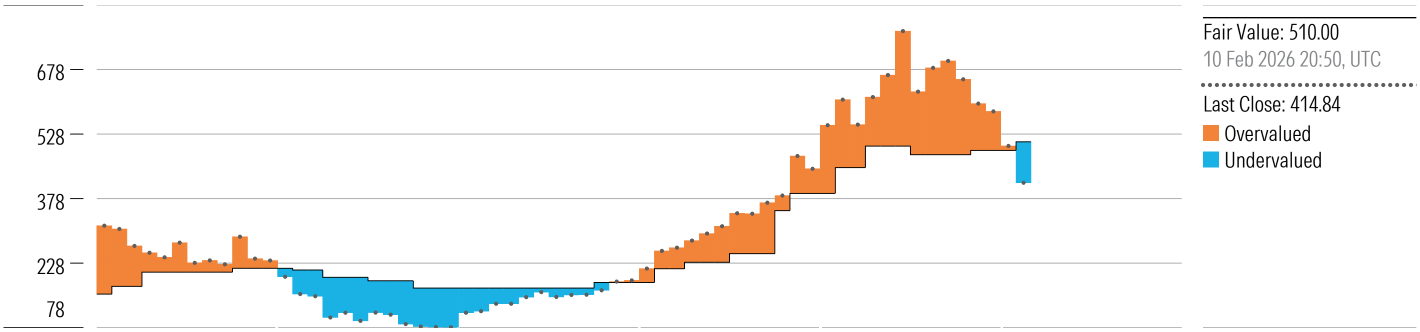
Morningstar Equity Analyst Report | Report as of 10 Feb 2026 21:02, UTC | Reporting Currency: EUR | Trading Currency: USD | Exchange: NEW YORK STOCK EXCHANGE, INC.

Spotify Technology SA SPOT ★★★ 10 Feb 2026 20:52, UTC

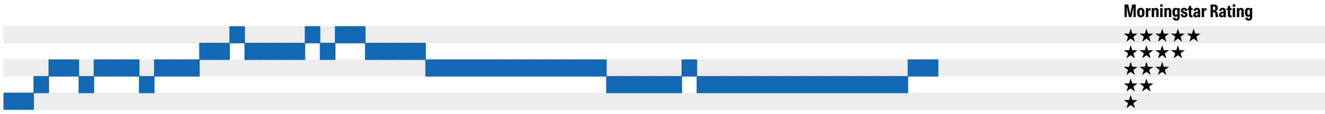
Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
414.84 USD 9 Feb 2026	510.00 USD 10 Feb 2026 20:50, UTC	0.81	98.57 USD Bil 10 Feb 2026	Narrow	Large Growth	High	Exemplary	7 Jan 2026 06:00, UTC

Price vs. Fair Value



	2021	2022	2023	2024	2025	YTD	
	1.08	0.46	1.03	1.15	1.19	0.81	Price/Fair Value
	-25.62	-66.27	138.01	138.08	29.80	-28.56	Total Return %

Morningstar Rating



Total Return % as of 09 Feb 2026. Last Close as of 09 Feb 2026. Fair Value as of 10 Feb 2026 20:50, UTC.

Contents

Important Disclosure

The conduct of Morningstar's analysts is governed by Code of Ethics/Code of Conduct Policy, Personal Security Trading Policy (or an equivalent of), and Investment Research Policy. For information regarding conflicts of interest, please visit: http://global.morningstar.com/equitydisclosures.

The primary analyst covering this company does not own its stock.

[1]The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating.

Spotify Earnings: Good Results and Outlook, but Outsize Stock Rise a Function of Recent Big Selloff

Analyst Note Matthew Dolgin, CFA, Senior Equity Analyst, 10 Feb 2026

Spotify added a huge number of non-paying monthly active users during the fourth quarter. Otherwise, strong fourth-quarter results and first-quarter outlook were merely consistent with typical performance. We attribute the 15% stock rise to an alleviation of fear that had gripped the stock.

Why it matters: Spotify's stock was down by almost 35% over the past two months, despite the absence of tangible news. We suspect fears that artificial intelligence will impair its business have been the driving force. We're skeptical that greater consumption of AI-generated music will harm Spotify.

- We don't believe a mass quantity of users will give up traditional music streaming subscriptions for platforms that house only AI-generated music. We expect most AI-generated music to be integrated into major music streaming services.
- Management has long been preparing for AI's influence and insists AI is a benefit. It believes it will improve consumers' experience on the platform, leading to greater engagement, and will make underlying operations and platform improvements more efficient.

The bottom line: We raise our fair value estimate to $510 from $490, driven primarily by the weaker US dollar since our last update. Narrow-moat Spotify is based in Europe but trades on US exchanges. We have not materially changed our forecast and believe Spotify is now modestly undervalued.

Morningstar Equity Analyst Report | Report as of 10 Feb 2026 21:02, UTC | Reporting Currency: EUR | Trading Currency: USD | Exchange: NEW YORK STOCK EXCHANGE, INC. Page 2 of 24

Spotify Technology SA SPOT ★★★ 10 Feb 2026 20:52, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
414.84 USD 9 Feb 2026	510.00 USD 10 Feb 2026 20:50, UTC	0.81	98.57 USD Bil 10 Feb 2026	Narrow	Large Growth	High	Exemplary	7 Jan 2026 06:00, UTC

Sector
Communication Services

Industry
Internet Content & Information

Business Description

Spotify is the leading global music streaming service provider, with over 700 million monthly active users and 280 million paying subscribers, with the latter constituting the firm's premium segment. Most of the firm's revenue and nearly all its gross profit come from the subscribers, who pay a monthly fee to access a music library that consists of most of the most popular songs ever recorded, including all from the major record labels. The firm also sells separate audiobook subscriptions and integrates podcasts within its standard music app. Podcast content is not exclusive and is typically free to access on other platforms. Ad-supported users can access a similar music catalog but cannot customize a similar on-demand experience.

Key stats: Spotify added more MAUs in the fourth quarter than it has in any prior quarter, with 38 million net additions, including 9 million paying subscribers.

- Enhanced features on its free tier at the end of the third quarter drove users to this ad-supported plan, but not at the expense of paid subscriptions. Historically, ad-supported users have served as a funnel toward paid subscriptions.
- Spotify added 27 million paid subscribers in 2025 and raised prices on its US plans last month, providing a strong driver for 2026 revenue.

Business Strategy & Outlook Matthew Dolgin, CFA, Senior Equity Analyst, 10 Feb 2026

Our outlook for Spotify is bright, due mainly to the opportunity we see for the global music streaming market to expand and the moat we think the firm has to keep its edge over competitors. Spotify operates in more than 180 countries and has over 750 million monthly active users and over 290 million paying subscribers, more than double any competitor.

Spotify's management has kept its customer offerings relatively simple. For the most part, Spotify simply offers unlimited listening to an extraordinarily wide catalog of music that we don't think any competitor can eclipse. Customers can either access the service for free by accepting breaks for advertisements, or they can pay a monthly subscription fee for uninterrupted listening and broader customization. Subscription plans mostly differ only in the number of people included on the plan.

We don't expect major changes to Spotify's product or menu of offerings, but we believe that many countries provide a significant runway for further subscriber additions due to relatively low current penetration levels, and we think Spotify should have the ability to raise prices at a regular cadence. Relative to the value customers receive—unlimited listening to almost any song ever recorded—we think streaming music prices remain low, and in many markets, including the US, Spotify didn't raise subscription prices over 2011-23, but has now raised prices three times since. Even with recent price increases, US plans only cost around 30% more than 15 years ago.

Spotify relies on major record labels for its music inventory, and we believe the labels have negotiating leverage over the music streaming platforms. However, the music streaming platforms—and Spotify especially—have been saviors for record labels, in our view, in the aftermath of music piracy and the music industry's trend away from physical album sales. We see a mutually beneficial relationship between the labels and their biggest customer. We believe record labels prefer to continue working with music streaming platforms, and we don't anticipate Spotify will face business disruption related to record label negotiations.

Bulls Say Matthew Dolgin, CFA, Senior Equity Analyst, 10 Feb 2026

- Spotify has significant room to continue raising prices after historically not doing so. The value is

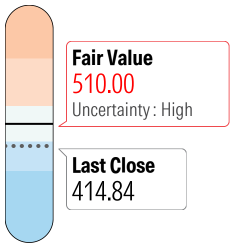
Morningstar Equity Analyst Report | Report as of 10 Feb 2026 21:02, UTC | Reporting Currency: EUR | Trading Currency: USD | Exchange: NEW YORK STOCK EXCHANGE, INC.

