

## Verve

### Strong Q4 with good momentum into FY25

Verve delivered a strong Q424, with organic net revenue growth of 24% and resultant progress for the full year of 36% to €437m, clearly outstripping our modelled €420m. The group's focus on ID-less targeting solutions for advertising markets is delivering greater market share, although the industry shift away from cookie-based solutions has been slower than originally anticipated. The growth is broadly based, with an increasing number of scaled customers, high retention rates and increased activity levels. Verve is continuing to invest to support its growth, with more emphasis on its US sales effort in an expanding market and continuing platform integrations. We have lifted net revenue forecasts for FY25 and FY26, staying with conservative margin assumptions.

Year end	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (€)	P/E (x)	EV/EBITDA (x)
12/23	322.0	95.2	26.8	0.36	9.4	10.3
12/24	437.0	133.2	48.6	0.22	15.3	7.3
12/25e	520.0	175.0	98.6	0.35	9.5	5.6
12/26e	560.0	185.0	116.6	0.42	8.0	5.3

Note: EBITDA is adjusted. PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

### Gaining market share

Verve can only continue to grow by demonstrating that it delivers value to its customers. Full-screen and video ads fulfil that brief well and these are building as a proportion, accounting for around 9% of Q424 net revenues. Overall revenues are well spread, with the largest customer accounting for around 6% of either advertiser or publisher revenues. Customer retention for the larger customers (those bringing gross revenues of over \$100k) is very strong at 97% in Q424, with the number of customers in this category up by 39% organically. A net dollar expansion rate of 110% indicates that they are spending more money with Verve, with overall ad impressions delivered up 33% y-o-y in Q424.

### Jun Group boosting the demand side

The acquisition of Jun Group has lifted Verve's demand side revenues to 27% of the Q424 total, with the goal remaining a 50:50 split. The integration programme is progressing well, with Verve on track to deliver €9m of revenue synergies targeted for 2025, with the mid-term targets reiterated at €30–40m on an annualised basis.

### Valuation: Still scope for rating expansion

There has been a marked difference in underlying and stock market performance across the ad tech sector, with clear winners and losers. Verve falls comfortably into the former group, with a 246% share price increase over one year, +17% year-to-date. We have now rebased the comparison across FY24–26e. This and revisions to prospects elsewhere in the sector have weighed on the comparative valuation, which on average EV/sales and average EV/EBITDA over FY24–26 now sits at €3.94, a little ahead of the current price. Restricting to an EV/EBITDA basis would lift this to €5.44, which is closer to our discounted cash flow (DCF)-based approach, which returns an implied value of €6.17.

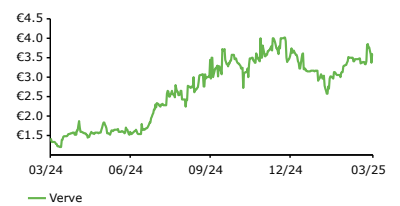
### Q424 and FY24 figures

Media

6 March 2025

<b>Price</b>	<b>€3.36</b>
<b>Market cap</b>	<b>€628m</b>
Net cash/(debt)	€(351.2)m
Shares in issue	186.8m
Code	M8G
Primary exchange	FRA
Secondary exchange	N/A

#### Share price performance



%	1m	3m	12m
Abs	8.2	(1.0)	189.2
52-week high/low	€4.1	€1.2	

#### Business description

Verve operates a software platform for the automated buying and selling of digital advertising spaces in real time. It is the market leader in in-app advertising in the US and among the largest providers in Europe. Verve also serves substantial CTV volumes, plus channels such as mobile web and digital out-of-home.

#### Next events

Q125 report 28 May 2025

#### Analyst

Fiona Orford-Williams +44 (0)20 3077 5700

[tmt@edisongroup.com](mailto:tmt@edisongroup.com)

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## Scaling up, reaping rewards

It is worth looking at how Verve has been building over the last three years on a quarter-by-quarter basis, which shows how the development and investment in prior years has powered the growth seen in 2024. The strong Q424 performance is despite the much stronger comparatives from Q423. The final quarter is always going to be the most heavily weighted due to the inherent seasonality of the market, which will also show through in a higher adjusted EBITDA margin.

