Verve Group

Q1, bond issue and capital raise

Funding accelerating investment programme

Media

25 June 2025

The Verve Group has successfully completed a directed share issue of 12.9m new shares, raising SEK360m (€32.5m), with which it intends to scale its sales capacity, develop new product solutions, invest further in AI and expand into emerging areas such as retail media (with maximum leverage of 2.5x). This comes on the heels of a bond refinancing, reducing interest costs. Q1 figures showed revenues up 32% on Q124, delivering an adjusted EBITDA margin of 28%. We have edged revenue expectations up, but take a more cautious view on margins given the accelerated investment programme. Verve's privacy-first and AI-driven solutions position it well to gain further market share. In our view, the valuation remains undemanding.

Year end	Revenue (€m)	Adj. EBITDA (€m)	PBT (€m)	EPS (€)	EV/EBITDA (x)	P/E (x)
12/23	322.0	95.2	26.9	0.36	9.9	7.2
12/24	437.0	133.2	46.3	0.22	7.1	11.6
12/25e	540.0	162.0	90.2	0.35	5.8	7.3
12/26e	593.0	182.0	114.7	0.44	5.2	6.0

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

Q1 results show strong start to the year

Revenue was up 32% on Q124, representing organic growth of 16% (excl. the Jun Group acquisition and FX impact). Adj. EBITDA was up 37%, giving a margin of 28%, from 27% in Q124. Verve has now issued its guidance for the full year (previously only medium-term aspirations have been published), putting revenue in a range of €530–565m, with adj. EBITDA of €155–175m. We have increased our revenue estimate from €520m to €540m, but trimmed adj. EBITDA from €175m to €162m until the outlook clarifies. This still gives an expected margin of 30.0%, at the bottom of the medium-term guided range of 30–35%. Our FY26 revenue estimate climbs from €560m to €593m, with an EBITDA of €182m (previously €185m).

Working to optimise capital structure

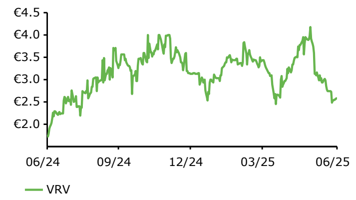
Management had previously indicated a bond refinancing exercise. This was cemented in May, with the issue of a €500m senior unsecured callable floating rate bonds, due 1 April 2029. The proceeds are to redeem existing bonds, with surplus for investment in growth. The key impact is a substantial reduction in interest costs, which we now estimate at €34.7m for FY26, down from €41.5m. More recently, Verve completed an oversubscribed €33m directed share issue, bringing in new institutional investors predominantly from Sweden, Norway, the UK and the US. Speed and cost made this the preferred option over a traditional rights issue.

Valuation: Discount to ad-tech peers

Ad-tech sector share prices have underperformed over the year-to-date as macroeconomic prospects stuttered, with an average decline of 16% and little protection offered by scale. The median FY25 rating is now 1.3x revenue and 7.2x EBITDA. If Verve was trading at par across FY25 and FY26, this would imply a share price of €3.25 (March 25: €3.94). This is 25% higher than the current level. Our DCF-based approach returns a higher value at €6.52 (was €6.17).

Price	**€2.60**
Market cap	**€594m**
Net cash/(debt) at 31 March 25	€(351.2)m
Shares in issue	187.2m
Code	VRV
Primary exchange	FSE
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	(5.4)	(17.2)	103.5
52-week high/low		€4.2	€1.5

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.

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Analyst

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

tmt@edisongroup.com

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Q1 metrics show continuing positive trends

Ad impressions in the first quarter were well ahead of prior year, in what is always the least busy period of the year. The net dollar expansion rate was 100%, with a continued increase in the numbers of clients generating over $100k of gross revenue. Total software client numbers were also ahead, as shown in the table below. The overall growth therefore represents both new customers coming on board and a greater spend from existing customers, with a particular uplift in mobile full-screen and video formats. Higher personnel costs reflect the inclusion of staff from Jun Group, bought in July 2024, with overall margins slightly ahead of Q124.