Spotify Technology SA SPOT ★★★ 10 Feb 2026 20:52, UTC

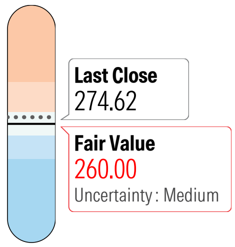
Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
414.84 USD 9 Feb 2026	510.00 USD 10 Feb 2026 20:50, UTC	0.81	98.57 USD Bil 10 Feb 2026	Narrow	Large Growth	High	Exemplary	7 Jan 2026 06:00, UTC

Competitors

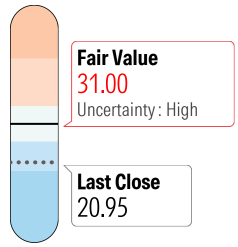
Spotify Technology SA SPOT



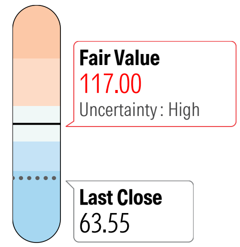
Apple Inc AAPL



Sirius XM Holdings Inc SIRI



Tencent Music ... Group Class A 01698



	Spotify Technology SA SPOT	Apple Inc AAPL	Sirius XM Holdings Inc SIRI	Tencent Music ... Group Class A 01698
Economic Moat	Narrow	Wide	None	Narrow
Currency	USD	USD	USD	HKD
Fair Value	510.00 10 Feb 2026 20:50, UTC	260.00 30 Jan 2026 04:53, UTC	31.00 5 Feb 2026 19:09, UTC	117.00 13 Nov 2025 05:43, UTC
1-Star Price	790.50	351.00	48.05	181.35
5-Star Price	306.00	182.00	18.60	70.20
Assessment	Fairly Valued 10 Feb 2026	Fairly Valued 9 Feb 2026	Undervalued 9 Feb 2026	Undervalued 10 Feb 2026
Morningstar Rating	★★★10 Feb 2026 20:52, UTC	★★★9 Feb 2026 22:38, UTC	★★★★9 Feb 2026 22:41, UTC	★★★★★10 Feb 2026 17:26, UTC
Analyst	Matthew Dolgin, Senior Equity Analyst	William Kerwin, Senior Equity Analyst	Matthew Dolgin, Senior Equity Analyst	Ivan Su, Senior Equity Analyst
Capital Allocation	Exemplary	Exemplary	Standard	Standard
Price/Fair Value	0.81	1.06	0.68	0.54
Price/Sales	4.68	9.41	0.87	5.77
Price/Book	9.37	45.78	0.61	2.15
Price/Earning	40.61	34.76	6.63	18.03
Dividend Yield	0.00%	0.38%	5.16%	1.10%
Market Cap	85.41 Bil	4,031.73 Bil	7.01 Bil	195.85 Bil
52-Week Range	405.00—785.00	169.21—288.62	18.69—27.41	45.00—104.00
Investment Style	Large Growth	Large Blend	Small Value	Large Blend

higher and the price is lower for a Spotify subscription than nearly all video streaming services.

- Music streaming penetration in many countries is quite low, both in absolute terms and relative to uptake for video streaming services. This provides a long runway for further subscriber growth.
- Advertising is a nascent area of growth. Both targeting and inventory should improve, with Spotify now including video podcasts on its own platform and audio podcasts across all platforms.

Bears Say Matthew Dolgin, CFA, Senior Equity Analyst, 10 Feb 2026

- Spotify is dependent on record labels, and there's nothing proprietary about its service. Over the long term, record labels could find a way to take a greater share of the industry's profits.
- With record labels' power and fixed percentages of revenue going toward music rights, Spotify's ability to expand margins is limited.
- Spotify's biggest competitors are major technology companies that don't need to rely on music to be profitable. Integration in their ecosystems and bundles with other services could make their music

streaming services more attractive than Spotify.

Economic Moat Matthew Dolgin, CFA, Senior Equity Analyst, 10 Feb 2026

We assign a narrow moat rating to Spotify. In our view, the characteristics that make it so difficult for a streaming music platform to gain a competitive advantage support why Spotify, the clear current leader in the music streaming industry, has a moat and is unlikely to face a serious threat from competitors over the next several years. For Spotify, we see modest cost advantages, switching costs, and network effects. While we doubt any of these moat sources in isolation is a sufficient barrier to competitive pressure, collectively they make it unlikely that a competitor can eat into the leading global market share Spotify has attained.

The business of operating a streaming music platform is a tough one, in our view, and one that generally doesn't lend itself to strong competitive advantages. Most critically, we believe the major record labels, which control most of the product on streaming music platforms, hold by far the most power in the music industry. In our view, the major labels are the only ones that could bestow an ironclad moat or stymie a potential competitor based on how freely they license their music rights.

The lack of negotiating leverage that results from the power disparity with record labels leaves music streaming platforms, also known as digital service providers, or DSPs, with limited flexibility in their cost structures and in how they price their offerings. Consequently, we don't think any of the major competitors can offer much differentiation in music catalog, user experience, or price, leaving consumers with a similar value proposition from multiple providers. While we don't believe there are any switching costs or network effects that are severe enough to prevent any customer switching from one provider to another, there are some. A competing platform needs to provide some impetus to choose it over the market leader. Although switching costs might not be overly burdensome, the benefit of switching is nil in many cases.

Spotify is now firmly profitable after a long history of losses. It had the advantage of offering record labels something that no one else did when it launched—the ability to offer music fans sanctioned access to an entire catalog of songs over the internet. Assuming a new competitor could secure the same music rights that Spotify and other major DSPs hold, it would face a long uphill battle to attract customers and reach adequate scale to generate profits.

Music platforms such as Spotify generally pay a fixed percentage of subscription revenue to record labels and artists. Currently, that figure includes about 50%-55% that goes to major record labels for the recordings, plus a roughly 15% statutory rate to music publishers for song composition rights. These percentages are standard for all DSPs. As a result, no platform can gain operating leverage on its music costs under the current model. Whether a platform generates $1 million or $1 billion in revenue, it should pay the same 65% or more for the music rights.

This is where Spotify's cost advantage begins to show. With no ability to drive down music costs and minimal opportunity to realize lower costs for the technological and infrastructure capabilities needed to operate a top-quality global platform, a music platform needs to spread its fixed costs over the largest possible user base to have a cost advantage. With more than 750 million global users, including about 290 million premium subscription customers, Spotify is the global leader. While most other major competitors do not disclose subscribers, we estimate that Tencent Music, which operates exclusively in China, is the only other firm with at least 100 million subscribers.

We also think a music streamer of Spotify's scale and maturity has a lower need for marketing costs than less-established competitors. Spotify has already reached a critical mass of subscribers and is the clear leader in its industry, meaning that, for the most part, it no longer needs to raise awareness of its service or engage in creative marketing to attract customers.

We don't think it's possible to offer a materially different music experience than what Spotify does, leaving competitors the task of pulling away subscribers without having a superior offering. However, competitors can't reasonably compete on price or promotions, because record labels have a direct monetary interest in what DSPs charge. Even if a label entertained a shift from the current structure that included a minimum fixed payment, the label has interest in not devaluing its product, and it can withhold rights.

With a similar service for a similar price, we anticipate that even modest switching costs and network effects make it difficult to pull subscribers away from Spotify. With the inconvenience in transferring playlists or learning new platforms (switching costs), and with the ability to share playlists and track friends' music habits (network effect), we don't foresee other DSPs pulling significant business away from Spotify.

These industry barriers protect Spotify against the biggest current competitors as well as prospective competitors. Outside of China, where Tencent Music is the industry leader, Spotify's biggest competitors are Apple Music, YouTube Music, and Amazon Music. Each of these streaming services is part of a gigantic technology conglomerate, and in some cases these firms may be less concerned about making music profitable than driving users into their ecosystems. Yet even these companies have not been able to dent Spotify's subscriber growth, and they all still have much smaller subscriber bases despite launching in the mid-2010s. From a usage perspective, their offerings cannot provide any compelling feature that Spotify cannot, and from a financial perspective, they too are limited in their ability to offer users better prices or value than they do now. Spotify has thrived in this competitive environment, and we don't think these competitors can do much to change the current market share. We expect record labels would resist efforts among the large tech firms to provide more "extras" in bundled plans without a corresponding increase in price.

We see the same outcome with smaller competitors. Pandora, which is part of Sirius XM, offers essentially the same service as Spotify. However, Sirius XM does not seem to aggressively push its Pandora business, instead focusing on the SiriusXM offering. We perceive that Pandora accepts that it would be fighting a losing, value-destructive battle to aggressively go after Spotify customers.

Fair Value and Profit Drivers Matthew Dolgin, CFA, Senior Equity Analyst, 10 Feb 2026

Our $510 fair value estimate for Spotify is based on the Feb. 10 exchange rate of $1.19/EUR. Because Spotify's stock trades in US dollars despite the firm reporting in euros, a weakening US dollar buoys Spotify's stock value and can more than offset the negative impact the weak dollar has on financial results. Our fair value estimate implies a P/E ratio of 29 and an EV/EBITDA multiple of 25 based on our 2026 forecast and the noted exchange rate. We project Spotify to average double-digit top-line growth throughout our 10-year forecast while growing profits and free cash flow at an even higher clip.

We project premium revenue growth (from subscriptions) to slow from 20% in 2024 to a midteens ratethrough 2028 before slowing further. We expect subscriber additions to remain high and for the firm to regularly increase prices. However, we expect a greater proportion of subscriber additions to come from lower-priced markets over time, resulting in lower growth in average revenue per subscriber than in 2025. We believe there are further penetration gains to make in the US and some other European countries that carry relatively higher prices, but we think the opportunity pales compared with what's achievable in more developing markets. While we expect Spotify to maintain its leading market share, we don't expect it to take further share from its major competitors, which primarily are major technology companies like Apple, Amazon, and Alphabet. As long as those companies remain in the music business, we think their subscribers will be sticky due to ecosystem preferences. In all, we project Spotify to add an average of almost 25 million global subscribers annually through 2028, but we project average revenue per subscriber to grow only 4% on average despite continuing price increases.

We expect premium revenue to continue making up nearly 90% of total revenue, as we believe subscription plans will continue to be the most appealing to consumers. However, we believe ad-supported revenue can also grow by double digits throughout our forecast, with higher advertising rates through better targeting and monetization of Spotify podcasts on other platforms contributing to the growth.

We expect margin expansion to come mostly from the firm continuing to realize operating leverage on its research and development and sales and marketing expenses. We see less opportunity for gross margin expansion because we don't anticipate a significant change to the roughly 65% of music revenue that Spotify pays to major record labels and artists. However, there's an opportunity for gross margin expansion in audiobooks and podcasts, even as music margin potential is limited. In total, we project gross margin to expand from 32% in 2025 to 36% in 2030—when further progress slows—while we project the operating margin to expand from 14.5% in 2024 to 20% by 2032. We expect free cash flow growth to mirror profits and average midteens annual growth throughout our forecast.

Risk and Uncertainty Matthew Dolgin, CFA, Senior Equity Analyst, 10 Feb 2026

Our Morningstar Uncertainty Rating for Spotify is High.

