

Verve Group SE

Sweden / Application Software
 Nasdaq First North Premier & FSE
 Bloomberg: VRV GR
 ISIN: SE0018538068

Update

RATING

PRICE TARGET

Return Potential
 Risk Rating

BUY

€ 5.80

135.4%
 High

FUNDS WANT IN ON THE ACTION

Verve has successfully placed 12.9m new shares at SEK28 (€2.55) with institutional investors for gross proceeds of SEK360m (€32.8m). The issue was oversubscribed and new long-term orientated investors include a Swedish multi-family office, as well as Cicero Fonder and DNB Asset Management. The rationale and timing of the cap hike is somewhat puzzling, given the absence of a glaring need for cash to drive business prospects or to shore up the balance sheet. Our DCF model now factors in the updated capital structure, and the changes point to a €5.8 TP (old: €6.0) (upside: 135%). The stock trades at an attractive EV /AEBITDA multiple of 5.2x on 2026 FBe, and we stay Buy-rated on Verve.

Funds want in on the action Verve wanted to broaden its investor roster with more long-term focused funds. The adtech specialist plans to deploy the €33m cash injection to pave the way for further organic and inorganic growth opportunities. Verve brass also said they wanted to strengthen the capital structure with a higher equity component. We note that balance sheet metrics have been trending in the right direction of late. After peaking at 3.2x in Q1/24, the adj. leverage ratio—that factors in the LTM Jun Group EBITDA—landed at 2.4x at YE24. On our new estimates, which sit towards the low end of 2025 guidance (overleaf), Verve will now exit 2025 with some €205m in cash and a 2.0x leverage ratio. We thus reckon the coffers are adequately full.

Solid case for growth Our recent update "Demystifying Adland" (see note of 17 June 2025) discusses Verve's business model and prospects in depth: (1) its strong position in adland that leans on proprietary technology to address growing privacy-first trends; (2) exposure to a global digital ad market with a ~\$0.8trn 2024 TAM; (3) its growing track record of taking market share with its solutions to drive organic upside; (4) its seasoned management and acquisition teams with top M&A credentials; and (5) a solid balance sheet to propel growth supported by proven access to the debt and equity markets. We believe Verve is in the midst of a growth phase that leverages these strengths. (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2022	2023	2024	2025E	2026E	2027E
Revenue (€m)	324.4	322.0	437.0	534.9	599.1	665.0
Y-o-y growth	28.7%	-0.8%	35.7%	22.4%	12.0%	11.0%
EBIT (€m)	93.2	95.2	133.2	157.3	178.2	203.2
EBIT margin	28.7%	29.6%	30.5%	29.4%	29.7%	30.5%
Net income (€m)	21.1	57.4	40.9	62.4	76.6	92.0
EPS (diluted) (€)	0.14	0.36	0.24	0.32	0.38	0.46
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00
FCF (€m)	-42.5	33.8	-25.1	70.7	86.2	122.2
Net gearing	85.1%	83.7%	77.9%	57.7%	44.7%	27.4%
Liquid assets (€m)	150.0	121.7	146.7	204.7	244.6	326.1

RISKS

Risks include but are not limited to: financing, technology, and regulatory risks.

COMPANY PROFILE

Verve Group SE is a fast-growing, profitable digital media company that provides AI-driven ad-software solutions. The company matches global advertiser demand with publisher ad-supply, enhancing results through first-party data from its own content, while pursuing its "Let's make media better" mission.

