

# Verve Group SE

Sweden / Application Software  
 Nasdaq First North Premier & Xetra  
 Bloomberg: M8G GR  
 ISIN: SE0018538068

Q3'24 results

**RATING**  
**BUY**

**PRICE TARGET**  
**€ 5.50**

Return Potential 62.5%  
 Risk Rating High

## RIGHT PLACE, RIGHT TIME, RIGHT SOLUTIONS

Q3 reporting featured another strong performance led by 31% organic sales growth. It has been a good year for Verve, thanks to the rebound in the advertising market spearheaded by a strong American economy where the ad-tech specialist does 80% of its business. And optimism is high that this will continue in 2025 after the Republican clean sweep of November elections. Plus, Verve's early investment into its suite of "privacy-first" solutions is paying off handsomely in terms of software client growth and also has the company at the vanguard of ID-less targeting tools. An updated DCF now points to fair value per share of €5.5 (old: €5.4). We remain Buy-rated on Verve.

**Right place, right time, right solutions** September quarter KPIs hit double digits across the board (overleaf). Revenue and earnings topped our forecasts, thanks to better than expected demand for Verve's privacy-first solutions and the general uptick in clients' ad budgets. Other key topics on the earnings call touched on: (1) eye-catching 13% Y/Y growth at Jun Group in October, owing to initial synergy effects with the Verve mothership alongside an increase in its standalone business; (2) record quarterly operating cash flow of €54m; (3) headroom to the 2.6x reduce leverage ratio in Q3 below the targeted 2.5x level; (4) hints of potential interest expense savings of €10m to €15m in 2025 with debt refinancing opportunities; (5) continued traction of Verve's contextual targeting solutions driving Q3 56% software client growth; and (6) a positive outlook for the US economy, where Verve conducts ~80% of its business.

**Maintain Buy rating** With Christmas shopping still ahead, nine month reporting has Verve firmly on track to hit its full year guide calling for €400m to €420m in sales alongside AEBITDA of €125m to €135m. We have tweaked our 2024 estimates to account for the Q3 performance, which nudges our DCF-based TP higher to €5.5 (old: €5.4). (p.t.o.)

### FINANCIAL HISTORY & PROJECTIONS

	2020	2021	2022	2023	2024E	2025E
Revenue (€m)	140.2	252.2	324.4	322.0	409.2	509.5
Y/Y growth	157.2%	79.8%	28.7%	-0.8%	27.1%	24.5%
AEBITDA (€m)	29.1	71.1	93.2	95.2	131.2	171.6
AEBITDA margin	20.7%	28.2%	28.7%	29.6%	32.1%	33.7%
Net income (€m)*	6.6	28.0	21.1	57.4	46.6	73.7
EPS (diluted) (€)*	0.04	0.20	0.14	0.36	0.27	0.40
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00
FCF (€m)	-12.5	-230.8	-42.5	33.8	-4.7	63.5
Net gearing	31.2%	63.7%	84.3%	73.9%	74.6%	70.0%
Liquid assets (€m)	46.3	180.2	150.0	121.7	132.5	117.7

\* Adjusted for PPA-amortisation

### RISKS

Risks include but are not limited to: revenue diversity, 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 29 Nov 2024

Closing Price € 3.39  
 Shares outstanding 186.36m  
 Market Capitalisation € 630.83m  
 52-week Range € 0.80 / 4.12  
 Avg. Volume (12 Months) 79,639

Multiples	2023	2024E	2025E
P/E	9.4	12.5	8.6
EV/Sales	3.1	2.5	2.0
EV/AEBITDA	10.6	7.7	5.9
Div. Yield	0.0%	0.0%	0.0%

### STOCK OVERVIEW



### COMPANY DATA

As of 30 Sep 2024

Liquid Assets € 119.00m  
 Current Assets € 184.10m  
 Intangible Assets € 942.24m  
 Total Assets € 1,155.70m  
 Current Liabilities € 248.60m  
 Shareholders' Equity € 398.14m

### SHAREHOLDERS

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



## SEPTEMBER-QUARTER HIGHLIGHTS

Table 1: 3rd quarter vs prior year and FBe

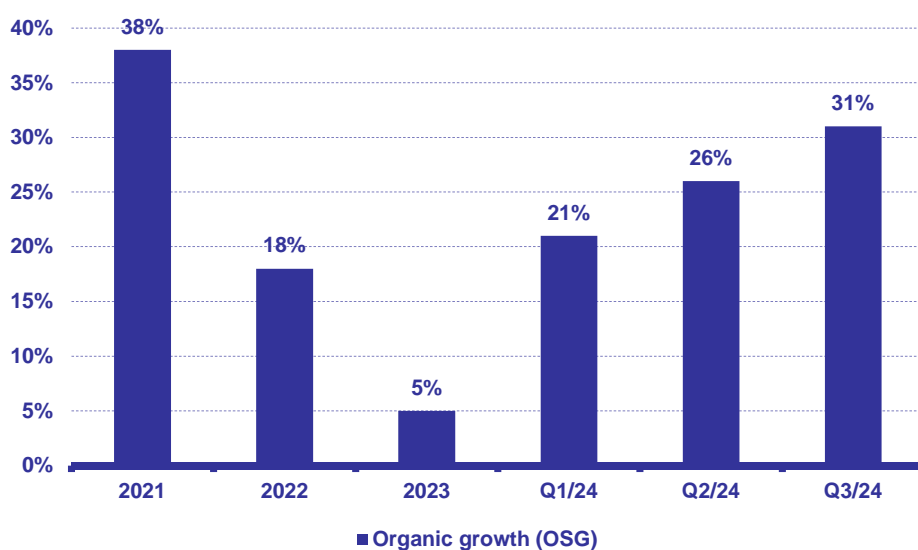
EURm	Q3/24	Q3/24E	Variance	Q3/23	Variance	9M/24	9M/23	Variance
Revenue	114	105	8%	78.3	45%	293	223	31%
EBITDA	36	31	17%	63.7	-43%	84	101	-17%
Margin	32%	30%	-	81%	-	29%	45%	-
AEBITDA <sup>1</sup>	34	30	12%	23.1	45%	85	64	34%
Margin	30%	29%	-	30%	-	29%	28%	-
AEBIT <sup>2</sup>	25	23	10%	18.4	37%	65	50	29%
Margin	22%	22%	-	23%	-	22%	22%	-

