GBC AG Investment Research

Verve Group SE*5a, 5b, 7, 11

Negative one-off effects from platform harmonisation lead to guidance reduction, price target adjusted

Sector: ad tech
Focus: software applications
Founded: 2011

Employees: >800
Company headquarters: Stockholm
Management Board: R. Westermann, C. Duus, A. Stil, M. Alon, P. Prasad, D. Philippson, S. Sondhi

Verve Group SE (Verve) is a fast-growing, profitable digital media company that provides AI-driven advertising software solutions. Verve matches the demand of global advertisers with the advertising supply of publishers and improves results through first-party data from proprietary content. In line with its mission "Let's make media better", the company focuses on enabling brands, agencies and publishers to achieve better results with responsible advertising solutions, with a focus on new media channels. Verve operates primarily in North America and Europe and is incorporated as a Societas Europaea in Sweden. The company's shares are listed on the Nasdaq First North Premier Growth Market in Stockholm and on the General Standard of the Frankfurt Stock Exchange. In addition, Verve was promoted to the German Stock Exchange's important SDAX share index in mid-July. The company has issued a collateralised bond which is listed on Nasdaq Stockholm and on the Open Market of the Frankfurt Stock Exchange.

in € million	FY 23	FY 24	FY 25e	FY 26e	FY 27e
Revenues	321.98	437.01	502.93	619.26	738.33
Adj. EBITDA	95.17	133.25	127.85	179.46	219.65
EBITDA	128.46*1	128.52	121.75	173.16	213.55
Net result (after minorities)	46.73*1	28.80	19.32	55.09	72.52
Earnings per share	0.29	0.15	0.10	0.28	0.36
Dividend per share	0.00	0.00	0.00	0.00	0.00
EV/Revenues	2.53	1.87	1.62	1.32	1.10
EV/Adj. EBITDA	8.57	6.12	6.38	4.54	3.71
EV/EBITDA	6.35	6.34	6.70	4.71	3.82
P/E ratio	9.93	16.12	24.03	8.43	6.40
P/B ratio		1.03			

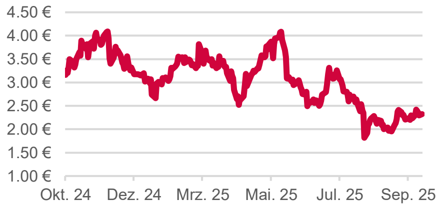
**1 positively influenced by a revaluation effect of € 62.76 million*

Investment Case

- The Verve Group operates a digital advertising software platform and is the market leader in high-growth mobile in-app advertising in the main digital advertising market in the USA.
- A dynamic growth series (revenue CAGR$_{20-24}$: +33.0%) has been achieved in the company's history to date, based on organic and inorganic growth effects with a clearly positive M&A track record.
- Strong positioning with innovative advertising solutions (e.g. ATOM or Moments.AI) in established (mobile web etc.) and emerging advertising channels (In-App, CTV, DOOH etc.) in the fast-growing programmatic (digital) advertising market.
- Verve pursues a strong medium-term guidance, which includes an expected future revenue CAGR of 25% to 30% and an Adj. EBITDA CAGR of 30% to 35%.
- **Attractive valuation with upside potential:** with expected double-digit percentage sales and Adj. EBITDA growth to € 738.33m and € 219.65m respectively by 2027 and a derived price target of € 7.95, we assign a "BUY" rating and continue to see significant upside potential in the Verve share.

Rating: BUY
Target price: EUR 7.95

Share and master data



Closing price (previous day)	2.32 EUR
Stock exchange	XETRA
ISIN	SE0018538068
WKN	A3D3A1
Number of shares (m)	200.11
MCap (m EUR)	464.26
Enterprise value (m EUR)	815.26
Transparency level	Nasdaq First North Premier
Market segment	Regulierter Markt
Accounting/FY-end	IFRS / 31/12/

Shareholder structure

Bodhivas GmbH	23.16%
Oaktree	19.88%
Nordnet	4.44%
Free float	52.50%

Financial dates

18/11/25	Financial report Q3 2025
19/02/26	Financial report Q4 2025
20/05/26	Financial report Q1 2026
18/08/26	Financial report Q2 2026

