

# SPOT Q3 2025 — Profitability Inflection Confirmed

Record profitability amid market scepticism

REVENUE

€4.3B

+13% YoY

OPERATING INCOME

€582M

Beat by €97M

FREE CASH FLOW

€806M

Record, LTM €2.9B

Stock at ~\$440, down 44% from June 2025 peak — strongest operating quarter meets weakest investor sentiment

# Immediate Issues for Investor Decision

Key catalysts for Q1 2026 position adjustments

## Pricing Power Test

- ▶ Jan 15, 2026: Individual plan raised to \$12.99/mo
- ▶ Now \$2 above Apple Music (\$10.99)
- ▶ JPMorgan: +\$500M revenue potential
- ▶ Risk: churn could offset 60% of gain
- ▶ Watch: Q4 sub adds vs 289M target (Feb 10)

## Valuation — Opportunity or Trap?

- ▶ Stock: \$440 (–44% from peak) at ~29× fwd earnings
- ▶ Citi: Buy, \$650 target (Jan 30, 2026)
- ▶ Goldman: Downgrade (Dec 2025)
- ▶ Operating income rising while stock falls

## Divergence: Performance vs. Sentiment

Stock Price (June 2025 → Jan 2026)

**\$785 → \$440 (–44%)**

Operating Income (Q2 → Q3 2025)

**€400M → €582M (+46%)**

# Investment Actions — Q1-Q2 2026

Trigger-based position management framework

PRIORITY	ACTION	TRIGGER	TIMELINE
1	HOLD — monitor Q4 earnings	Feb 10 report	Immediate
2	If subs >289M & margin >32.9%: INCREASE 10%	Q4 beat	Q1 2026
3	If subs miss by >3M: REDUCE 20%	Q4 miss	Q1 2026

**Strategic Watch:** Content diversification (podcasts, audiobooks, AI features) expanding TAM — track non-music revenue share in FY2025 results