<sup>1</sup> EBITDA adjusted for one-off expenses & gains; <sup>2</sup> EBIT adjusted for one-off & PPA expenses

Source: First Berlin Equity Research; Verve Group SE

**Pulling the growth levers** Organic sales beat the prior year comp by 31% for the July-to-September period. Aside from the aforementioned overall uptick in ad budgets and new software clients, underlying ad impressions were up 32% Y/Y and again eclipsed the 200bn level (figure 3 overleaf) spurred by 9% Q/Q growth. At the Q3 juncture, overall sales topped €391m on an LTM basis. The 9M performance gives us confidence in 2024 FBe and Verve's latest sales guide (€400m to €420m).

Figure 1: Verve's organic sales growth developments (Y/Y)

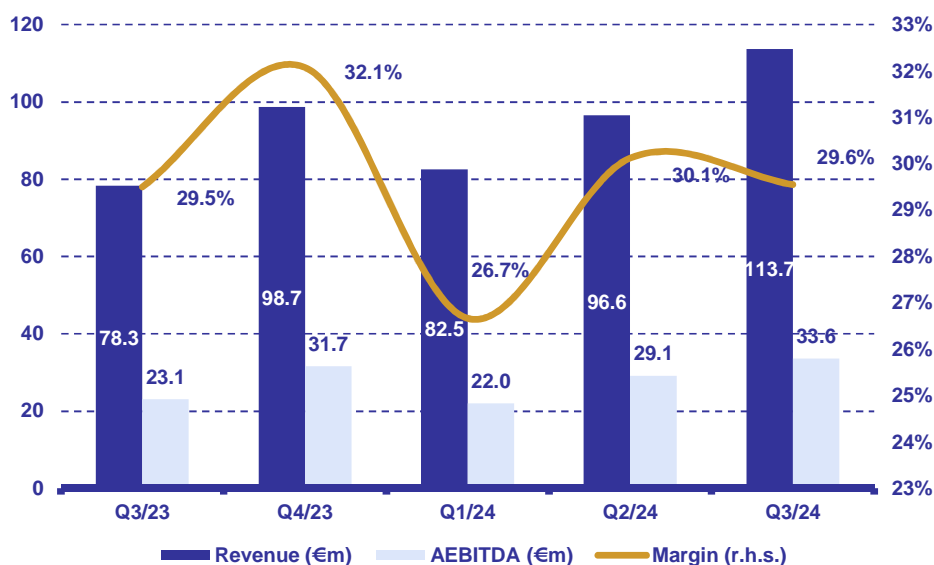


Source: First Berlin Equity Research; Verve Group SE

Meanwhile, the still nascent full-screen and video ad business continues to gain traction. Associated sales were up 50% Q/Q and 233% Y/Y to €9m. The segment may be small now, but we see the format growing in importance over the near term.



Figure 2: Quarterly sales and earnings developments



Source: First Berlin Equity Research; Verve Group SE

AEBITDA totalled €34m for the July-to-September period and beat the prior year comp by 45%, while AEBIT, excluding PPA amortisation and ~€2.6m in IAC (items affecting comparability), rose 37% after also factoring in a €2.3m impairment for a failed mobile gaming launch.

The Q3 AEBITDA margin totalled 30% (Q3/23: 30%) and landed at the low end of management's targeted medium-term corridor, which was upped to 30% to 35% after the Jun combination. On a TTM basis, AEBITDA tallied €144m—although the TTM figure includes the full year pro-forma Jun Group EBITDA, meaning the YE24 KPI should land within the guided range (€125m to €135m).