Analysts

Marcel Goldmann (goldmann@gbc-ag.de)
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Last GBC Research

Date: Publication / Target price in EUR / Rating
02/07/2025: RS / 9.20 / Buy
06/03/2025: RS / 8.30 / Buy
05/12/2024: RS / 6.70 / Buy
09/09/2024: RS / 6.60 / Buy

** The research studies listed above can be viewed at www.gbc-ag.de

Completion: 14/10/2025 (9:35)
First distribution: 14/10/2025 (10:30)

Validity of the price target: until max. 31/12/2026

* Catalogue of possible conflicts of interests on p. 12

BUSINESS PERFORMANCE HY1 2025

P&L (in € million)	HY1 2023	HY1 2024	HY1 2025
Revenues	144.93	179.04	215.16
Adj. EBITDA	40.40	51.10	59.60
EBITDA	37.41	48.27	54.48
Net result (after minorities)	2.57	6.86	0.59

Sources: Verve Group SE; GBC AG

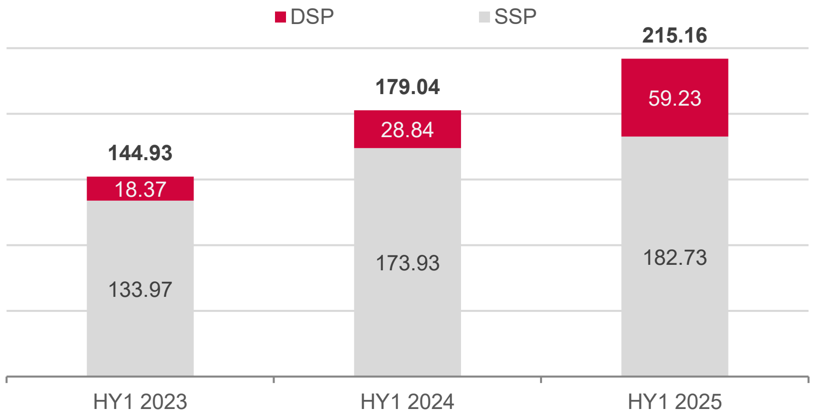
On 15 August 2025, Verve Group (SE) published its Q2 and half-year figures for 2025. According to these figures, the ad tech group recorded a positive sales and earnings performance despite a persistently challenging environment.

In addition to a strong start to the year, the first half of 2025 was also marked by challenges in the second quarter, with delays in the completion of the platform migration (mid-August instead of the end of June) leading to weaker quarterly performance. Negative currency effects (weaker US dollar) also had a dampening effect on business development in this quarter.

Irrespective of this, Verve significantly increased its digital Group revenue by 20.2% year-on-year to € 215.16 million in the first half of the year (HY1 2024: € 179.04 million). Both organic and inorganic growth effects (Jun Group acquisition in September 2024) contributed significantly to this significant growth.

The positive Group sales performance was primarily fuelled by the sharp 105.4% jump in segment sales to € 59.23 million (HY1 2024: € 28.84 million) in the Demand Side Platform business area (DSP segment). This was primarily due to the strengthening of this business division as a result of the Jun Group acquisition in summer 2024 (Jun segment sales contribution GBCe: approximately € 30.0 million). In the much higher-volume SSP business division, segment sales also increased significantly by 5.1% to € 182.73 million (HY1 2024: € 173.93 million).

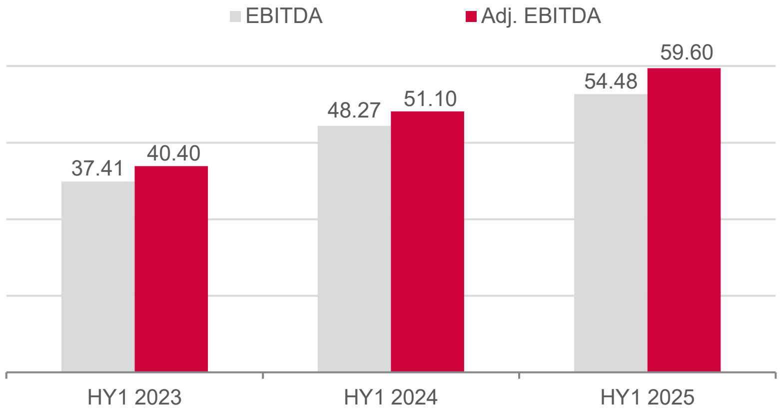
Development of Group & segment revenue in a half-year comparision (m €)*



