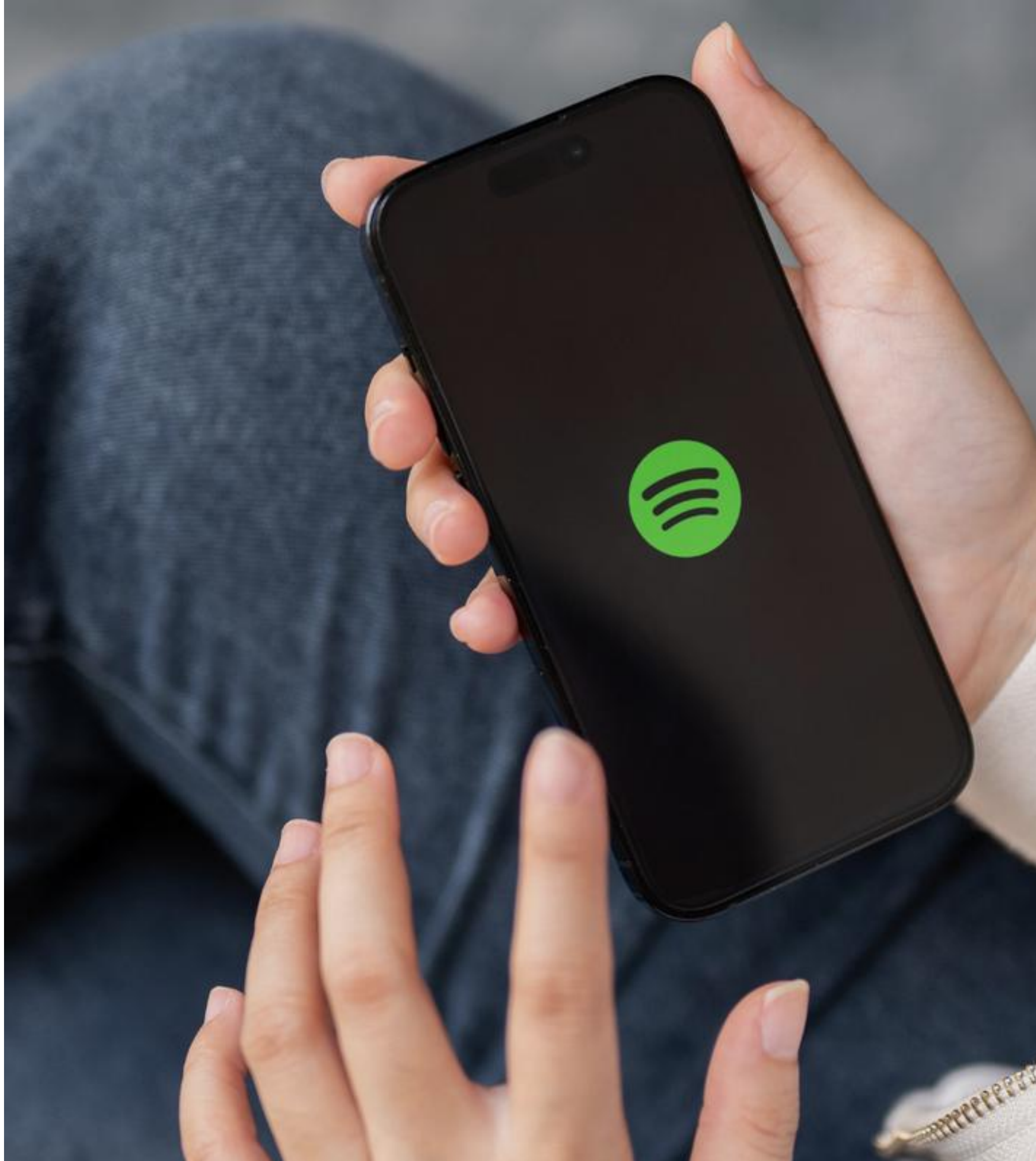
SPOTIFY

8/5/2026 1:20 pm CEST

Christoffer Jennel, Analyst
46731589555
christoffer.jennel@inderes.com

COMPANY REPORT



Volume up, noise down

Spotify's Q2 print confirmed continued operational momentum, with Premium subscribers, gross margin, and EBIT all ahead of our estimates and guidance, and revenue in line. Monthly active users (MAU) came in marginally below guidance, but according to management, reflected a deliberate choice to prioritize monetization over raw reach, rather than demand weakness. As flagged in Q1 and at the May Investor Day, the step-up in operating expenses remains visible near term, with Q3 guidance still absorbing this spend. Importantly, management reiterated that these investments are time-bound and non-structural, and are set to moderate from Q4'26 into 2027, with full-year operating margin still expanding year-on-year. We therefore continue to view the impact as temporary, leaving our medium-term thesis intact. The excessive, short-sighted reaction we flagged in Q1 has since partly unwound, with the shares re-rating after the Investor Day, a move we see as justified de-risking rather than an overreach. With the near-term noise fading and the signal coming through clearly, we reiterate our Buy recommendation and target price of USD 570 on broadly unchanged estimates.

Subscribers and margins ahead, MAUs just below

Spotify reported Q2 MAUs of 777m and Premium subscribers of 300m (Q1'26: 761m/293m), with MAUs 1m below guidance and our 778m estimate, subscribers 1m ahead of our 299m estimate (net additions 16m and 7m). MAU growth was broad-based across regions, led by Rest of World, Europe and North America. Revenue came in at 4.78 BEUR (+14% y/y), in line with our estimate and guidance, with Premium revenue up ~15% y/y and the ad-supported business still soft (+1% y/y) but on track for the H2 acceleration we expect. The gross margin reached a record 33.4%, above our estimate and the 33.1% guidance, and FX-neutral ARPU grew ~7.4% (guided 7-7.5%). EBIT landed at 655 MEUR (~13.7% margin), beating our 639 MEUR estimate and the 630 MEUR guidance. Importantly, the beat was operational, as social charges* were only slightly below guidance, indicating that the beat reflected gross-margin strength rather than the social charges line.

Estimates broadly unchanged, long-term thesis intact

Following the Q2 print, our estimates see only modest revisions. We make small downward revisions to our 2026-2027 MAU estimates (818m/895m from 823m/898m), reflecting the marginal Q2 miss and below-expectations Q3 MAU guidance of ~788m (vs. our 795m) In our view, this, alongside the parallel step-up in marketing and product investment, reflects a self-inflicted choice to monetize the existing base rather than chase lower-value reach, not a sign of demand weakness. As such, we leave our subscriber estimates broadly intact. The Q3 EBIT guide of 670 MEUR (~13.5% margin) implies somewhat higher near-term OpEx than we had assumed, but still relatively consistent with the ~200 MEUR of incremental full-year OpEx management has guided for. We therefore trim our H2'26 EBIT margin slightly while keeping 2027-2028 broadly intact, leaving our 2026e EBIT margin broadly unchanged at ~14.5% due to the Q2 beat, on ~14% revenue growth. We have also aligned our tax assumptions with the ~22% normalized P&L rate guided for during the Investor Day.

Valuation remains attractive after a small, but earned, re-rating

The shares have re-rated modestly since our Q1 report, driven primarily by the Investor Day, which in our view resolved several of the strategic debates that had weighed on the stock. Following our largely unchanged estimates, we think the valuation still offers attractive risk-adjusted upside on a 12-month horizon. The stock now trades at EV/EBIT of 27x-21x, EV/FCFF of 24x-20x, and EV/Gross Profit of 12x-9x for 2026-2027, and at the low end of our acceptable ranges. While the temporary margin headwind still weighs on Q3, we view the quarter as further de-risking the medium-to-long-term thesis, with management confirming the elevated spend is non-structural and controllable. We continue to see the company as well-positioned to deliver strong earnings growth in the coming years, supported by improving monetization, user growth, and margin expansion as efficiency initiatives and the add-on architecture compound.

Recommendation
Buy
(prev. Buy)

Target price:
USD 570
(prev. USD 570)

Share price:
USD 478

Business risk
●●○○○

Valuation risk
●●●○○

	2025	2026e	2027e	2028e
Revenue (MEUR)	17,186	19,624	22,811	25,718
growth-%	10%	14%	16%	13%
EBIT adj. (MEUR)	2,198	2,840	3,507	4,349
EBIT-% adj.	12.8 %	14.5 %	15.4 %	16.9 %
Net Income (MEUR)	2,212	2,578	2,990	3,617
EPS (adj.) (EUR)	10.8	12.4	14.2	17.0
P/E (adj.)	46.0	33.5	29.3	24.5
P/B	12.2	7.9	6.3	5.1
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	42.8	26.7	20.9	16.2
EV/EBITDA	40.8	25.6	20.2	15.7
EV/S	5.5	3.9	3.2	2.7

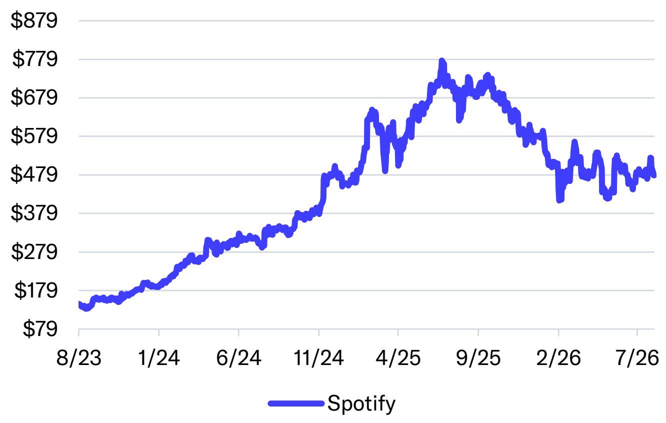
Source: Inderes

Guidance (New guidance)

For Q3'26, Spotify expects:
MAU: 788m (+11m q/q)
Premium subscribers: 305m (+5m q/q)
Revenue: 5.0 BEUR (+16% y/y)
Gross margin: 32.9%
Operating income: 670 MEUR (13.5% margin)

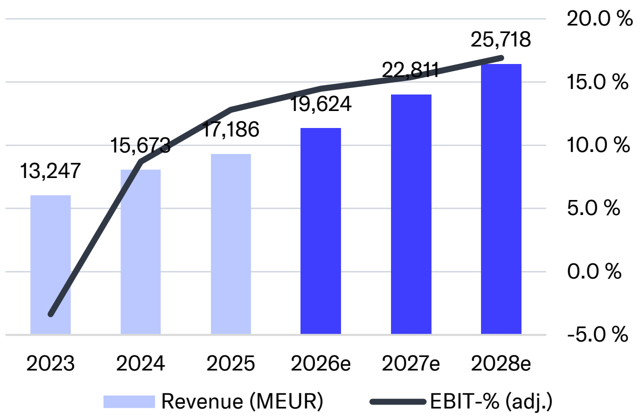
*Social Charges are payroll taxes that vary with Spotify's stock price due to their link to share-based compensation in certain countries.