Table 2: Adjusted EBITDA bridge

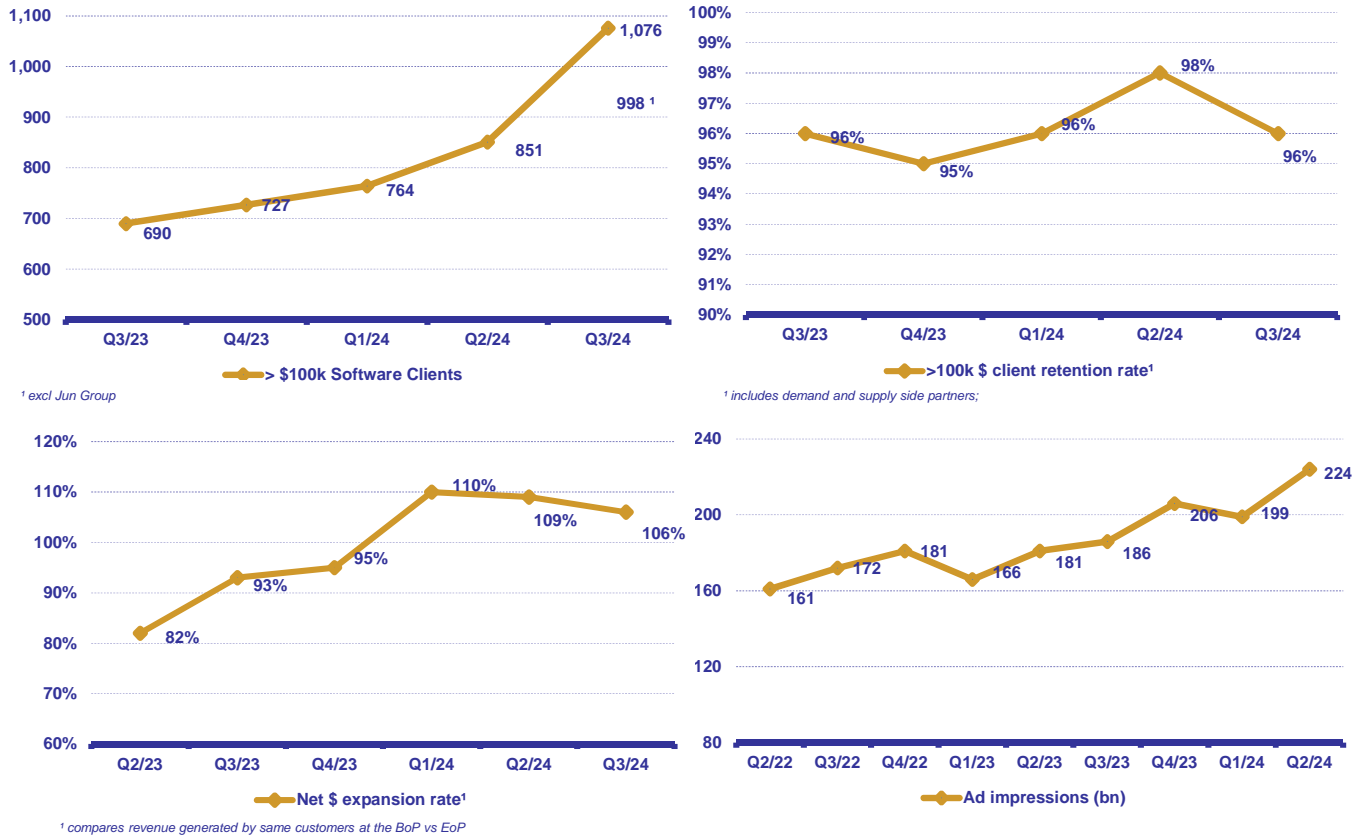
EURm	Q3/24	Q3/23	Variance	9M/24	9M/23	Variance	2023
<b>EBITDA</b>	<b>36.2</b>	<b>63.7</b>	<b>-43%</b>	<b>84.4</b>	<b>101.2</b>	<b>-17%</b>	<b>128.5</b>
Personnel expenses	0.9	4.7	-81%	2.0	6.3	-69%	7.7
Legal & advisory costs	7.8	14.0	-44%	9.6	14.9	-36%	17.3
Other expenses	4.3	3.4	27%	4.4	3.8	14%	4.4
Other operating income	-15.6	-62.8	n.m.	-15.6	-62.8	n.m.	-62.8
<b>Adj. EBITDA</b>	<b>33.6</b>	<b>23.1</b>	<b>45%</b>	<b>84.7</b>	<b>63.5</b>	<b>33%</b>	<b>95.2</b>

Source: First Berlin Equity Research; Verve Group SE



**Large software clients up 56% YoY** The onboarding and scaling up of new large software clients—defined as >\$100k in sales—is how Verve earns its crust. The KPI now includes both supply and demand side partners following the addition of Jun Group’s demand side operations and hit 1,076 at the end of Q3. Excluding Jun customers, this client base grew 45% Y/Y to 998. Meanwhile, the net \$ expansion rate, which gauges revenue growth from existing customers over a specified period, stayed in positive territory for the third consecutive quarter figure 3.

**Figure 3: Q3 key performance indicators**



Source: First Berlin Equity Research; Verve Group SE

**Table 3: Financial position highlights**

EURm	9M/24	2023	Variance
Cash	119	122	-2%
Liabilities (short- and long-term)	758	655	16%
Net debt	378	295	28%
Intangible assets	942	797	18%
Total assets	1,156	1,007	15%
Total equity	398	353	13%
Equity ratio	34%	35%	-
Interest coverage ratio*	3.3x	2.5x	-
Net leverage ratio	2.6x	3.1x	-

\* based on cash interest expenses

Source: First Berlin Equity Research; Verve Group SE

**Equity ratio steady at 34%** Cash and liquid assets remained at a healthy level (€119m). The leverage ratio stood at 2.6x at the Q3 juncture vs 3.1x at the end of 2023 and is within shooting distance of the upper end of the 1.5x to 2.5x target. The company also hinted at plans to refinance expensive debt in H1'25, which will further improve leverage ratios and also eliminate some €10m to €15m in interest expenses that are presently gobbling up good operating cash flows.

**Table 4: Cash flow developments**

EURm	Q3/24	Q3/23	Variance	9M/24	9M/23	Variance	2023
Operating cash flow	31	21	50%	55	39	42%	57
Change in WC	-13	-8	n.m.	-27	-34	n.m.	12
Net operating cash flow	54	28	95%	82	32	152%	69
Investing cash flow	-128	-10	n.m.	-149	-26	n.m.	-36
Financing cash flow	49	-15	n.m.	64	-46	n.m.	-59
Net cash flow	-25	-22	n.m.	-3	-40	n.m.	-25
Cash & cash equivalents	119	110	8%	119	110	8%	122

Source: First Berlin Equity Research; Verve Group SE

**OCF hits record level in Q3** Operating cash flow amounted to €54m before WC adjustments. Timing effects between settlements received from demand partners and payments to suppliers meant that WC contributed around €35m in cash flow during the September quarter. The positive OCF result was offset by €-128m in investing cash flow stemming chiefly from the Jun takeover, while the associated capital measures (€49m) filled the gap.



