

Verve Group SE

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

Q2/25 results

RATING
PRICE TARGET

Return Potential
 Risk Rating

BUY
€ 4.80

166.5%
 High

SYSTEM UPGRADES HARDER THAN EXPECTED

Headline Q2 KPIs were up YoY but weaker than prior quarters. Management had already signalled on the Q1 earnings call that the June quarter would be burdened by planned platform unification measures to consolidate all in-app marketplace activities into a single technology stack. These upgrades were completed on time, but subsequent problems in revving the Supply Side Platform (SSP) back up to full tilt bled into Q3 causing revenue loss during the first six weeks of the September quarter. This, alongside Fx headwinds, is the primary culprit behind the reduced guidance, which now calls for sales ranging from €485m to €515m and AEBITDA of €125m to €140m (old: €530m to €565m; €155m to €175m respectively). The updated guidance again features a wide range to account for US economic uncertainty. We regard the downgrade as more of a hiccup than a structural problem and stay Buy-rated on Verve. Our TP moves down to €4.8 (old: €5.8) after adjusting FBe to the lower end of the revised outlook (upside: 167%)

System upgrades harder than expected Technical challenges traced to the platform unification such as: (1) load balancer performance; (2) temporary interruptions in bidding volumes, and (3) temporary asynchrony of AI algorithms were more challenging than expected, despite exhaustive planning. Consequently, SSP net sales slid 3% YoY owing to difficulties in onboarding of new customers and client scaling. The slow revenue recovery spilled over into early Q3, thereby triggering the guidance downgrade. This revision was not a Q2 performance issue.

Q2 undershoots targets Revenue (€106m) and AEBITDA level earnings (€30m) topped the prior year comps but fell short of FBe and consensus (overleaf). Verve also saw an 8% retreat in customer ad spend during the June quarter. But still solid overall customer growth (+10% YoY) combined with good retention (98%) meant organic sales only dipped 4% YoY. The company exited Q2 with a €161m cash balance and net debt of . . . (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2022	2023	2024	2025E	2026E	2027E
Revenue (€m)	324.4	322.0	437.0	485.1	543.3	603.0
Y/Y growth	28.7%	-0.8%	35.7%	11.0%	12.0%	11.0%
AEBITDA (€m)	93.2	95.2	133.2	125.6	156.3	181.6
AEBITDA margin	28.7%	29.6%	30.5%	25.9%	28.8%	30.1%
Net income (€m)*	21.1	57.4	40.9	32.1	62.7	79.0
EPS (diluted) (€)*	0.14	0.36	0.24	0.17	0.31	0.39
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00
FCF (€m)	-42.5	33.8	-25.1	53.9	70.6	109.8
Net gearing	85.1%	83.7%	77.9%	75.2%	62.4%	42.5%
Liquid assets (€m)	150.0	121.7	146.7	179.9	204.2	273.3

* Adjusted for PPA-amortisation

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 15 Aug 2025

Closing Price	€ 1.80
Shares outstanding	200.00m
Market Capitalisation	€ 360.20m
52-week Range	€ 1.80 / 4.24
Avg. Volume (12 Months)	168,839

Multiples	2024	2025E	2026E
P/E	7.6	10.9	5.7
EV/Sales	1.8	1.6	1.5
EV/AEBITDA	6.0	6.3	5.1
Div. Yield	0.0%	0.0%	0.0%

STOCK OVERVIEW



COMPANY DATA

As of 30 Jun 2025

Liquid Assets	€ 160.96m
Current Assets	€ 237.57m
Intangible Assets	€ 919.66m
Total Assets	€ 1,198.05m
Current Liabilities	€ 273.74m
Shareholders' Equity	€ 421.44m

SHAREHOLDERS

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



. . . €368m equal to a 2.5x leverage ratio. We will attend Verve's CMD on Tuesday and conduct a deeper dive into the Q2 performance in a post-event update. In the meantime we have adjusted our targets (table 2) to the lower end of the new guidance (table 3). As long as there are no further unexpected technical issues—we understand the platform is finally running full throttle—we believe Verve will at least hit the low end of its new guide. The upper end of the range reflects a positive scenario for the US economy as it absorbs government policy gyrations. Changes to FBe now point to fair value per share of €4.8 (old: €5.8). We remain Buy-rated on Verve (upside: 167%).