Reduction in net leverage is one a key focus for the year, with a medium-term target range of 1.5–2.5x adjusted EBITDA. On a pro-forma last-12-months basis to include Jun's EBITDA, the adjusted Q125 ratio was 2.5x. Our full-year estimate is for FY25 to return to 1.5x, which implies a good level of potential flexibility to look at accelerating the drive to build market share, both through greater internal investment and/or through additional acquisitions.

Exhibit 1: Add heading

€m	Q124	Q224	Q324	Q424	Q125
Ad impressions (bn)	199	224	243	274	248
Total software clients >$100K	**764**	**851**	**1,076**	**1,140**	**1,152**
Total software clients	2,410	2,518	>2,800	>2,900	>3,050
Revenue	**83**	**97**	**114**	**144**	**109**
y-o-y revenue growth (%)	20%	27%	45%	46%	32%
q-o-q revenue growth (%)	-16%	17%	18%	27%	-24%
EBITDA	20	28	36	44	27
Adjusted EBITDA	**22**	**29**	**34**	**49**	**30**
Adjusted EBITDA margin (%)	**27%**	**30%**	**30%**	**34%**	**28%**

Source: The Verve Group

Market conditions broadly favourable despite turbulence

While the broad market conditions for the advertising sector are overshadowed by concerns regarding geopolitics and the wider macroeconomic backdrop, there are some core positive trends underpinning Verve's confidence in its medium-term prospects.

Key is the group's positioning on privacy-first advertising solutions, which sit well with market developments. The incorporation of AI and data has been in the group's DNA for many years, so it is integral rather than grafted on to its methodologies. The group is the market-leading mobile supply-side platform (SSP) on both Google Play and Apple in the US, the largest global market. The investment in balancing up the demand-side is reflected in the increasing proportion of revenues; up to 24% of the group (pre-intersegment elimination) in Q125, from 13% in Q124. EBITDA margin is higher on this side of the business at 34.1% against 18.9% from the SSP activities (Q124: 22.2% and 21.5%, respectively).

It is as yet far from clear what the ramifications might be from an enforced break-up of Google's advertising activities, but any change would likely enhance the opportunity to take market share for those players with sufficient funding and market position. We would view Verve as being a potential beneficiary. This applies to the broader sector beyond Google, where market patience with the proliferation of platforms, business models and lack of transparency has worn thin and consolidation among the providers is likely to accelerate. In the less established channels, such as retail media and audio, the opportunity exists to build a meaningful position without the need to dislodge an incumbent.

Revisions to forecasts

With the full-year numbers in March, we increased our FY25 revenue forecast from €510m to €520m. In light of the strong revenue performance in Q1, we raise this again to €540m, with a consequent uplift in the FY26 figure from €560m to €593m. This is a 10% increase on FY25, which is well below management's medium-term ambitions for revenue growth of 25–30%, with this more reflective of the degree of underlying uncertainty in the market. We are now assuming a heavier spend on sales and marketing and new product development in the current year, again informed by the Q1 results. This results in a lower FY25 adjusted EBITDA estimate of €162m from €175m, with a smaller reduction in FY26 from €185m to €182m. This equates to a margin of 30.0% rising to 30.7% in FY26, which is at the lower end of management's medium-term guided range of 30–35%.

We have now also factored in the benefit on interest cost of the bond refinancing, with the new bonds bearing a coupon of three-month EURIBOR +4.0%. With a full year, our FY26 assumed interest cost falls from €41.5m to €34.7m.

Valuation

As previously, we have looked at Verve's rating when compared with ad-tech peers, which are primarily listed in North America. The general stock market performance of the sector has been weak over the year to date, in line with sentiment towards advertising markets, with the notable exception of Digital Turbine, which has surprised on the upside and raised guidance.

Verve is trading ahead of peers on EV/sales but below on EV/EBITDA. If we average these measures and look across both the current year and FY26, parity to peers would equate to a share price of €3.25, around 30% higher than the current level. A DCF analysis (WACC: 10%, terminal growth of 2%, unchanged) suggests a higher value at €6.52, up from €6.17 previously.