## VALUATION MODEL

Table 5: Changes to FBe and TP

	old	new	revision	upside	dividend yield	total return
Price target (€)	5.4	5.5	1.9%	62.5%	0.0%	62.5%
All figures in € '000		2024E			2025E	
	old	new	revision	old	new	revision
Revenue	409,238	409,238	0.0%	509,502	509,502	0.0%
EBITDA	120,643	129,234	7.1%	167,602	167,581	0.0%
Margin (%)	29.5%	31.6%	-	32.9%	32.9%	-
EBIT	83,794	92,385	10.3%	126,105	126,084	0.0%
Margin (%)	20.5%	22.6%	-	24.8%	24.7%	-
AEBITDA*	126,143	131,234	4.0%	171,602	171,581	0.0%
Margin (%)	30.8%	32.1%	-	33.7%	33.7%	-

\* adjusted for one-offs

Source: First Berlin Equity Research estimates

**We remain Buy-rated on Verve** The transformation of the former gaming operator into a rebranded ad-tech specialist has been a long and often bumpy road. Now Verve appears to be in the right place (digital advertising), at the right time (surging ad budgets), with the right answers (privacy-first solutions). Plus, thanks to the onboarding of Jun Group, the company now has a much more balanced platform than at YE23. We reckon the combination will continue to pay off with double digit growth over the near-term.

Table 6: DCF model

All figures in EUR '000	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Revenue	409,238	509,502	560,452	616,497	648,248	677,412	705,037	731,547
NOPLAT	66,517	90,781	107,267	120,900	128,226	135,107	141,750	148,237
(+) depreciation & amortisation	36,849	41,497	36,691	42,408	44,059	45,575	47,012	48,390
(=) Net operating cash flow	103,366	132,277	143,958	163,308	172,285	180,683	188,762	196,627
(-) Investments	-120,132	-92,034	-93,435	-47,779	-50,239	-52,499	-54,640	-56,695
(-) Working capital	1,391	6,092	4,492	5,100	3,033	2,731	2,542	2,399
(=) Free cash flows (FCF)	-15,375	46,335	55,015	120,630	125,078	130,914	136,664	142,331
PV of FCFs	-15,256	41,562	44,607	88,413	82,868	78,404	73,985	69,652

All figures in thousands	WACC	Terminal EBIT margin							
		23.8%	25.8%	27.8%	29.8%	31.8%	33.8%	35.8%	
PV of FCFs in explicit period	840,569	9.1%	6.04	6.44	6.85	7.25	7.65	8.06	8.46
PV of FCFs in terminal period	532,336	9.6%	5.54	5.89	6.24	6.59	6.94	7.29	7.65
Enterprise value (EV)	1,372,905	10.1%	5.10	5.40	5.71	6.02	6.33	6.64	6.94
(+) Net cash / (-) net debt	-260,390	10.6%	4.71	4.98	5.25	5.52	5.79	6.06	6.33
(-) Non-controlling interests	-824	11.1%	4.36	4.60	4.84	5.08	5.32	5.56	5.80
Shareholder value	1,111,691	11.6%	4.05	4.26	4.48	4.69	4.90	5.11	5.33
Fair value per share (€)	5.50	12.1%	3.77	3.96	4.15	4.34	4.53	4.72	4.91

	WACC	Terminal growth rate							
		1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	4.0%	
Cost of equity	13.2%	9.1%	6.48	6.70	6.96	7.25	7.59	7.99	8.47
Pre-tax cost of debt	9.5%	9.6%	5.95	6.14	6.35	6.59	6.87	7.19	7.57
Tax rate	28.0%	10.1%	5.49	5.65	5.82	6.02	6.25	6.51	6.81
After-tax cost of debt	6.8%	10.6%	5.08	5.21	5.36	5.52	5.71	5.92	6.17
Share of equity capital	60.0%	11.1%	4.70	4.82	4.94	5.08	5.24	5.41	5.61
Share of debt capital	40.0%	11.6%	4.37	4.46	4.57	4.69	4.82	4.97	5.13
WACC	10.6%	12.1%	4.06	4.15	4.24	4.34	4.45	4.57	4.71