Table 1: 2nd quarter vs FBe and prior year period

EURm	Q2/25	Q2/25E	variance	Q2/24	Variance	6M/25	6M/24	variance
Revenue	106.1	120.8	-12%	96.6	10%	215.2	179.1	20%
EBITDA	27.0	35.0	-23%	28.1	-4%	54.5	48.3	13%
Margin	25%	29%	-	29%	-	25%	27%	-
AEBITDA ¹	29.5	36.0	-18%	29.1	1%	59.6	51.1	17%
Margin	28%	30%	-	30%	-	28%	29%	-
AEBIT ²	22.8	29.7	-23%	23.2	-2%	46.1	39.8	16%
Margin	21%	25%	-	24%	-	21%	22%	-

¹ EBITDA adjusted for one-off expenses & gains; ² EBIT adjusted for one-off & PPA expenses

Source: First Berlin Equity Research; Verve

Table 2: Changes to FBe and TP

	old	new	revision	upside	dividend yield	total return
Price target (€)	5.8	4.8	-17.2%	166.5%	0.0%	166.5%
All figures in €m	old	new	revision	old	new	revision
Revenue	535	485	-9.3%	599	543	-9.3%
EBITDA	153	118	-23.3%	175	153	-12.5%
Margin (%)	28.7%	24.3%	-	29.2%	28.2%	-
EBIT	115	77	-33.0%	137	118	-14.1%
Margin (%)	21.5%	15.9%	-	22.9%	21.7%	-
AEBITDA*	157	126	-20.1%	178	156	-12.3%
Margin (%)	29.4%	25.9%	-	29.7%	28.8%	-

* adjusted for one-offs

Source: First Berlin Equity Research estimates

Table 3: Updated guidance and FBe

		2025 guidance			
Unit	2024	Old	New	2025E	
Revenue	€m	437	530 - 565	485 - 515	485
Grow th	%	36	21 - 29	11 - 18	11
AEBITDA	€m	133	155 - 175	125 - 140	126
Grow th	%	40	17 - 32	- 6 to +5	-6

Source: First Berlin Equity Research; Verve



VALUATION MODEL

Table 4: DCF model

All figures in EURm	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Revenue	485	543	603	636	667	695	722	749
NOPLAT	56	85	99	105	113	122	130	139
(+) depreciation & amortisation	40	36	41	43	45	46	48	48
(=) Net operating cash flow	96	120	140	148	158	168	177	187
(-) Investments	-74	-67	-47	-49	-52	-54	-56	-58
(-) Working capital	9	1	4	3	2	1	1	1
(=) Free cash flows (FCF)	31	55	97	102	108	115	123	130
PV of FCFs	30	48	76	73	70	67	65	62

All figures in millions		Terminal EBIT margin							
			23.6%	25.6%	27.6%	29.6%	31.6%	33.6%	35.6%
PV of FCFs in explicit period	802	9.1%	5.18	5.59	5.99	6.40	6.80	7.21	7.61
PV of FCFs in terminal period	550	9.6%	4.73	5.09	5.44	5.79	6.15	6.50	6.86
Enterprise value (EV)	1,351	10.1%	4.34	4.65	4.96	5.27	5.58	5.90	6.21
(+) Net cash / (-) net debt (pro forma)	-318	10.6%	3.99	4.27	4.54	4.82	5.09	5.37	5.64
(-) Non-controlling interests	-1	11.1%	3.69	3.93	4.17	4.42	4.66	4.90	5.15
Shareholder value	1,032	11.6%	3.41	3.63	3.84	4.06	4.28	4.49	4.71
Fair value per share (€)	4.80	12.1%	3.16	3.35	3.55	3.74	3.93	4.13	4.32

