

SPOT

Spotify Technology S.A.

NYSE · Luxembourg foreign private issuer (20-F / 6-K) · reports in € under IFRS
Brad Wolff, with my AI equity research desk

\$529.14 +0.52%

1D · NYSE close Fri Oct 9, 2026, 4:00 PM ET (Yahoo, end of day)
Market cap \$108.78B basic · \$111.93B fully diluted

BUY (HALF)

At \$503-508
Out below \$487



PERFORMANCE		price return to Oct 9, 2026		
PERIOD	SPOT	S&P 500	REL.	
1W (from Oct 2)	+11.9%	+1.2%	+10.7 pp	
1M (from Sep 9)	+1.2%	+2.3%	-1.1 pp	
3M (from Jul 9)	+8.9%	+3.6%	+5.3 pp	
YTD (from Dec 31)	-8.9%	+14.1%	-23.0 pp	
1Y (from Oct 9, 2025)	-21.5%	+16.0%	-37.5 pp	

Source: Yahoo daily closes for SPOT and *GSPC (S&P 500 at 7,811.54 on Oct 9, 2026). Price return only.

TREND		close Oct 9, 2026
vs. 50-day	+2.4% (50-day \$516.58, rising)	
vs. 200-day	+6.1% (200-day \$498.69, falling)	
Support	\$516-518 / \$489-499	
Stop	Daily close below \$487	
Resistance	\$540.82-543.05 / \$564.89-576.00	
Next earnings	Thu Oct 22, 2026, before open (confirmed)	
Volume	1.32M on Oct 9 vs 1.68M 3-month average. Buy (half) needs a 1.69M+ bounce day	

THE CALL		Oct 11, 2026 · revised to three cases
Rating	Buy (half) , half risk, revised from Wait earlier on Oct 11. A great business priced near my blended base. Red-flag screen: Caution	
SPOT value	Blend ~\$536 (low ~\$413, high ~\$615), the call basis. Base cases: Market-implied ~\$467 · Growth-adjusted ~\$605 · Conservative floor ~\$381 (low ~\$298, high ~\$468)	
SPOT levels	Buy (half) level: at or below ~\$536 (blend base). Buy (full) level: ~\$429 (blend less 20%, Medium), or ~\$375 if graded High. Earlier Oct 11 call: Wait, buy-below ~\$305 (~\$267 High)	
Price vs value	\$529.14 is only ~1% under the blend base (thin cushion). It is 39% above the Conservative floor	
Trigger	Buy (half) at \$503-508 on a bounce day of 1.69M shares or more. Add to Buy (full) at or below ~\$429	
Technical stop	Out on a daily close below \$487. Levels expire after Oct 22. The last four earnings gaps ran -10.2% to +11.6%	
Re-check	After Q3 2026 results, Thu Oct 22, 2026, before the open	

MY READ	
- Spotify now produces real cash. FCF went from €21M (FY2022) to €3,261M (TTM to Jun 30, 2026). - At \$529 I need ~11.4% a year revenue growth for five years (3-stage reverse DCF), against ~14% consensus and a mid-teens 2030 plan. That gap is the case for a half position. - The forensic screen came back Caution, with no Fail. Founder control, label bargaining power and steady co-CEO selling are what I'd price in. - The chart is constructive but stalled at the value-area high (\$543.05). I buy half on a pullback to \$503-508, out below \$487. Levels expire after Oct 22.	

VALUATION		Oct 9 price	GROWTH & PROFITABILITY		TTM Q2'26	BALANCE SHEET		Jun 30, 2026	OTHER		as dated
P/E TTM, distorted		29.1x	Revenue		€18.11B (\$20.3B)	Cash + ST invest.		€9.39B (\$10.52B)	Dividend yield		none
Forward P/E consensus		34.8x	Revenue growth Q2 Y/Y		+14% (+15% FXN)	Financial debt		€0	Beta 5Y, S&P		1.61
EV/Sales TTM		5.0x	Gross margin		32.8%	Lease liabilities		€0.47B	52W range		\$405.00-700.12
EV/EBITDA TTM, S&P		33.1x	Operating margin		14.6%	Net cash before leases		\$10.52B	Shares short FINRA Sep 30		4.26M
EV/FCF TTM		27.8x	FCF margin		18.0%	Shares out		205.58M	Short % float est.		~2.7%
FCF yield FD mkt cap		3.3%	Net margin incl. note		18.4%	Fully diluted (gross)		211.54M	Days to cover FINRA Sep 30		2.92
FCF less SBC yield		3.0%	ROIC S&P		124.5%	Share count Y/Y Jun/Jun		-0.09%	Institutional own.		67.8%