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



## INCOME STATEMENT

All figures in EUR '000	2020	2021	2022	2023	2024E	2025E
<b>Revenues</b>	<b>140,220</b>	<b>252,166</b>	<b>324,444</b>	<b>321,981</b>	<b>409,238</b>	<b>509,502</b>
Capitalised work	15,994	22,851	28,928	25,954	27,903	33,627
<b>Total output</b>	<b>156,214</b>	<b>275,017</b>	<b>353,373</b>	<b>347,935</b>	<b>437,141</b>	<b>543,129</b>
Services purchased + Other OpEx	-96,365	-162,623	-215,619	-212,949	-243,906	-282,702
Personnel expenses	-39,573	-55,978	-76,207	-77,975	-79,801	-98,334
Other operating income	6,272	8,626	23,206	71,447	15,800	5,488
<b>EBITDA*</b>	<b>26,549</b>	<b>65,042</b>	<b>84,753</b>	<b>128,458</b>	<b>129,234</b>	<b>167,581</b>
Depreciation & amortisation	-15,508	-28,238	-58,135	-29,456	-36,849	-41,497
<b>Operating income (EBIT)*</b>	<b>11,041</b>	<b>36,804</b>	<b>26,618</b>	<b>99,002</b>	<b>92,385</b>	<b>126,084</b>
Net financial result	-7,139	-21,919	-37,959	-50,067	-51,530	-53,591
<b>Pre-tax income (EBT)</b>	<b>3,901</b>	<b>14,885</b>	<b>-11,341</b>	<b>48,935</b>	<b>40,854</b>	<b>72,493</b>
Income taxes	-1,194	1,169	-9,064	-2,718	-8,985	-16,311
<b>Net income</b>	<b>2,707</b>	<b>16,054</b>	<b>-20,405</b>	<b>46,217</b>	<b>31,869</b>	<b>56,182</b>
Discontinued operations	0	0	0	0	0	0
<b>Consolidated profit</b>	<b>2,707</b>	<b>16,054</b>	<b>-20,405</b>	<b>46,217</b>	<b>31,869</b>	<b>56,182</b>
Minority interests	352	7	88	513	-32	-56
<b>Net income to owners</b>	<b>3,059</b>	<b>16,060</b>	<b>-20,317</b>	<b>46,730</b>	<b>31,837</b>	<b>56,126</b>
<b>Diluted EPS (in €)</b>	<b>0.03</b>	<b>0.11</b>	<b>-0.13</b>	<b>0.27</b>	<b>0.17</b>	<b>0.28</b>
<b>Adj. EPS (excl PPA amort.) (diluted)</b>	<b>0.04</b>	<b>0.20</b>	<b>0.14</b>	<b>0.36</b>	<b>0.27</b>	<b>0.40</b>
<b>AEBITDA (excl: one-offs)</b>	<b>29,090</b>	<b>71,100</b>	<b>93,153</b>	<b>95,171</b>	<b>131,234</b>	<b>171,581</b>
<b>AEBIT (excl: PPA amort. &amp; one-offs)</b>	<b>14,916</b>	<b>54,826</b>	<b>76,508</b>	<b>76,943</b>	<b>109,135</b>	<b>147,634</b>
<b>Net income (adj. For PPA amortisation)</b>	<b>6,582</b>	<b>28,024</b>	<b>21,085</b>	<b>57,446</b>	<b>46,619</b>	<b>73,732</b>
<b>Ratios</b>						
EBITDA margin on revenues*	18.9%	25.8%	26.1%	39.9%	31.6%	32.9%
EBIT margin on revenues*	7.9%	14.6%	8.2%	30.7%	22.6%	24.7%
Net margin on revenues	2.2%	6.4%	-6.3%	14.5%	7.8%	11.0%
AEBITDA margin on revenues	20.7%	28.2%	28.7%	29.6%	32.1%	33.7%
Tax rate	30.6%	n.a.	-79.9%	2.5%	10.0%	22.5%
<b>Expenses as % of revenues</b>						
Services purchased + Other OpEx	68.7%	64.5%	66.5%	66.1%	59.6%	55.5%
Personnel expenses	28.2%	22.2%	23.5%	24.2%	19.5%	19.3%
Depreciation & amortisation	11.1%	11.2%	17.9%	9.1%	9.0%	8.1%
<b>Y-Y Growth</b>						
Revenues	67.1%	79.8%	28.7%	-0.8%	27.1%	24.5%
EBITDA*	70.8%	145.0%	30.3%	51.6%	0.6%	29.7%
AEBITDA	60.6%	144.4%	31.0%	2.2%	37.9%	30.7%
Operating income*	120.9%	233.4%	-27.7%	271.9%	-6.7%	36.5%
Net income/ loss	n.m.	425.0%	n.m.	n.m.	-31.9%	76.3%

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



## BALANCE SHEET

All figures in EUR '000	2020	2021	2022	2023	2024E	2025E
<b>Assets</b>						
<b>Current assets, total</b>	<b>92,375</b>	<b>283,599</b>	<b>221,022</b>	<b>193,513</b>	<b>210,088</b>	<b>205,676</b>
Cash and equivalents	46,254	180,157	149,992	121,739	132,538	117,746
Trade receivables	37,009	97,497	52,229	32,281	39,242	48,856
Other ST assets	9,112	5,945	18,801	39,493	38,308	39,074
<b>Non-current assets, total</b>	<b>293,467</b>	<b>650,495</b>	<b>823,637</b>	<b>813,515</b>	<b>962,559</b>	<b>988,461</b>
Property, plant & equipment	1,742	4,681	5,522	3,963	4,168	4,422
Intangible assets	272,829	605,746	791,284	796,607	938,085	963,368
Deferred taxes	15,737	11,545	6,651	10,506	17,860	18,217
Investments in associated companies	1,207	1,154	1,003	1,003	1,003	1,003
Other financial assets	1,952	27,369	19,177	1,436	1,443	1,450
<b>Total assets</b>	<b>385,842</b>	<b>934,094</b>	<b>1,044,659</b>	<b>1,007,028</b>	<b>1,172,648</b>	<b>1,194,138</b>
<b>Shareholders' equity &amp; debt</b>						
<b>Current liabilities, total</b>	<b>78,205</b>	<b>243,434</b>	<b>219,471</b>	<b>240,769</b>	<b>188,485</b>	<b>450,084</b>
Trade payables	30,037	53,754	68,711	80,335	88,687	104,393
ST debt	6,087	32,027	31,903	66,510	10,000	260,000
Provisions	17,257	54,036	65,225	61,656	62,581	63,520
Other current financial liabilities	12,897	83,568	32,290	10,747	5,374	0
Other current liabilities	11,927	20,049	21,342	21,521	21,844	22,171
<b>Long term liabilities, total</b>	<b>130,792</b>	<b>383,168</b>	<b>503,443</b>	<b>413,804</b>	<b>551,344</b>	<b>255,052</b>
Other LT financial liabilities	11,671	16,034	89,618	36,881	81,881	25,000
Bonds	95,355	343,925	389,386	348,038	440,000	200,000
Deferred tax liabilities	23,766	23,209	24,439	28,885	29,463	30,052
<b>Shareholders' equity</b>	<b>176,845</b>	<b>307,492</b>	<b>321,745</b>	<b>352,455</b>	<b>432,819</b>	<b>489,001</b>
<b>Total consolidated equity and debt</b>	<b>385,842</b>	<b>934,094</b>	<b>1,044,659</b>	<b>1,007,028</b>	<b>1,172,648</b>	<b>1,194,138</b>
<b>Ratios</b>						
Current ratio (x)	1.2	1.2	1.0	0.8	1.1	0.5
Net debt	55,188	195,795	271,297	260,390	322,835	342,254
ICR (x)	4.1	4.6	4.0	2.5	3.5	4.5
Net gearing	31%	64%	84%	74%	75%	70%
Net debt / EBITDA (x)	1.9	2.8	2.9	2.7	2.5	2.0
Equity ratio	46%	33%	31%	35%	37%	41%
Return on equity (ROE)	1.5%	5.2%	-6.3%	13.1%	7.4%	11.5%
Capital employed (CE)	307,637	690,660	825,188	766,259	984,163	744,053
Return on capital employed (ROCE)	4%	5%	3%	13%	9%	17%





