EQUITY RESEARCH REPORT

Northern Data AG

NB2 GY | Frankfurt Stock Exchange

SELL (Speculative)

Price: around €17.50 | Target: €10.00 | Downside: c. -43%

Sector: AI Infrastructure / Data Centers
Market Cap: ~€1.1bn | Market EV: ~€1.1–1.7bn

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October 2025

Executive Summary

Northern Data AG — High-Risk AI Infrastructure Story, But Current Valuation Remains Demanding

Strong 2024, with cloud now the main driver

Δ FY 2024 revenue reached €200.3m, driven by Taiga Cloud (€119.9m) and Peak Mining (€79.2m).

Δ Adjusted EBITDA was €73m (≈36% margin), a sharp improvement from 2023's loss as GPU and data-center assets began to scale.

Capex-heavy pivot from crypto to AI cloud

Δ The group invested €981m of capex in 2024 (≈5× revenue), largely into GPUs and liquid-cooled data centers, lifting total assets to €1,659m.

Δ Management now guides FY2025 revenue of €240–320m and adjusted EBITDA of €80–130m.

Valuation & target price

Δ At €17.50, market cap is c. €1.1bn; depending on whether the Tether shareholder loan is treated as debt or as structural shareholder funding, market EV is roughly €1.1–1.7bn.

Δ Using 2024 EBITDA of €71.4m, Northern Data trades on an EV/EBITDA multiple of about 16–24x, depending on whether the Tether shareholder loan is treated as debt or as structural funding.

Δ On our base-case assumptions, the DCF implies an EV of about €1.2bn and an equity value of €9.2–11.0 per share.

Δ 12-month target price of €10.00 - SELL (Speculative).

News flow & investigations

Δ Feb 2025: Plans to uplist to Frankfurt's Prime Standard.

Δ Aug 2025: Rumble exploring non-binding all-stock approach (~€1bn); no binding offer as of 6 Oct.

Δ Sept 2025: German and Swedish authorities raided offices and opened criminal investigation re VAT treatment of ~€500m GPU purchases at Boden, Sweden; four individuals arrested. Prosecutors allege GPUs claimed for AI tax purposes may have been used for crypto mining.

Δ Sept 2025: John Hoffman appointed co-CEO alongside Aroosh Thillainathan; Scott Bailey named Group COO, Chandan Rajah Group CTO.

Δ The company says it believes the case reflects a misunderstanding of tax treatment and is cooperating with authorities. No conclusions reported as of 6 Oct.

Δ These issues plus Tether's majority stake and crypto legacy explain the fall from €44.60 (end-2024) to mid-teens.

Investment view

Δ High-beta AI infrastructure exposure, but current valuation still assumes a faster earnings recovery than our midpoint-based base case.

Δ Risk-reward no longer looks compelling at the current price - SELL (Speculative).

Key Metrics

Metric	Value
2024 revenue	€200.3m
2024 adj. EBITDA	€73.0m
2024 EBITDA margin	≈36%
2024 EPS (basic)	-€2.21
EV/EBITDA 2024	~16–24x
DCF fair value/share	€9.2–11.0

Revised FY2025 Guidance (April 2025)

Revenue	€240–320m
Adj. EBITDA	€80–130m
Implied margin	~33–41%

Company Snapshot

Listing: Frankfurt (Open Market) | NB2 GY
Shares out: 64.2m (31 Dec 2024)
Majority shareholder: Tether Group, which is closely associated with USDT, the world's largest stablecoin.
Employees: 199 (31 Dec 2024)
Planned uplist: Prime Standard (Frankfurt)
HQ: Frankfurt am Main, Germany

Timeframe: Analysis as of 6 Oct 2025. Not updated for subsequent events.
AI disclaimer: AI used only for grammar/cross-checks. All analysis, modelling and conclusions are the author's own.

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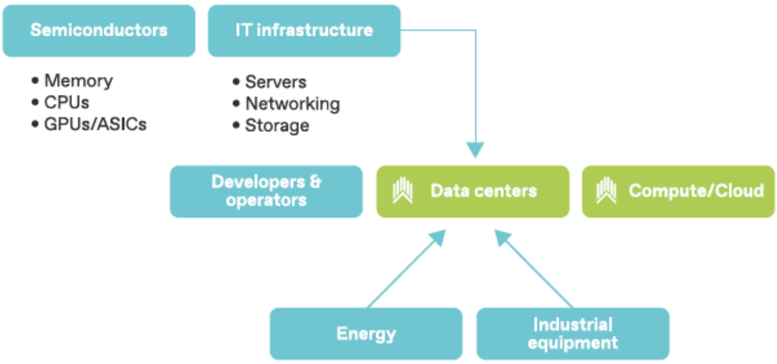
Overview & Industry Landscape

Introducing Northern Data AG

Northern Data AG (ND) is a German company providing computing and cloud services through its proprietary data centers. Originally focused on cryptocurrency mining, the company has pivoted to supporting artificial intelligence (AI) and other high-performance computing markets. Northern Data operates primary data centers in Europe and the US, targeting infrastructure expansion and reliable AI cloud offerings to business clients. The company's majority shareholder is Tether Group, the issuer of the world's largest stablecoin (USDT).