Sources: price, 52W range and 1D change from Yahoo (Oct 9, 2026 close). Forward P/E, P/E, EV/EBITDA, ROIC, beta and institutional ownership from stockanalysis.com / S&P Global (Oct 11, 2026). EV, EV/Sales, EV/FCF and the yields are my own math: EV = FD market cap less net cash before leases (\$10.52B) at 1.1206 USD/EUR (Yahoo, Oct 9). Balance sheet and shares from the Q2 2026 6-K (Aug 4, 2026), with Jun 30, 2025 shares (205.78M) from the Q2 2025 6-K. Short interest from FINRA (Sep 30, 2026 settlement).

1. The business and why it matters now

Spotify has two segments. Premium (subscriptions) was 91% of Q2 2026 revenue. Ad-Supported is the free tier, which feeds Premium and runs a small ad business. Since 2024 the company has shown it can raise prices without breaking growth: Premium ARPU rose 7% in Q2 2026 while subscribers grew 9%. At the May 21, 2026 Investor Day, management set 2030 targets of mid-teens revenue growth, a 35-40% gross margin and an operating margin above 20%. Two more changes landed this year: Ek handed the CEO role to co-CEOs Alex Norström and Gustav Söderström on January 1 and became Executive Chairman, and the \$1.5B exchangeable notes were paid off in cash on March 15. Q3 results arrive October 22.

KPIs BY QUARTER						Q2 2025 - Q2 2026		GUIDANCE AND TARGETS	
METRIC	Q2'25	Q3'25	Q4'25	Q1'26	Q2'26	Y/Y	Q3'26 MAUs	788M (+11M net adds)	
MAUs (M)	696	713	751	761	777	+12%	Q3'26 subs	305M (+5M)	
Premium subs (M)	276	281	290	293	300	+9%	Q3'26 revenue	€5.0B (~200bp FX tailwind)	
Ad-supported MAUs (M)	433	446	476	483	494	+14%	Q3'26 gross margin	32.9%	
Premium ARPU (€/mo)	4.57	4.53	4.70	4.76	4.89	+7%	Q3'26 op. income	€670M (incl. €9M social charges)	
Revenue (€M)	4,193	4,272	4,531	4,533	4,777	+14%	2030 targets	Mid-teens FXN revenue CAGR · GM 35-40% · op. margin above 20%	
Gross margin	31.5%	31.6%	33.1%	33.0%	33.4%	+193bp	North Stars	1B subs · \$100B revenue · GM above 40%	
Operating margin	9.7%	13.6%	15.5%	15.8%	13.7%		Q2 vs guide	Revenue in line · GM 33.4% vs 33.1% · op. income €655M vs €630M · MAUs 1M short	
FCF (€M)	700	806	834	824	797	+14%	Sources: Q2 2026 deck (guidance as of Aug 4, 2026) and Investor Day recap, newsroom.spotify.com (May 21, 2026). Spotify guides one quarter at a time.		
Social charges (€M)	115	n/a	n/a	(39)	1				
Churn	n/a: Spotify does not disclose churn								
Sources: Q2 2026 deck (Aug 4, 2026) for users, revenue, margins and FCF. ARPU from each quarter's deck (Q2'25 Jul 29, 2025, Q3'25 Nov 4, 2025, Q4'25 Feb 10, 2026, Q1'26 Apr 28, 2026). Social charges from the Q1/Q2'26 decks.									