Share price



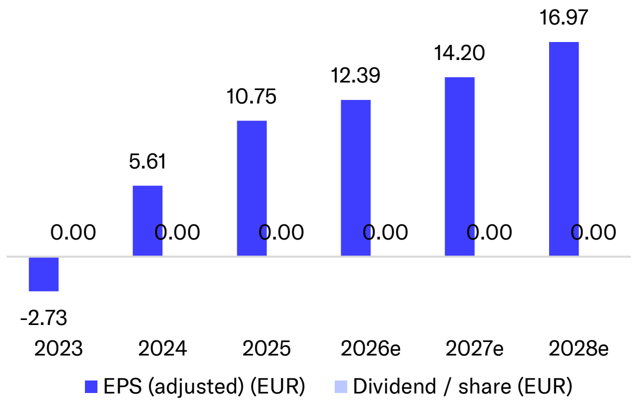
Source: Millistream Market Data AB

Revenue and EBIT-% (adj.)



Source: Inderes

EPS and DPS



Source: Inderes

Value drivers

- Top-of-mind brand in audio with a market-leading position
- On track to reach one billion users by 2030
- With the most loyal and engaged customers in the space, Spotify has an untapped potential in its advertising business
- The shift to podcast profitability and ramping up Marketplace contribution enables incremental leverage and margin expansion
- Potential to grow in emerging markets and increase market share
- Expanding into new emerging verticals while improving monetization enables 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 includes 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	2026e	2027e	2028e
Share price (EUR)	415.5	415.5	415.5
Number of shares, millions	208.1	210.6	213.1
Market cap (MEUR)	86,468	87,506	88,556
EV (MEUR)	75,705	73,311	70,355
P/E (adj.)	33.5	29.3	24.5
P/E	33.5	29.3	24.5
P/FCF	29.1	27.2	23.4
P/B	7.9	6.3	5.1
P/S	4.4	3.8	3.4
EV/Sales	3.9	3.2	2.7
EV/EBITDA	25.6	20.2	15.7
EV/EBIT (adj.)	26.7	20.9	16.2
EV/FCFF	23.9	20.5	16.8

Solid Q2 delivery, softer Q3 guidance as elevated spend lingers 1/2

Premium crossed the 300m milestone, but MAUs landed just below guidance

MAUs reached 777m (Q1'26: 761m), 1m below both our 778m estimate and the company's guidance, representing q/q net additions of 16m vs. the guided 17m. User growth was broad-based across regions, led by Rest of World, Europe and North America. Premium subscribers came in at 300m (Q1'26: 293m), 1m above our 299m estimate and guidance, implying +7m q/q, with growth across all regions and strong global promotional intake — supported by a record single day of subscriber intake around Spotify's 20th-anniversary in-app campaign. Ad-supported MAUs were 494m, in line with our forecast.

Premium ARPU was EUR 4.89 (Inderes: EUR 4.88), up 7% y/y on a reported basis and +7.4% y/y FX-neutral, in line with the 7-7.5% guidance and our estimate. As expected, FX headwinds moderated sharply to ~70 bps from Q1's ~600 bps, so reported and FX-neutral growth largely converged. FX-neutral performance was driven by the flow-through of recent price increases, partially offset by product/market mix.

We view the continued ARPU acceleration as further validation of our pricing power thesis. For Q3, management guided ARPU growth to be "consistent with Q2" (i.e. ~7% FX-neutral) and pointed to add-ons as an increasingly structural ARPU driver alongside price increases.

Q2 revenue grew 14% y/y to 4.78 BEUR, in line with both our estimate and the guidance. Premium revenue grew ~15% y/y to 4.33 BEUR, while ad-supported revenue came in at 446 MEUR (+1% y/y on a reported basis), and therefore remains muted as engagement continues to outpace monetization. On the call, management reiterated that "nothing has changed" and that it continues to expect ad-supported revenue to inflect toward double-digit growth in H2'26. It pointed to the now-complete rebuild of the ad stack (~99% of impressions on Spotify's own stack), automated/biddable channels reaching ~40% of ad-supported revenue (up from ~30% in Q1), active advertisers up ~60% y/y to 33,000, and stabilizing direct-sales pricing as evidence that the transition is largely over. This keeps us comfortable with the guided H2 reacceleration, though we still want to see it in the growth rate.

Spotify guided Q3 MAUs to ~788m (+~11m q/q), below our 795m estimate. Premium subscriber guidance of 305m (+5m q/q) was slightly below our expectations (306m). Revenue guidance of ~5.0 BEUR (+16% y/y) was in line with our ~4.95 BEUR estimate, with FX expected to be a 200 bps tailwind to growth.

On the call, management framed the softer Q3 MAU outlook as a deliberate strategic choice rather than a demand signal. It is carefully introducing friction in the free tier in select emerging markets (higher-quality sign-up, ad load and free-tier limits) to prioritize conversion and monetization, and was explicit that this monetization lever is not expected to come at the expense of subscriber growth. Read together with the step-up in marketing and new-product investment, we view Q2 and Q3 guidance as a self-inflicted shift in emphasis from reach to monetization. Spotify is throttling low-value free growth in emerging markets while spending to deepen engagement and conversion in the base it already has. Rather than a contradiction, we view the softer MAU and the higher spend as two sides of the same strategy.

Estimates	Q2'25	Q2'26	Q2'26e	Q2'26e	Consensus			Difference (%)	2026e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low		High	Act. vs. inderes	Inderes
Revenue	4,193	4,777	4,783	4,794	4,738	-	4,843	0%	19,624
EBITDA	432	684	667	688	628	-	753	3%	2,956
EBIT	406	655	639	635	625	-	655	3%	2,840
PTP	48.1	720	692	711	625	-	859	4%	3,277
EPS (adj.)	-0.42	2.65	3.07	2.77	2.35	-	3.30	-14%	12.39
Revenue growth-%	10.1 %	13.9 %	14.1 %	14.3 %	13.0 %	-	15.5 %	-0.2 pp	14.2 %
EBIT-% (adj.)	9.7 %	13.7 %	13.4 %	13.2 %	13.1 %	-	15.3 %	0.4 pp	14.5 %

Source: Inderes & Bloomberg (consensus)

Solid Q2 delivery, softer Q3 guidance as elevated spend lingers 2/2

Gross margin hit an all-time high, with EBIT ahead despite the OpEx step-up

The gross margin came in at a record 33.4% (Q2'25: 31.5%), above both our 33.1% estimate and the company's 33.1% guidance, driven by continued Premium margin expansion as revenue growth outpaced music costs (net of Marketplace programs, audiobooks and video podcast costs). We note that, in contrast to Q1, the ad-supported gross margin also contributed positively this quarter (+179 bps y/y), as favorable podcast and tax impacts more than offset higher music and other costs of revenue stemming from elevated engagement. On the call, management noted that the beat versus guidance also reflected favorable timing of growth investments and a small one-time benefit from the reversal of a Canadian digital-service-tax accrual.

Operating income (EBIT) was 655 MEUR (Q2'25: 406 MEUR), corresponding to a ~13.7% margin, beating both our 639 MEUR estimate and the company's 630 MEUR guidance. Importantly, the beat was operational as social charges were only 1 MEUR (vs. 10 MEUR guide). This indicates that the ~16 MEUR beat against our estimate reflects gross-margin strength rather than the social charges line. Operating expenses (+19% y/y*) showed previously guided increase, driven by higher compute costs for AI training and development tools, alongside marketing for new features.

Q3 EBIT guidance of 670 MEUR implies a ~13.5% margin, slightly below our estimate (694 MEUR, 14%) and roughly flat-to-down sequentially from Q2's ~13.7%, alongside a softer gross-margin guide of 32.9%. This shows that elevated Q2-Q3 operating expenses are still weighing on Q3 results. Management also clarified on the call that the 32.9% gross-margin guide incorporates reinvestment into new products and a recurring third-quarter regulatory-fee charge, implying the sequential dip is largely seasonal/one-off rather than a change in the underlying trajectory. We think this is largely consistent with management's plan to moderate spending in Q4'26 and 2027, as outlined at the May Investor Day, though OpEx costs are slightly higher than our previous estimates.

On the call, management reiterated that this spend is non-structural, reflecting largely variable costs rather than headcount, which remains flat, and therefore is entirely within its control. Management also reaffirmed that, excluding currency and social charges, Q3 OpEx growth should be roughly consistent with Q2 before the year-over-year growth rate moderates in Q4. This raises our confidence that the elevated spend is temporary rather than a structural margin headwind.

Cash generation remains a growing part of the story

Spotify's reported free cash flow was 797 MEUR, in line with our estimate. This brings LTM headline free cash flow to 3.3 BEUR, as higher net income was partially offset by movements in net working capital. The liquidity and balance sheet remain robust, with 9.4 BEUR in cash and short-term investments and no debt other than lease liabilities. Spotify has, per August 3rd, repurchased 662 MUSD in shares (+30% y/y), which we continue to read as primarily anti-dilutive. Notably, management signaled on the call that, given stronger expected cash flow in the years ahead, it anticipates returning cash to shareholders "even with M&A", which we believe suggests scope for repurchases to scale beyond the current anti-dilutive pace over time.

Estimates MEUR / EUR	Q2'25 Comparison	Q2'26 Actualized	Q2'26e Inderes	Q2'26e Consensus	Consensus Low		 High	Difference (%) Act. vs. inderes	2026e Inderes
Revenue	4,193	4,777	4,783	4,794	4,738	-	4,843	0%	19,624
EBITDA	432	684	667	688	628	-	753	3%	2,956
EBIT	406	655	639	635	625	-	655	3%	2,840
PTP	48.1	720	692	711	625	-	859	4%	3,277
EPS (adj.)	-0.42	2.65	3.07	2.77	2.35	-	3.30	-14%	12.39
Revenue growth-%	10.1 %	13.9 %	14.1 %	14.3 %	13.0 %	-	15.5 %	-0.2 pp	14.2 %
EBIT-% (adj.)	9.7 %	13.7 %	13.4 %	13.2 %	13.1 %	-	15.3 %	0.4 pp	14.5 %

Source: Inderes & Bloomberg (consensus)

*Absent the effects of Y/Y movements in currency and Social Charges

Estimates broadly unchanged post-Q2 (1/2)

- Following the Q2 report, our 2026 revenue estimates are broadly unchanged: the modest profitability beat and a firmer ARPU run-rate are offset by softer near-term user growth, while a swing to an FX tailwind (~200 bps in Q3, from a ~70 bps headwind in Q2) supports reported growth. We believe the flow-through of recent price increases continues to underpin FX-neutral ARPU growth (+7.4% in Q2, with Q3 guided to be "consistent with Q2"). The ad-supported business remains the softer part of the mix near term, but we still expect a meaningful acceleration in H2'26 as the rebuilt programmatic/biddable stack scales further. It now makes up ~40% of ad-supported revenue (up from just over 30% in Q1), with active advertisers up ~60% y/y to ~33,000. Management also reiterated on the call that its H2 double-digit growth expectation is unchanged. On users, we make small downward revisions to our 2026-2027 MAU estimates (818m/895m from 823m/898m), reflecting the marginal Q2 miss (777m vs. 778m estimate) and, more importantly, the below-expectations Q3 MAU guidance (788m vs. our 795m). We currently do not read this as a sign of demand weakness, but rather as largely self-inflicted: Spotify is deliberately introducing friction in the free tier in select emerging markets, trading raw reach for better monetization and conversion quality. On that read, we believe the softer user trajectory should not come at the expense of subscriber growth, and we will be watching subsequent quarters to confirm this holds. As such, we keep our subscriber estimates broadly intact (Q2 came in 1m ahead at 300m; Q3 guidance of 305m was broadly in line), with the mix tilting modestly toward monetization over top-of-funnel volume.
- On gross margin, our assumptions are broadly unchanged on a full-year basis. The Q2 record of 33.4% (vs. our 33.1% estimate) was partly aided by one-offs, explained by favorable timing of growth investments and a one-time reversal of a Canadian digital-service-tax accrual. At the same time, the Q3 guide of 32.9% steps down sequentially on reinvestment and a recurring third-quarter regulatory-fee charge. We therefore treat the near-term path as broadly in line rather than an upgrade, while we view the underlying Premium gross margin expansion toward the 2030 target remains intact. Notably, the ad-supported gross margin contributed positively in Q2 (+179 bps y/y) on favorable podcast and tax impacts, though it remains structurally lower. Management continues to frame the segment as a temporary mismatch where engagement runs ahead of monetization, expected to improve as new ad capabilities scale.