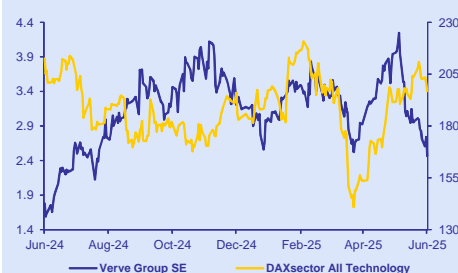
MARKET DATA

As of 18 Jun 2025

Closing Price	€ 2.46
Shares outstanding	199.26m
Market Capitalisation	€ 490.98m
52-week Range	€ 1.59 / 4.24
Avg. Volume (12 Months)	134,551

Multiples	2024	2025E	2026E
P/E	10.4	7.6	6.4
EV/Sales	2.1	1.7	1.6
EV/EBIT	7.0	5.9	5.2
Div. Yield	0.0%	0.0%	0.0%

STOCK OVERVIEW



COMPANY DATA

As of 31 Mar 2025

Liquid Assets	€ 123.30m
Current Assets	€ 185.20m
Intangible Assets	€ 963.90m
Total Assets	€ 1,177.20m
Current Liabilities	€ 270.60m
Shareholders' Equity	€ 430.10m

SHAREHOLDERS

Bodhivas GmbH	24.4%
Oaktree Capital Mngt	20.3%
Nordnet Pensionsförsäkring	4.8%
Sterling Active Fund	4.4%
Free Float	46.1%



VALUATION

Table 1: Guidance vs FBe

	Unit	2024	Guidance 2025	2025 FBe
Revenue	€m	437	530 - 565	535
Grow th	%	36	21 - 29	22
AEBITDA	€m	133	155 - 175	157
Grow th	%	40	17 - 32	18

Source: First Berlin Equity Research; Verve Group SE

We stay Buy-rated with a €5.8 TP (old: €6) We have left our revenue and earnings forecasts unchanged, but our DCF now factors in the higher diluted share count (now: 215m) and the lower pro forma net debt following the cap hike. The combined effects point to fair value of €5.8 per share (upside: 135%).

Figure 1: DCF model

All figures in EURm	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Revenue	535	599	665	702	735	767	797	826
NOPLAT	83	99	112	119	128	137	146	156
(+) depreciation & amortisation	38	38	45	46	48	50	51	52
(=) Net operating cash flow	121	137	157	166	176	187	198	208
(-) Investments	-78	-71	-52	-54	-57	-59	-62	-64
(-) Working capital	10	5	5	3	2	1	1	1
(=) Free cash flows (FCF)	53	70	110	114	121	129	137	145
PV of FCF's	50	60	85	80	77	74	72	68

All figures in millions		Terminal EBIT margin						
		24.1%	26.1%	28.1%	30.1%	32.1%	34.1%	36.1%
PV of FCFs in explicit period	917	9.0%	6.34	6.79	7.23	7.68	8.13	8.58
PV of FCFs in terminal period	652	9.5%	5.79	6.18	6.58	6.97	7.36	7.75
Enterprise value (EV)	1,568	10.0%	5.32	5.66	6.01	6.35	6.69	7.03
(+) Net cash / (-) net debt (pro forma)	-318	10.5%	4.90	5.20	5.51	5.81	6.11	6.41
(-) Non-controlling interests	-1	11.0%	4.53	4.80	5.07	5.34	5.60	5.87
Shareholder value	1,249	11.5%	4.20	4.44	4.68	4.92	5.15	5.39
Fair value per share (€)	5.80	12.0%	3.91	4.12	4.33	4.54	4.75	4.97

		Terminal growth rate						
		1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	4.0%
Cost of equity	12.9%	9.0%	6.79	7.05	7.34	7.68	8.08	8.55
Pre-tax cost of debt	7.0%	9.5%	6.23	6.44	6.69	6.97	7.29	7.66
Tax rate	28.0%	10.0%	5.73	5.91	6.12	6.35	6.61	6.91
After-tax cost of debt	5.0%	10.5%	5.29	5.45	5.62	5.81	6.03	6.28
Share of equity capital	70.0%	11.0%	4.90	5.03	5.17	5.34	5.52	5.72
Share of debt capital	30.0%	11.5%	4.55	4.66	4.78	4.92	5.07	5.24
WACC	10.5%	12.0%	4.22	4.32	4.43	4.54	4.67	4.81

*Please note our model runs through 2038 and we have only shown the abbreviated version for formatting purposes