### Exhibit 1: Key metrics by quarter

€m	Q122	Q222	Q322	Q422	Q123	Q223	Q323	Q423	Q124	Q224	Q324	Q424
Ad impressions (bn)	156	161	172	181	166	181	186	206	199	224	243	274
<b>Total software clients &gt;\$100K</b>	<b>479</b>	<b>513</b>	<b>546</b>	<b>551</b>	<b>612</b>	<b>642</b>	<b>690</b>	<b>727</b>	<b>764</b>	<b>851</b>	<b>1,076</b>	<b>1,140</b>
Total software clients				1,913	1,847	1,976		2,276	2,410	2,518	>2,800	>2,900
<b>Revenue</b>	<b>65.9</b>	<b>78.1</b>	<b>87.6</b>	<b>92.9</b>	<b>68.8</b>	<b>76.2</b>	<b>78.3</b>	<b>98.7</b>	<b>82.5</b>	<b>96.6</b>	<b>113.7</b>	<b>144.2</b>
y-o-y revenue growth (%)	27%	37%	39%	16%	4%	-2%	3%	26%	20%	27%	45%	46%
q-o-q revenue growth (%)	-18%	19%	12%	6%	-26%	11%	3%	26%	-16%	17%	18%	27%
EBITDA	16.9	20.0	21.4	26.5	17.4	17.4	63.7	27.3	20.2	28.1	36.2	44.1
<b>Adjusted EBITDA</b>	<b>17.6</b>	<b>21.1</b>	<b>23.0</b>	<b>24.0</b>	<b>19.1</b>	<b>19.1</b>	<b>23.1</b>	<b>31.7</b>	<b>22.0</b>	<b>29.1</b>	<b>33.6</b>	<b>48.5</b>
<b>Adjusted EBITDA margin (%)</b>	<b>27%</b>	<b>27%</b>	<b>26%</b>	<b>26%</b>	<b>28%</b>	<b>25%</b>	<b>30%</b>	<b>32%</b>	<b>27%</b>	<b>30%</b>	<b>30%</b>	<b>34%</b>

Source: Verve Group

## Revisions to forecasts

In light of the Q424 performance propelling group revenues to €437m, ahead of our prior FY24 forecast of €420m, we have lifted our FY25 revenue estimate from €510m to €520m and for FY26 from €545m to €560m. Bearing in mind the investment needed to deliver these top-line objectives, we have left our adjusted EBITDA estimate at €175m and shaved our FY26 figure from €188m to €185m.

The mid-term guidance remains for a revenue CAGR of 25–30%, returning an EBITDA margin in a range of 30–35% and an EBIT margin of 20–25%, all of which were delivered in 2024. Verve has additional guidance on net leverage of 1.5–2.5x (again met in FY24 at 2.4x). We anticipate good levels of free cash flow in FY25, resulting in a reduction in net debt by year-end to a figure of around €300m. Management is planning to refinance the group's bonds during the current year, which should result in a meaningful reduction in interest costs. Our current modelling results in an FY25 leverage figure of 1.7x, and 1.3x for FY26.

## Valuation

There has been a seeming divide within the adtech sector of perceived winners and losers, and Verve is clearly in the former category. Nine out of the 19 stocks that we include in the peer table are down, on average by 27% over a one-year horizon, while the 10 that have increased in value have risen an average of 94%. Verve is in the positive category, with a one-year gain of 246%. In view of the shift in the business model, we no longer feel it relevant or appropriate to continue to compare Verve with the online games stocks.

Since our [December report](#), we have rolled on a year in the comparison table, with FY0 now representing 2024. Looking at an average rating on EV/sales and EV/EBITDA across a three-year time horizon, pricing Verve's shares at parity would suggest a share price of €3.94, a little ahead of the current level. Were we simply to look at a smoothed EV/EBITDA across the same period, this would rise to €5.44. Carrying out a DCF, with the same inputs as previously in terms of weighted average cost of capital (10%) and terminal growth (2%), indicates a level of €6.17, up from €5.89 in December.