## CASH FLOW STATEMENT

All figures in EUR '000	2020	2021	2022	2023	2024E	2025E
<b>Net income</b>	<b>2,707</b>	<b>16,054</b>	<b>-20,405</b>	<b>46,217</b>	<b>31,869</b>	<b>56,182</b>
Depreciation and amortisation	15,508	28,238	58,135	29,456	36,849	41,497
Other non-cash adjustments	4,072	1,165	1,907	-66,403	0	0
Net interest expense	6,264	21,600	37,959	50,065	51,530	53,591
Tax result	1,194	1,939	5,702	439	8,985	16,311
<b>Operating cash flow</b>	<b>29,745</b>	<b>68,996</b>	<b>83,298</b>	<b>59,774</b>	<b>129,234</b>	<b>167,581</b>
Tax expense	0	-425	-4,362	-2,379	-8,985	-16,311
Change in working capital	-4,543	-4,634	55,284	12,051	-2,953	6,824
<b>Net operating cash flow</b>	<b>25,202</b>	<b>63,937</b>	<b>134,220</b>	<b>69,446</b>	<b>117,295</b>	<b>158,094</b>
<b>Cash flow from investing</b>	<b>-37,707</b>	<b>-294,729</b>	<b>-176,672</b>	<b>-35,694</b>	<b>-122,012</b>	<b>-94,615</b>
Equity inflow , net	26,876	109,338	28,517	0	40,095	0
Debt inflow , net	-1,420	33,230	-51	-2,991	-27,000	-21,881
Corporate debt inflow , net	27,678	247,047	42,733	-8,162	57,452	0
Interest paid	-6,018	-22,059	-33,610	-47,972	-55,030	-56,391
Payments for non-controlling interests	-17,480	0	0	0	0	0
Other adjustments	-3,862	-2,861	-25,301	0	0	0
<b>Cash flow from financing</b>	<b>25,774</b>	<b>364,695</b>	<b>12,288</b>	<b>-59,125</b>	<b>15,517</b>	<b>-78,272</b>
<b>Net cash flows</b>	<b>13,269</b>	<b>133,903</b>	<b>-30,164</b>	<b>-25,373</b>	<b>10,799</b>	<b>-14,793</b>
Fx adjustments	0	0	0	-2,883	0	0
Cash, start of the year	32,984	46,254	180,157	149,992	121,739	132,538
<b>Cash, end of the year</b>	<b>46,253</b>	<b>180,157</b>	<b>149,992</b>	<b>121,737</b>	<b>132,538</b>	<b>117,746</b>
<b>Free cash flow (FCF)</b>	<b>-12,505</b>	<b>-230,792</b>	<b>-42,452</b>	<b>33,752</b>	<b>-4,717</b>	<b>63,480</b>
<b>FCFps (in €)</b>	<b>-0.15</b>	<b>-1.63</b>	<b>-0.27</b>	<b>0.21</b>	<b>-0.03</b>	<b>0.34</b>
<b>Y-Y Growth</b>						
Operating cash flow	56.4%	153.7%	109.9%	-48.3%	68.9%	34.8%
Free cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
FCF / share	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.

## Imprint / Disclaimer

### First Berlin Equity Research

First Berlin Equity Research GmbH ist ein von der BaFin betreffend die Einhaltung der Pflichten des §85 Abs. 1 S. 1 WpHG, des Art. 20 Abs. 1 Marktmissbrauchsverordnung (MAR) und der Markets Financial Instruments Directive (MiFID) II, Markets in Financial Instruments Directive (MiFID) II Durchführungsverordnung und der Markets in Financial Instruments Regulations (MiFIR) beaufsichtigtes Unternehmen.

First Berlin Equity Research GmbH is one of the companies monitored by BaFin with regard to its compliance with the requirements of Section 85 (1) sentence 1 of the German Securities Trading Act [WpHG], art. 20 (1) Market Abuse Regulation (MAR) and Markets in Financial Instruments Directive (MiFID) II, Markets in Financial Instruments Directive (MiFID) II Commission Delegated Regulation and Markets in Financial Instruments Regulations (MiFIR).