Estimate revisions MEUR / EUR	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %	2028e Old	2028e New	Change %
Revenue	19,621	19,624	0%	22,755	22,811	0%	25,658	25,718	0%
EBITDA	2,968	2,956	0%	3,621	3,634	0%	4,461	4,477	0%
EBIT (exc. NRIs)	2,851	2,840	0%	3,495	3,507	0%	4,336	4,349	0%
EBIT	2,851	2,840	0%	3,495	3,507	0%	4,336	4,349	0%
PTP	3,231	3,277	1%	3,739	3,785	1%	4,600	4,637	1%
EPS (excl. NRIs)	13.64	12.39	-9%	15.37	14.20	-8%	18.42	16.97	-8%
DPS	0.00	0.00	0%	0.00	0.00	0%	0.00	0.00	0%

Source: Inderes

Estimates broadly unchanged post-Q2 (2/2)

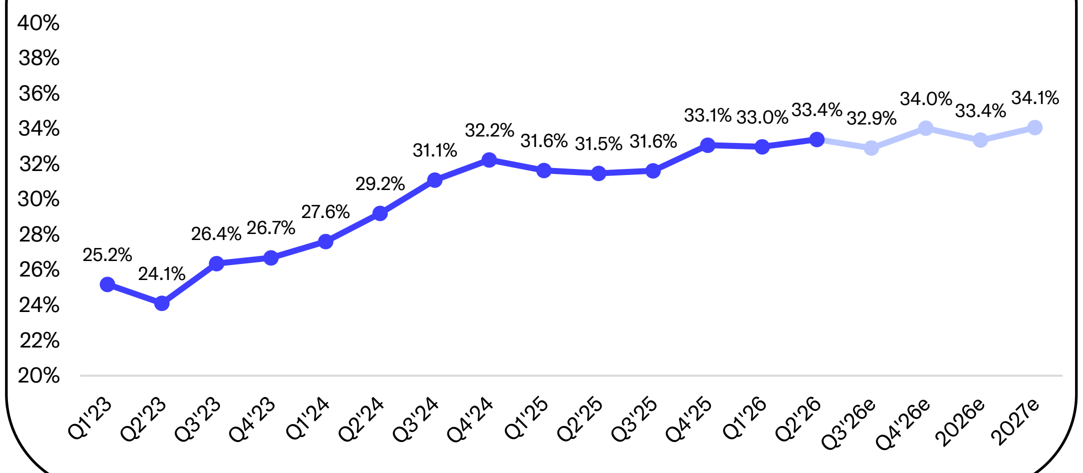
- The Q3 EBIT guide of 670 MEUR (~13.5% margin) implied slightly higher near-term OpEx than we had assumed, although we think it remains relatively consistent with management's framing of ~200 MEUR of incremental OpEx for the full year. These costs will, according to management, concentrate in Q2-Q3 before moderating into Q4'26 and 2027. Management reiterated that these step-up OpEx investments are non-structural and reflect compute for the proprietary Large Taste Model, AI-assisted development, and marketing behind recently launched features, with headcount essentially flat and costs within their control. However, given the Q3 EBIT guidance, we trim our H2'26 EBIT margin assumptions slightly to reflect the higher Q3 OpEx, while keeping 2027-2028 broadly intact.
- Net-net, our 2026 EBIT margin estimate is broadly unchanged at ~14.5%, as the Q2 EBIT beat is offset by the softer Q3 guide, with 2027-2028 essentially intact.
- In addition, we have revised our tax-rate assumptions to align with the guidance provided at the May Investor Day, where management pointed to a normalized P&L tax rate of around 22% and indicated that Spotify expects to become a full taxpayer by 2027. Since the company's shift to profitability in 2024, we had already assumed a gradual increase in the effective tax rate, reflecting the progressive utilization of deferred tax assets and tax-loss carryforwards. That said, we now anchor this normalization to a ~22% P&L rate by 2027, broadly in line with our prior trajectory but somewhat firmer at the endpoint. This has a modest dampening effect on net income from 2026 onwards. On cash flow, we incorporate management's guidance that cash taxes will average around 90% of the P&L tax rate over time — via the ongoing drawdown of deferred tax assets — which is marginally supportive of our free cash flow relative to reported earnings.

Estimate revisions	2026e	2026e	Change	2027e	2027e	Change	2028e	2028e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	19,619	19,621	0%	22,645	22,755	0%	25,534	25,658	0%
EBITDA	3,109	2,968	-5%	3,701	3,621	-2%	4,550	4,461	-2%
EBIT (exc. NRIs)	2,977	2,851	-4%	3,569	3,495	-2%	4,417	4,336	-2%
EBIT	2,977	2,851	-4%	3,569	3,495	-2%	4,417	4,336	-2%
PTP	3,192	3,231	1%	3,820	3,739	-2%	4,690	4,600	-2%
EPS (excl. NRIs)	14.54	13.64	-6%	16.25	15.37	-5%	19.11	18.42	-4%
DPS	0.00	0.00	0%	0.00	0.00	0%	0.00	0.00	0%

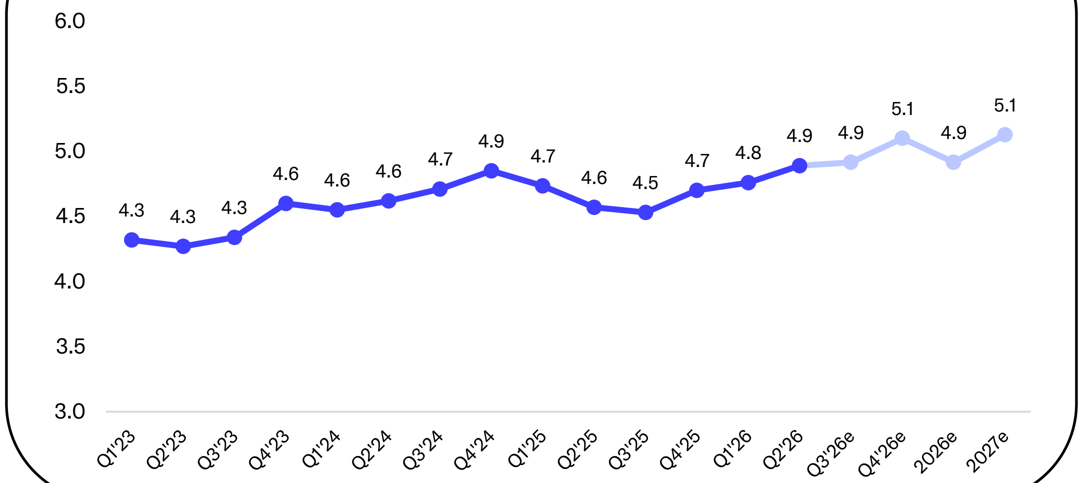
Source: Inderes

Key KPI’s

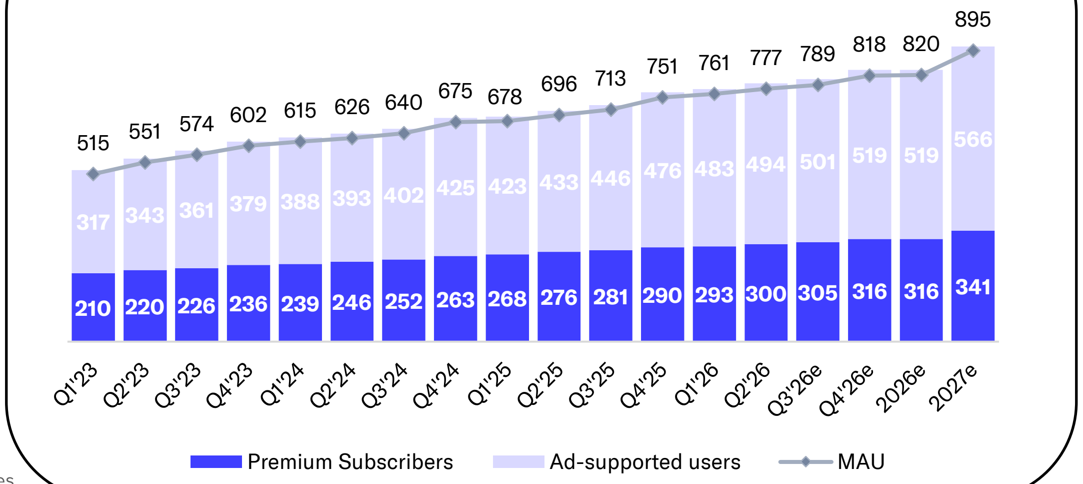
Gross margin trajectory (est.)



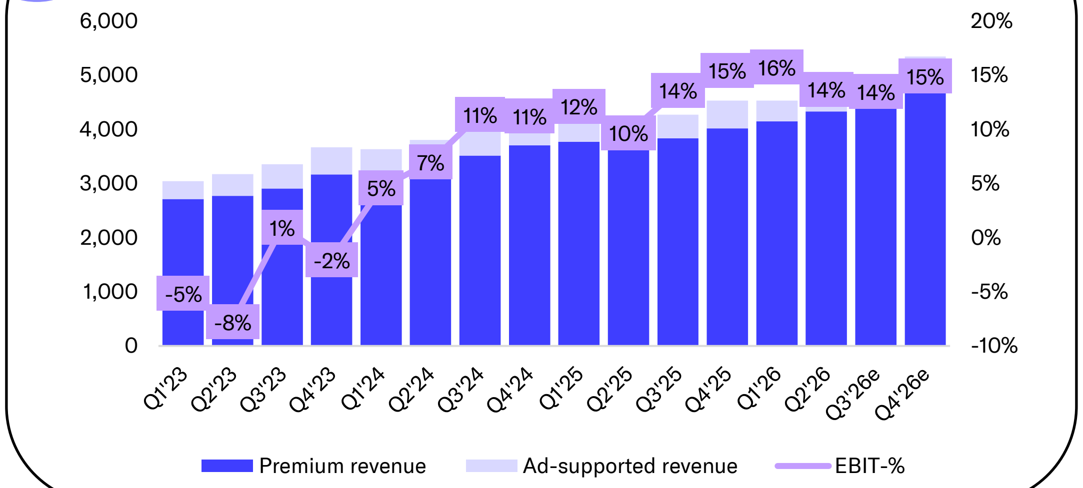
Monthly Premium ARPU trajectory (est.)



User growth trajectory (est.)



Revenue and EBIT-% (est.)