*Sources: Verve Group SE; GBC AG   *Segment revenue before consolidation effects*

In parallel to the expansive business development, EBITDA increased significantly by 12.9% year-on-year to € 54.48 million (HY1 2024: € 48.27 million). Adjusted for one-off costs and special effects (e.g. M&A or consulting costs), adjusted EBITDA (Adj. EBITDA) increased significantly by 16.6% to € 59.60 million at the end of the first half of the year (HY1 2024: € 51.10 million). This resulted in an adjusted EBITDA margin of 27.7%, which was almost on a par with the previous year (HY1 2024: 28.5%).

Development of EBITDA and Adj. EBITDA (in € million)



Sources: Verve Group SE; GBC AG

At net level, however, a significant decline in after-tax earnings (after minority interests) to € 0.59 million (HY1 2024: € 6.26 million) had to be accepted due to higher depreciation and amortisation and financial effects. Earnings were negatively impacted in particular by significantly higher financial expenses (HY1 2025: € 38.70 million vs. HY1 2024: € 29.93 million) compared to the same period of the previous year.

Business development in Q2 2025

P&L (in € million)	Q2 2023	Q2 2024	Q2 2025
Revenues	76.18	96.57	106.12
Adj. EBITDA	21.10	21.30	29.10
EBITDA	19.99	28.08	27.00
Net result (after minorities)	1.74	6.26	0.41

Sources: Verve Group SE; GBC AG

As previously mentioned in the half-year analysis, the second quarter was primarily characterised by the standardisation of platform technology in the area of in-app marketplace activities in the high-volume Supply Side Platform segment (share of mobile advertising revenue in Q2 2025: 96.0%).

According to the company, business development in the second quarter proceeded largely as planned. However, the implementation of the platform migration resulted in slower growth momentum due to the associated temporary effects. These effects continued to be felt into the first six weeks of the third quarter. Among other things, the technological challenges led to temporary interruptions in the bidding volume, temporary scaling problems with existing customers, delays in onboarding new customers and problems with margin management. The platform migration was fully completed in mid-August.

As a result, the pace of growth slowed significantly in the second quarter after the strong first quarter (sales growth Q1 2025: approximately 32.2%), with sales increasing by approximately 10.0% to € 106.12 million (Q2 2024: € 96.57 million).

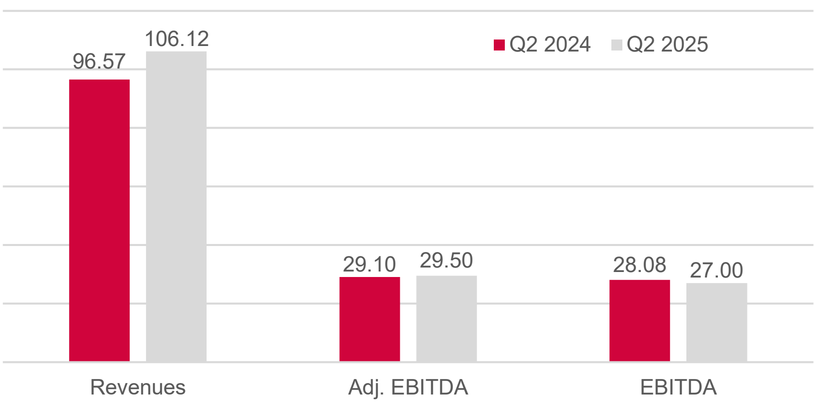
Adjusted for unfavourable currency effects, quarterly growth nevertheless amounted to 14.0%.