INCOME STATEMENT

All figures in EURm	2022	2023	2024	2025E	2026E	2027E
Revenues	324.4	322.0	437.0	534.9	599.1	665.0
Capitalised work	28.9	26.0	24.9	31.2	35.0	39.9
Total output	353	348	462	566	634	705
Services purchased + Other OpEx	-215.6	-212.9	-271.7	-303.3	-338.5	-374.1
Personnel expenses	-76.2	-78.0	-79.5	-115.0	-126.1	-136.3
Other operating income	23.2	71.4	17.8	5.5	5.6	5.7
EBITDA*	84.8	128.5	128.5	153.3	175.2	200.2
Depreciation & amortisation	-58.1	-29.5	-38.2	-38.1	-38.2	-44.6
Operating income (EBIT)*	26.6	99.0	90.3	115.2	137.0	155.6
Net financial result	-38.0	-50.1	-58.5	-46.5	-44.5	-40.1
Pre-tax income (EBT)	-11.3	48.9	31.8	68.7	92.5	115.5
Income taxes	-9.1	-2.7	-3.0	-19.2	-25.9	-33.5
Net income	-20.4	46.2	28.8	49.4	66.6	82.0
Discontinued operations	0	0	0	0	0	0
Consolidated profit	-20.4	46.2	28.8	49.4	66.6	82.0
Minority interests	0.1	0.5	0.0	0.0	0.0	0.0
Net income to owners	-20.3	46.7	28.8	49.4	66.6	82.0
Diluted EPS (in €)	-0.13	0.26	0.15	0.23	0.31	0.38
Adj. EPS (excl PPA amort.) (diluted)	0.14	0.36	0.24	0.32	0.38	0.46
AEBITDA (excl: one-offs)	93.2	95.2	133.2	157.3	178.2	203.2
AEBIT (excl: PPA amort. & one-offs)	76.5	76.9	107.1	132.2	150.0	168.6
Net income (adj. For PPA amortisation)	21.1	57.4	40.9	62.4	76.6	92.0
Ratios						
EBITDA margin on revenues*	26.1%	39.9%	29.4%	28.7%	29.2%	30.1%
EBIT margin on revenues*	8.2%	30.7%	20.7%	21.5%	22.9%	23.4%
Net margin on revenues	-6.3%	14.5%	6.6%	9.2%	11.1%	12.3%
AEBITDA margin on revenues	28.7%	29.6%	30.5%	29.4%	29.7%	30.5%
Tax rate	-79.9%	5.6%	9.4%	28.0%	28.0%	29.0%
Expenses as % of revenues						
Services purchased + Other OpEx	66.5%	66.1%	62.2%	56.7%	56.5%	56.3%
Personnel expenses	23.5%	24.2%	18.2%	21.5%	21.0%	20.5%
Depreciation & amortisation	17.9%	9.1%	8.8%	7.1%	6.4%	6.7%
Y-Y Growth						
Revenues	28.7%	-0.8%	35.7%	22.4%	12.0%	11.0%
EBITDA*	30.3%	51.6%	0.0%	19.3%	14.2%	14.3%
AEBITDA	31.0%	2.2%	40.0%	18.1%	13.2%	14.0%
Operating income*	-27.7%	271.9%	-8.8%	27.6%	18.9%	13.5%
Net income/ loss	n.m.	n.m.	-38.4%	71.7%	34.7%	23.2%