We don't see AI-generated music as a threat to displace music streaming platforms like Spotify, but the biggest and most likely risks we see are AI contributing to a slowdown in the audio streaming market or a denting of Spotify's dominance. A greater push by the big technology companies that constitute Spotify's biggest competitors, pushback from consumers on price increases, or additional platforms that can appeal to consumers could all slow the robust growth that Spotify's relatively high valuation is dependent on.

Risks we view as unlikely but catastrophic if they occur include conflicts with record labels that result in the loss of music rights, or a new mode of music consumption that supplants the ubiquity of music streaming subscriptions. Given Spotify's size, we think it is unequivocally in the labels' best interests to maintain their mutually beneficial relationship with Spotify, but ultimately, the labels control the product that Spotify offers. Similarly, we don't see any superior music technology on the horizon that would detract from Spotify, but music consumption has a history of evolving—from different types of physical products to pirated downloads to sanctioned downloads to unlimited music streaming. We think it would be naive to think that a disruptive means of consumption cannot develop.

The most likely environmental, social, and governance risk, in our view, is the potential for a data breach. With over 750 million active users globally, Spotify maintains sensitive data that could be problematic if hacked. From a governance standpoint, the firm is controlled by its two co-founders through beneficial certificates that carry voting rights but no economic rights. They hold more than 70% of the votes while owning less than 30% of the company, leaving the majority of shareholders subject to the co-founders' preferences.

Capital Allocation Matthew Dolgin, CFA, Senior Equity Analyst, 10 Feb 2026

We assign Spotify an Exemplary Morningstar Capital Allocation Rating. The firm's nearly flawless investment in its business to reach its current stature and its extremely strong balance sheet weigh most prominently in our rating. They overshadow the deficiencies we see in the firm's capital returns to shareholders, which we think are far too low.

We think management's vision, tactics, and execution in developing an entirely new business for the music industry have been exemplary. Spotify hit all the right notes in bringing record labels in as partners while deftly balancing aggressive investment in its business and navigating new markets and features with measured launches in new countries, so as to not get ahead of itself. Capital invested in marketing and research and development was perfect to build the world's leading streaming music platform and attract the largest global subscriber base. It has also worked with record labels to secure reasonable terms for music rights, making itself a critical partner the labels would now be loath to do without.

We think the company's policy on capital returns to shareholders is lacking, but we see this as secondary to the importance of the investment and management that led Spotify to its current position. Spotify does not pay a dividend, while we think it should pay a consistent one. Management has not indicated that a dividend is on the horizon, despite our belief that the firm is well-positioned to implement one. The business has minimal capital investment needs, a large net cash position on its balance sheet, continuously growing free cash flow, and a strong recurring revenue base. We see little need for the cash pile, as acquisitions have also not been a prominent part of the firm's strategy, and we don't see major acquisition pieces that would make sense. Spotify has authorized a share-repurchase program, and with the stock reaching all-time highs since implementation, repurchases would have been accretive to shareholders. However, the firm has repurchased only about $500 million in shares under the 2021 repurchase program, and less than $1 billion in its corporate history. At the end of 2025, the firm had EUR 3.7 billion in net cash and another EUR 4.2 billion in short-term investments on its balance sheet. We understand the mindset to be conservative with cash while in extreme growth mode, but in time, we hope to see the firm return more cash to shareholders as we evaluate our capital allocation rating.

Analyst Notes Archive

Spotify Earnings: Continual March Up in Sales, Profits, and Users; Foreign Exchange a Near-Term Headwind Matthew Dolgin, CFA,Senior Equity Analyst,4 Nov 2025

Spotify's third quarter was not flashy but showcased the firm's continuing ability to achieve strong revenue growth while continually expanding margins. Subscriber and user growth stayed high, and there are several areas that are poised to catalyze strong sales growth again in 2026. Why it matters: Spotify's stock remains at a high valuation, so it is imperative that the growth story stays intact. This quarter's results and guidance shouldn't materially dent the narrative, but we still expect growth to slow in the long term to a greater extent than the stock is pricing in. Spotify's premium subscriber base is up 12% in the past year after another 5 million net additions in the third quarter. Spotify added 13 million ad-supported users, continuing an acceleration from last year and enhancing the pipeline for further additions of higher-value premium subscribers. The third-quarter gross margin expanded by about one percentage point from last year, while the operating margin expanded by two points. Free cash flow was up 15%. The firm continues to benefit from leverage on its growing scale, as revenue increases outpace growth in costs. The bottom line: Our outlook is unchanged following this quarter's results, as we raise our fair value estimate from $480 to $490. Over the next several quarters, currency headwinds appear to be the biggest threat to growth, but the firm's dollar-based shares provide a hedge for a weak

Morningstar Equity Analyst Report | Report as of 10 Feb 2026 21:02, UTC | Reporting Currency: EUR | Trading Currency: USD | Exchange: NEW YORK STOCK EXCHANGE, INC. Page 9 of 24

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
414.84 USD 9 Feb 2026	510.00 USD 10 Feb 2026 20:50, UTC	0.81	98.57 USD Bil 10 Feb 2026	Narrow	Large Growth	High	Exemplary	7 Jan 2026 06:00, UTC

US dollar. Slightly light fourth-quarter sales guidance that implies 6% year-over-year growth is due to an expected currency headwind of 620 basis points. Third-quarter sales grew 7% year over year, including a 450-basis point currency drag. Between the lines: Sales growth this quarter was driven solely by the expanding user base over the past year, but we see multiple areas that should boost average revenue per user, or ARPU, in 2026, notably price increases, add-on services, and a recovery in advertising revenue, which has been poor.

Spotify: CEO Transition Doesn't Change Our Forecast Matthew Dolgin, CFA,Senior Equity Analyst,30 Sep 2025

Spotify announced on Sept. 30 that its founder, Daniel Ek, will relinquish his role as CEO at year-end and become executive chairman. The firm has named co-CEOs to succeed him: Chief Product and Technology Officer Gustav Soderstrom and Chief Business Officer Alex Norstrom.Why it matters: Ek has been CEO since Spotify's infancy, and we see him as a visionary who revolutionized the music industry to Spotify's benefit. History has shown corporations taking a step backward when CEOs like this depart. Leadership transition always brings risk, but succession is inevitable, and this one appears to be as orderly as possible. The incoming CEOs have each been with Spotify for more than 15 years and were named co-presidents in 2023. Both have been heavily involved in operations and strategy. Naming co-CEOs and still having Ek overseeing long-term strategic direction can bring more risk than having a more singular authority. We've compared Spotify with Netflix in their respective industries, and Spotify's succession from founder to internally-hired co-CEOs is another mirror. The bottom line: Only time will tell if Spotify can evolve as successfully as Netflix has with this management structure, but nothing in the Sept. 30 announcements changes anything in our forecast. We don't expect any change to Spotify's direction or execution. We continue to believe Spotify is dominant, with great opportunities ahead, but it is currently overvalued. We maintain our $480 fair value estimate and narrow moat rating.

Spotify Earnings: Poor Guidance, Weak Profits, and Mediocre Sales Exacerbated by Currency Headwinds Matthew Dolgin, CFA,Senior Equity Analyst,29 Jul 2025

Poor second-quarter margins along with weak third-quarter guidance drove a 10% selloff in Spotify shares. Second-quarter subscriber additions were excellent, and sales were decent, though the strong euro caused sales to miss management's forecast. Why it matters: Spotify's stock has been on fire and was baking in continuation of the rapid growth the firm has achieved over the past couple of years. Anything that suggests growth will not follow that path can lead to outsize reactions, even with underlying fundamentals remaining solid. The bottom line: While most data released July 29 was bad, we don't think they were disastrous and don't materially change our view on Spotify's long-term path. They mostly bring some sanity to a stock that was too overheated, in our view. We still consider the stock to be overvalued. We reduce our fair value estimate to $480 from $500 due to a weaker near-term forecast and less rapid long-term margin expansion. Our reduction is mitigated by the weaker US dollar, which boosts the value of Spotify's US-listed shares. We maintain the firm's narrow moat. Key stats: Operating income declined 20% sequentially and missed management's outlook (6% growth) by EUR 133 million. However, EUR 100 million of the shortfall was due to social charges, including noncash payroll taxes directly tied to the rising stock price. Still, operating income declined sequentially after excluding the social charges, with higher research and development, personnel, and marketing costs contributing. Management is making short-term investments to boost long-term value, and given its track record, we give it the benefit of the doubt. Between the lines: Second-quarter sales growth was 10% year over year, including a 450-basis-point currency drag that caused the guidance miss. Growth in premium subscribers and monthly active users was strong, but advertising revenue was disappointing, and average revenue per user was underwhelming and is set to stagnate further.

Spotify Earnings: Excellent Results Miss Lofty Expectations; Weak Dollar Boosts Fair Value Estimate

Matthew Dolgin, CFA,Senior Equity Analyst,29 Apr 2025

Spotify's stock sold off following an excellent first quarter. Results were slightly ahead of guidance with continuing midteens sales growth, margin expansion, and subscriber growth. A slight miss on operating income was due solely to employee costs determined by the strong stock price.Why it matters: These results further exemplify the health Spotify demonstrated in 2024, when growth remained rapid while the firm swung to sizable profitability. These trends should be the new norm. Operating margin rose to 12%, from below 5% a year ago and 11% last quarter. The firm continues to get leverage on operating expenses. Despite largely fixed gross margin on subscription music streaming, engagement with podcasts and audiobooks has boosted overall gross margin. First-quarter sales grew 15% year over year, as the firm added 5 million subscribers during what is typically a seasonally weaker quarter and nearly 30 million over the past year. Despite the weighting toward emerging markets, revenue per subscriber was up 4%, helped by price increases last year.The bottom line: Results were consistent with our projections, and we maintain our forecast. However, the dollar's weakening since last quarter raises our fair value estimate to $500 per share from $450, due almost entirely to the exchange rate between the reporting currency (euros) and trading currency (US dollars). With its narrow moat, we believe Spotify remains ahead of the competition and has a long runway for growth and expanding profitability. After today's selloff, the stock looks closer to fairly valued. We expect Spotify to hold up well in a recession, but we'd still expect growth to slow in that scenario. Some subscribers could trade down to the free service, and advertising pricing, which podcasts help drive, would likely soften.