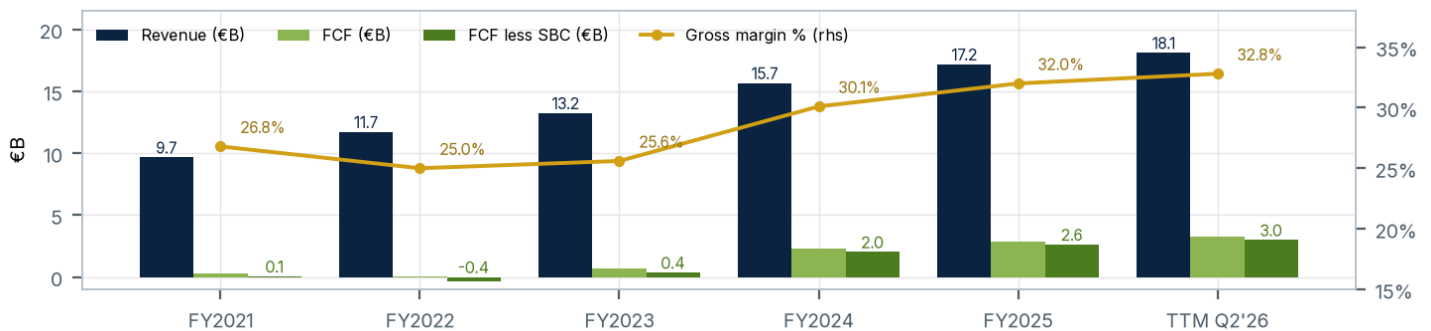
Why gross margin went from 25% to 33%

Cost of revenue is mostly royalties. It fell from 75.0% of revenue in FY2022 to 67.2% TTM. The 20-F and the decks credit four things: price increases, "marketplace" programs such as Discovery Mode where labels pay for promotion, cleaner podcast economics, and audiobooks crossing a 30% gross margin. At Investor Day the CFO said about a third of the expansion came from music and the rest from podcasts and audiobooks. Premium gross margin went from 28.3% (FY2022) to 34.9% (Q2 2026). Ad-Supported went from 2.0% to 19.1%, helped by a 2025 move of video-podcast costs into Premium. The headwind is the other side of the table: some licensors raised rates in 2025, and Spotify paid the music industry more than \$11B that year (Loud & Clear, Mar 11, 2026).

2. The numbers

€M (IFRS)	FY2021	FY2022	FY2023	FY2024	FY2025	TTM Q2'26
Revenue	9,668	11,727	13,247	15,673	17,186	18,113
Revenue growth	22.7%	21.3%	13.0%	18.3%	9.7%	+11.1% (H1/H1)
Premium / Ad-Supported	8,460 / 1,208	10,251 / 1,476	11,566 / 1,681	13,819 / 1,854	15,350 / 1,836	n/a (recast)
Gross margin	26.8%	25.0%	25.6%	30.1%	32.0%	32.8%
Cost of revenue % of revenue	73.2%	75.0%	74.4%	69.9%	68.0%	67.2%
Operating income	94	(659)	(446)	1,365	2,198	2,653
Operating margin	1.0%	-5.6%	-3.4%	8.7%	12.8%	14.6%
Net income*	(34)	(430)	(532)	1,138	2,212	3,339
Operating cash flow	361	46	680	2,301	2,933	3,337
Capex	85	25	6	17	61	79
Free cash flow	277	21	678	2,285	2,874	3,261
Stock-based comp (SBC)	223	381	321	267	247	274
FCF less SBC (owner earnings)	54	(360)	357	2,018	2,627	2,987
Social costs on SBC, exp./(benefit)	(32)	(64)	71	291	125	(103)
Year-end MAUs / subs (M)	406 / 180	489 / 205	602 / 236	675 / 263	751 / 290	777 / 300
*Net income swings with fair-value marks on the exchangeable notes (for example a €421M loss in Q2 2025 and a €184M gain in H1 2026), so I use operating income and FCF. FCF is Spotify's definition: operating cash flow less capex, adjusted for restricted cash. Sources: 20-F filings FY2021-FY2025 (latest Feb 10, 2026) and SEC XBRL, Q2 2026 6-K and deck (Aug 4, 2026). TTM = Q3 2025 to Q2 2026. Segment split per each 20-F, before the Jan 1, 2026 recast.						