Anschrift:

First Berlin Equity Research GmbH  
Friedrichstr. 34  
10117 Berlin  
Germany

Vertreten durch den Geschäftsführer: Martin Bailey

Telefon: +49 (0) 30-80 93 9 680

Fax: +49 (0) 30-80 93 9 687

E-Mail: [info@firstberlin.com](mailto:info@firstberlin.com)

Amtsgericht Berlin Charlottenburg HR B 103329 B

UST-Id.: 251601797

Ggf. Inhaltlich Verantwortlicher gem. § 6 MDStV

First Berlin Equity Research GmbH

**Authored by: Ellis Acklin, Senior Analyst**

**All publications of the last 12 months were authored by Ellis Acklin.**

**Company responsible for preparation: First Berlin Equity Research GmbH, Friedrichstraße 69, 10117 Berlin**

The production of this recommendation was completed on 2 December 2024 at 09:51

**Person responsible for forwarding or distributing this financial analysis: Martin Bailey**

**Copyright© 2024 First Berlin Equity Research GmbH** No part of this financial analysis may be copied, photocopied, duplicated or distributed in any form or media whatsoever without prior written permission from First Berlin Equity Research GmbH. First Berlin Equity Research GmbH shall be identified as the source in the case of quotations. Further information is available on request.

### **INFORMATION PURSUANT TO SECTION 85 (1) SENTENCE 1 OF THE GERMAN SECURITIES TRADING ACT [WPHG], TO ART. 20 (1) OF REGULATION (EU) NO 596/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF APRIL 16, 2014, ON MARKET ABUSE (MARKET ABUSE REGULATION) AND TO ART. 37 OF COMMISSION DELEGATED REGULATION (EU) NO 2017/565 (MIFID) II.**

First Berlin Equity Research GmbH (hereinafter referred to as: "First Berlin") prepares financial analyses while taking the relevant regulatory provisions, in particular section 85 (1) sentence 1 of the German Securities Trading Act [WpHG], art. 20 (1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) and art. 37 of Commission Delegated Regulation (EU) no. 2017/565 (MiFID II) into consideration. In the following First Berlin provides investors with information about the statutory provisions that are to be observed in the preparation of financial analyses.

### **CONFLICTS OF INTEREST**

In accordance with art. 37 (1) of Commission Delegated Regulation (EU) no. 2017/565 (MiFID) II and art. 20 (1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) investment firms which produce, or arrange for the production of, investment research that is intended or likely to be subsequently disseminated to clients of the firm or to the public, under their own responsibility or that of a member of their group, shall ensure the implementation of all the measures set forth in accordance with Article 34 (2) lit. (b) of Regulation (EU) 2017/565 in relation to the financial analysts involved in the production of the investment research and other relevant persons whose responsibilities or business interests may conflict with the interests of the persons to whom the investment research is disseminated. In accordance with art. 34 (3) of Regulation (EU) 2017/565 the procedures and measures referred to in paragraph 2 lit. (b) of such article shall be designed to ensure that relevant persons engaged in different business activities involving a conflict of interests carry on those activities at a level of independence appropriate to the size and activities of the investment firm and of the group to which it belongs, and to the risk of damage to the interests of clients.

In addition, First Berlin shall pursuant to Article 5 of the Commission Delegated Regulation (EU) 2016/958 disclose in their recommendations all relationships and circumstances that may reasonably be expected to impair the objectivity of the financial analyses, including interests or conflicts of interest, on their part or on the part of any natural or legal person working for them under a contract, including a contract of employment, or otherwise, who was involved in producing financial analyses, concerning any financial instrument or the issuer to which the recommendation directly or indirectly relates.

With regard to the financial analyses of Verve Group SE the following relationships and circumstances exist which may reasonably be expected to impair the objectivity of the financial analyses: The author, First Berlin, or a company associated with First Berlin reached an agreement with the Verve Group SE for preparation of a financial analysis for which remuneration is owed.

Furthermore, First Berlin offers a range of services that go beyond the preparation of financial analyses. Although First Berlin strives to avoid conflicts of interest wherever possible, First Berlin may maintain the following relations with the analysed company, which in particular may constitute a potential conflict of interest:

- The author, First Berlin, or a company associated with First Berlin owns a net long or short position exceeding the threshold of 0.5 % of the total issued share capital of the analysed company;
- The author, First Berlin, or a company associated with First Berlin holds an interest of more than five percent in the share capital of the analysed company;

- The author, First Berlin, or a company associated with First Berlin provided investment banking or consulting services for the analysed company within the past twelve months for which remuneration was or was to be paid;
- The author, First Berlin, or a company associated with First Berlin reached an agreement with the analysed company for preparation of a financial analysis for which remuneration is owed;
- The author, First Berlin, or a company associated with First Berlin has other significant financial interests in the analysed company;

With regard to the financial analyses of Verve Group SE the following of the aforementioned potential conflicts of interests or the potential conflicts of interest mentioned in Article 6 paragraph 1 of the Commission Delegated Regulation (EU) 2016/958 exist: The author, First Berlin, or a company associated with First Berlin reached an agreement with the Verve Group SE for preparation of a financial analysis for which remuneration is owed.

In order to avoid and, if necessary, manage possible conflicts of interest both the author of the financial analysis and First Berlin shall be obliged to neither hold nor in any way trade the securities of the company analyzed. The remuneration of the author of the financial analysis stands in no direct or indirect connection with the recommendations or opinions represented in the financial analysis. Furthermore, the remuneration of the author of the financial analysis is neither coupled directly to financial transactions nor to stock exchange trading volume or asset management fees.

**INFORMATION PURSUANT TO SECTION 64 OF THE GERMAN SECURITIES TRADING ACT [WPHG], DIRECTIVE 2014/65/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 15 MAY 2014 ON MARKETS IN FINANCIAL INSTRUMENTS AND AMENDING DIRECTIVE 2002/92/EC AND DIRECTIVE 2011/61/EU, ACCOMPANIED BY THE MARKETS IN FINANCIAL INSTRUMENTS REGULATION (MIFIR, REG. EU NO. 600/2014).**

First Berlin notes that it has concluded a contract with the issuer to prepare financial analyses and is paid for that by the issuer. First Berlin makes the financial analysis simultaneously available for all interested security financial services companies. First Berlin thus believes that it fulfils the requirements of section 64 WpHG for minor non-monetary benefits.