Source: Inderes, Spotify

Valuation remains firmly attractive 1/2

Valuation summary – Buy

We forecast strong earnings growth for Spotify in 2026-2028e (EBIT CAGR: ~26%), supported by continued user growth, as well as disciplined balancing of growth and profitability. In addition, several ARPU levers remain to be fully activated, articulated at the Investor Day as a power-law add-on architecture (e.g. Audiobooks+, the UMG-enabled AI music creation tool, and the Live Nation superfan ticketing partnership) rather than a single "super-premium" tier, alongside continued pricing actions. The shares have experienced a modest re-rating since our Q1 report, driven primarily by the Investor Day, which in our view resolved several of the strategic debates that had weighed on the stock through 2025 and early 2026. Following the Q2 report and our broadly unchanged estimates, we view this re-rating as earned de-risking rather than a stretched move, with current share price levels still offering attractive risk-adjusted upside over a twelve-month horizon. We reiterate our Buy recommendation and keep our target price of USD 570 unchanged.

Absolute multiples in 2026-2028

Based on our 2026-2027 estimates, Spotify is trading at 27-21x EV/EBIT, 24-20x EV/FCFF, and 12-9x EV/GP. In our view, overall business momentum remains strong across user growth, margin development, and free cash flow, and the Q2 acceleration in FX-neutral ARPU (to ~7.4% y/y, with Q3 guided at a similar pace) provides further evidence that Spotify's underutilized pricing power is beginning to unlock. Improved monetization remains a critical input to our top- and bottom-line estimates in the coming years, and our thesis continues to rest on the view that recent and upcoming pricing actions, together with the add-on architecture, will progressively lift ARPU. We note that a longer track record is still needed to fully validate Spotify's pricing power relative to peers like Netflix, which has executed price increases consistently in established markets over many years, and that softening subscriber growth in mature markets (incl. US) and price gap versus competitors (Apple Music, YouTube Music) introduce some uncertainty around the timing of the ARPU trajectory we forecast.

We also recognize that rapid AI advancements represent a double-edged dynamic. On one hand, we believe they could allow competitors to narrow Spotify's lead in personalization or draw users toward emerging platforms. On the other hand, as the supply of music expands, amplified by AI-generated content, we think discovery will become an increasingly scarce and valuable function. We believe discovery is a core strength of Spotify, and one that has been further reinforced by the proprietary data assets it has built through generative AI. We therefore see scope for Spotify to play an even more central role for creators over time, though the evolving AI landscape makes the longer-term implications difficult to fully interpret. That said, we think the Investor Day did well in addressing the AI-generated music threat that has weighed on the stock by reframing existing-catalog reinterpretation as a revenue opportunity for the rights ecosystem rather than a risk.

Taking these considerations together, we believe a valuation around the midpoint of our acceptable ranges is currently warranted, when balancing between Spotify's improving fundamentals and the residual uncertainty around ARPU trajectory and AI dynamics.

Valuation compared to the peer group

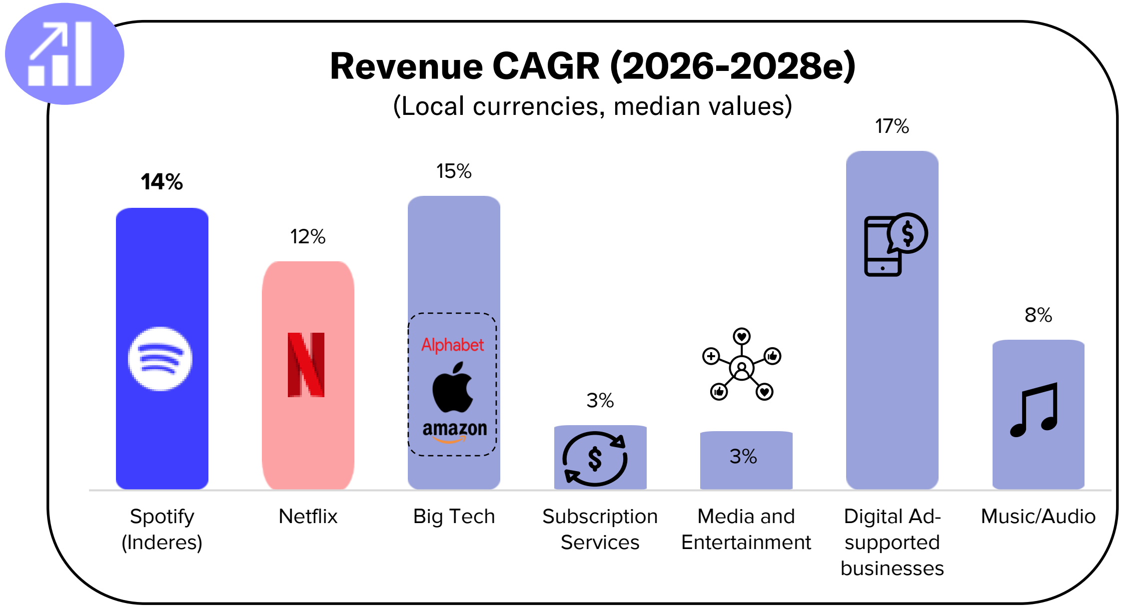
To provide some flavor on Spotify's valuation, we have compiled several sets of peers in different segments that either share similarities to Spotify's business model, engage large user bases, monetize users through ads, or participate in the broader music/audio industry. For more details on the peer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

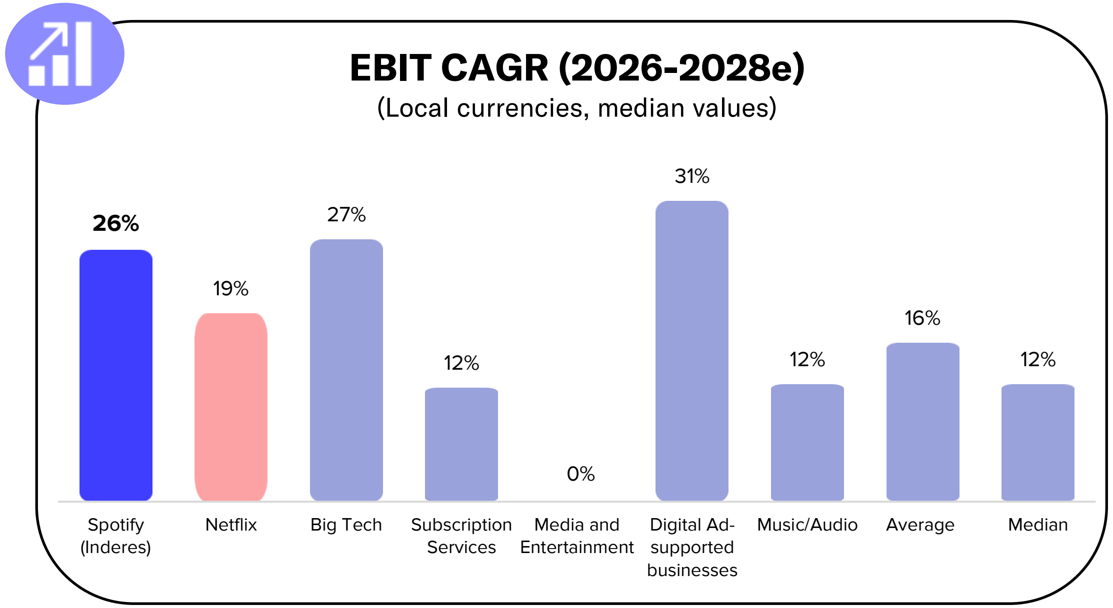
Valuation	2026e	2027e	2028e
Share price (EUR)	415.5	415.5	415.5
Number of shares, millions	208.1	210.6	213.1
Market cap (MEUR)	86,468	87,506	88,556
EV (MEUR)	75,705	73,311	70,355
P/E (adj.)	33.5	29.3	24.5
P/E	33.5	29.3	24.5
P/FCF	29.1	27.2	23.4
P/B	7.9	6.3	5.1
P/S	4.4	3.8	3.4
EV/Sales	3.9	3.2	2.7
EV/EBITDA	25.6	20.2	15.7
EV/EBIT (adj.)	26.7	20.9	16.2
EV/FCFF	23.9	20.5	16.8

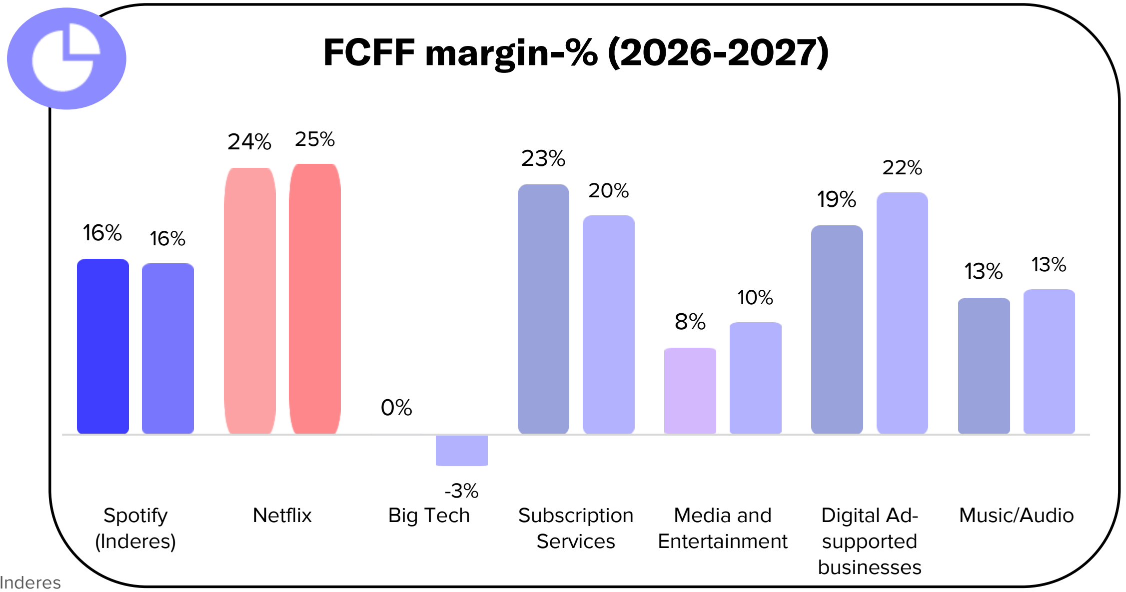
Selection of peers in each group

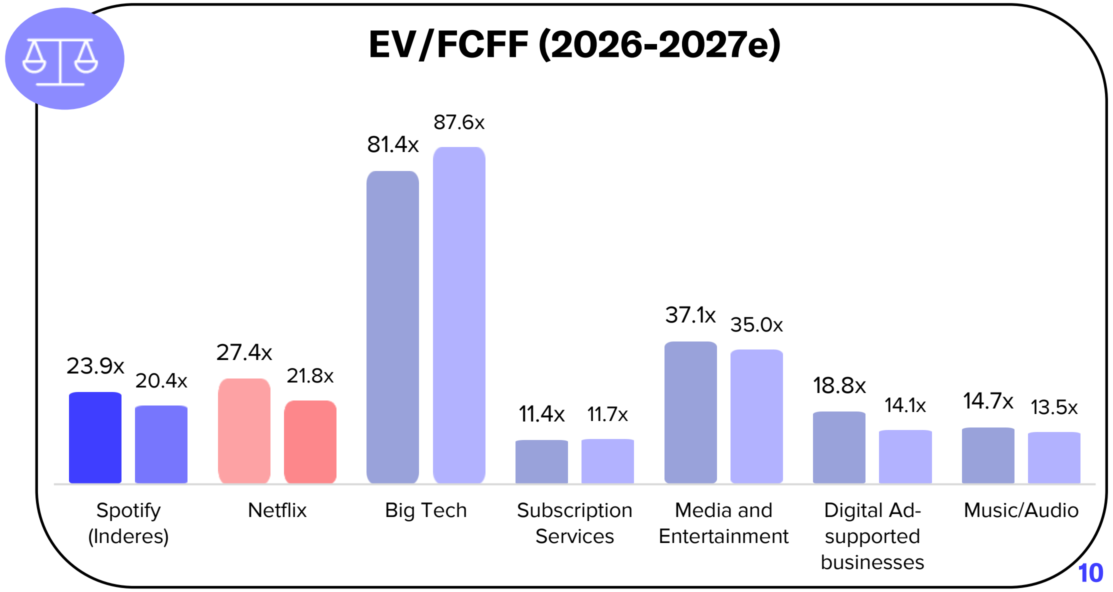
Big tech (BT)		amazon	Alphabet
Subscription services (SS)		Roku	Match Group
Media & Entertainment (ME)	Warner Bros. Discovery	The Walt Disney Company	Paramount
Digital ad-supported (DAS)		Meta	
Music/Audio (MA)	SiriusXM	Deezer	Tencent Music Entertainment