SPOT fundamentals, FY2021 - TTM to Jun 30, 2026 (€, IFRS)



Source: 20-F FY2021-FY2025 and SEC XBRL, plus the Q2 2026 6-K and deck (Aug 4, 2026). TTM = Q3 2025 to Q2 2026. FCF per company definition.

BALANCE SHEET AND LIQUIDITY		€M · Jun 30, 2026	SHARES, DILUTION AND BUYBACKS		Jun 30, 2026
Cash and equivalents		5,938	Issued / treasury		210.24M / (4.66M)
Short-term investments		3,450	Outstanding		205.58M
Exchangeable notes (repaid in cash Mar 15, 2026 for €1,304M)		0	Options (avg strike \$256.44) + RSUs		4.50M + 1.46M
Net cash before leases (no financial debt)		9,388	Fully diluted, gross / treasury method		211.54M / ~209.36M
		(~\$10.52B)	Share count Y/Y (Jun 30, 2025: 205.78M)		-0.09%
Lease liabilities (current 62 + non-current 404)		466	H1'26 buybacks		1.35M sh for €547M (\$638M)
Tencent Music stake, FVOCI (not in my value, ~\$6/sh)		1,118	Authorization after Aug 20 (+\$1.5B)		~\$2.223B
Deferred revenue / accrued rights-holder fees		778 / 1,971	H1'26 grants (options + RSUs)		~1.41M (~0.7% of shares)
Content minimum guarantees (Dec 31, 2025)		~2,700	Sources: Q2 2026 6-K notes 13-14, Q2 2025 6-K, buyback 6-K (Aug 20, 2026). Buybacks offset grants and don't shrink the base. Management says that's the intent.		
Sources: Q2 2026 6-K (Aug 4, 2026) and FY2025 20-F, including accrued fees and minimum guarantees.					

3. Valuation and what the price implies

SPOT VALUATION CASES						per FD share · Oct 9 close \$529.14 · my model, Oct 11, 2026
CASE	LOW	BASE	HIGH	PRICE VS BASE	METHOD	
Conservative (floor only)	\$298	\$381	\$468	+39%	Trailing OE, 50% DCF at 10% + 50% x 14-20x, + net cash after leases (below)	
Market-implied	\$407	\$467	\$481	+13%	NTM OE x 20/21.8/21.8x + net cash ex-leases \$10.52B. The 21.8x peer-median cap binds in base and high, so they differ only by NTM earnings	
Growth-adjusted	\$419	\$605	\$749	-13%	3-stage DCF at 10%: revenue +14%/yr for 5 years, OE margin 16.5% to 22% (2030 targets), fade to 3%	
Blend (call basis)	\$413	\$536	\$615	-1%	Buy (half) ≤ ~\$536 · Buy (full) ~\$429 (20%, Medium) · entry \$503-508, out below \$487	
Earlier call, Oct 11 (history)	~\$298	~\$381	~\$468	+39%	Wait, buy-below ~\$305 (Medium), ~\$267 if High	
NTM revenue +14.0% and EPS growth from stockanalysis.com consensus (Oct 8, 2026). The Growth-adjusted low case is 10% growth with the OE margin only reaching 18%. The Market-implied low is +12.9% NTM growth at 20x. Reverse DCF at \$529.14: 11.4% a year revenue growth in years 1-5 (3-stage), or 12.8% owner-earnings growth for 10 years on the single-path model.						

What changed and why. My earlier call on Oct 11 put a 20% margin of safety on the conservative base (~\$381), which gave ~\$305, a level that ignores most of the growth I actually expect. I now show three cases and set the Buy (half) level at the base of the market-implied and growth-adjusted blend (~\$536), gated by the red-flag check (Caution) and a technical stop (\$487), with Buy (full) only at or below ~\$429. The cushion is thin: \$529.14 sits about 1% under the Buy (half) level, and Oct 22 earnings gaps have run -10.2% to +11.6%, so a single print could carry it through either line.

Conservative floor, in detail. The call rests on the \$536 blend above. The tables below show only the Conservative case, the floor I keep in view. I value the company on owner earnings, which I define as FCF less SBC. TTM owner earnings are €2,987M, about \$3.35B at 1.1206 USD/EUR. Each Conservative scenario blends 50% from a 10-year DCF at a 10% discount rate with 50% from 14-20x those earnings. I add net cash after leases (~\$10.0B: €8,922M, after €466M of leases) and divide by 211.54M fully diluted shares.