The main reason for the slower growth momentum was a 2.6% decline in sales in the SSP business unit to € 90.65 million (Q2 2024: € 93.11 million) due to the negative effects of the platform migration. In contrast, the DSP business unit saw a rapid increase in segment revenue of 81.5% to € 29.66 million (Q2 2024: € 16.34 million), which was primarily due to inorganic growth effects resulting from the Jun Group acquisition in the previous year.

The robust business performance of the high-volume SSP core segment in the second quarter was also reflected in the predominantly positive development of the Ad Tech Group's KPIs in this period. At the end of the second quarter, the total number of software customers increased significantly by 22.3% year-on-year to 3,079 (software customers Q2 2024: 2,518), with organic growth still amounting to almost 10.0%. Due to sustained strong customer growth and the continued high customer retention rate (Q2 2025: 98.0% vs. Q2 2024: 98.0%), declining advertising expenditure (net USD expansion rate Q2 2025: 92.0% vs. Q2 2024: 109.0%) for existing customers only led to an organic decline in revenue of 4.0% compared to the same quarter of the previous year. It should be noted that the decline in advertising expenditure among existing customers resulted from the platform migration. As a result of the disruptions caused by the platform migration, many software customers were unable to spend as much on advertising as they would have liked, which was clearly reflected in the decline in the net dollar expansion rate described above. Nevertheless, the customer retention rate (retention rate Q2 2025: 98.0%) remained at a very high level, underscoring the continued high attractiveness of the advertising platform.

In terms of operating earnings, Verve suffered a slight decline in EBITDA to € 27.00 million in the second quarter of 2025 (Q2 2024: € 28.08 million) due to the higher IT and support expenses incurred as a result of the platform migration. On the other hand, Group EBITDA adjusted for one-off and special effects (e.g. M&A and consulting costs) totalled € 29.5 million (Q2 2024: € 29.1 million), almost at the same high level as the same quarter of the previous year. At the same time, the adjusted EBITDA margin remained stable year-on-year at 28.0% (Q2 2024: 28.0%).

Q2 performance of the Verve Group (in € million)



Sources: Verve Group SE; GBC AG

ACQUISITION OF CAPTIFY AND ACARDO

On 17 September 2025, the Verve Group announced the acquisition of UK-based **Captify Technologies Ltd (Captify)**, one of the largest search intelligence platforms outside the Walled Gardens. It analyses the search behaviour of up to 1.0 billion search queries per day and aggregates around 400 billion active data points per day, continuously improving its machine-learning models. Captify's innovative search intelligence platform enables brands to gain a deep understanding of consumers' interests, motivations and intentions in real time, enabling precise targeting and better analysis of campaigns without the use of cookies (ID-less solution).

This acquisition strengthens Verve's demand-side business with new well-known customers and a strong sales team of more than 30 employees. The technology company has business relationships with a large number of leading advertising agencies and around half of the world's 100 largest advertisers.

Captify is headquartered in London and has a strong presence in the UK (second largest market by revenue), with the majority of revenue generated in Verve's core market of North America. The technology company has several offices in the US, UK and Australia. One of Verve's most important strategic goals is to significantly expand its own sales team of currently around 50 sales employees to 150 in the short and medium term. This transaction will make a significant contribution to this and will increase the sales team to around 80 employees. By merging the Captify and Verve sales and agency teams, significant synergy effects are expected as early as 2025.

In terms of operating performance, Captify is expected to contribute revenue of around € 41.0 million and EBITDA of around € 5.0 million in the current financial year 2025 on a normalised pro forma full-year basis, including significant synergies after the transaction, according to the company. The short-term synergies identified by Verve through the integration of the target into the group primarily relate to costs and include, among other things, expected positive synergy effects through the optimisation of technology costs and the workforce. The total purchase price for the acquired company corresponds to an EBITDA multiple of around 7x before synergies and around 5x after synergies. The transaction provides for a cash payment of € 16.2 million within six weeks of closing and an additional deferred cash payment of € 9.4 million 18 months after closing. Captify will be consolidated into the Verve Group's financials from 16 September 2025.