* non-adjusted 2023 earnings impacted by one-time earn-out release for AiM



BALANCE SHEET

All figures in EURm	2022	2023	2024	2025E	2026E	2027E
Assets						
Current assets, total	221.0	193.5	239.3	310.3	359.7	450.9
Cash and equivalents	150.0	121.7	146.7	204.7	244.6	326.1
Trade receivables	52.2	32.3	60.9	73.3	82.1	91.1
Other ST assets	18.8	39.5	31.7	32.4	33.0	33.7
Non-current assets, total	823.6	813.5	1,013.1	1,019.5	1,028.1	1,035.4
Intangible assets	791.3	796.6	986.9	992.6	1,000.5	1,007.2
Property, plant & equipment	5.5	4.0	4.3	4.6	4.9	5.2
Deferred taxes	6.7	10.5	17.0	17.4	17.7	18.1
Investments in associated companies	1.0	1.0	2.4	2.4	2.4	2.4
Other financial assets	19.2	1.4	2.5	2.5	2.6	2.6
Total assets	1,044.7	1,007.0	1,252.5	1,329.8	1,387.8	1,486.3
Shareholders' equity & debt						
Current liabilities, total	219.5	240.8	303.1	268.5	259.3	275.2
Trade payables	68.7	80.3	104.1	126.1	140.0	153.8
ST debt	31.9	66.5	50.1	0.0	0.0	0.0
Provisions	65.2	61.7	63.3	64.2	65.2	66.2
Other current financial liabilities	32.3	10.7	44.5	36.2	11.3	11.5
Other current liabilities	21.3	21.5	41.2	42.0	42.8	43.7
Long term liabilities, total	503.4	413.8	498.5	528.2	528.8	529.4
Bonds	389.4	348.0	445.8	500.0	500.0	500.0
Other LT financial liabilities	89.6	36.9	31.0	6.0	6.2	6.3
Deferred tax liabilities	24.4	28.9	21.7	22.2	22.6	23.1
Shareholders' equity	321.7	352.5	450.9	533.1	599.7	681.7
Total consolidated equity and debt	1,044.7	1,007.0	1,252.4	1,329.8	1,387.8	1,486.3
Ratios						
Current ratio (x)	1.0	0.8	0.8	1.2	1.4	1.6
Net debt	273.9	294.9	351.2	307.6	267.9	186.8
ICR (x)	4.0	2.5	3.3	4.6	5.6	7.3
Net gearing	85%	84%	78%	58%	45%	27%
Net debt / EBITDA (x)	2.9	3.1	2.6	2.0	1.5	0.9
Equity ratio	31%	35%	36%	40%	43%	46%
Return on equity (ROE)	-6.3%	13.1%	6.4%	9.3%	11.1%	12.0%
Capital employed (CE)	825.2	766.3	949.4	1,061.3	1,128.5	1,211.1
Return on capital employed (ROCE)	3%	13%	10%	11%	12%	13%



CASH FLOW STATEMENT

All figures in EURm	2022	2023	2024	2025E	2026E	2027E
Net income	-20.4	46.2	28.8	49.4	66.6	82.0
Depreciation and amortisation	58.1	29.5	38.0	38.1	38.2	44.6
Other non-cash adjustments	1.9	-66.4	-24.7	0.0	0.0	0.0
Net interest expense	38.0	50.1	58.5	46.5	44.5	40.1
Tax result	5.7	0.4	18.0	19.2	25.9	33.5
Operating cash flow	83.3	59.8	118.5	153.3	175.2	200.2
Tax expense	-4.4	-2.4	-2.8	-19.2	-25.9	-33.5
Change in working capital	55.3	12.1	21.3	10.8	6.4	6.1
Net operating cash flow	134.2	69.4	137.0	144.9	155.7	172.7
Cash flow from investing	-176.7	-35.7	-162.0	-74.2	-69.5	-50.5
Equity inflow , net	28.5	0.0	38.5	32.8	0.0	0.0
Debt inflow , net	-0.1	-3.0	10.6	-49.8	0.3	0.3
Corporate debt inflow , net	42.7	-8.2	57.8	54.2	0.0	0.0
Interest paid	-33.6	-48.0	-58.6	-50.0	-46.5	-41.1
Other adjustments	-25.3	0.0	0.0	0.0	0.0	0.0
Cash flow from financing	12.3	-59.1	48.3	-12.8	-46.2	-40.7
Net cash flows	-30.2	-25.4	23.3	58.0	40.0	81.4
Fx adjustments	0.0	-2.9	1.7	0.0	0.0	0.0
Cash, start of the year	180.2	150.0	121.7	146.7	204.7	244.6
Cash, end of the year	150.0	121.7	146.7	204.7	244.6	326.1
Free cash flow (FCF)	-42.5	33.8	-25.1	70.7	86.2	122.2
FCFps (in €)	-0.27	0.21	-0.14	0.37	0.43	0.61
Y-Y Growth						
Operating cash flow	109.9%	-48.3%	97.3%	5.8%	7.4%	11.0%
Free cash flow	n.m.	n.m.	n.m.	n.m.	21.8%	41.8%
FCF / share	n.m.	n.m.	n.m.	n.m.	17.9%	41.8%