CONSERVATIVE CASE: BEAR / BASE / BULL							floor detail - Oct 11, 2026 - vs \$529.14			
CASE	WHAT HAS TO HAPPEN (MY ASSUMPTIONS)	OE GROWTH Y1-5 / Y6-10	TERMINAL	MULTIPLE	DCF	MULTIPLE LEG	SPOT VALUE	VS PRICE		
Cons. low	Labels take back the margin gains, GM stuck at 32-33%, revenue growth slows to high single digits, ads stay flat	6% / 6%	2.5%	14x	\$326	\$269	~\$298	-44%		
Cons. base	Roughly the 2030 plan: mid-teens revenue CAGR, GM toward ~35%, op. margin toward ~20%, SBC flat as a share of revenue	12% / 8%	3.0%	17x	\$445	\$316	~\$381	-28%		
Cons. high	GM heads to 38-40%, ads, audiobooks and add-ons scale, price increases keep sticking	16% / 10%	3.5%	20x	\$572	\$364	~\$468	-12%		
Inputs from section 2 and the Oct 9, 2026 close. The multiple leg is applied to trailing owner earnings, which penalizes a grower. That is why the Market-implied and Growth-adjusted cases sit higher.										

SPOT CONSERVATIVE BASE: DISCOUNT RATE × TERMINAL GROWTH				SPOT CONSERVATIVE BASE: GROWTH × MULTIPLE			
DISCOUNT RATE	TG 2.5%	TG 3.0%	TG 3.5%	OE GROWTH Y1-5	14X	17X	20X
9%	\$405	\$417	\$432	9%	\$334	\$358	\$381
10%	\$372	\$381	\$390	12%	\$357	\$381	\$404
11%	\$348	\$353	\$360	15%	\$383	\$406	\$430
Conservative base path (12%/8%) with a 17x multiple leg. Floor detail only. The call keys off the \$536 blend.				10% discount rate, 8% growth in years 6-10, 3% terminal.			

Reverse DCF. To justify \$529.14 on DCF alone with 3% terminal growth, owner earnings must compound ~10.5% a year for ten years at a 9% discount rate, ~12.8% at 10%, and ~15.0% at 11%. For context, revenue compounded about 15.5% a year from FY2021 to FY2025 and management guides to mid-teens. Owner earnings can outgrow revenue while margins expand, but that tailwind shrinks as gross margin approaches the 35-40% target.