Spotify Earnings: Amazing Year Concludes With an Exclamation Point; FVE to $450 from $390

Matthew Dolgin, CFA,Senior Equity Analyst,4 Feb 2025

Spotify materially exceeded its guidance as it posted record fourth-quarter subscriber additions and revenue growth remained strong (17% year over year). More critically, operating income and free cash flow continued to surge as the firm ended its first year of net profitability.Why it matters: Spotify continues to show itself as the dominant streaming music provider, and it has now reached such scale that it is showing continually greater operating leverage. New subscription tiers, an ability to raise prices, and success with podcasts can drive further margin expansion. The firm added 11 million premium subscribers during the quarter and saw revenue per subscriber jump 5%, again benefitting from price increases. The rollout of a super-premium tier following a recent rights renewal with Universal Music seems imminent. We see further upside in revenue per subscriber, and we expect most of the incremental revenue to drop straight to the bottom line. However, we believe further penetration opportunities in higher-priced developed markets are shrinking, so future subscriber growth should be less accretive. The bottom line: We raise our fair value estimate to $450 from $390 due mostly to an even brighter outlook for margin expansion. Narrow-moat Spotify is operating exceptionally well, but we believe our forecast reflects this and that shares are overvalued at 40 times 2025 free cash flow. For the full year, Spotify's gross margin expanded 450 basis points to 30%. Spotify generated EUR 1.4 billion of operating income (after losing EUR 1.1 billion over the prior two years combined), EUR 1.1 billion in net income, and EUR 2.3 billion in free cash flow, up from EUR 680 million. Rapid subscriber growth despite recent price increases provides further evidence of Spotify's moat. Its reliance on record labels underpins our belief that Spotify's moat is narrow rather than wide, but the firm's dominance makes it an indispensable partner for labels for the foreseeable future.

Spotify Earnings: Pace of Profitability Ramp Is Astounding as Revenue Growth Stays High Matthew Dolgin, CFA,Senior Equity Analyst,13 Nov 2024

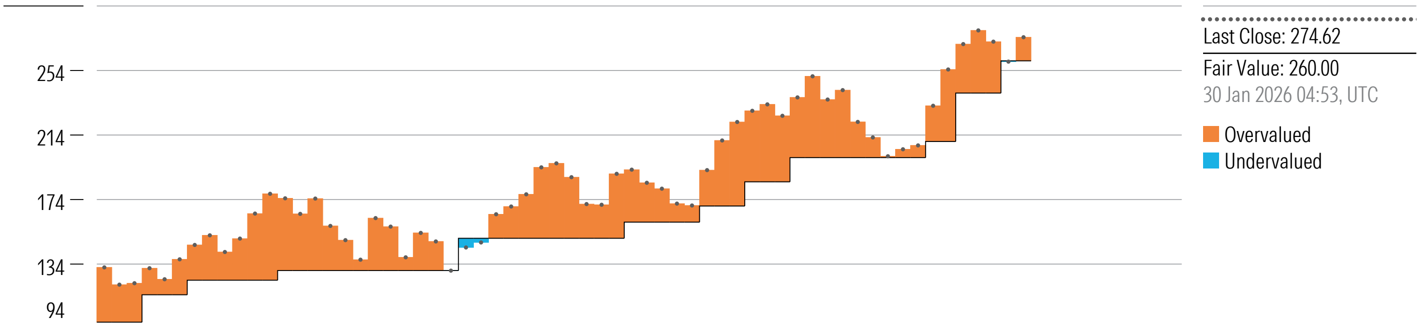
Spotify’s third-quarter results were fantastic, as the firm seems to have turned the corner to pair impressive profitability with a top line that continues to grow rapidly. We believe the firm’s industry-leading scale has led to a cost advantage that should allow the firm to now continue ramping profits and supports our narrow moat rating. With operating profit and free cash flow expanding more rapidly than we previously anticipated, we are raising our fair value estimate to $390 per share from $350. We think there’s currently a bit too much exuberance for the stock, but we see Spotify as a best-in-breed company that would be attractive on pullbacks.Third-quarter operating profit grew to EUR 454 million and an 11% margin. In the year-ago period, Spotify had EUR 32 million in operating profit as it ended two straight years of operating losses. In this year’s first quarter, Spotify exceeded $100 million in quarterly profit for the first time, and sequential growth has been 58% and now 70% in the two quarters since. We see the rapid improvement mostly as a result of reaching critical mass. The gross margin was a record 33.5% during the quarter, on relatively lower streaming and delivery costs, and all reported operating costs continued declining as a percentage of revenue. Profits have translated into free cash flow, as the firm generated EUR 711 million in free cash during the quarter, up more than 200% year over year. With EUR 1.4 million in free cash flow year to date, Spotify has already more than doubled last year’s total.Total revenue grew 19% year over year despite a currency headwind of nearly 3 percentage points. The firm is still reaping the benefits of last year's broad-based price increases across geographies, as average revenue per premium subscriber grew 11%. Spotify also added another six million subscribers in the third quarter, bringing growth in the subscriber base over the past year to 12%.

Morningstar Equity Analyst Report | Report as of 10 Feb 2026 21:02, UTC | Reporting Currency: EUR | Trading Currency: USD | Exchange: NEW YORK STOCK EXCHANGE, INC. Page 13 of 24

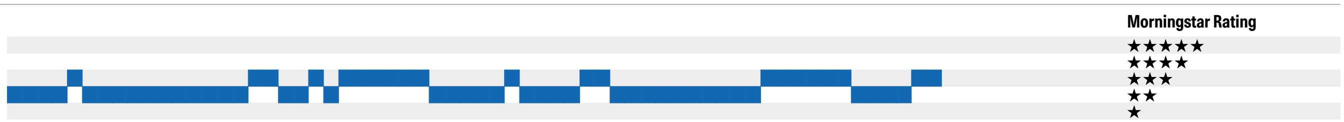
Spotify Technology SA SPOT ★★★ 10 Feb 2026 20:52, UTC

Competitors Price vs. Fair Value

Apple Inc AAPL

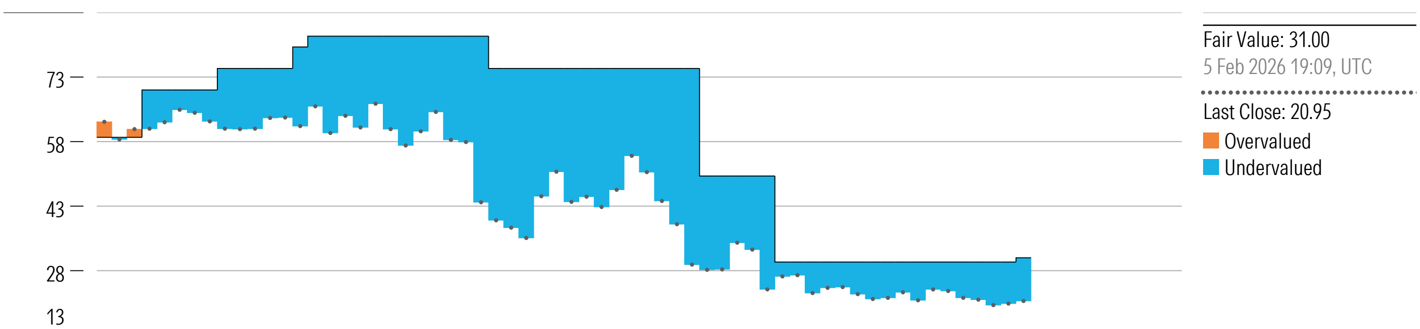


	2021	2022	2023	2024	2025	YTD
Price/Fair Value	1.43	1.00	1.20	1.25	1.13	1.06
Total Return %	34.48	-26.32	48.91	30.58	8.97	1.11

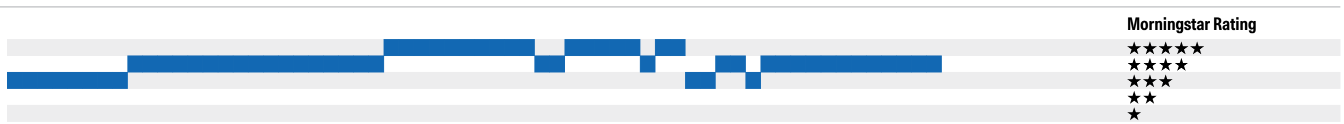


Total Return % as of 09 Feb 2026. Last Close as of 09 Feb 2026. Fair Value as of 30 Jan 2026 04:53, UTC.

Sirius XM Holdings Inc SIRI



	2021	2022	2023	2024	2025	YTD
Price/Fair Value	0.85	0.71	0.73	0.76	0.67	0.68
Total Return %	0.72	-2.68	-4.64	-56.37	-7.57	4.78



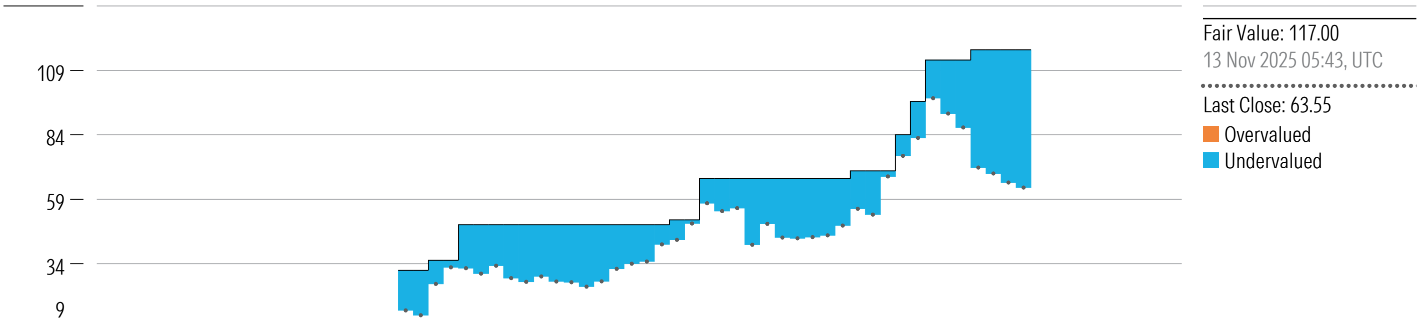
Total Return % as of 09 Feb 2026. Last Close as of 09 Feb 2026. Fair Value as of 5 Feb 2026 19:09, UTC.

