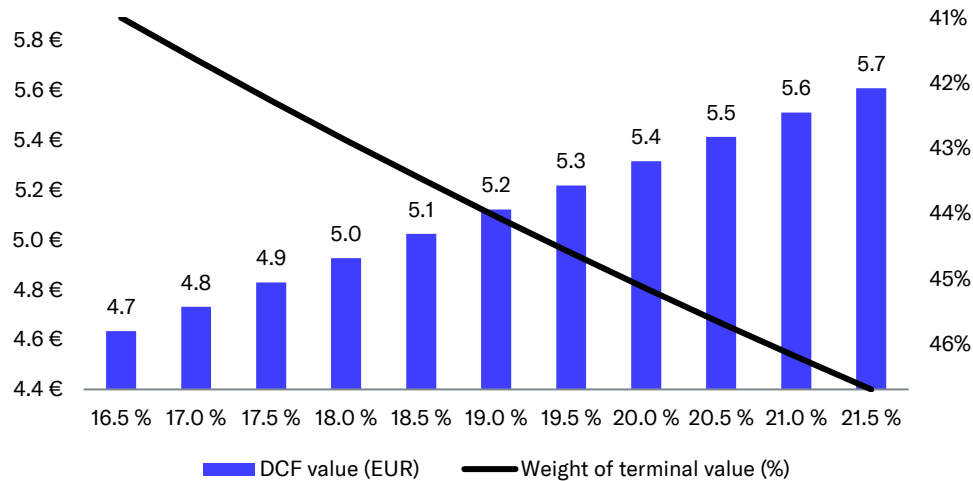
Sensitivity of DCF to changes in the WACC-%



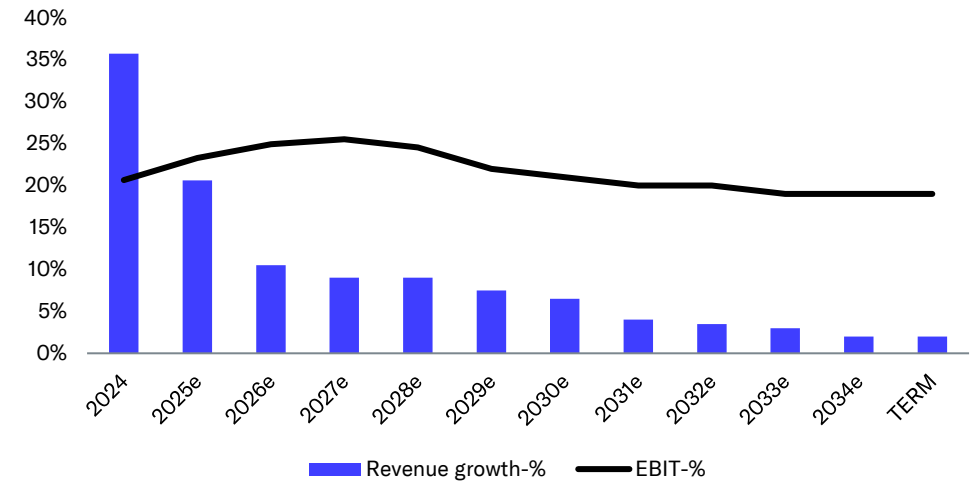
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



Lähde: Inderes. Huomaa, että terminaaliarvon paino (%) on esitetty käännteisellä asteikolla selkeyden vuoksi.