		Terminal growth rate							
			1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	4.0%
Cost of equity	13.0%	9.1%	5.65	5.87	6.11	6.40	6.73	7.12	7.58
Pre-tax cost of debt	7.0%	9.6%	5.18	5.36	5.56	5.79	6.06	6.38	6.74
Tax rate	28.0%	10.1%	4.76	4.91	5.08	5.27	5.49	5.75	6.04
After-tax cost of debt	5.0%	10.6%	4.38	4.51	4.66	4.82	5.00	5.21	5.45
Share of equity capital	70.0%	11.1%	4.05	4.16	4.28	4.42	4.57	4.74	4.94
Share of debt capital	30.0%	11.6%	3.75	3.84	3.94	4.06	4.19	4.33	4.50
WACC	10.6%	12.1%	3.47	3.55	3.64	3.74	3.85	3.97	4.11

*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	485.1	543.3	603.0
Capitalised work	28.9	26.0	24.9	23.3	31.8	36.2
Total output	353	348	462	508	575	639
Services purchased + Other OpEx	-215.6	-212.9	-271.7	-288.6	-309.7	-339.3
Personnel expenses	-76.2	-78.0	-79.5	-104.3	-114.3	-123.6
Other operating income	23.2	71.4	17.8	2.2	2.2	2.3
EBITDA*	84.8	128.5	128.5	117.6	153.3	178.6
Depreciation & amortisation	-58.1	-29.5	-38.2	-40.4	-35.5	-41.4
Operating income (EBIT)*	26.6	99.0	90.3	77.2	117.8	137.2
Net financial result	-38.0	-50.1	-58.5	-56.0	-44.5	-40.1
Pre-tax income (EBT)	-11.3	48.9	31.8	21.2	73.2	97.2
Income taxes	-9.1	-2.7	-3.0	-2.1	-20.5	-28.2
Net income	-20.4	46.2	28.8	19.1	52.7	69.0
Discontinued operations	0	0	0	0	0	0
Consolidated profit	-20.4	46.2	28.8	19.1	52.7	69.0
Minority interests	0.1	0.5	0.0	0.0	0.0	0.0
Net income to owners	-20.3	46.7	28.8	19.1	52.7	69.0
Diluted EPS (in €)	-0.13	0.26	0.15	0.09	0.24	0.32
Adj. EPS (excl PPA amort.) (diluted)	0.14	0.36	0.24	0.17	0.31	0.39
AEBITDA (excl: one-offs)	93.2	95.2	133.2	125.6	156.3	181.6
AEBIT (excl: PPA amort. & one-offs)	76.5	76.9	107.1	98.2	130.8	150.2
Net income (adj. For PPA amortisation)	21.1	57.4	40.9	32.1	62.7	79.0
Ratios						
EBITDA margin on revenues*	26.1%	39.9%	29.4%	24.3%	28.2%	29.6%
EBIT margin on revenues*	8.2%	30.7%	20.7%	15.9%	21.7%	22.8%
Net margin on revenues	-6.3%	14.5%	6.6%	3.9%	9.7%	11.4%
AEBITDA margin on revenues	28.7%	29.6%	30.5%	25.9%	28.8%	30.1%
Tax rate	-79.9%	5.6%	9.4%	10.0%	28.0%	29.0%
Expenses as % of revenues						
Services purchased + Other OpEx	66.5%	66.1%	62.2%	59.5%	57.0%	56.3%
Personnel expenses	23.5%	24.2%	18.2%	21.5%	21.0%	20.5%
Depreciation & amortisation	17.9%	9.1%	8.8%	8.3%	6.5%	6.9%
Y-Y Growth						
Revenues	28.7%	-0.8%	35.7%	11.0%	12.0%	11.0%
EBITDA*	30.3%	51.6%	0.0%	-8.5%	30.3%	16.5%
AEBITDA	31.0%	2.2%	40.0%	-5.7%	24.4%	16.2%
Operating income*	-27.7%	271.9%	-8.8%	-14.5%	52.5%	16.6%
Net income/ loss	n.m.	n.m.	-38.4%	-33.7%	176.2%	30.9%