Morningstar Equity Analyst Report | Report as of 10 Feb 2026 21:02, UTC | Reporting Currency: EUR | Trading Currency: USD | Exchange: NEW YORK STOCK EXCHANGE, INC.

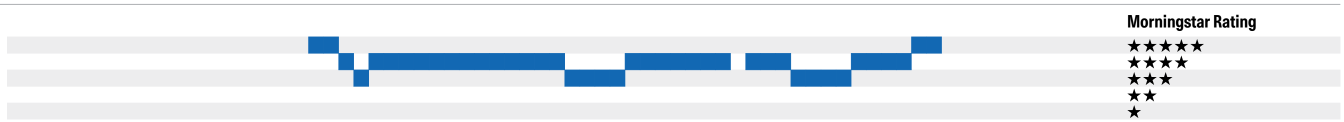
Spotify Technology SA SPOT ★★★ 10 Feb 2026 20:52, UTC

Competitors Price vs. Fair Value

Tencent Music Entertainment Group Class A 01698



2021	2022	2023	2024	2025	YTD	
—	0.92	0.69	0.66	0.59	0.54	Price/Fair Value
—	—	4.29	31.87	57.34	-7.90	Total Return %



Total Return % as of 10 Feb 2026. Last Close as of 10 Feb 2026. Fair Value as of 13 Nov 2025 05:43, UTC.

Morningstar Equity Analyst Report | Report as of 10 Feb 2026 21:02, UTC | Reporting Currency: EUR | Trading Currency: USD | Exchange: NEW YORK STOCK EXCHANGE, INC. Page 15 of 24

Spotify Technology SA SPOT ★★★ 10 Feb 2026 20:52, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
414.84 USD 9 Feb 2026	510.00 USD 10 Feb 2026 20:50, UTC	0.81	98.57 USD Bil 10 Feb 2026	Narrow	Large Growth	High	Exemplary	7 Jan 2026 06:00, UTC

Morningstar Valuation Model Summary

Financials as of 10 Feb 2026	Actual			Forecast				
Fiscal Year, ends 31 Dec	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Revenue (EUR Mil)	13,247	15,673	17,186	19,564	21,354	24,326	26,557	29,525
Operating Income (EUR Mil)	-446	1,365	2,198	2,837	3,397	4,241	4,844	5,634
EBITDA (EUR Mil)	-288	1,486	2,300	2,927	3,485	4,326	4,924	5,714
Adjusted EBITDA (EUR Mil)	-288	1,486	2,300	2,927	3,485	4,326	4,924	5,714
Net Income (EUR Mil)	-532	1,138	2,212	2,665	3,034	3,657	4,084	4,699
Adjusted Net Income (EUR Mil)	-532	1,138	2,212	2,665	3,034	3,657	4,084	4,699
Free Cash Flow To The Firm (EUR Mil)	435	1,712	2,329	2,675	3,040	3,618	3,936	4,597
Weighted Average Diluted Shares Outstanding (Mil)	195	207	211	212	212	212	212	212
Earnings Per Share (Diluted) (EUR)	-2.73	5.50	10.51	12.57	14.31	17.25	19.26	22.16
Adjusted Earnings Per Share (Diluted) (EUR)	-2.73	5.50	10.51	12.57	14.31	17.25	19.26	22.16
Dividends Per Share (EUR)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Margins & Returns as of 10 Feb 2026		Actual			Forecast					
	3 Year Avg	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**5 Year Avg**
Operating Margin %	6.0	-3.4	8.7	12.8	14.5	15.9	17.4	18.2	19.1	17.0
EBITDA Margin %	—	-2.2	9.5	13.4	15.0	16.3	17.8	18.5	19.4	—
Adjusted EBITDA Margin %	—	-2.2	9.5	13.4	15.0	16.3	17.8	18.5	19.4	17.4
Net Margin %	5.4	-4.0	7.3	12.9	13.6	14.2	15.0	15.4	15.9	14.8
Adjusted Net Margin %	5.4	-4.0	7.3	12.9	13.6	14.2	15.0	15.4	15.9	14.8
Free Cash Flow To The Firm Margin %	9.3	3.3	10.9	13.6	13.7	14.2	14.9	14.8	15.6	14.6

Growth & Ratios as of 10 Feb 2026		Actual			Forecast					
	3 Year CAGR	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**5 Year CAGR**
Revenue Growth %	13.6	13.0	18.3	9.7	13.8	9.2	13.9	9.2	11.2	11.4
Operating Income Growth %	—	-32.3	-406.1	61.0	29.1	19.8	24.8	14.2	16.3	20.7
EBITDA Growth %	-200.7	-41.0	-616.0	54.8	27.3	19.1	24.1	13.8	16.0	20.1
Adjusted EBITDA Growth %	-267.7	-41.0	-616.0	54.8	27.3	19.1	24.1	13.8	16.0	20.0
Earnings Per Share Growth %	—	24.4	-301.2	91.1	19.6	13.9	20.5	11.7	15.0	16.1
Adjusted Earnings Per Share Growth %	—	-6.8	-301.5	91.1	19.6	13.9	20.5	11.7	15.0	16.1

Valuation as of 10 Feb 2026	Actual			Forecast				
	2023	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Price/Earning	-62.3	78.6	47.0	27.7	24.3	20.2	18.1	15.7
Price/Sales	1.0	2.3	4.5	3.7	3.4	2.9	2.7	2.4
Price/Book	13.1	16.2	12.5	6.5	5.0	3.9	3.2	2.6
Price/Cash Flow	—	—	—	—	—	—	—	—
EV/EBITDA	-41.7	22.4	32.1	22.2	18.6	15.0	13.2	11.4
EV/EBIT	-26.9	24.4	33.6	22.9	19.1	15.3	13.4	11.5
Dividend Yield %	—	—	—	—	—	—	—	—
Dividend Payout %	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow Yield %	—	—	—	—	—	—	—	—

Operating Performance / Profitability as of 10 Feb 2026	Actual			Forecast				
Fiscal Year, ends 31 Dec	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
ROA %	-6.4	9.5	14.7	15.8	14.8	14.6	13.7	13.3
ROE %	-21.1	20.6	26.6	23.5	20.6	19.5	17.5	16.5
ROIC %	11.5	22.7	28.1	35.5	41.2	54.9	59.7	62.8

Morningstar Equity Analyst Report | Report as of 10 Feb 2026 21:02, UTC | Reporting Currency: EUR | Trading Currency: USD | Exchange: NEW YORK STOCK EXCHANGE, INC. Page 16 of 24

Spotify Technology SA SPOT ★★★ 10 Feb 2026 20:52, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
414.84 USD 9 Feb 2026	510.00 USD 10 Feb 2026 20:50, UTC	0.81	98.57 USD Bil 10 Feb 2026	Narrow	Large Growth	High	Exemplary	7 Jan 2026 06:00, UTC

Financial Leverage (Reporting Currency)	Actual			Forecast				
Fiscal Year, ends 31 Dec	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Debt/Capital %	4.4	2.2	—	0.3	0.2	0.2	0.2	0.2
Assets/Equity	3.3	2.2	1.8	1.5	1.4	1.3	1.3	1.2
Net Debt/EBITDA	8.7	-3.7	—	-2.0	-2.6	-3.0	-3.6	-3.9
Total Debt/EBITDA	-5.9	1.3	—	0.1	0.1	0.1	0.1	0.0
EBITDA/ Net Interest Expense	-4.9	61.9	-88.5	-23.6	-20.3	-13.1	-12.6	-14.7

Forecast Revisions as of 10 Feb 2026	2026		2027		2028	
Prior data as of 4 Nov 2025	**Current**	**Prior**	**Current**	**Prior**	**Current**	**Prior**
Fair Value Estimate Change (Trading Currency)	510.00	492.24	—	—	—	—
Revenue (EUR Mil)	19,564	17,200	21,354	19,914	24,326	22,692
Operating Income (EUR Mil)	2,837	2,135	3,397	2,859	4,241	3,582
EBITDA (EUR Mil)	2,927	2,237	3,485	2,949	4,326	3,627
Net Income (EUR Mil)	2,665	1,861	3,034	2,443	3,657	3,070
Earnings Per Share (Diluted) (EUR)	12.57	8.87	14.31	11.63	17.25	14.62
Adjusted Earnings Per Share (Diluted) (EUR)	12.57	8.87	14.31	11.63	17.25	14.62
Dividends Per Share (EUR)	0.00	0.00	0.00	0.00	0.00	0.00

Key Valuation Drivers as of 10 Feb 2026	
Cost of Equity %	9.0
Pre-Tax Cost of Debt %	5.8
Weighted Average Cost of Capital %	8.1
Long-Run Tax Rate %	22.0
Stage II EBI Growth Rate %	7.0
Stage II Investment Rate %	-2.0
Perpetuity Year	15

Additional estimates and scenarios available for download at https://pitchbook.com/.