**Exhibit 2: Peer valuations**

Company	Price	YTD	Market cap	Net debt	EV/sales (x)			EV/EBITDA (x)			P/E (x)			One year
	(local ccy)	performance (%)	(€m)	(€m)	FY0	FY1e	FY2e	FY0	FY1e	FY2e	FY0	FY1e	FY2e	performance (%)
<b>Ad-tech</b>														
The Trade Desk	74.0	(37)	35,904	(1,251)	14.4	12.2	10.1	34.9	31.3	25.0	150.1	42.0	34.2	(9)
PubMatic	14.4	(1)	691	(158)	2.0	1.8	1.7	6.4	6.2	5.4	69.7	169.2	43.5	(13)
Viant Technology	20.3	7	1,187	(196)	4.4	3.9	3.3	28.3	23.2	18.1	132.0	74.2	49.0	117
Magnite	17.6	10	2,355	191	4.3	3.9	3.5	13.0	11.5	10.0	23.8	18.7	15.0	78
Illumin	2.6	49	91	(32)	0.7	0.6	0.6	16.7	9.9	8.1	-	78.2	30.7	61
Perion	8.5	(2)	418	(428)	0.1	0.1	0.1	0.8	1.0	0.9	33.3	44.6	34.3	(63)
Fluent	2.7	6	54	13	0.3	0.3	0.3		13.5	6.0	-	-	-	(18)
Taboola	3.1	(15)	1,197	(33)	0.7	0.6	0.5	5.8	5.3	4.4	10.4	6.7	5.5	(23)
Outbrain	5.7	(20)	533	(43)	0.5	0.3	0.3	11.3	3.1	3.1	94.6	12.4	8.8	45
DoubleVerify Holdings	22.0	15	3,610	(276)	5.1	4.5	4.0	15.3	13.6	11.8	59.8	44.4	39.8	(48)
Integral Ad Science Hold	10.0	(4)	1,583	26	3.1	2.8	2.5	8.9	7.9	7.0	41.2	30.3	23.5	(41)
LiveRamp Holdings	30.0	(1)	1,892	(342)	2.4	2.1	2.0	14.6	11.1	9.1	232.2	17.6	14.6	(18)
Digital Turbine	3.7	119	366	324	1.4	1.5	1.5	8.1	10.8	8.8		12.5	9.3	7
Nexxen	8.3	(17)	509	(89)	1.1	1.0	1.0	3.7	3.3	2.8	17.1	11.9	10.5	66
Criteo	39.9	1	2,094	(307)	1.7	1.6	1.5	4.9	4.8	4.4	20.8	8.7	8.1	23
YOC	18.6	13	63	(1)	1.7	1.5	1.3	10.6	8.6	7.4	16.2	11.5	10.8	17
<b>Median</b>		<b>(0)</b>			<b>1.7</b>	<b>1.6</b>	<b>1.5</b>	<b>10.6</b>	<b>9.2</b>	<b>7.2</b>	<b>41.2</b>	<b>18.7</b>	<b>15.0</b>	<b>(1)</b>
<b>Ad-software and content</b>														
AppLovin	328.5	2	123,753	2,533	27.9	22.7	18.4	48.2	34.1	25.8		56.6	36.5	531
Azerion	1.6	41	199	144	0.7	0.6	0.6	6.8	5.5	4.4			20.4	(8)
Future	944.5	2	1,223	NULL	1.7	1.7	1.7	5.6	5.7	5.4	15.2	7.4	6.5	42
<b>Median</b>		<b>2</b>			<b>1.7</b>	<b>1.7</b>	<b>1.7</b>	<b>6.8</b>	<b>5.7</b>	<b>5.4</b>	<b>15.2</b>	<b>32.0</b>	<b>20.4</b>	<b>42</b>
Total average		2			1.7	1.6	1.5	9.8	8.6	7.0	37.2	18.7	17.7	7
Verve	3	17	627	351	2.3	1.9	1.8	7.5	5.7	5.4	17.5	10.9	9.2	246
<b>Premium/(discount) to ad-tech</b>		<b>17</b>			<b>35%</b>	<b>23%</b>	<b>22%</b>	<b>-29%</b>	<b>-38%</b>	<b>-25%</b>	<b>-57%</b>	<b>-42%</b>	<b>-39%</b>	
<b>Premium/(discount) to ad-software &amp; conten</b>		<b>15</b>			<b>35%</b>	<b>12%</b>	<b>8%</b>	<b>12%</b>	<b>1%</b>	<b>1%</b>	<b>16%</b>	<b>-66%</b>	<b>-55%</b>	
<b>Premium/(discount) to total</b>		<b>15</b>			<b>35%</b>	<b>20%</b>	<b>20%</b>	<b>-23%</b>	<b>-33%</b>	<b>-23%</b>	<b>-53%</b>	<b>-42%</b>	<b>-48%</b>	

Source: LSEG Data & Analytics, Edison Investment Research. Note: Prices as at 3 March 2025.