**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 <sup>1</sup>	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%

<sup>1</sup> 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...32	↓	↓	↓	↓
33	11 March 2024	€1.37	Buy	€3.60
34	20 March 2024	€1.27	Buy	€3.60
35	9 April 2024	€1.86	Buy	€3.80
36	8 May 2024	€1.79	Buy	€4.10
37	24 June 2024	€1.66	Buy	€4.90
38	14 August 2024	€2.74	Buy	€5.40
39	2 September 2024	€3.01	Buy	€5.40
40	30 October 2024	€3.40	Buy	€5.40
41	Today	€3.39	Buy	€5.50

**INVESTMENT HORIZON**

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

### UPDATES

At the time of publication of this financial analysis it is not certain whether, when and on what occasion an update will be provided. In general First Berlin strives to review the financial analysis for its topicality and, if required, to update it in a very timely manner in connection with the reporting obligations of the analysed company or on the occasion of ad hoc notifications.

### SUBJECT TO CHANGE

The opinions contained in the financial analysis reflect the assessment of the author on the day of publication of the financial analysis. The author of the financial analysis reserves the right to change such opinion without prior notification.

#### 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**

### EXCLUSION OF LIABILITY (DISCLAIMER)

#### RELIABILITY OF INFORMATION AND SOURCES OF INFORMATION

The information contained in this study is based on sources considered by the author to be reliable. Comprehensive verification of the accuracy and completeness of information and the reliability of sources of information has neither been carried out by the author nor by First Berlin. As a result no warranty of any kind whatsoever shall be assumed for the accuracy and completeness of information and the reliability of sources of information, and neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be liable for any direct or indirect damage incurred through reliance on the accuracy and completeness of information and the reliability of sources of information.

#### RELIABILITY OF ESTIMATES AND FORECASTS

The author of the financial analysis made estimates and forecasts to the best of the author's knowledge. These estimates and forecasts reflect the author's personal opinion and judgement. The premises for estimates and forecasts as well as the author's perspective on such premises are subject to constant change. Expectations with regard to the future performance of a financial instrument are the result of a measurement at a single point in time and may change at any time. The result of a financial analysis always describes only one possible future development – the one that is most probable from the perspective of the author – of a number of possible future developments.

Any and all market values or target prices indicated for the company analysed in this financial analysis may not be achieved due to various risk factors, including but not limited to market volatility, sector volatility, the actions of the analysed company, economic climate, failure to achieve earnings and/or sales forecasts, unavailability of complete and precise information and/or a subsequently occurring event which affects the underlying assumptions of the author and/or other sources on which the author relies in this document. Past performance is not an indicator of future results; past values cannot be carried over into the future.

Consequently, no warranty of any kind whatsoever shall be assumed for the accuracy of estimates and forecasts, and neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be liable for any direct or indirect damage incurred through reliance on the correctness of estimates and forecasts.

#### INFORMATION PURPOSES, NO RECOMMENDATION, SOLICITATION, NO OFFER FOR THE PURCHASE OF SECURITIES

The present financial analysis serves information purposes. It is intended to support institutional investors in making their own investment decisions; however in no way provide the investor with investment advice. Neither the author, nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be considered to be acting as an investment advisor or portfolio manager vis-à-vis an investor. Each investor must form his own independent opinion with regard to the suitability of an investment in view of his own investment objectives, experience, tax situation, financial position and other circumstances.

The financial analysis does not represent a recommendation or solicitation and is not an offer for the purchase of the security specified in this financial analysis. Consequently, neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall as a result be liable for losses incurred through direct or indirect employment or use of any kind whatsoever of information or statements arising out of this financial analysis.

A decision concerning an investment in securities should take place on the basis of independent investment analyses and procedures as well as other studies including, but not limited to, information memoranda, sales or issuing prospectuses and not on the basis of this document.

#### NO ESTABLISHMENT OF CONTRACTUAL OBLIGATIONS

By taking note of this financial analysis the recipient neither becomes a customer of First Berlin, nor does First Berlin incur any contractual, quasi-contractual or pre-contractual obligations and/or responsibilities toward the recipient. In particular no information contract shall be established between First Berlin and the recipient of this information.

#### NO OBLIGATION TO UPDATE

First Berlin, the author and/or the person responsible for passing on or distributing the financial analysis shall not be obliged to update the financial analysis. Investors must keep themselves informed about the current course of business and any changes in the current course of business of the analysed company.

#### DUPLICATION

Dispatch or duplication of this document is not permitted without the prior written consent of First Berlin.

#### SEVERABILITY

Should any provision of this disclaimer prove to be illegal, invalid or unenforceable under the respectively applicable law, then such provision shall be treated as if it were not an integral component of this disclaimer; in no way shall it affect the legality, validity or enforceability of the remaining provisions.

#### APPLICABLE LAW, PLACE OF JURISDICTION

The preparation of this financial analysis shall be subject to the law obtaining in the Federal Republic of Germany. The place of jurisdiction for any disputes shall be Berlin (Germany).

#### NOTICE OF DISCLAIMER

By taking note of this financial analysis the recipient confirms the binding nature of the above explanations.

By using this document or relying on it in any manner whatsoever the recipient accepts the above restrictions as binding for the recipient.

#### QUALIFIED INSTITUTIONAL INVESTORS

First Berlin financial analyses are intended exclusively for qualified institutional investors.

**This report is not intended for distribution in the USA and/or Canada.**