Discounted Cash Flow Valuation as of 10 Feb 2026	**EUR Mil**
Present Value Stage I	30,473
Present Value Stage II	15,729
Present Value Stage III	39,885
Total Firm Value	**86,087**
Cash and Equivalents	5,258
Debt	1,458
Other Adjustments	0
Equity Value	**89,887**
Projected Diluted Shares	212
Fair Value per Share (USD)	**510.00**

Morningstar Equity Analyst Report | Report as of 10 Feb 2026 21:02, UTC | Reporting Currency: EUR | Trading Currency: USD | Exchange: NEW YORK STOCK EXCHANGE, INC.

Spotify Technology SA SPOT ★★★ 10 Feb 2026 20:52, UTC

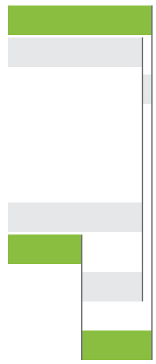
Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
414.84 USD 9 Feb 2026	510.00 USD 10 Feb 2026 20:50, UTC	0.81	98.57 USD Bil 10 Feb 2026	Narrow	Large Growth	High	Exemplary	7 Jan 2026 06:00, UTC

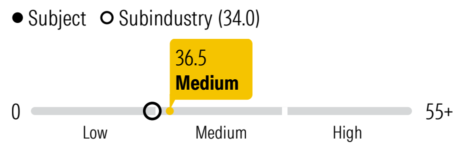
ESG Risk Rating Breakdown

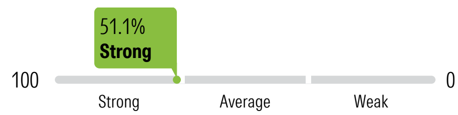
Exposure	
Company Exposure[1]	36.5
– Manageable Risk	34.1
Unmanageable Risk[2]	**2.4**

Management	
Manageable Risk	34.1
– Managed Risk[3]	17.4
Management Gap[4]	**16.7**

Overall Unmanaged Risk	**19.0**







- Exposure represents a company's vulnerability to ESG risks driven by their business model
- Exposure is assessed at the Subindustry level and then specified at the company level
- Scoring ranges from 0-55+ with categories of low, medium, and high-risk exposure

- Management measures a company's ability to manage ESG risks through its commitments and actions
- Management assesses a company's efficiency on ESG programs, practices, and policies
- Management score ranges from 0-100% showing how much manageable risk a company is managing

ESG Risk Rating

ESG Risk Ratings measure the degree to which a company's value is impacted by environmental, social, and governance risks, by evaluating the company's ability to manage the ESG risks it faces.

1. A company's Exposure to material ESG issues 2. Unmanageable Risk refers to risks that are inherent to a particular business model that cannot be managed by programs or initiatives 3. Managed Risk = Manageable Risk multiplied by a Management score of 51.1% 4. Management Gap assesses risks that are not managed, but are considered manageable 5. ESG Risk Rating Assessment = Overall Unmanaged Risk = Management Gap plus Unmanageable Risk

ESG Risk Rating Assessment[5]

ESG Risk Rating is of Jan 07, 2026. Highest Controversy Level is as of Feb 08, 2026. Sustainalytics Subindustry: Internet Software and Services. Sustainalytics provides Morningstar with company ESG ratings and metrics on a monthly basis and as such, the ratings in Morningstar may not necessarily reflect current Sustainalytics' scores for the company. For the most up to date rating and more information, please visit: sustainalytics.com/esg-ratings/.

Peer Analysis 07 Jan 2026

Peers are selected from the company's Sustainalytics-defined Subindustry and are displayed based on the closest market cap values

Company Name	Exposure		Management		ESG Risk Rating	
Spotify Technology SA	36.5 | Medium	0 – 55+	51.1 | Strong	100 – 0	19.0 | Low	0 – 40+
Sirius XM Holdings Inc	23.9 | Low	0 – 55+	41.6 | Average	100 – 0	14.3 | Low	0 – 40+
Apple Inc	33.7 | Low	0 – 55+	59.1 | Strong	100 – 0	15.2 | Low	0 – 40+
Tencent Music Entertainment Group	36.9 | Medium	0 – 55+	45.8 | Average	100 – 0	21.2 | Medium	0 – 40+
Vivid Seats Inc	23.8 | Low	0 – 55+	32.8 | Average	100 – 0	16.4 | Low	0 – 40+

Morningstar Equity Analyst Report | Report as of 10 Feb 2026 21:02, UTC | Reporting Currency: EUR | Trading Currency: USD | Exchange: NEW YORK STOCK EXCHANGE, INC. Page 18 of 24

Appendix
Historical Morningstar Rating

Spotify Technology SA SPOT 10 Feb 2026 20:52, UTC

Dec 2026	Nov 2026	Oct 2026	Sep 2026	Aug 2026	Jul 2026	Jun 2026	May 2026	Apr 2026	Mar 2026	Feb 2026	Jan 2026
—	—	—	—	—	—	—	—	—	—	★★★	★★★
Dec 2025	Nov 2025	Oct 2025	Sep 2025	Aug 2025	Jul 2025	Jun 2025	May 2025	Apr 2025	Mar 2025	Feb 2025	Jan 2025
★★	★★	★★	★★	★★	★★	★★	★★	★★	★★	★★	★★
Dec 2024	Nov 2024	Oct 2024	Sep 2024	Aug 2024	Jul 2024	Jun 2024	May 2024	Apr 2024	Mar 2024	Feb 2024	Jan 2024
★★	★★	★★★	★★	★★	★★	★★	★★	★★★	★★★	★★★	★★★
Dec 2023	Nov 2023	Oct 2023	Sep 2023	Aug 2023	Jul 2023	Jun 2023	May 2023	Apr 2023	Mar 2023	Feb 2023	Jan 2023
★★★	★★★	★★★	★★★	★★★	★★★	★★★	★★★	★★★★	★★★★	★★★★	★★★★
Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
★★★★★	★★★★★	★★★★	★★★★★	★★★★	★★★★	★★★★	★★★★	★★★★★	★★★★	★★★★	★★★
Dec 2021	Nov 2021	Oct 2021	Sep 2021	Aug 2021	Jul 2021	Jun 2021	May 2021	Apr 2021	Mar 2021	Feb 2021	Jan 2021
★★★	★★★	★★	★★★	★★★	★★★	★★	★★★	★★★	★★	★	★

Apple Inc AAPL 9 Feb 2026 22:38, UTC

Dec 2026	Nov 2026	Oct 2026	Sep 2026	Aug 2026	Jul 2026	Jun 2026	May 2026	Apr 2026	Mar 2026	Feb 2026	Jan 2026
—	—	—	—	—	—	—	—	—	—	★★★	★★★
Dec 2025	Nov 2025	Oct 2025	Sep 2025	Aug 2025	Jul 2025	Jun 2025	May 2025	Apr 2025	Mar 2025	Feb 2025	Jan 2025
★★	★★	★★	★★	★★★	★★★	★★★	★★★	★★★	★★★	★★	★★
Dec 2024	Nov 2024	Oct 2024	Sep 2024	Aug 2024	Jul 2024	Jun 2024	May 2024	Apr 2024	Mar 2024	Feb 2024	Jan 2024
★★	★★	★★	★★	★★	★★	★★	★★	★★★	★★★	★★	★★
Dec 2023	Nov 2023	Oct 2023	Sep 2023	Aug 2023	Jul 2023	Jun 2023	May 2023	Apr 2023	Mar 2023	Feb 2023	Jan 2023
★★	★★	★★★	★★	★★	★★	★★	★★	★★★	★★★	★★★	★★★
Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
★★★	★★★	★★	★★★	★★	★★	★★★	★★★	★★	★★	★★	★★
Dec 2021	Nov 2021	Oct 2021	Sep 2021	Aug 2021	Jul 2021	Jun 2021	May 2021	Apr 2021	Mar 2021	Feb 2021	Jan 2021
★★	★★	★★	★★	★★	★★	★★	★★★	★★	★★	★★	★★

Sirius XM Holdings Inc SIRI 9 Feb 2026 22:41, UTC

Dec 2026	Nov 2026	Oct 2026	Sep 2026	Aug 2026	Jul 2026	Jun 2026	May 2026	Apr 2026	Mar 2026	Feb 2026	Jan 2026
—	—	—	—	—	—	—	—	—	—	★★★★	★★★★
Dec 2025	Nov 2025	Oct 2025	Sep 2025	Aug 2025	Jul 2025	Jun 2025	May 2025	Apr 2025	Mar 2025	Feb 2025	Jan 2025
★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★	★★★★
Dec 2024	Nov 2024	Oct 2024	Sep 2024	Aug 2024	Jul 2024	Jun 2024	May 2024	Apr 2024	Mar 2024	Feb 2024	Jan 2024
★★★★	★★★	★★★	★★★★★	★★★★★	★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★
Dec 2023	Nov 2023	Oct 2023	Sep 2023	Aug 2023	Jul 2023	Jun 2023	May 2023	Apr 2023	Mar 2023	Feb 2023	Jan 2023
★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★
Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★
Dec 2021	Nov 2021	Oct 2021	Sep 2021	Aug 2021	Jul 2021	Jun 2021	May 2021	Apr 2021	Mar 2021	Feb 2021	Jan 2021
★★★★	★★★★	★★★★	★★★★	★★★	★★★	★★★	★★★	★★★	★★★	★★★	★★★

Morningstar Equity Analyst Report | Report as of 10 Feb 2026 21:02, UTC | Reporting Currency: EUR | Trading Currency: USD | Exchange: NEW YORK STOCK EXCHANGE, INC. Page 19 of 24