Valuation graphs: Spotify vs. various peer groups









Source: Inderes

Valuation remains firmly attractive 2/2

On a relative basis, Spotify trades at a premium to the Subscription Services ("SS") peer-group median on both EV/FCFF and EV/EBIT for 2026e (SPOT: 24x/27x vs. SS: 12x/13x), which we view as warranted. As the clear leader in music streaming, Spotify enjoys a compounding scale advantage: a larger user base sharpens its data-driven personalization, strengthens its hand in label negotiations, and deepens the network effects that retain both users and rights-holders. Combined with a consistent innovation cadence and exceptional brand and loyalty metrics, this underpins a business we expect to outgrow the sector on earnings, with EBIT compounding at a ~26% CAGR over 2026–2028, well ahead of the SS average.

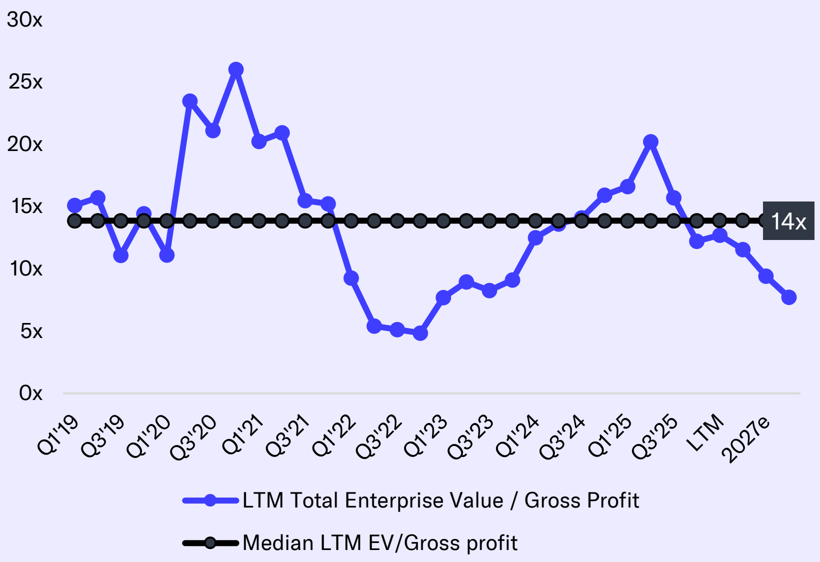
The more notable shift is against Netflix specifically. Spotify historically traded at a clear discount to Netflix, however, on 2027e that gap has effectively closed, with Spotify now sitting broadly in line on EV/FCFF (20x vs. 22x) and at a premium on EV/EBIT (21x vs. 16x). In our view, two forces drove the convergence. Spotify's own profitability inflection, with gross margin up into the low-to-mid 30%s and pricing power increasingly proven, and Netflix's sharp de-rating as revenue growth has decelerated. We find the fact that Spotify commands an EBIT premium yet trades in line on cash flow telling, where its asset-light, no-content-capex model converts operating profit into free cash flow more efficiently than Netflix's owned-content model.

That said, we think one structural factor still argues for Netflix retaining an edge. Its owned-content economics support gross margins in the 40% range, well above Spotify's licensed-content model in the low-to-mid 30% range, capping Spotify's near-term gross-margin ceiling. On that logic, we would expect Spotify to carry a modest discount to Netflix, yet on 2027e it no longer does. We read that either as the market rewarding Spotify's faster earnings growth and superior cash conversion, or as a sign the shares now leave little room for error. Either way, the gap itself is narrowing rather than fixed, where the partnership-led vertical-expansion model (Audiobooks, Peloton) is gradually lifting the blended cost structure, and Spotify's pricing track record, which has for a long time been its weak point against Netflix's years of steady increases, is catching up quickly, with three rounds of price increases since 2023 and continued ARPU acceleration. Net, we see the historical Spotify-to-Netflix discount as having largely run its course.

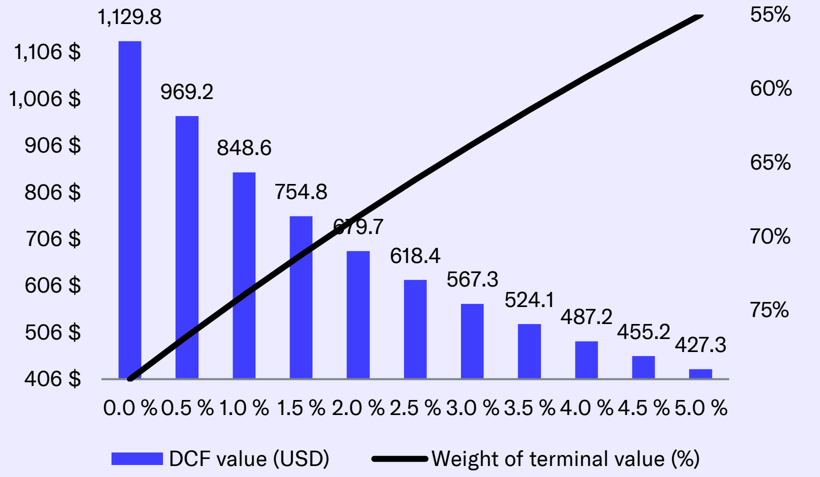
DCF suggests strong upside in the share price

We expect solid double-digit growth (CAGR: 13%) and continued margin expansion between 2026 and 2030, 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 21%. We estimate Spotify's cost of equity and WACC (due to no traditional financial debt) at 8.5%, which is fairly low but supported by the strong and wide market presence, the majority of revenue streams being generated through subscriptions, a superior global brand, robust balance sheet, and an improved profitability profile. With these assumptions, our DCF model gives a share price of USD 618 per share (was USD 624). The decrease in the DCF value relative to our previous update primarily reflects our updated tax assumptions, as well as the effects of a stronger USD to EUR. In summary, we view the year-to-date share price weakness as materially improving the risk-adjusted upside, and we view the current valuation as attractive across all our preferred valuation lenses.

EV/Gross profit development



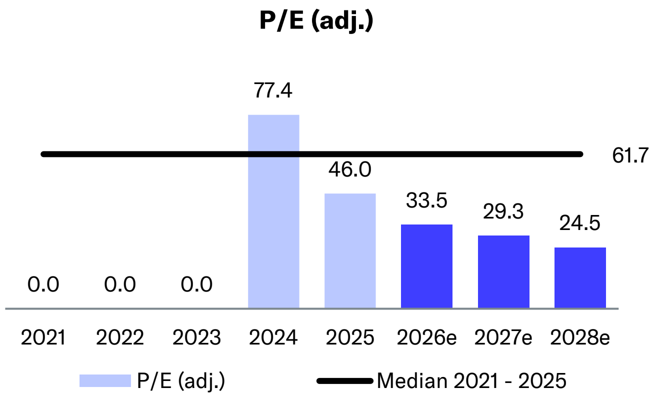
Sensitivity of DCF to changes in the risk-free rate

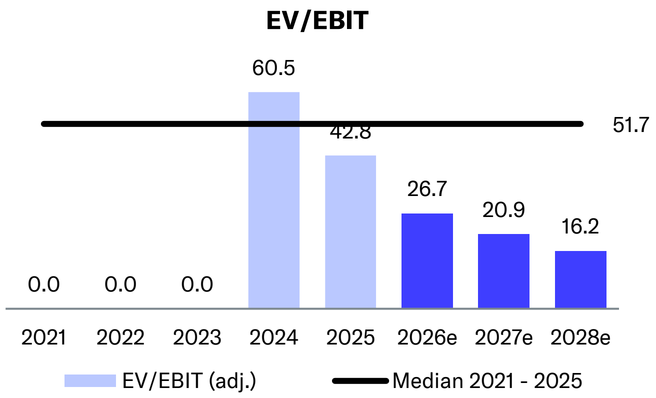


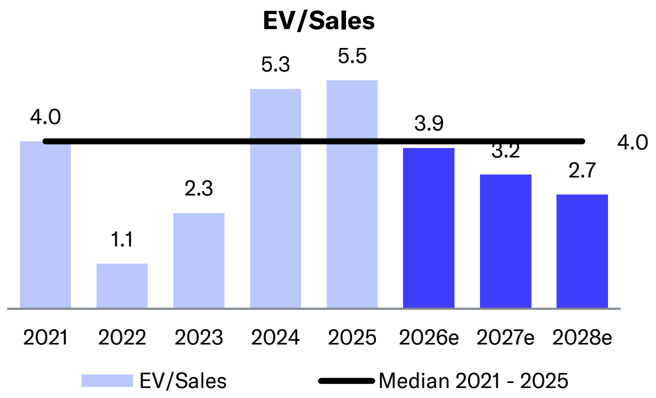
Source: Inderes

Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price (EUR)	211.7	74.2	169.1	434.0	494.4	**415.5**	**415.5**	**415.5**	**415.5**
Number of shares, millions	191.3	192.9	194.7	202.9	205.7	**208.1**	**210.6**	**213.1**	**215.7**
Market cap (MEUR)	40,507	14,318	32,933	88,062	101,707	**86,468**	**87,506**	**88,556**	**89,619**
EV (MEUR)	38,788	12,650	30,415	82,615	94,131	**75,705**	**73,311**	**70,355**	**66,958**
P/E (adj.)	neg.	neg.	neg.	77.4	46.0	**33.5**	**29.3**	**24.5**	**21.3**
P/E	neg.	neg.	neg.	77.4	46.0	**33.5**	**29.3**	**24.5**	**21.3**
P/FCF	37.6	neg.	>100	43.6	54.0	**29.1**	**27.2**	**23.4**	**21.1**
P/B	19.1	6.0	13.1	15.9	12.2	**7.9**	**6.3**	**5.1**	**4.1**
P/S	4.2	1.2	2.5	5.6	5.9	**4.4**	**3.8**	**3.4**	**3.1**
EV/Sales	4.0	1.1	2.3	5.3	5.5	**3.9**	**3.2**	**2.7**	**2.3**
EV/EBITDA	>100	neg.	neg.	54.0	40.8	**25.6**	**20.2**	**15.7**	**12.7**
EV/EBIT (adj.)	>100	neg.	neg.	60.5	42.8	**26.7**	**20.9**	**16.2**	**13.0**
EV/FCFF	212.0	40.5	475.2	111.0	40.0	**23.9**	**20.5**	**16.8**	**14.2**







The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years.

Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	**MEUR**	**MEUR**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**
Big Tech													
Apple	3,918,155	3,937,199	29.1	27.5	26.8	25.3	9.5	8.7	35.1	32.3	0.4	0.4	41.9
Amazon.com	2,596,693	2,624,500	27.7	22.1	14.0	10.8	3.7	3.2	23.4	26.5			5.4
Alphabet	3,997,206	3,875,959	26.0	20.9	19.2	15.1	9.0	7.4	18.2	25.4	0.2	0.3	6.5
Subscription businesses													
Netflix	265,837	270,333	19.3	16.2	18.2	15.5	6.1	5.5	20.6	19.2			8.8
Match Group	8,348	10,909	12.8	11.4	9.5	9.0	3.6	3.5	15.5	13.4	1.9	2.0	
Bumble	421	813	4.3	4.5	3.4	3.5	1.1	1.1	3.3	3.4			0.5
Chegg	100	72			2.6	2.5	0.4	0.5					0.6
Roku	18,986	16,955	67.3	39.2	28.7	21.7	3.5	3.1	60.0	41.0			7.4
Media/Enterainment													
Warner Bros. Discovery	56,110	82,509		41.3	11.2	11.1	2.6	2.5		2865.6			1.9
The Walt Disney Company	147,948	188,171	11.5	10.8	9.4	8.9	2.1	2.0	14.4	13.2	1.5	1.7	1.5
Paramount Skydance Corporation	7,930	20,698	12.0	10.6	6.4	6.2	0.8	0.8	13.7	9.9	2.4	2.4	0.8
Digital Ad-supported businesses													
Snap	8,497	9,116	622.7	24.6	8.2	6.6	1.6	1.4	9.4	7.6			4.3
Meta Platforms	1,299,551	1,293,218	16.6	14.0	10.5	8.5	5.9	4.9	18.5	17.4	0.4	0.4	4.9
Reddit	26,734	24,321	27.5	18.6	18.7	13.5	8.3	6.3	30.3	23.0			7.6
Pinterest	12,694	12,418	38.4	25.7	10.1	8.6	2.9	2.6	13.4	11.4			4.8
Music/Audio													
iHeartMedia	505	4,763	12.1	12.6	6.9	7.2	1.3	1.3		96.3			
Sirius XM Holdings	8,994	17,048	10.5	10.4	7.5	7.5	2.3	2.3	10.1	9.4	3.5	3.6	1.1
Deezer	141	102	11.9	7.4	5.8	4.2	0.2	0.2	39.3	15.3			
Tencent Music Entertainment Group	13,349	10,928	7.5	6.8	7.0	6.4	2.4	2.2	9.9	9.1	1.8	2.2	1.2
Warner Music Group Corp.	11,678	15,224	14.9	12.4	10.3	9.2	2.4	2.3	19.0	14.7	3.6	3.9	14.4
Universal Music Group	27,440	32,471	14.6	13.1	11.5	10.5	2.4	2.3	15.2	13.7	3.7	4.0	5.9
Live Nation Entertainment	37,136	38,480	39.5	25.3	16.6	14.8	1.6	1.5		87.0			89.1
Spotify (Inderes)	**86,468**	**75,705**	**26.7**	**20.9**	**25.6**	**20.2**	**3.9**	**3.2**	**33.5**	**29.3**	**0.0**	**0.0**	**7.9**
Average			**51.3**	**17.9**	**11.9**	**10.3**	**3.3**	**3.0**	**20.5**	**159.7**	**1.9**	**2.1**	**11.0**
Median			**15.8**	**14.0**	**10.2**	**8.9**	**2.4**	**2.3**	**16.9**	**15.3**	**1.8**	**2.1**	**4.9**
Diff-% to median			***69%***	***50%***	***151%***	***126%***	***60%***	***42%***	***99%***	***91%***	***-100%***	***-100%***	***62%***

Source: Refinitiv / Inderes

Income statement

Income statement (MEUR)	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue	**15673**	**4190**	**4193**	**4272**	**4531**	**17,186**	**4,533**	**4,777**	**4,966**	**5,348**	**19,624**	**22,811**	**25,718**	**28,927**
Premium revenue	13819	3771	3740	3826	4013	15,350	4,148	4,331	4,463	4,752	17,694	20,207	22,531	25,342
Ad-supported revenue	1854	419	453	446	518	1,836	385	446	503	597	1,931	2,603	3,187	3,585
EBITDA	**1529**	**538**	**432**	**611**	**727**	**2,308**	**745**	**684**	**699**	**828**	**2,956**	**3,634**	**4,477**	**5,271**
Depreciation	-164.0	-29.0	-26.0	-29.0	-26.0	-110	-30	-29	-28	-29	-116	-127	-128	-131
EBIT (excl. NRI)	**1365**	**509**	**406**	**582**	**701**	**2,198**	**715**	**655**	**671**	**799**	**2,840**	**3,507**	**4,349**	**5,140**
EBIT	**1365**	**509**	**406**	**582**	**701**	**2,198**	**715**	**655**	**671**	**799**	**2,840**	**3,507**	**4,349**	**5,140**
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	-24.0	-181.0	-358.0	245	320	26	222	65	75	75	437	278	288	260
PTP	**1341**	**328**	**48.1**	**827**	**1021**	**2,224**	**937**	**720**	**746**	**874**	**3,277**	**3,785**	**4,637**	**5,400**
Taxes	-203.0	-103.0	-134.0	72.0	153	-12	-216	-175	-142	-166	-699	-795	-1,020	-1,188
Minority interest	0.0	0.0	0.0	0.0	0.0	0	0	0	0	0	0	0	0	0
Net earnings	**1138**	**225**	**-85.9**	**899**	**1174**	**2,212**	**721**	**545**	**604**	**708**	**2,578**	**2,990**	**3,617**	**4,212**
Net earnings	**1138**	**225**	**-85.9**	**899**	**1174**	**2,212**	**721**	**545**	**604**	**708**	**2,578**	**2,990**	**3,617**	**4,212**
EPS (adj.) (EUR)	**5.61**	**1.09**	**-0.42**	**4.37**	**5.71**	**10.75**	**3.46**	**2.62**	**2.90**	**3.40**	**12.39**	**14.20**	**16.97**	**19.53**
EPS (rep.) (EUR)	**5.61**	**1.09**	**-0.42**	**4.37**	**5.71**	**10.75**	**3.46**	**2.62**	**2.90**	**3.40**	**12.39**	**14.20**	**16.97**	**19.53**

Key figures	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue growth-%	18.3 %	15.2 %	10.1 %	7.1 %	6.8 %	9.7 %	8.2 %	13.9 %	16.3 %	18.0 %	14.2 %	16.2 %	12.7 %	12.5 %
Adjusted EBIT growth-%	406.0 %	202.9 %	52.7 %	28.3 %	46.9 %	61.0 %	40.5 %	61.3 %	15.2 %	14.0 %	29.2 %	23.5 %	24.0 %	18.2 %
EBITDA-%	9.8 %	12.8 %	10.3 %	14.3 %	16.0 %	13.4 %	16.4 %	14.3 %	14.1 %	15.5 %	15.1 %	15.9 %	17.4 %	18.2 %
Adjusted EBIT-%	8.7 %	12.1 %	9.7 %	13.6 %	15.5 %	12.8 %	15.8 %	13.7 %	13.5 %	14.9 %	14.5 %	15.4 %	16.9 %	17.8 %
Net earnings-%	7.3 %	5.4 %	-2.0 %	21.1 %	25.9 %	12.9 %	15.9 %	11.4 %	12.2 %	13.2 %	13.1 %	13.1 %	14.1 %	14.6 %

Source: Inderes

Monthly active user (MAU)	**675**	**678**	**696**	**713**	**751**	**751**	**761**	**777**	**789**	**818**	**818**	**895**	**968**	**1,047**
Premium subscribers	**263**	**268**	**276**	**281**	**290**	**290**	**293**	**300**	**305**	**316**	**316**	**341**	**366**	**392**
Ad-supported users	**425**	**423**	**433**	**446**	**476**	**476**	**483**	**494**	**501**	**519**	**519**	**566**	**615**	**667**
Premium ARPU	**4.7**	4.7	4.6	4.5	4.7	**4.6**	4.8	4.9	4.9	5.1	**4.9**	**5.1**	**5.3**	**5.5**

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

Balance sheet

Assets (MEUR)	2024	2025	2026e	2027e	2028e
Non-current assets	**3,626**	**4,519**	**4,241**	**4,179**	**4,120**
Goodwill	1,201	1,083	1,079	1,079	1,079
Intangible assets	48	41	20	10	5
Tangible assets	414	422	469	493	513
Associated companies	0	0	0	0	0
Other investments	1,635	2,181	2,181	2,181	2,181
Other non-current assets	142	130	130	130	130
Deferred tax assets	186	662	362	287	212
Current assets	**8,379**	**10,496**	**12,511**	**16,291**	**20,548**
Inventories	0	0	0	0	0
Other current assets	160	227	227	227	227
Receivables	771	802	1,020	1,369	1,620
Cash and equivalents	7,448	9,467	11,264	14,695	18,701
Balance sheet total	**12,005**	**15,015**	**16,752**	**20,470**	**24,668**

Source: Inderes

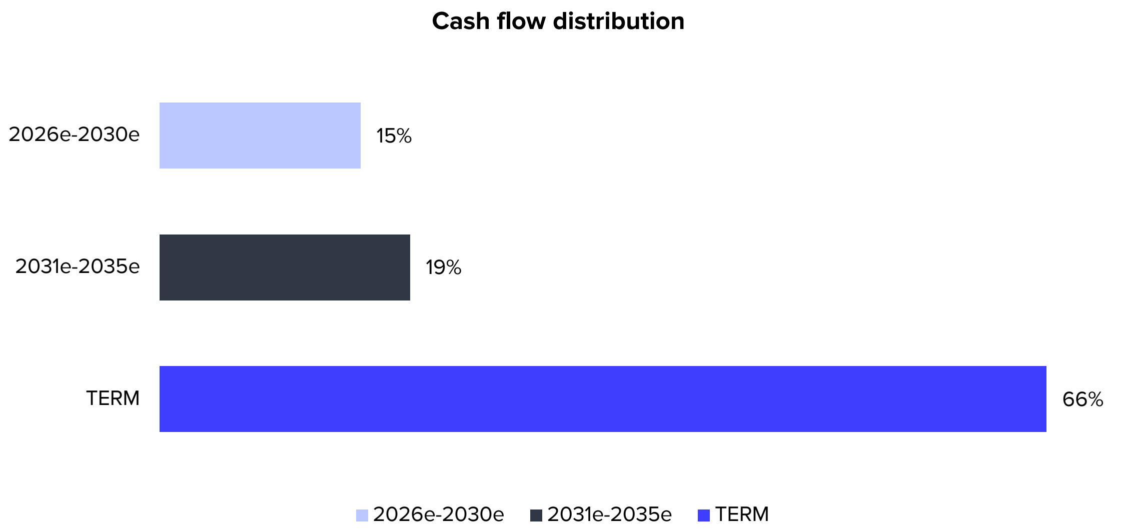
Liabilities & equity (MEUR)	2024	2025	2026e	2027e	2028e
Equity	**5,525**	**8,329**	**10,907**	**13,898**	**17,515**
Share capital	0	0	0	0	0
Retained earnings	-3,044	-832	1,746	4,737	8,354
Hybrid bonds	0	0	0	0	0
Revaluation reserve	0	0	0	0	0
Other equity	8,569	9,161	9,161	9,161	9,161
Minorities	0	0	0	0	0
Non-current liabilities	**2,055**	**652**	**719**	**719**	**719**
Deferred tax liabilities	21	163	163	163	163
Provisions	28	54	54	54	54
Interest bearing debt	2,001	433	500	500	500
Convertibles	0	0	0	0	0
Other long term liabilities	5	2	2	2	2
Current liabilities	**4,425**	**6,034**	**5,125**	**5,853**	**6,434**
Interest bearing debt	0	1,458	0	0	0
Payables	4,372	4,494	5,043	5,771	6,352
Other current liabilities	53	82	82	82	82
Balance sheet total	**12,005**	**15,015**	**16,752**	**20,470**	**24,668**