# Summary

Income statement	2022	2023	2024	2025e	2026e	Per share data	2022	2023	2024	2025e	2026e
Revenue	324.4	322.0	437.0	<b>527.1</b>	<b>582.4</b>	EPS (reported)	-0.13	0.29	0.16	<b>0.30</b>	<b>0.43</b>
EBITDA	84.8	128.5	128.5	<b>164.7</b>	<b>190.0</b>	EPS (adj.)	0.19	0.15	0.24	<b>0.39</b>	<b>0.53</b>
EBIT	26.6	99.0	90.3	<b>122.7</b>	<b>145.1</b>	OCF / share	0.52	0.69	0.87	<b>0.66</b>	<b>0.89</b>
PTP	-11.3	48.9	31.8	<b>75.2</b>	<b>108.4</b>	FCF / share	-0.52	0.26	-0.19	<b>0.42</b>	<b>0.50</b>
Net Income	-20.3	46.7	28.8	<b>56.4</b>	<b>81.3</b>	Book value / share	2.07	2.21	2.41	<b>2.71</b>	<b>3.14</b>
Extraordinary items	-49.9	22.1	-16.8	<b>-16.0</b>	<b>-18.0</b>	Dividend / share	0.00	0.00	0.00	<b>0.00</b>	<b>0.00</b>
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	1044.7	1007.0	1252.4	<b>1252.8</b>	<b>1289.4</b>	Revenue growth-%	29%	-1%	36%	<b>21%</b>	<b>11%</b>
Equity capital	321.7	352.5	450.9	<b>507.3</b>	<b>588.6</b>	EBITDA growth-%	30%	52%	0%	<b>28%</b>	<b>15%</b>
Goodwill	587.7	578.0	718.0	<b>718.0</b>	<b>718.0</b>	EBIT (adj.) growth-%	40%	0%	39%	<b>29%</b>	<b>18%</b>
Net debt	271.3	292.8	351.2	<b>308.6</b>	<b>242.1</b>	EPS (adj.) growth-%	-21%	-18%	58%	<b>58%</b>	<b>37%</b>
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	26.1 %	39.9 %	29.4 %	<b>31.2 %</b>	<b>32.6 %</b>
EBITDA	84.8	128.5	128.5	<b>164.7</b>	<b>190.0</b>	EBIT (adj.)-%	23.6 %	23.9 %	24.5 %	<b>26.3 %</b>	<b>28.0 %</b>
Change in working capital	8.6	-14.1	56.0	<b>-10.4</b>	<b>12.5</b>	EBIT-%	8.2 %	30.7 %	20.7 %	<b>23.3 %</b>	<b>24.9 %</b>
Operating cash flow	80.9	109.5	162.3	<b>123.6</b>	<b>166.2</b>	ROE-%	-6.4 %	13.8 %	7.2 %	<b>11.8 %</b>	<b>14.8 %</b>
CAPEX	-236.3	-15.5	-232.3	<b>-45.5</b>	<b>-47.1</b>	ROI-%	3.7 %	13.1 %	10.5 %	<b>12.9 %</b>	<b>15.0 %</b>
Free cash flow	-81.8	41.3	-35.9	<b>78.1</b>	<b>94.1</b>	Equity ratio	30.8 %	35.0 %	36.0 %	<b>40.5 %</b>	<b>45.6 %</b>
						Gearing	84.3 %	83.1 %	77.9 %	<b>60.8 %</b>	<b>41.1 %</b>
Valuation multiples	2022	2023	2024	2025e	2026e						
EV/S	1.6	1.4	2.1	<b>1.9</b>	<b>1.6</b>						
EV/EBITDA	5.6	4.8	7.0	<b>6.2</b>	<b>5.0</b>						
EV/EBIT (adj.)	6.9	5.9	8.7	<b>7.4</b>	<b>5.9</b>						
P/E (adj.)	8.4	6.6	12.8	<b>9.9</b>	<b>7.2</b>						
P/B	0.8	0.5	1.3	<b>1.4</b>	<b>1.2</b>						
Dividend-%	0.0 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>						

Source: Inderes

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

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## Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2022-12-12	Buy	23 kr	16.90 kr
2023-01-03	Buy	26 kr	18.00 kr
2023-06-01	Buy	22 kr	12.70 kr
2023-09-01	Buy	21 kr	15.20 kr
2023-12-01	Buy	16 kr	10.10 kr
2024-03-01	Buy	17 kr	12.09 kr
2024-03-21	Buy	20 kr	16.98 kr
<i>Change of Analyst</i>			
2024-05-08	Accumulate	24 kr	20.85 kr
2024-06-24	Buy	28 kr	18.52 kr
2024-07-05	Accumulate	29 kr	25.25 kr
2024-08-13	Accumulate	35 kr	31.55 kr
2024-08-30	Accumulate	38 kr	33.65 kr
2024-10-31	Accumulate	50 kr	45.20 kr
2024-11-29	Accumulate	50 kr	41.00 kr
2025-02-28	Buy	57 kr	42.85 kr





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