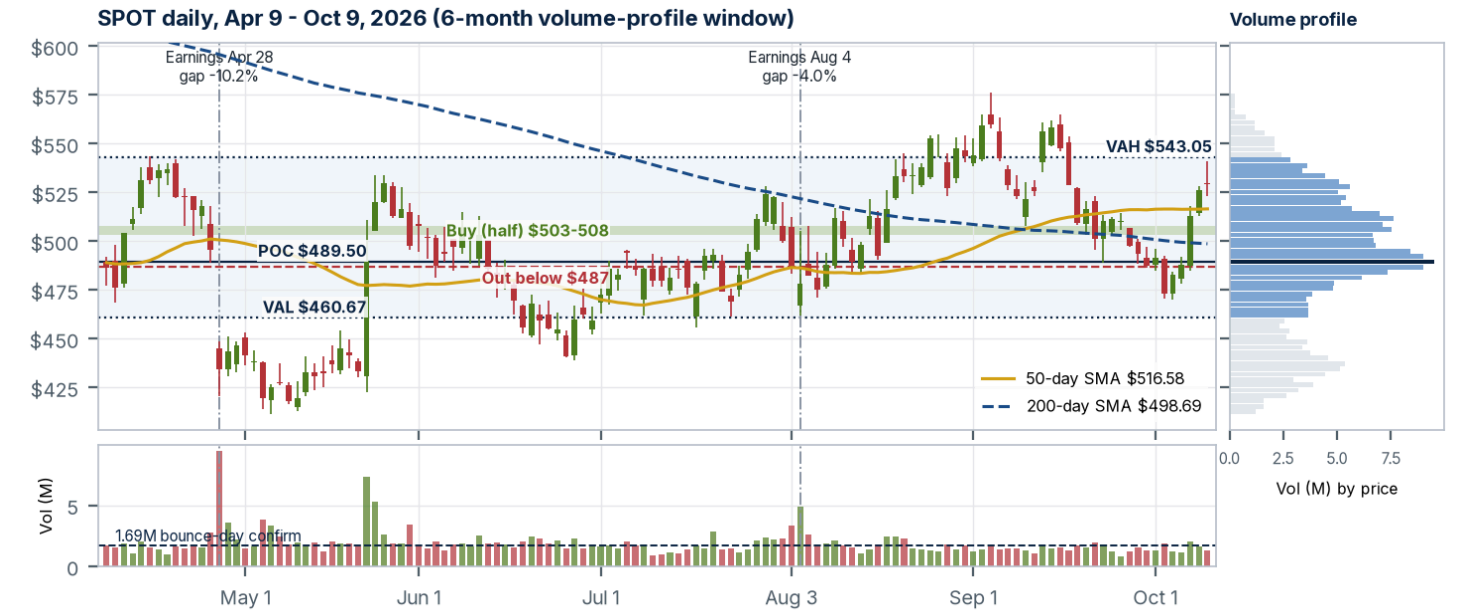
EXPECTATIONS VS. WHAT I BELIEVE			Oct 11, 2026
TOPIC	WHAT \$529 IS PRICING IN	WHAT I BELIEVE	
Growth	~11.4% a year revenue growth for five years, then a fade (3-stage reverse DCF), or ~12.8% OE growth for ten years on the Conservative single-path model	Consensus is ~14% and the plan is mid-teens, so five years clears the bar. I won't underwrite ten years at full size while three labels and Merlin control most of the cost line, hence half.	
Margins	The 2030 plan (GM 35-40%, op. margin above 20%) mostly delivered	A 35% GM is reachable. 40% depends on marketplace and bundling economics that the MLC suit and regulators can challenge.	
Multiple	34.8x forward earnings and 30x owner earnings on enterprise value (about 33x on fully diluted market cap): a premium to Netflix	Spotify has less pricing power over its supply than Netflix, which owns much of its content. I cap the Market-implied multiple at the 21.8x peer median. I won't pay the market's premium.	
Capital return	Buybacks treated as shareholder yield	So far they only offset grants. Per-share owner earnings track total owner earnings.	
Control	Not priced at all	69.3% founder voting control on ~15.1% of the economics deserves a discount, one reason the screen is Caution and the position half.	

PEER COMPS: GROWTH, MARGINS AND MULTIPLES										TTM - prices Oct 9, 2026		
COMPANY	PRICE	MKT CAP	REVENUE TTM	REV. GROWTH FCST (3Y)	GROSS MARGIN	OP. MARGIN	FCF MARGIN	NET CASH (DEBT)	FWD EV/SALES P/E	EV/SALES	EV/FCF	
SPOT	\$529.14	\$111.9B FD	€18.1B	13.9%	32.8%	14.6%	18.0%	\$10.5B before leases	34.8x	5.0x	27.8x	
NFLX	\$70.30	\$292.7B	\$48.4B	11.6%	49.1%	29.7%	23.1%	(\$7.5B)	20.3x	6.2x	26.9x	
UMG (Amsterdam)	€14.90	€27.0B	€12.8B	7.0%	41.7%	16.1%	12.2%	(€5.0B)	14.3x	2.5x	20.4x	
WMG	\$28.72	\$15.0B	\$7.3B	7.2%	45.8%	17.2%	11.5%	(\$4.3B)	17.5x	2.6x	23.1x	
TME	\$8.38	\$13.8B	\$5.0B	7.7%	44.3%	29.7%	32.1%	\$2.0B	8.8x	2.4x	7.3x	

Sources: prices from Yahoo (Oct 9, 2026 close). Peer data from stockanalysis.com / S&P Global Market Intelligence (fetched Oct 11, 2026). Growth is the analyst 3-year revenue forecast, not trailing. SPOT margins, net cash and EV-based multiples are my own math from the Q2 2026 6-K. NFLX split 10-for-1 on Nov 17, 2025.