In view of the consolidation date and the fact that Verve's management assumes that the synergy effects will be fully realised from January 2026, the acquisition is expected to contribute approximately € 12.0 million to € 13.0 million to revenue and approximately € 1.0 million to € 2.0 million to the Verve Group's EBITDA in the current financial year 2025. Verve has identified extensive synergy potential in the acquired company, which is expected to generate positive synergy effects of around € 1.6 million per year (based on short-term synergies) from the coming financial year onwards. Additional future synergy opportunities arise primarily at the cross-selling level (additional upside potential in terms of revenue).

Shortly before, Verve had already announced a transaction to strengthen the demand side with the acquisition of **Acardo Group AG (Acardo)**, a leading provider of digital solutions for customer activation in Germany. By integrating into the point-of-sales (POS) systems of more than 5,600 retail shops and scaled brand apps for retailers, Acardo reaches 85 percent of all German households. The acquired company's digital platform focuses on couponing and cashback solutions for leading retailers such as Edeka, Kaufland and REWE, while processing transaction data in real time and ensuring fully automated billing in the background.

Acardo's strong customer network, which includes over 200 international consumer goods brands such as Unilever, Nestle and Mars, as well as customers from the entertainment and healthcare sectors (e.g. Warner Brothers or Beiersdorf), significantly strengthens Verve's market position in Europe. With a total of 120 employees, Acardo brings a team of 14 experienced sales experts for the German region to the Verve Group, who have promising connections to major brands and agencies. Following the acquisition, Verve will integrate Acardo's consumer activation capabilities, including coupon functionality, into all of its advertising channels - mobile, CTV and DOOH - to further drive technology transfer.

Through the Acardo transaction, the Verve Group significantly strengthens its international growth in Europe by adding innovative retail media solutions to its product portfolio while expanding its offering for new (emerging) advertising channels.

According to the company, Acardo is expected to contribute sales of around € 15.0 million and EBITDA of around € 6.0 million to the consolidated Group performance in the current financial year on a normalised pro forma full-year basis. The total purchase price of the transaction of € 24.5 million corresponds to an EBITDA multiple of approximately 6x EBITDA before synergies and approximately 4x EBITDA after synergies. The acquisition was completed at the beginning of October 2025 and provides for a cash payment of € 17.2 million at closing and an additional deferred cash payment of € 7.3 million 12 months after closing.

In view of the consolidation date and the fact that the Verve management expects the targeted synergy effects to fully materialise from January 2026, the Verve Group assumes that the acquisition will contribute around € 3.5 million to € 4.5 million to sales and € 0.9 million to € 1.2 million to the EBITDA of the Verve Group in the current financial year 2025. The previously adjusted company guidance (sales of € 485 million to € 515 million and an Adj. EBITDA of € 125 million to € 140 million) for the current financial year 2025 is being retained by the Verve management as, as previously communicated, it does not take into account the effects of potential M&A transactions during the course of the financial year.

FORECASTS AND VALUATION

P&L (in € million)	FY 24	FY 25e (New)	FY 25e (Old)	FY 26e (New)	FY 26e (Old)	FY 27e (New)	FY 27e (Old)
Revenues	437.01	502.93	547.34	619.26	652.42	738.33	784.77
Adj. EBITDA	133.25	127.85	163.47	179.46	198.72	219.65	243.44
EBITDA	128.52	121.75	157.37	173.16	192.42	213.55	237.34
Net result (after minorities)	28.80	19.32	44.25	55.09	68.56	72.52	99.08

Sources: Verve Group SE; GBC AG

In view of the longer than initially expected recovery in segment sales following the platform standardisation in the SSP business area, which also extended into the third quarter, and unfavourable exchange rate effects, Verve's management lowered its previous corporate guidance when announcing the Q2 and half-year figures. It should be emphasised at this point that the adjustment of the company's outlook is not the result of the second quarter performance or other structural problems. The two recent acquisitions also had no influence on the adjusted outlook, as the effects of possible M&A transactions during the year are not taken into account in the company forecast.