**Exhibit 3: Financial summary**

Year end 31 December	€000s	2022	2023	2024	2025e	2026e
		IFRS	IFRS	IFRS	IFRS	IFRS
<b>INCOME STATEMENT</b>						
Revenue		324,444	321,981	437,005	520,000	560,000
Operating costs excl. D&A		(239,691)	(193,523)	(308,485)	(350,000)	(375,500)
Adjusted EBITDA		93,202	95,171	133,249	175,000	185,000
EBITDA		84,753	128,458	128,520	170,000	184,500
Operating profit (before amort. and excepts.)		76,556	76,943	107,102	148,767	158,050
Amortisation of acquired intangibles		(14,853)	(13,706)	(18,093)	(15,000)	(15,000)
Exceptionals		(27,100)	(6,500)	(4,728)	(5,000)	(500)
Share-based payments		(1,613)	(1,613)	0	0	0
Reported operating profit		26,618	55,124	90,281	128,767	142,550
Net Interest		(37,959)	(50,128)	(58,479)	(50,186)	(41,476)
Joint ventures & associates (post tax)		0	0	0	0	0
Exceptionals		0	0	0	0	0
Profit Before Tax (norm)		38,597	26,814	48,623	98,581	116,574
Profit Before Tax (reported)		(11,341)	4,996	31,803	78,581	101,074
Reported tax		(9,064)	(2,718)	(2,998)	(25,932)	(33,354)
Profit After Tax (norm)		21,085	57,312	40,897	66,049	78,105
Profit After Tax (reported)		(20,405)	46,218	30,417	52,649	67,720
Minority interests		(88)	(513)	(10)	(13)	(16)
Discontinued operations		0	0	0	0	0
Net income (normalised)		20,947	57,025	40,897	66,063	78,122
Net income (reported)		(20,317)	46,731	30,417	52,662	67,735
Average Number of Shares Outstanding (m)		156.2	159.2	186.7	186.7	186.7
EPS - basic normalised (c)		13.4	35.8	21.9	35.4	41.8
EPS - normalised fully diluted (c)		12.0	32.1	19.7	31.8	37.6
EPS - basic reported (c)		(13.0)	29.3	16.3	28.2	36.3
Dividend (c)		0.0	0.0	0.0	0.0	0.0
Revenue growth (%)		28.7	(0.8)	35.7	19.0	7.7
Adjusted EBITDA Margin (%)		28.7	29.6	30.5	33.7	33.0
Normalised Operating Margin (%)		23.6	23.9	24.5	28.6	28.2
<b>BALANCE SHEET</b>						
Fixed Assets		823,637	813,515	1,013,147	1,039,755	1,060,139
Intangible Assets		791,284	796,607	986,855	1,013,229	1,033,379
Tangible Assets		5,522	3,963	4,313	4,547	4,781
Investments & other		26,831	12,945	21,979	21,979	21,979
Current Assets		221,022	193,513	238,214	283,262	353,523
Stocks		0	0	0	0	0
Debtors		52,229	32,281	47,600	52,712	56,767
Cash & cash equivalents		149,992	121,740	145,614	185,550	251,756
Other		18,801	39,493	45,000	45,000	45,000
Current Liabilities		219,471	240,768	303,607	289,215	300,572
Creditors		68,711	80,335	167,871	174,595	185,952
Short-term borrowings		31,903	34,510	0	0	0
Other financial liabilities		97,515	104,402	94,572	94,572	94,572
Other non-financial liabilities		21,342	21,521	41,164	20,048	20,048
Long-Term Liabilities		503,443	413,804	498,489	459,255	459,255
Long-term borrowings		389,386	348,038	445,782	437,530	437,530
Other long-term liabilities		114,057	65,766	52,707	21,725	21,725
Net Assets		321,745	352,456	449,265	574,547	653,835
Minority interests		(1,211)	182	200	182	182
Shareholders' equity		322,956	352,274	449,065	574,365	653,653
<b>CASH FLOW</b>						
Operating Cash Flow		(20,405)	46,218	30,417	52,649	67,720
Depreciation & amortisation		70,694	29,491	37,964	41,233	41,950
Working capital		55,284	12,051	21,860	1,612	7,303
Exceptional & other		1,907	(66,328)	(15,700)	0	0
Tax		1,340	(1,940)	4,500	0	0
Net finance cost		37,959	50,065	58,479	50,186	41,476
Net operating cash flow		146,779	69,556	137,519	145,680	158,448
Capex		(45,859)	(35,047)	(42,554)	(34,934)	(37,334)
Acquisitions/disposals		(138,000)	0	(119,493)	(32,000)	(25,000)
Equity financing		28,517	0	48,311	0	0
Dividends		0	0	0	0	0
Other		(53,413)	(52,301)	0	(31,810)	(29,908)
Net Cash Flow		(61,976)	(17,792)	23,782	46,936	66,206
Opening net debt/(cash)		198,600	273,900	297,427	350,676	303,740
FX		0	(2,881)	0	0	0
Other non-cash movements		(13,324)	(2,854)	(77,031)	0	0
Closing net debt/(cash)		273,900	297,427	350,676	303,740	237,534

Source: Verve accounts, Edison Investment Research

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