Spotify grows faster than the labels and a little faster than Netflix. It also runs about 9 to 16 points less gross margin than either, because it rents its supply. The labels trade at 14-18x forward earnings and Netflix at 20x. Spotify is at 35x. On EV/FCF the gap narrows (27.8x vs Netflix's 26.9x) because Spotify carries net cash and Netflix carries debt.

4. Technical levels (expire after Oct 22)



5. Red flags and risks

RED - FLAG SCORECARD		verdict CAUTION	Oct 11, 2026
#	FINDING	GRADE	
1. Founder control	Ek (28.8%) and Lorentzon (40.5%) hold 69.3% of the vote but only ~15.1% of the economics, through 309.9M beneficiary certificates. Ek's vote includes 16.6M Tencent shares he votes by proxy. The board can issue more certificates: 1.4B authorized, at up to 20 per share, with no preemptive rights.	CAUTION	
2. Labels	The three majors plus Merlin are ~72% of label streams (FY2025). Licenses do not auto-renew, and some carry MFN and change-of-control terms. There are €2.7B of minimum guarantees. The MLC Premium-bundle suit is still open, with ~€473M of unbooked exposure for Mar 2024 to Jun 2026 plus interest.	CAUTION	
3. Insider selling	~\$99M of open-market Form 4 sales from Apr 1 to Sep 14, 2026, mostly co-CEO 10b5-1 plans (Söderström ~\$61M, Norström ~\$13M). A Sep 14 Form 144 points to more. Ek hasn't sold since the Form 4s began on Mar 18, 2026. No open-market buys.	CAUTION	
Dilution	Clean. The notes were paid in cash on Mar 15, 2026, and no warrants or converts remain. Fully diluted is +2.9% gross over basic.	CLEAN	
Short interest	Low: 4.26M shares at the FINRA Sep 30 settlement, ~2.7% of float (estimated), 2.9 days to cover, the 2026 low.	CLEAN	
Related parties	Only key-management pay, Ek's closed 2021 warrant deal, and treasury-share mechanics. Tencent holds 8.1% of SPOT. Spotify owns a TME stake marked through OCI.	CLEAN	
Accounting / KPIs	The 2026 segment re-map moved ~€41M of FY2025 revenue from Ad-Supported to Premium. The 2025 podcast-cost move flatters Ad-Supported margin. No KPI definition changes, no restatement, EY remains auditor.	MINOR	
Source: forensic red-flag screen (Oct 11, 2026) of the FY2025 20-F, Q2 2026 6-K, AGM 6-K (Apr 15, 2026), EDGAR Forms 3/4/144 (Mar 18 to Oct 5, 2026) and FINRA consolidated short interest.			

Business risks. Label bargaining power comes first. Every point of gross margin is negotiated with a few counterparties who also own publishing. Margin quality is next. A lot of the gain rests on price increases, marketplace programs and the bundle treatment, and a loss in the MLC case would hit the run-rate on top of a one-time ~€473M bill (about \$2.50 a share). Ads are stuck. Ad-Supported grew 1% in Q2 2026 with pricing soft. Spending is climbing. Operating expenses rose 19% excluding currency and social charges in Q2, driven by marketing and cloud/AI, while AI-generated music and stream fraud add cost and trust problems. Spotify also reports in euros but trades in dollars, and social charges move ~€21M a quarter for each 10% move in the stock.