For the current financial year, the technology company now expects consolidated sales in a range of € 485.0 million to € 515.0 million (previously: € 530.0 million to € 565.0 million) and Adj. EBITDA of € 125.0 million to € 140.0 million (previously: € 155.0 million to € 175.0 million). At the recent Verve Capital Markets Day, the ad tech company also reaffirmed its medium-term guidance, which includes average annual sales growth of 25.0% to 30.0% (CAGR) and Adj. EBITDA growth of 30.0% to 35.0% (CAGR).

Against this backdrop, we have also adjusted our previous sales and earnings forecasts for the current financial year and subsequent years downwards, whereby our estimates also take into account the expected positive effects from the recent acquisitions (inorganic growth through M&As by Captify and Acardo). In view of the continuing challenging conditions and volatile exchange rate developments, we have deliberately kept our new forecasts conservative, particularly with regard to the expected organic growth of the Verve Group.

For the current financial year, we now specifically expect sales of € 502.93 million and EBITDA of € 121.75 million. For the subsequent financial years 2026 and 2027, we are forecasting sales of € 619.26 million and € 738.33 million respectively. At the same time, we expect EBITDA of € 173.16 million (FY 2026) and € 213.55 million (FY 2027).

Overall, we therefore expect the pace of growth in the current financial year to initially be rather subdued due to the one-off effect of the platform migration. From the coming financial year, the ad tech company should be able to significantly increase its growth momentum again, primarily due to its strong positioning in the up-and-coming digital advertising segments (in-app area, CTV, DOOH, etc.) and its promising product portfolio (innovative ID-less product range). At the same time, we also anticipate a significant improvement in earnings and profitability, whereby the already completed platform migration should also boost future company performance through the expected improved economies of scale and efficiency benefits.

The expected positive sales and earnings contributions as well as extensive synergies from the two recent acquisitions should also have a significant positive impact on the Verve Group's key figures from the coming financial year. The significantly strengthened sales base resulting from the acquisitions will open up considerable cross-selling potential, which should result in significant growth impetus for Verve's US and EU business in the short and medium term.

Based on our adjusted sales and earnings estimates for the current financial year and subsequent years, we have lowered our previous price target to € 7.95 per share (previously: € 9.20). In view of the current share price level, we assign a "BUY" rating and see significant upside potential in the Verve share.

VALUATION

Modelling assumptions

We have valued Verve Group SE using a three-stage DCF model. Starting with the specific estimates for the years 2025 to 2027 in phase 1, the forecast for the period 2028 to 2032 in the second phase is based on value drivers. We expect sales to increase by 5.0% (previously: 5.0%). We have assumed an EBITDA target margin of 28.9% (previously: 30.2%). We have included the tax rate in phase 2 at 30.0%. In the third phase, a residual value is also determined after the end of the forecast horizon using perpetuity. In the terminal value, we assume a growth rate of 2.5% (previously: 2.5%).

Determination of the cost of capital

The weighted average cost of capital (WACC) of Verve Group SE is calculated from the cost of equity and the cost of debt. To determine the cost of equity, the fair market premium, the company-specific beta and the risk-free interest rate must be calculated.

The risk-free interest rate is derived from current yield curves for risk-free bonds in accordance with the recommendations of the IDW's Technical Committee for Business Valuation and Economics (FAUB). This is based on the zero bond interest rates published by the Deutsche Bundesbank using the Svensson method. The average yields of the previous three months are used to smooth out short-term market fluctuations. The value currently used for the risk-free interest rate is 2.5% (previously: 2.5%).

We use the historical market premium of 5.5% as a reasonable expectation of a market premium. This is supported by historical analyses of equity market returns. The market premium reflects the percentage by which the equity market is expected to outperform low-risk government bonds.

According to the GBC estimation method, the current beta is 1.36 (previously: 1.36).

Using the assumptions made, the cost of equity is calculated at 10.0% (previously: 10.0%) (beta multiplied by risk premium plus risk-free interest rate). As we assume a sustainable weighting of the cost of equity of 85.0% (previously: 85.0%), the weighted average cost of capital (WACC) is 9.3% (previously: 9.3%).