DCF-calculation

DCF model (MEUR)	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	9.7 %	14.2 %	16.2 %	12.7 %	12.5 %	11.4 %	10.5 %	10.0 %	9.0 %	7.0 %	3.0 %	3.0 %
EBIT-%	12.8 %	14.5 %	15.4 %	16.9 %	17.8 %	18.7 %	19.5 %	20.0 %	21.0 %	21.0 %	21.0 %	21.0 %
EBIT (operating profit)	**2,198**	**2,840**	**3,507**	**4,349**	**5,140**	**6,037**	**6,942**	**7,832**	**8,963**	**9,591**	**9,878**	
+ Depreciation	110	116	127	128	131	134	138	141	150	146	148	
- Paid taxes	-346	-399	-720	-945	-1,168	-1,374	-1,526	-1,730	-1,986	-2,139	-2,074	
- Tax, financial expenses	0	21	-8	-8	-9	-9	-8	-8	-8	-8	0	
+ Tax, financial income	1	72	66	72	66	65	77	94	112	133	0	
- Change in working capital	53	331	379	330	243	437	568	402	446	250	212	
Operating cash flow	**2,015**	**2,981**	**3,352**	**3,925**	**4,403**	**5,290**	**6,190**	**6,730**	**7,678**	**7,972**	**8,164**	
+ Change in other long-term liabilities	23	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-527	-138	-141	-144	-146	-149	-152	-155	-155	-155	-149	
Free operating cash flow	**1,511**	**2,843**	**3,212**	**3,781**	**4,256**	**5,141**	**6,037**	**6,575**	**7,522**	**7,817**	**8,015**	
+/- Other	372	128	0	0	0	0	0	0	0	0	0	
FCFF	1,883	2,971	3,212	3,781	4,256	5,141	6,037	6,575	7,522	7,817	8,015	149,224
Discounted FCFF		**2,874**	**2,863**	**3,106**	**3,221**	**3,584**	**3,878**	**3,892**	**4,102**	**3,928**	**3,711**	**69,089**
Sum of FCFF present value		104,247	101,373	98,510	95,405	92,184	88,600	84,721	80,830	76,727	72,800	69,089

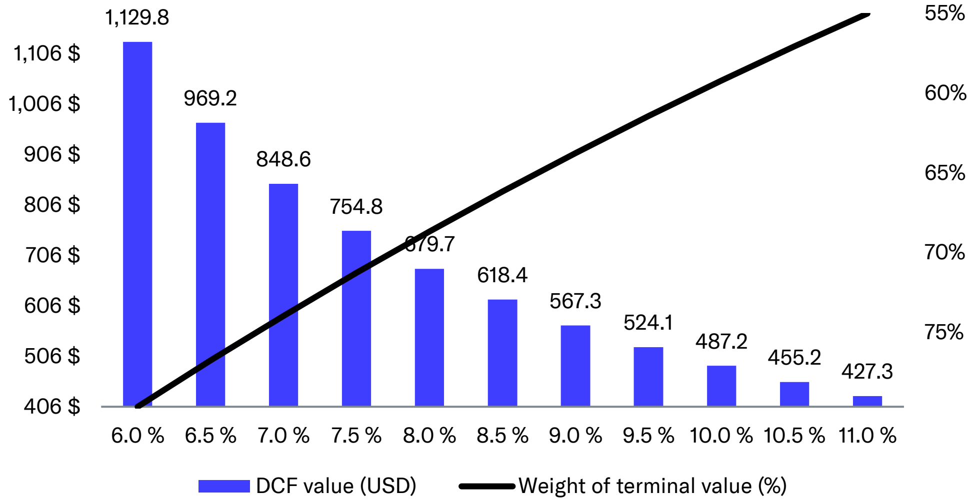
Enterprise value DCF	**104,247**
- Interest bearing debt	-1,891
+ Cash and cash equivalents	9,467
+ Associated companies	0
-Minorities	0
-Dividend/capital return	0
Equity value DCF (MEUR)	**111,823**
Equity value DCF per share (EUR)	**537**
Equity value DCF per share (USD)	**618**

WACC	
Tax-% (WACC)	21.0 %
Target debt ratio (D/(D+E)	0.0 %
Cost of debt	0.0 %
Equity Beta	1.27
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	**8.5 %**
Weighted average cost of capital (WACC)	**8.5 %**

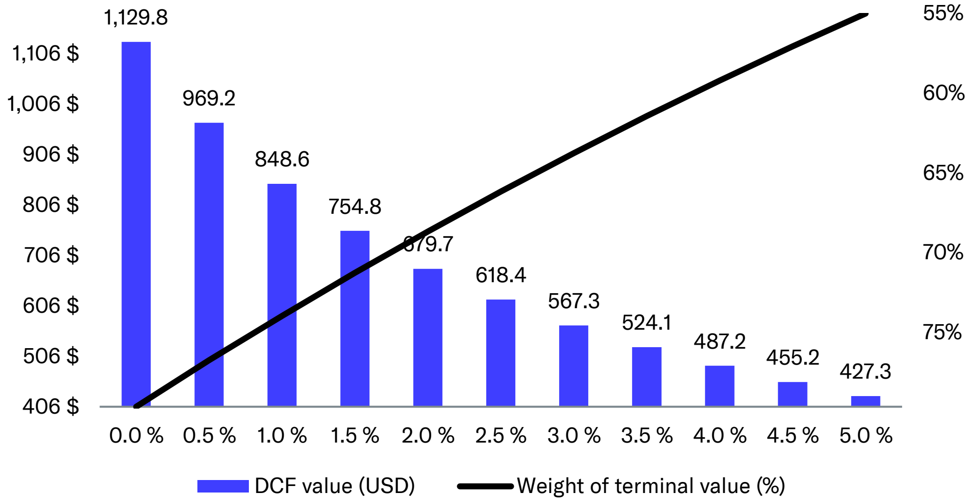


DCF sensitivity calculations and key assumptions in graphs

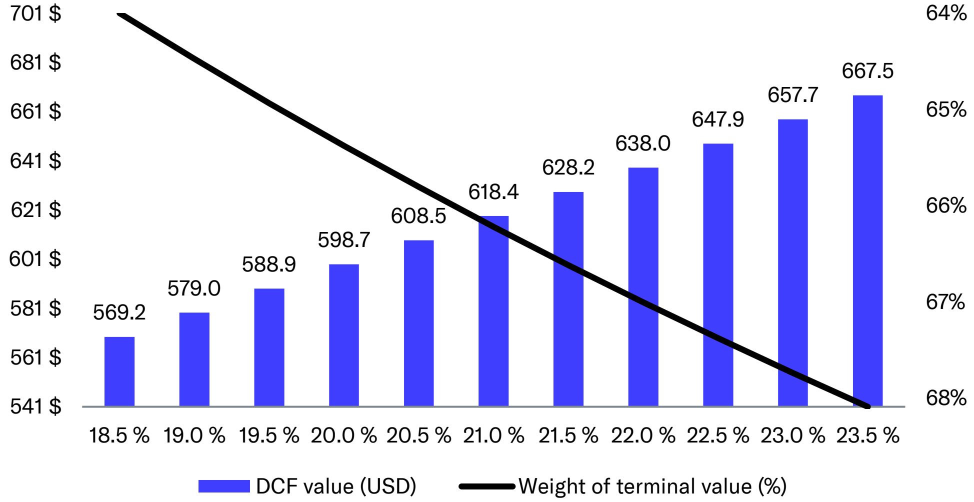
Sensitivity of DCF to changes in the WACC-%



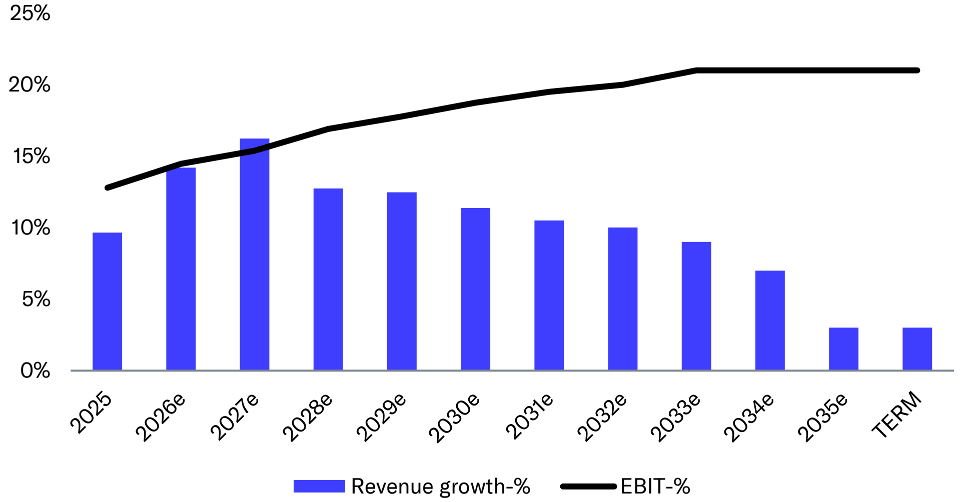
Sensitivity of DCF to changes in the risk-free rate



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)	2023	2024	2025	2026e	2027e
Revenue	13,247	15,673	17,186	**19,624**	**22,811**
EBITDA	-165	1,529	2,308	**2,956**	**3,634**
EBIT	-446	1,365	2,198	**2,840**	**3,507**
PTP	-505	1,341	2,224	**3,277**	**3,785**
Net Income	-532	1,138	2,212	**2,578**	**2,990**
Extraordinary items	0.0	0.0	0.0	**0.0**	**0.0**

Per share data (EUR)	2023	2024	2025	2026e	2027e
EPS (reported)	-2.73	5.61	10.75	**12.39**	**14.20**
EPS (adj.)	-2.73	5.61	10.75	**12.39**	**14.20**
OCF / share	1.70	8.12	9.80	**14.33**	**15.92**
OFCF / share	1.34	9.95	9.16	**14.28**	**15.25**
Book value / share	12.96	27.23	40.49	**52.42**	**66.00**
Dividend / share	0.00	0.00	0.00	**0.00**	**0.00**