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PRICE TARGET DATES

Unless otherwise indicated, current prices refer to the closing prices of the previous trading day.

AGREEMENT WITH THE ANALYSED COMPANY AND MAINTENANCE OF OBJECTIVITY

The present financial analysis is based on the author's own knowledge and research. The author prepared this study without any direct or indirect influence exerted on the part of the analysed company. Parts of the financial analysis were possibly provided to the analysed company prior to publication in order to avoid inaccuracies in the representation of facts. However, no substantial changes were made at the request of the analysed company following any such provision.

ASSET VALUATION SYSTEM

First Berlin's system for asset valuation is divided into an asset recommendation and a risk assessment.

ASSET RECOMMENDATION

The recommendations determined in accordance with the share price trend anticipated by First Berlin in the respectively indicated investment period are as follows:

Category		1	2
Current market capitalisation (in €)		0 - 2 billion	> 2 billion
Strong Buy ¹	An expected favourable price trend of:	> 50%	> 30%
Buy	An expected favourable price trend of:	> 25%	> 15%
Add	An expected favourable price trend of:	0% to 25%	0% to 15%
Reduce	An expected negative price trend of:	0% to -15%	0% to -10%
Sell	An expected negative price trend of:	< -15%	< -10%

¹ The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

Our recommendation system places each company into one of two market capitalisation categories. Category 1 companies have a market capitalisation of €0 – €2 billion, and Category 2 companies have a market capitalisation of > €2 billion. The expected return thresholds underlying our recommendation system are lower for Category 2 companies than for Category 1 companies. This reflects the generally lower level of risk associated with higher market capitalisation companies.

RISK ASSESSMENT

The First Berlin categories for risk assessment are low, average, high and speculative. They are determined by ten factors: Corporate governance, quality of earnings, management strength, balance sheet and financial risk, competitive position, standard of financial disclosure, regulatory and political uncertainty, strength of brandname, market capitalisation and free float. These risk factors are incorporated into the First Berlin valuation models and are thus included in the target prices. First Berlin customers may request the models.

RECOMMENDATION & PRICE TARGET HISTORY

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	7 November 2019	€1.23	Buy	€2.10
2...36	↓	↓	↓	↓
37	8 May 2024	€1.79	Buy	€4.10
38	24 June 2024	€1.66	Buy	€4.90
39	14 August 2024	€2.74	Buy	€5.40
40	2 September 2024	€3.01	Buy	€5.40
41	30 October 2024	€3.40	Buy	€5.40
42	2 December 2024	€3.39	Buy	€5.50
43	10 March 2025	€3.54	Buy	€6.00
44	17 June 2025	€2.61	Buy	€6.00
45	Today	€2.46	Buy	€5.80

INVESTMENT HORIZON

Unless otherwise stated in the financial analysis, the ratings refer to an investment period of twelve months.

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Legally required information regarding

- key sources of information in the preparation of this research report
- valuation methods and principles
- sensitivity of valuation parameters

can be accessed through the following internet link: <https://firstberlin.com/disclaimer-english-link/>

SUPERVISORY AUTHORITY: Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) [BaFin], Graurheindorferstraße 108, 53117 Bonn and Marie-Curie-Straße 24-28, 60439 Frankfurt am Main

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