Valuation result

Our fair value per share at the end of the 2026 financial year corresponds to a target price of € 7.95 per share (previously: € 9.20 per share). Our price target increase results from our lowered sales and earnings forecasts for the current financial year and the following years.

DCF MODEL

Phase	Estimate		Consistency						Final
In EUR million	FY 25e	FY 26e	FY 27e	FY 28e	FY 29e	FY 30e	FY 31e	FY 32e	
Turnover	502.93	619.26	738.33	775.25	814.01	854.71	897.44	942.32	
Sales growth	15.1%	23.1%	19.2%	5.0%	5.0%	5.0%	5.0%	5.0%	2.5%
EBITDA	121.75	173.16	213.55	224.23	235.44	247.21	259.57	272.55	
EBITDA margin	24.2%	28.0%	28.9%	28.9%	28.9%	28.9%	28.9%	28.9%	
EBITA	78.54	126.44	161.72	172.39	187.95	202.98	217.86	232.75	
EBITA margin	15.6%	20.4%	21.9%	22.2%	23.1%	23.7%	24.3%	24.7%	23.7%
NOPLAT	54.98	88.51	113.20	120.67	131.56	142.09	152.50	162.92	
Working capital (WC)	4.15	11.99	17.88	38.76	40.70	42.74	44.87	47.12	
Fixed assets (OAV)	255.43	236.91	216.90	198.71	185.05	174.53	166.55	160.41	
Invested capital	259.58	248.90	234.78	237.47	225.75	217.27	211.42	207.53	
Return on investment	21.0%	34.1%	45.5%	51.4%	55.4%	62.9%	70.2%	77.1%	77.3%
EBITDA	121.75	173.16	213.55	224.23	235.44	247.21	259.57	272.55	
Taxes on EBITA	-23.56	-37.93	-48.52	-51.72	-56.38	-60.90	-65.36	-69.82	
Change OAV	-25.50	-28.20	-31.82	-33.65	-33.83	-33.71	-33.73	-33.67	
Change WC	-15.61	-7.84	-5.89	-20.88	-1.94	-2.04	-2.14	-2.24	
Investments in goodwill	-99.40	-32.30	-9.40	0.00	0.00	0.00	0.00	0.00	
Free cash flow	-42.32	66.89	117.92	117.98	143.29	150.57	158.35	166.81	2301.77

Development of cost of capital	
Risk-free return	2.50%
Market risk premium	5.50%
Beta	1.36
Cost of equity	9.96%
Target weighting	85.00%
Borrowing costs	6.50%
Target weighting	15.00%
Tax shield	20.18%
WACC	**9.25%**

Determination of fair value	FY 25e	FY 26e
Value of operating business	1870.09	1976.15
Present value of explicit FCFs	630.81	622.26
Present value continuing value	1239.28	1353.89
Net debt	404.65	385.65
Value of equity	1465.44	1590.50
Minority interests	-0.22	-0.24
Value of the share capital	1465.22	1590.26
Outstanding shares in million	200.11	200.11
Fair value of the share in EUR	**7.32**	**7.95**

Sensitivity analysis

Return on Investment	WACC				
	8.6%	**8.9%**	**9.2%**	**9.5%**	**9.8%**
76.8%	8.81	8.33	7.90	7.51	7.15
77.1%	8.83	8.36	7.92	7.53	7.17
77.3%	8.86	8.38	**7.95**	7.55	7.19
77.6%	8.88	8.40	7.97	7.57	7.21
77.8%	8.91	8.43	7.99	7.60	7.23

ANNEX

I. Research under MiFID II

1. There is a contract between the research company GBC AG and the issuer regarding the independent preparation and publication of this research report on the respective issuer. GBC AG is remunerated for this by the issuer. If this is the case, this is indicated in the respective study according to the notations.

2. The research report is made available simultaneously to all securities service providers interested in it.

or

3. If the studies are not commissioned by the issuer, the studies are prepared independently of the order. The studies are also prepared without any influence from third parties.

4. The research report is made widely available and published in a generally accessible manner and is not only distributed exclusively to certain clients and investors. The research study is therefore also categorised as a "minor non-monetary benefit" and is therefore MiFID II compliant.

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