Tencent Music Entertainment Group Class A 01698 10 Feb 2026 17:26, UTC

Dec 2026 —	Nov 2026 —	Oct 2026 —	Sep 2026 —	Aug 2026 —	Jul 2026 —	Jun 2026 —	May 2026 —	Apr 2026 —	Mar 2026 —	Feb 2026 ★★★★★	Jan 2026 ★★★★★
Dec 2025 ★★★★	Nov 2025 ★★★★	Oct 2025 ★★★★	Sep 2025 ★★★★	Aug 2025 ★★★	Jul 2025 ★★★	Jun 2025 ★★★	May 2025 ★★★	Apr 2025 ★★★★	Mar 2025 ★★★★	Feb 2025 ★★★★	Jan 2025 —
Dec 2024 ★★★★	Nov 2024 ★★★★	Oct 2024 ★★★★	Sep 2024 ★★★★	Aug 2024 ★★★★	Jul 2024 ★★★★	Jun 2024 ★★★★	May 2024 ★★★	Apr 2024 ★★★	Mar 2024 ★★★	Feb 2024 ★★★	Jan 2024 ★★★★
Dec 2023 ★★★★	Nov 2023 ★★★★	Oct 2023 ★★★★	Sep 2023 ★★★★	Aug 2023 ★★★★	Jul 2023 ★★★★	Jun 2023 ★★★★	May 2023 ★★★★	Apr 2023 ★★★★	Mar 2023 ★★★★	Feb 2023 ★★★★	Jan 2023 ★★★★
Dec 2022 ★★★	Nov 2022 ★★★★	Oct 2022 ★★★★★	Sep 2022 ★★★★★	Aug 2022 —	Jul 2022 —	Jun 2022 —	May 2022 —	Apr 2022 —	Mar 2022 —	Feb 2022 —	Jan 2022 —
Dec 2021 —	Nov 2021 —	Oct 2021 —	Sep 2021 —	Aug 2021 —	Jul 2021 —	Jun 2021 —	May 2021 —	Apr 2021 —	Mar 2021 —	Feb 2021 —	Jan 2021 —

Research Methodology for Valuing Companies

Overview

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, indepth competitive advantage analysis, and a variety of other analytical tools to augment this process. Moreover, we think analyzing valuation through discounted cash flows presents a better lens for viewing cyclical companies, high-growth firms, businesses with finite lives (e.g., mines), or companies expected to generate negative earnings over the next few years. That said, we don't dismiss multiples altogether but rather use them as supporting cross-checks for our DCF-based fair value estimates. We also acknowledge that DCF models offer their own challenges (including a potential proliferation of estimated inputs and the possibility that the method may miss shortterm market-price movements), but we believe these negatives are mitigated by deep analysis and our longterm approach.

Morningstar's equity research group ("we," "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at a discount or premium to their intrinsic worth—or fair value estimate, in Morningstar terminology. Five-star stocks sell for the biggest risk adjusted discount to their fair values, whereas 1-star stocks trade at premiums to their intrinsic worth.

Four key components drive the Morningstar rating: (1) our assessment of the firm's economic moat, (2) our estimate of the stock's fair value, (3) our uncertainty around that fair value estimate and (4) the current market price. This process ultimately culminates in our singlepoint star rating.

1. Economic Moat

The concept of an economic moat plays a vital role not only in our qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of our fair value estimates. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a narrow moat are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, no-moat companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

When considering a company's moat, we also assess whether there is a substantial threat of value destruction, stemming from risks related to ESG, industry disruption, financial health, or other idiosyncratic issues. In this context, a risk is considered potentially value destructive if its occurrence would eliminate a firm's economic profit on a cumulative or midcycle basis. If we deem the probability of occurrence sufficiently high, we would not characterize the company as possessing an economic moat.

2. Estimated Fair Value

Combining our analysts' financial forecasts with the firm's economic moat helps us assess how long returns on invested capital are likely to exceed the firm's cost of capital. Returns of firms with a wide economic moat rating are assumed to fade to the perpetuity period over a longer period of time than the returns of narrow-moat firms, and both will fade slower than no-moat firms, increasing our estimate of their intrinsic value.

Our model is divided into three distinct stages:

Stage I: Explicit Forecast

In this stage, which can last five to 10 years, analysts make full financial statement forecasts, including items such as revenue, profit margins, tax rates, changes in workingcapital accounts, and capital spending. Based on these projections, we calculate earnings before interest, after taxes (EBI) and the net new investment (NNI) to derive our annual free cash flow forecast.

Stage II: Fade

The second stage of our model is the period it will take the company's return on new invested capital—the return on capital of the next dollar invested ("RONIC")—to decline (or rise) to its cost of capital. During the Stage II period, we use a formula to approximate cash flows in lieu of explicitly modeling the income statement, balance sheet, and cash flow statement as we do in Stage I. The length of the second stage depends on the strength of the company's economic moat. We forecast this period to last anywhere from one year (for companies with no economic moat) to 10–15 years or more (for wide-moat companies). During this period, cash flows are forecast using four assumptions: an average growth rate for EBI over the period, a normalized investment rate, average return on new invested capital (RONIC), and the number of years until perpetuity, when excess returns cease. The investment rate and return on new invested capital decline until a perpetuity value is calculated. In the case of firms that do not earn their cost of capital, we assume marginal ROICs rise to the firm's cost of capital (usually attributable to less reinvestment), and we may truncate the second stage.

Stage III: Perpetuity

Once a company's marginal ROIC hits its cost of capital, we calculate a continuing value, using a standard perpetuity formula. At perpetuity, we assume that any growth or decline or investment in the business neither creates nor destroys value and that any new investment provides a return in line with estimated WACC.

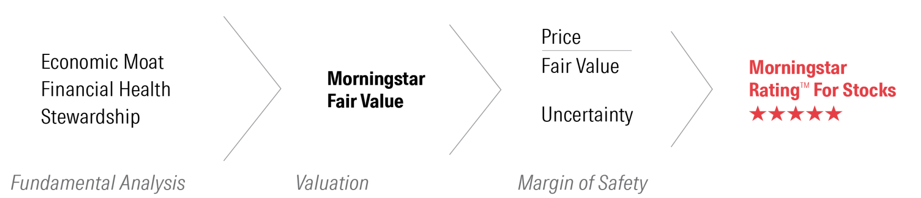
Because a dollar earned today is worth more than a dollar earned tomorrow, we discount our projections of cash flows in stages I, II, and III to arrive at a total present value of expected future cash flows. Because we are modeling free cash flow to the firm—representing cash available to provide a return to all capital providers—we discount future cash flows using the WACC, which is a weighted average of the costs of equity, debt, and preferred stock (and any other funding sources), using expected future proportionate long-term, market-value weights.

3. Uncertainty Around That Fair Value Estimate

Morningstar's Uncertainty Rating is designed to capture the range of potential outcomes for a company's intrinsic value. This rating is used to assign the margin of safety required before investing, which in turn explicitly drives our stock star rating system. The Uncertainty Rating is aimed at identifying the confidence we should have in assigning a fair value estimate for a given stock.

Our Uncertainty Rating is meant to take into account anything that can increase the potential dispersion of future

Morningstar Equity Research Star Rating Methodology



Morningstar Equity Analyst Report | Report as of 10 Feb 2026 21:02, UTC | Reporting Currency: EUR | Trading Currency: USD | Exchange: NEW YORK STOCK EXCHANGE, INC. Page 21 of 24

Research Methodology for Valuing Companies

outcomes for the intrinsic value of a company, and anything that can affect our ability to accurately predict these outcomes. The rating begins with a suggested rating produced by a quantitative process based on the trailing 12-month standard deviation of daily stock returns. An analyst overlay is then applied, with analysts using the suggested rating, historical rating data, and their own knowledge of the company to inform them as they make the final Uncertainty Rating decision. Ultimately, the rating decision rests with the analyst. Analysts take into account many characteristics when making their final decision, including cyclical factors, operational and financial factors such as leverage, company-specific events, ESG risks, and anything else that might increase the potential dispersion of future outcomes and our ability to estimate those outcomes.

Our recommended margin of safety—the discount to fair value demanded before we'd recommend buying or selling the stock—widens as our uncertainty of the estimated value of the equity increases. The more uncertain we are about the potential dispersion of outcomes, the greater the discount we require relative to our estimate of the value of the firm before we would recommend the purchase of the shares. In addition, the Uncertainty Rating provides guidance in portfolio construction based on risk tolerance.

Our Uncertainty Ratings are: Low, Medium, High, Very High, and Extreme.

	Margin of Safety	
Qualitative Analysis Uncertainty Ratings	★★★★★Rating	★Rating
Low	20% Discount	25% Premium
Medium	30% Discount	35% Premium
High	40% Discount	55% Premium
Very High	50% Discount	75% Premium
Extreme	75% Discount	300% Premium

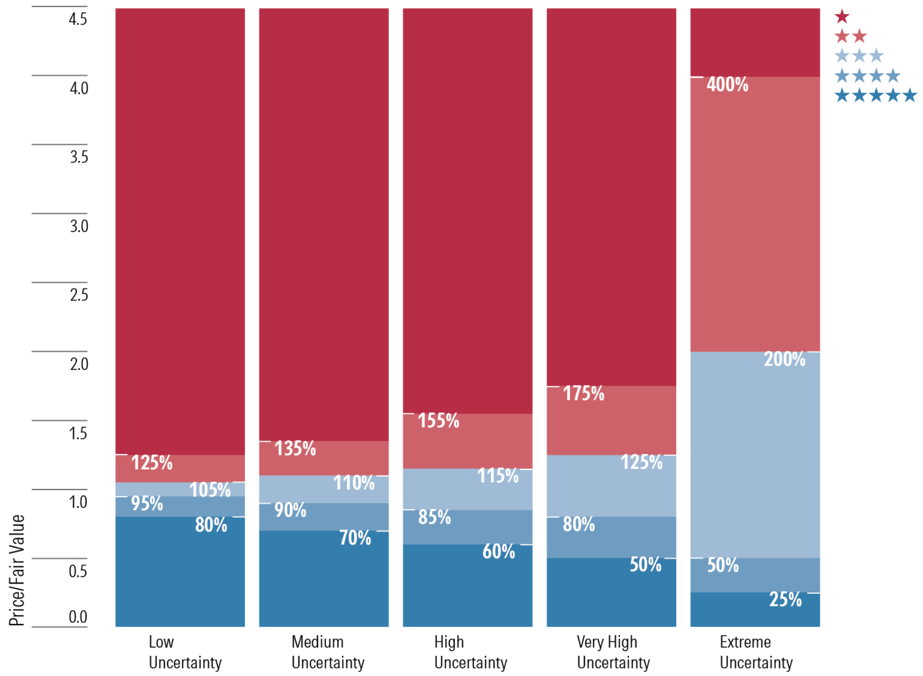
Our uncertainty rating is based on the interquartile range, or the middle 50% of potential outcomes, covering the 25th percentile–75th percentile. This means that when a stock hits 5 stars, we expect there is a 75% chance that the intrinsic value of that stock lies above the current market price. Similarly, when a stock hits 1 star, we expect there is a 75% chance that the intrinsic value of that stock lies below the current market price.