Exhibit 2: Peer valuation

	Price	YTD performance	Market Cap	Net Debt	EV/Sales (x)			EV/EBITDA (x)		
Company	**(local CCY)**	**(%)**	**(€m)**	**(€m)**	**FY0**	**FY1e**	**FY2e**	**FY0**	**FY1e**	**FY2e**
Ad-tech										
The Trade Desk	68.7	(42)	29,395	(1,856)	11.5	11.0	9.2	27.7	27.9	22.8
Pubmatic	11.1	(25)	468	(135)	1.2	1.3	1.1	3.9	5.2	4.0
Viant Technology	13.1	(31)	712	(198)	1.9	1.7	1.5	12.3	10.8	8.3
Magnite	18.8	18	2,314	68	4.1	4.0	3.6	12.4	12.2	10.7
Illumin	1.9	3	64	(33)	0.3	0.3	0.3	8.2	6.4	4.1
Perion	9.5	13	374	(361)	0.0	0.0	0.0	0.3	0.4	0.3
Fluent	1.9	(25)	34	25	0.2	0.3	0.2	-	-	7.6
Taboola	3.7	0	1,022	(110)	0.5	0.5	0.5	4.8	4.9	4.8
Outbrain	2.5	(65)	208	(160)	0.1	0.0	0.0	1.3	0.3	0.2
DoubleVerify Holdings	14.2	(26)	2,007	(297)	2.7	2.7	2.4	8.0	8.3	7.3
Integral Ad Science Hold	8.2	(21)	1,180	(49)	2.3	2.2	1.9	6.4	6.2	5.4
LiveRamp Holdings	30.1	(1)	1,705	(389)	2.0	1.8	1.7	10.6	8.0	7.0
Digital Turbine	6.7	299	628	341	2.1	2.1	-	15.0	12.4	-
Nexxen	806.0	1	556	(145)	1.4	-	-	5.4	-	-
Criteo	23.9	(40)	1,107	(303)	0.8	0.8	0.8	2.3	2.4	2.4
YOC	14.6	(11)	51	(1)	1.4	1.2	1.1	9.0	8.3	6.6
Median		**(16)**			**1.4**	**1.3**	**1.1**	**8.0**	**7.2**	**6.0**
Ad-software and content										
AppLovin	344.4	6	101,517	2,673	23.5	21.3	17.3	41.2	28.8	22.0
IronSource	23.9	6	8,659	697	5.4	6.0	5.5	25.9	29.7	23.7
Azerion	1.2	7	152	203	0.6	0.6	0.5	6.2	4.6	3.9
Future	703.5	(24)	864	354	1.3	1.4	1.4	4.2	4.6	4.6
Median		**6**			**3.4**	**3.7**	**3.5**	**16.1**	**16.7**	**13.3**
Total average		**(0)**			**1.4**	**1.4**	**1.3**	**8.0**	**7.2**	**6.0**
Verve	2.5	(21)	461	333	1.9	1.6	1.4	6.3	5.2	4.6
Premium/(discount) to ad-tech		***(5)***			***39%***	***24%***	***28%***	***(21%)***	***(27%)***	***(23%)***
Premium/(discount) to ad-software and content		***(27)***			***(43%)***	***(58%)***	***(59%)***	***(61%)***	***(69%)***	***(65%)***
Premium/(discount) to total		***(20)***			***39%***	***12%***	***13%***	***(21%)***	***(27%)***	***(23%)***

Source: LSEG Data & Analytics, Edison Investment Research. Note: Priced at 19 June 2025.