Balance sheet (MEUR)	2023	2024	2025	2026e	2027e
Balance sheet total	8,346	12,005	15,015	**16,752**	**20,470**
Equity capital	2,523	5,525	8,329	**10,907**	**13,898**
Goodwill	1,137	1,201	1,083	**1,079**	**1,079**
Net debt	-2,518	-5,447	-7,576	**-10,764**	**-14,195**

Growth and profitability	2023	2024	2025	2026e	2027e
Revenue growth-%	13%	18%	10%	**14%**	**16%**
EBITDA growth-%	66%	1027%	51%	**28%**	**23%**
EBIT (adj.) growth-%	32%	406%	61%	**29%**	**23%**
EPS (adj.) growth-%	-23%	305%	92%	**15%**	**15%**
EBITDA-%	-1.2 %	9.8 %	13.4 %	**15.1 %**	**15.9 %**
EBIT (adj.)-%	-3.4 %	8.7 %	12.8 %	**14.5 %**	**15.4 %**
EBIT-%	-3.4 %	8.7 %	12.8 %	**14.5 %**	**15.4 %**
ROE-%	-21.6 %	28.3 %	31.9 %	**26.8 %**	**24.1 %**
ROI-%	-6.9 %	28.8 %	26.0 %	**29.4 %**	**29.6 %**
Equity ratio	30.2 %	46.0 %	55.5 %	**65.1 %**	**67.9 %**
Gearing	-99.8 %	-98.6 %	-91.0 %	**-98.7 %**	**-102.1 %**
Net debt/EBITDA	15.3	-3.6	-3.3	**-3.6**	**-3.9**
EBITDA/net financials	-2.8	63.7	-88.8	**-6.8**	**-13.1**

Cash flow (MEUR)	2023	2024	2025	2026e	2027e
EBITDA	-165	1,529	2,308	**2,956**	**3,634**
Change in working capital	535	471	53	**331**	**379**
Operating cash flow	330	1,648	2,015	**2,981**	**3,352**
CAPEX	-63	-546	-527	**-138**	**-141**
Free cash flow	260	2,018	1,883	**2,971**	**3,212**

Valuation multiples	2023	2024	2025	2026e	2027e
EV/S	2.3	5.3	5.5	**3.9**	**3.2**
EV/EBITDA	neg.	54.0	40.8	**25.6**	**20.2**
EV/EBIT (adj.)	neg.	60.5	42.8	**26.7**	**20.9**
P/E (adj.)	neg.	77.4	46.0	**33.5**	**29.3**
P/B	13.1	15.9	12.2	**7.9**	**6.3**
Dividend-%	0.0 %	0.0 %	0.0 %	**0.0 %**	**0.0 %**

Source: Inderes

The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years. Per-share figures are calculated using the number of shares at year-end.

Disclaimer and recommendation history

The information presented in Inderes reports is obtained from several different public sources that Inderes considers to be reliable. Inderes aims to use reliable and comprehensive information, but Inderes does not guarantee the accuracy of the presented information. Any opinions, estimates and forecasts represent the views of the authors. Inderes is not responsible for the content or accuracy of the presented information. Inderes and its employees are also not responsible for the financial outcomes of investment decisions made based on the reports or any direct or indirect damage caused by the use of the information. The information used in producing the reports may change quickly. Inderes makes no commitment to announcing any potential changes to the presented information and opinions.

The reports produced by Inderes are intended for informational use only. The reports should not be construed as offers or advice to buy, sell or subscribe investment products. Customers should also understand that past performance is not a guarantee of future results. When making investment decisions, customers must base their decisions on their own research and their estimates of the factors that influence the value of the investment and take into account their objectives and financial position and use advisors as necessary. Customers are responsible for their investment decisions and their financial outcomes.

Reports produced by Inderes may not be edited, copied or made available to others in their entirety, or in part, without Inderes' written consent. No part of this report, or the report as a whole, shall be transferred or shared in any form to the United States, Canada or Japan or the citizens of the aforementioned countries. The legislation of other countries may also lay down restrictions pertaining to the distribution of the information contained in this report. Any individuals who may be subject to such restrictions must take said restrictions into account.

Inderes issues target prices for the shares it follows. The recommendation methodology used by Inderes is based on the share's 12-month expected total shareholder return (including the share price and dividends) and takes into account Inderes' view of the risk associated with the expected returns. The recommendation policy consists of four tiers: Sell, Reduce, Accumulate and Buy. As a rule, Inderes' investment recommendations and target prices are reviewed at least 2–4 times per year in connection with the companies' interim reports, but the recommendations and target prices may also be changed at other times depending on the market conditions. The issued recommendations and target prices do not guarantee that the share price will develop in line with the estimate. Inderes primarily uses the following valuation methods in determining target prices and recommendations: Cash flow analysis (DCF), valuation multiples, peer group analysis and sum of parts analysis. The valuation methods and target price criteria used are always company-specific and they may vary significantly depending on the company and (or) industry.

Inderes' recommendation policy is based on the following distribution relative to the 12-month risk-adjusted expected total shareholder return.

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

The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

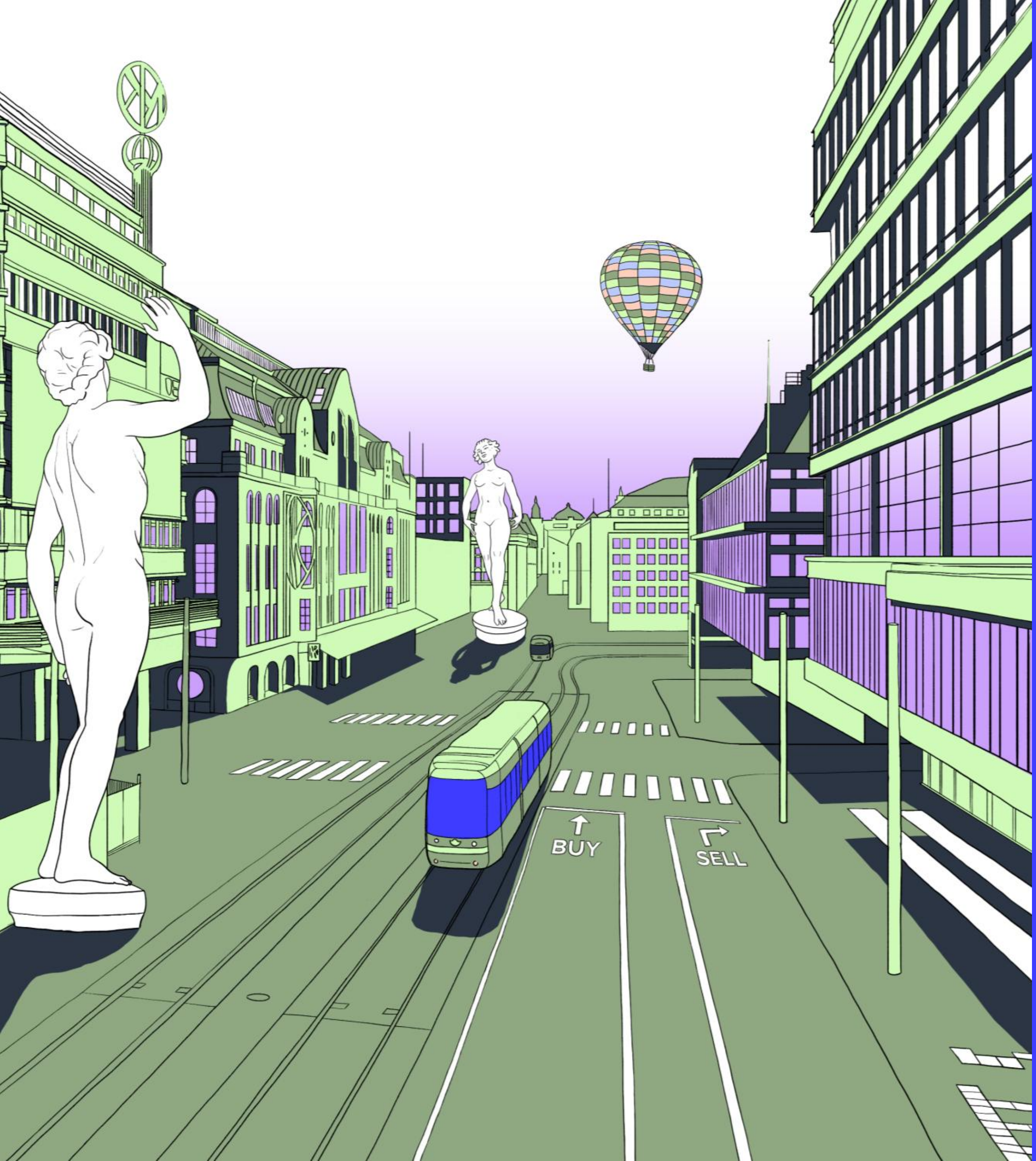
The analysts who produce Inderes' research and Inderes employees cannot have 1) shareholdings that exceed the threshold of significant financial gain or 2) shareholdings exceeding 1% in any company subject to Inderes' research activities. Inderes Oyj can only own shares in the target companies it follows to the extent shown in the company's model portfolio investing real funds. All of Inderes Oyj's shareholdings are presented in itemised form in the model portfolio. Inderes Oyj does not have other shareholdings in the target companies analysed. The remuneration of the analysts who produce the analysis are not directly or indirectly linked to the issued recommendation or views. Inderes Oyj does not have investment bank operations.

Inderes or its partners whose customer relationships may have a financial impact on Inderes may, in their business operations, seek assignments with various issuers with respect to services provided by Inderes or its partners. Thus, Inderes may be in a direct or indirect contractual relationship with an issuer that is the subject of research activities. Inderes and its partners may provide investor relations services to issuers. The aim of such services is to improve communication between the company and the capital markets. These services include the organisation of investor events, advisory services related to investor relations and the production of investor research reports.

More information about research disclaimers can be found at www.inderes.fi/research-disclaimer.

Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2024-12-13	Reduce	$ 470	$ 480
2025-02-05	Reduce	$ 535	$ 622
2025-04-30	Reduce	$ 570	$ 582
2025-07-22	Reduce	$ 650	$ 707
2025-07-30	Reduce	$ 625	$ 620
2025-10-31	Reduce	$ 645	$ 657
2025-11-05	Reduce	$ 655	$ 630
2025-01-22	Accumulate	$ 590	$ 511
2025-02-11	Buy	$ 595	$ 476
2025-04-21	Accumulate	$ 595	$ 537
2025-04-29	Buy	$ 570	$ 434
2025-08-05	Buy	$ 570	$ 478



CONNECTING INVESTORS AND COMPANIES.

Inderes democratizes financial information by connecting investors and listed companies. For investors, we are an investing community and a trusted source of financial information and equity research. For listed companies, we are a partner in delivering high-quality investor relations. Over 500 listed companies in Europe use our investor relations products and equity research services to provide better investor communications to their shareholders.

Our goal is to be the most investor-minded company in finance. Inderes was founded in 2009 by investors, for investors. As a Nasdaq First North-listed company, we understand the day-to-day reality of our customers.

Inderes Ab
Vattugatan 17, 5tr
Stockholm
+46 8 411 43 80

inderes.se

Inderes Oyj
Porkkalankatu 5
00180 Helsinki
+358 10 219 4690

inderes.fi

inde
res.