NEWS, LAST SEVEN MONTHS		dated, confirmed	CATALYST CALENDAR		Oct 2026 - Feb 2027
Mar 15, 2026	Exchangeable notes mature, cash-settled for €1,304M (6-K)		Tue Oct 20	NFLX Q3 results, after close (read-through on streaming pricing)	
Apr 15, 2026	AGM renews 10M-share buyback authority. ~30% of non-founder votes against Ek (estimate)		Thu Oct 22	SPOT Q3 2026 before the open, Q&A at 8:00 AM ET. Technical levels expire	
Apr 28, 2026	Q1 results, stock gaps -10.2% (Yahoo)		~Oct 26	Next FINRA short-interest release (Oct 15 settlement)	
May 21, 2026	Investor Day: 2030 targets set (newsroom)		Thu Oct 29	UMG Q3 results (label-side streaming growth)	
Aug 4, 2026	Q2 results: 300M subs, GM 33.4%, stock gaps -4.0%		~Nov 11 / ~Nov 19	TME / WMG results (est. dates)	
Aug 20, 2026	Buyback authorization raised by \$1.5B, to ~\$2.223B (6-K)		Late 2026	Audiobooks+ Family and Student plans launch (Q2 deck)	
Sep 3, 2026	Director Heidi O'Neill resigns, citing no disagreement (6-K)		Date n/a	MLC interlocutory appeal on the Premium bundle	
Sep 24, 2026	Q3 report date set for Oct 22 (BusinessWire)		~Early Feb 2027	Q4 2026 results and the FY2026 20-F (est., last year Feb 10)	
			Dates: Spotify release (Sep 24, 2026), stockanalysis.com earnings calendar (Oct 11, 2026, TME and WMG estimated) and the FINRA schedule.		

6. What would change my mind

- Since the Oct 11 revision, I buy half at \$503-508, out on a daily close below \$487. Buy (full) waits for ~\$429 or lower, graded Medium uncertainty. The screen came back Caution with no Fail, so Medium stays. A label renewal on worse terms or an MLC loss would push me to High, and the Buy (full) level would move to ~\$375. The earlier Wait line was ~\$305 (~\$267 if High).
- Q3 on Oct 22 is the next test. The guide is €5.0B revenue, 32.9% gross margin and €670M operating income. I want gross margin to hold near 33% without one-offs and Ad-Supported back to growth. A clean beat plus a credible path to a 35% gross margin in 2027 would lift the Growth-adjusted case. In the blend, each 2 points of five-year revenue growth is worth about \$30 (12% gives ~\$507, 16% ~\$568), and each 2 points of year-5 OE margin about \$24 (20% gives ~\$512, 24% ~\$559). Growth at 12% with a 20% margin takes the blend to ~\$485, below the entry, and that would end the half position.
- TTM FCF less SBC falling below about €2.7B (vs €2,987M TTM to Jun 30, 2026), gross margin under 31% (my Conservative low case already assumes 32-33%), subscriber net adds under guidance two quarters running, or co-CEO selling turning into founder selling would push me to the blend low case (~\$413) or below it.
- If buybacks start shrinking the share count instead of just offsetting grants, per-share owner earnings improve and so does my number.

SOURCES
SEC EDGAR, CIK 1639920: Form 20-F FY2021-FY2025 (latest filed Feb 10, 2026), 6-K Q2 2026 interim financials and shareholder deck (Aug 4, 2026), Q1 2026 deck (Apr 28, 2026), Q4 2025 deck (Feb 10, 2026), Q3 2025 deck (Nov 4, 2025), Q2 2025 deck and 6-K (Jul 29, 2025), buyback 6-K (Aug 20, 2026), board 6-K (Sep 3, 2026), XBRL company facts. Spotify newsroom and IR: Investor Day recap (May 21, 2026), Loud & Clear (Mar 11, 2026), Q3 date release (Sep 24, 2026). Yahoo Finance end-of-day bars for SPOT, ^GSPC, peers and EURUSD (Oct 9, 2026 close). stockanalysis.com / S&P Global Market Intelligence (fetched Oct 11, 2026) for consensus forward P/E and peer data. Technicals: Yahoo daily and hourly bars (data through Oct 9, 2026). Red flags: forensic screen (Oct 11, 2026), including FINRA short interest (Sep 30, 2026 settlement). Valuation, scenarios and sensitivity grids: my own draft model (Oct 11, 2026). Valuation cases come from my model of Oct 11, 2026 on the Oct 9 close and stockanalysis.com consensus (Oct 8).

Disclaimer. Student research written for educational purposes only. This is not investment advice, a recommendation, or an offer to buy or sell any security. The numbers come from public sources that may contain errors, and the valuation rests on my own assumptions. Do your own work before making any investment decision.