Exhibit 3: Financial summary

€000s	2022	2023	2024	2025e	2026e
Year end 31 December	IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT					
Revenue	324,444	321,981	437,005	540,000	593,000
Operating costs excl. D&A	(239,691)	(193,523)	(308,485)	(383,000)	(411,500)
Adjusted EBITDA	93,202	95,171	133,249	162,000	182,000
EBITDA	84,753	128,458	128,520	157,000	181,500
Operating profit (before amort. and excepts.)	76,556	76,943	104,765	130,125	149,446
Amortisation of acquired intangibles	(14,853)	(13,706)	(15,409)	(15,400)	(15,400)
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	90,628	109,725	133,546
Net Interest	(37,959)	(50,066)	(58,479)	(39,951)	(34,709)
Joint ventures & associates (post tax)	0	0	0	0	0
Exceptionals	0	0	0	0	0
Profit Before Tax (norm)	38,597	26,877	46,286	90,175	114,737
Profit Before Tax (reported)	(11,341)	5,058	32,150	69,775	98,837
Reported tax	(9,064)	(2,718)	(2,998)	(16,746)	(23,721)
Profit After Tax (norm)	21,085	57,446	38,781	68,533	87,200
Profit After Tax (reported)	(20,405)	46,369	22,244	53,029	75,116
Minority interests	(88)	(513)	10	(13)	(16)
Discontinued operations	0	0	0	0	0
Net income (normalised)	20,947	57,159	38,761	68,546	87,218
Net income (reported)	(20,317)	46,882	22,224	53,041	75,132
Average Number of Shares Outstanding (m)	156.2	159.2	173.4	193.4	200.0
EPS - basic normalised (c)	13.4	35.9	22.4	35.4	43.6
EPS - normalised fully diluted (c)	12.0	32.2	20.0	32.0	39.5
EPS - basic reported (c)	(13.0)	29.4	12.8	27.4	37.6
Dividend (c)	0.0	0.0	0.0	0.0	0.0
Revenue growth (%)	28.7	(0.8)	35.7	23.6	9.8
Adjusted EBITDA Margin (%)	28.7	29.6	30.5	30.0	30.7
Normalised Operating Margin (%)	23.6	23.9	24.0	24.1	25.2
BALANCE SHEET					
Fixed Assets	823,637	813,516	1,013,147	1,034,006	1,050,366
Intangible Assets	791,284	796,607	986,855	1,007,480	1,023,606
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	239,302	398,386	481,185
Stocks	0	0	0	0	0
Debtors	52,229	32,281	60,871	54,740	60,112
Cash & cash equivalents	149,992	121,740	146,702	311,917	389,344
Other	18,801	39,493	31,729	31,729	31,729
Current Liabilities	219,471	240,769	303,082	299,341	311,816
Creditors	68,711	80,335	167,346	184,721	197,196
Short-term borrowings	31,903	32,000	50,090	50,090	50,090
Other financial liabilities	97,515	106,913	44,482	44,482	44,482
Other non-financial liabilities	21,342	21,521	41,164	20,048	20,048
Long-Term Liabilities	503,443	413,804	498,489	610,871	610,871
Long-term borrowings	389,386	348,038	445,782	558,164	558,164
Other long-term liabilities	114,057	65,766	52,707	52,707	52,707
Net Assets	321,745	352,456	450,878	522,180	608,865
Minority interests	(1,211)	182	200	200	200
Shareholders' equity	322,956	352,274	450,678	521,980	608,665
CASH FLOW					
Operating Cash Flow	(20,405)	46,369	22,244	53,029	75,116
Depreciation & amortisation	70,694	29,491	37,616	47,275	47,954
Working capital	55,284	12,051	8,064	23,506	7,103
Exceptional & other	1,907	(66,493)	15	0	0
Tax	1,340	(1,940)	4,500	0	0
Net finance cost	37,959	50,065	58,479	39,951	34,709
Net operating cash flow	146,779	69,543	130,918	163,760	164,882
Capex	(45,859)	(35,047)	(42,554)	(36,134)	(39,314)
Acquisitions/disposals	(138,000)	0	(119,493)	(32,000)	(25,000)
Equity financing	28,517	0	48,311	33,000	0
Dividends	0	0	0	0	0
Other	(53,413)	(52,301)	0	(21,575)	(23,141)
Net Cash Flow	(61,976)	(17,805)	17,181	107,051	77,427
Opening net debt/(cash)	198,600	273,900	294,917	354,767	247,716
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	297,440	354,767	247,716	170,289

Source: Company accounts, Edison Investment Research

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London | New York | Frankfurt
20 Red Lion Street
London, WC1R 4PS
United Kingdom