* 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	278.7	311.7	389.6
Cash and equivalents	150.0	121.7	146.7	179.9	204.2	273.3
Trade receivables	52.2	32.3	60.9	66.4	74.4	82.6
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	952.1	958.7	964.2
Intangible assets	791.3	796.6	986.9	986.5	992.8	997.8
Property, plant & equipment	5.5	4.0	4.3	4.3	4.6	4.9
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	-58.5	-58.8	-59.0
Total assets	1,044.7	1,007.0	1,252.5	1,230.8	1,270.4	1,353.7
Shareholders' equity & debt						
Current liabilities, total	219.5	240.8	303.1	260.8	247.1	260.9
Trade payables	68.7	80.3	104.1	118.4	127.8	139.5
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	441.8	494.5	563.5
Total consolidated equity and debt	1,044.7	1,007.0	1,252.4	1,230.8	1,270.4	1,353.7
Ratios						
Current ratio (x)	1.0	0.8	0.8	1.1	1.3	1.5
Net debt	273.9	294.9	351.2	332.4	308.3	239.6
ICR (x)	4.0	2.5	3.3	3.2	4.9	6.5
Net gearing	85%	84%	78%	75%	62%	43%
Net debt / EBITDA (x)	2.9	3.1	2.6	2.6	2.0	1.3
Equity ratio	31%	35%	36%	36%	39%	42%
Return on equity (ROE)	-6.3%	13.1%	6.4%	4.3%	10.7%	12.2%
Capital employed (CE)	825.2	766.3	949.4	970.0	1,023.3	1,092.9
Return on capital employed (ROCE)	3%	13%	10%	8%	12%	13%



CASH FLOW STATEMENT

All figures in EURm	2022	2023	2024	2025E	2026E	2027E
Net income	-20.4	46.2	28.8	19.1	52.7	69.0
Depreciation and amortisation	58.1	29.5	38.0	40.4	35.5	41.4
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	56.0	44.5	40.1
Tax result	5.7	0.4	18.0	2.1	20.5	28.2
Operating cash flow	83.3	59.8	118.5	117.6	153.3	178.6
Tax expense	-4.4	-2.4	-2.8	-2.1	-20.5	-28.2
Change in working capital	55.3	12.1	21.3	10.0	2.6	4.8
Net operating cash flow	134.2	69.4	137.0	125.5	135.4	155.2
Cash flow from investing	-176.7	-35.7	-162.0	-71.6	-64.9	-45.4
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	-58.0	-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	-20.8	-46.2	-40.7
Net cash flows	-30.2	-25.4	23.3	33.2	24.4	69.1
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	179.9	204.2
Cash, end of the year	150.0	121.7	146.7	179.9	204.2	273.3
Free cash flow (FCF)	-42.5	33.8	-25.1	53.9	70.6	109.8
FCFps (in €)	-0.27	0.21	-0.14	0.28	0.35	0.55
Y-Y Growth						
Operating cash flow	109.9%	-48.3%	97.3%	-8.4%	7.9%	14.6%
Free cash flow	n.m.	n.m.	n.m.	n.m.	30.8%	55.6%
FCF / share	n.m.	n.m.	n.m.	n.m.	26.6%	55.6%

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ASSET VALUATION SYSTEM

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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.

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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...37	↓	↓	↓	↓
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	19 June 2025	€2.46	Buy	€5.80
46	Today	€1.80	Buy	€4.80

INVESTMENT HORIZON

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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

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