4. Market Price

The market prices used in this analysis and noted in the report come from exchange on which the stock is listed which we believe is a reliable source.

For more details about our methodology, please go to https://shareholders.morningstar.com

Morningstar Equity Research Star Rating Methodology



Morningstar Star Rating for Stocks

Once we determine the fair value estimate of a stock, we compare it with the stock's current market price on a daily basis, and the star rating is automatically re-calculated at the market close on every day the market on which the stock is listed is open. Our analysts keep close tabs on the companies they follow, and, based on thorough and ongoing analysis, raise or lower their fair value estimates as warranted.

Please note, there is no predefined distribution of stars. That is, the percentage of stocks that earn 5 stars can fluctuate daily, so the star ratings, in the aggregate, can serve as a gauge of the broader market's valuation. When there are many 5-star stocks, the stock market as a whole is more undervalued, in our opinion, than when very few companies garner our highest rating.

We expect that if our base-case assumptions are true the market price will converge on our fair value estimate over time generally within three years (although it is impossible to predict the exact time frame in which market prices may adjust).

Our star ratings are guideposts to a broad audience and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and complete investment portfolio, among other factors.

The Morningstar Star Ratings for stocks are defined below:

★★★★★ We believe appreciation beyond a fair risk adjusted return is highly likely over a multiyear time frame. Scenario analysis developed by our analysts indicates that the current market price represents an excessively pessimistic outlook, limiting downside risk and maximizing upside potential.

★★★★ We believe appreciation beyond a fair risk-adjusted return is likely.

★★★ Indicates our belief that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).

★★ We believe investors are likely to receive a less than fair risk-adjusted return.

★ Indicates a high probability of undesirable risk-adjusted returns from the current market price over a multiyear time frame, based on our analysis. Scenario analysis by our analysts indicates that the market is pricing in an excessively optimistic outlook, limiting upside potential and leaving the investor exposed to Capital loss.

Other Definitions

Last Price: Price of the stock as of the close of the market of the last trading day before date of the report.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments,

Research Methodology for Valuing Companies

and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Sustainalytics ESG Risk Rating Assessment: The ESG Risk Rating Assessment is provided by Sustainalytics; a Morningstar company.

Sustainalytics' ESG Risk Ratings measure the degree to which company's economic value at risk is driven by environment, social and governance (ESG) factors.

Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/

Ratings should not be used as the sole basis in evaluating a company or security. Ratings involve unknown risks and uncertainties which may cause our expectations not to occur or to differ significantly from what was expected and should not be considered an offer or solicitation to buy or sell a security.

Risk Warning

Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Uncertainty Rating serves as a useful data point with respect to sensitivity analysis of the assumptions used in our determining a fair value price.

General Disclosure

Unless otherwise provided in a separate agreement, recipients accessing this report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Research Services LLC, a U.S.A. domiciled financial institution.

This Report is for informational purposes, should not be the sole piece of information used in making an investment decision, and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed herein may not be suitable for all investors; investors must exercise their own independent judgment as to the suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position. Morningstar encourages Report recipients to read all relevant issue documents (e.g., prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an investment decision and when deemed necessary, to seek the advice of a financial, legal, tax, and/or accounting professional. The information, data, analyses and opinions presented herein are not warranted to be accurate, correct, complete or timely. Unless otherwise provided in a separate agreement, neither Morningstar, Inc. or the Equity Research Group represents that the report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar, Inc. and the Equity Research Group and their officers, directors and employees shall not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the report.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar, Inc. or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, Inc., or the Equity Research Group guarantees the accuracy of the translations.

This report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries and/or distributors ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst, Morningstar, Inc. or the Equity Research Group. In Territories where a Distributor distributes our report, the Distributor is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established

Research Methodology for Valuing Companies

by local and/or regional regulatory bodies, including laws in connection with the distribution third-party research reports.

Conflicts of Interest

- No interests are held by the analyst with respect to the security subject of this investment research report.
- Morningstar, Inc. may hold a long position in the security subject of this investment research report that exceeds 0.5% of the total issued share capital of the security. To determine if such is the case, please click http://msi.morningstar.com and http://mdi.morningstar.com
- Analysts' compensation is derived from Morningstar, Inc.'s overall earnings and consists of salary, bonus and in some cases restricted stock.
- Neither Morningstar, Inc. or the Equity Research Group receives commissions for providing research nor do they charge companies to be rated.
- Morningstar's overall earnings are generated in part by the activities of the Investment Management and Research groups, and other affiliates, who provide services to product issuers.
- Morningstar employees may not pursue business and employment opportunities outside Morningstar within the investment industry (including but not limited to, working as a financial planner, an investment professional or investment professional representative, a broker-dealer or broker-dealer agent, a financial writer, reporter, or analyst) without the approval of Morningstar's Legal and if applicable, Compliance teams.
- Neither Morningstar, Inc. or the Equity Research Group is a market maker or a liquidity provider of the security noted within this report.
- Neither Morningstar, Inc. or the Equity Research Group has been a lead manager or co-lead manager over the previous 12-months of any publicly disclosed offer of financial instruments of the issuer.
- Morningstar, Inc.'s investment management group does have arrangements with financial institutions to provide portfolio management/investment advice some of which an analyst may issue investment research reports on. However, analysts do not have authority over Morningstar's investment management group's business arrangements nor allow employees from the investment management group to participate or influence the analysis or opinion prepared by them.
- Morningstar, Inc. is a publicly traded company (Ticker Symbol: MORN) and thus a financial institution the security of which is the subject of this report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section https://shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx
- Morningstar, Inc. may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.

Further information on Morningstar, Inc.'s conflict of interest policies is available from http://global.morningstar.com/equitydisclosures. Also, please note analysts are subject to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

Risk Warning Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security's investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. For investments in foreign markets there are further risks, generally based on exchange rate changes or changes in political and social conditions.

For more information about Morningstar's methodologies, please visit global.morningstar.com/equitydisclosures

For a list of securities which the Equity Research Group currently covers and provides written analysis on please contact your local Morningstar office. In addition, for historical analysis of securities covered, including their fair value estimate, please contact your local office.

For recipients in Australia: This Report has been issued and distributed in Australia by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty Ltd is the provider of the general advice ('the Service') and takes responsibility for the production of this report. The Service is provided through the research of investment products.

To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide (FSG) for more information at http://www.morningstar.com.au/fsg.pdf

For recipients in New Zealand: This report has been issued and distributed by Morningstar Australasia Pty Ltd and/or Morningstar Research Ltd (together 'Morningstar'). This report has been prepared and is intended for distribution in New Zealand to wholesale clients only and has not been prepared for use by New Zealand retail clients (as those terms are defined in the Financial Markets Conduct Act 2013).The information, views and any recommendations in this material are provided for general information purposes only, and solely relate to the companies and investment opportunities specified within. Our reports do not take into account any particular investor's financial situation, objectives or appetite for risk, meaning no representation may be implied as to the suitability of any financial product mentioned for any particular investor. We recommend seeking financial advice before making any investment decision.

For recipients in Hong Kong: The Report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited.

For recipients in India: This investment research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with SEBI as a Portfolio Manager (registration number INP000006156) and as a Research Entity (registration number INH000008686). Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/regulatory body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data-related services, financial data analysis, and software development. The research analyst has not served as an officer, director, or employee of the fund company within the last 12 months, nor have they or their associates engaged in market-making activity for the fund company.The ESG-related information, methodologies, tool, ratings, data and opinions contained or reflected herein are not directed to or intended for use or distribution to India-based clients or users and their distribution to Indian resident individuals or entities is not permitted, and Morningstar/Sustainalytics accepts no responsibility or liability whatsoever for the actions of third parties in this respect.

*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in

Research Methodology for Valuing Companies

India # The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in India. The terms and conditions on which Morningstar Investment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

For recipients in Japan: The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency, for informational purposes only. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information.

For recipients in Singapore: The Report is intended for Institutional Investor audiences and is distributed by Morningstar Investment Adviser Singapore Pte. Limited, which is licensed by the Monetary Authority of Singapore to provide financial advisory services in Singapore. Morningstar Investment Adviser Singapore Pte. Limited is the entity responsible for the creation and distribution of the research services described in this Report.

This content is provided for informational purposes only and may be shared or redistributed by Institutional Investors to their clients or other permitted persons, subject to obtaining the appropriate licence from Morningstar. Redistribution of this content is subject to any applicable conditions or limitations, including those agreed commercially or contractually with Morningstar. The person who shares or redistributes this content shall be solely responsible for compliance with all relevant legal and regulatory obligations in the jurisdictions in which the material is made available.

Investors should consult a financial adviser regarding the suitability of any investment product, taking into account their specific investment objectives, financial situation or particular needs, before making any investment decision.

Morningstar, Inc., and its affiliates rely on certain exemptions (Financial Advisers Regulations, Section 27(1)(e), Section 32B and 32C) to provide its investment research to recipients in Singapore.

For recipients in Korea: The report is distributed by Morningstar Korea Ltd., which has filed to the Financial Services Committee, for informational purposes only. Neither Morningstar Korea Ltd. nor its representatives are acting or will be deemed to be acting as an investment advisor to any recipients of this information.