Northern Data Group's value chain



- The value chain starts with semiconductors (GPUs, ASICs, memory, CPUs) that power AI workloads, supported by the IT infrastructure layer: servers, networking, and storage.
- Energy is a major cost and operational factor, powering everything from compute to cooling. Northern Data runs its AI workloads across both its own data centers and third-party facilities.
- The group had 199 employees at the end of 2024, up 37% from the prior year.
- The company has been the subject of press speculation around a potential IPO; some media reports suggested valuations up to ~$16bn (unconfirmed).

Industry Landscape and Company Position

The global AI data center infrastructure is rapidly expanding, valued at approximately $15 billion in 2024 and projected to grow to $42 billion by 2030, representing a compound annual growth rate (CAGR) of about 18%. While Asia-Pacific leads growth, Europe and North America remain crucial due to data sovereignty and regulatory requirements.

Relevant listed infrastructure peers include Equinix, Digital Realty and Applied Digital. More broadly, Northern Data competes for AI and HPC workloads against hyperscalers such as AWS and Microsoft Azure, while working with infrastructure partners including HPE, NVIDIA, VAST Data and Gigabyte.

The group differentiates itself as one of Europe's largest independent AI-focused GPU cloud providers, with more than 22,000 deployed GPUs, including over 20,000 NVIDIA H100s and more than 2,000 H200 Tensor Core GPUs, alongside PUE below 1.2 and advanced liquid-cooling capabilities. These partnerships support rapid scaling and access to next-generation infrastructure, while recent U.S. data center expansion in Pittsburgh and Maysville strengthens Northern Data's capacity base, geographic reach and access to low-cost power.

- North America held 33.69% of the global AI data center market in 2024, expected to reach USD 12.28 billion by 2030.
- Europe accounted for 27.70% of the global AI data center market in 2024, expected to reach USD 11.21 billion by 2030.
- Asia-Pacific had the largest market share with 38.61%, estimated at USD 5.80 billion in 2024.

Region	Market Size (2024)	Projected Size (2030)	CAGR	2024 Share
North America	USD 5.06bn	USD 12.28bn	15.9%	33.69%
Europe	USD 4.16bn	USD 11.21bn	18.0%	27.70%
Asia-Pacific	USD 5.80bn	USD 17.98bn	20.8%	38.61%
Global Total	**USD 15.02bn**	**USD 41.47bn**		

The highest growth is expected in Asia, with a CAGR of 20.8%, but the other regions also show solid growth, presenting significant opportunities for companies active in the data center market.

What does this mean for Northern Data AG?

For ND, this indicates strong potential to expand within Europe and America, where it already has an established base. By focusing on AI optimized data centers, the company can capitalize on the growing demand for digital infrastructure, and strengthen its position in both the European market and North America.

ND is actively repositioning from crypto mining to AI/cloud infrastructure, but investor skepticism remains regarding the extent and credibility of this operational shift. Tether, as majority shareholder, provides both financing opportunities and heightened regulatory scrutiny.

Source: Northern Data AG Annual Report 2024; Company filings; Northern Data Group Updates 2025 Guidance and Provides New Guidance Framework (30 Apr 2025); fortunebusinessinsights.com; Baxtel.com; Bloomberg

Operations

Northern Data AG operates through three core segments: Taiga Cloud, Peak Mining, and Ardent Data Centers.

2024	Reportable segments						
in EUR '000	Peak Mining	Taiga Cloud	Ardent Data Centers	Total	Other companies and Group functions	Consolidation	Group after consolidation
Revenues	**187,513**	**231,877**	**21,548**	**440,938**	**94,073**	**-334,740**	**200,271**
thereof external sales	79,184	119,895	1,192	**200,271**	-	-	200,271
thereof intercompany sales	108,329	111,982	20,356	240,667	94,073	-334,740	-
EBITDA	**21,759**	**51,050**	**781**	**73,590**	**-4,488**	**2,267**	**71,369**
Depreciation, amortization and impairment	-60,518	-88,214	-2,290	-151,022	-3,108	-1,719	-155,849
thereof impairments	-33,544	-	-50	-33,594	-	-	-33,594
EBIT	**-38,759**	**-37,164**	**-1,509**	**-77,432**	**-7,596**	**548**	**-84,480**

Taiga Cloud provides AI-optimized cloud computing services and has experienced rapid growth, becoming the company's main revenue driver with €119.9 million in 2024 revenues, up substantially from €14.3 million in 2023.

Peak Mining focuses on cryptocurrency mining, generating revenues of €79.2 million in 2024, growing from €62.8 million in 2023, though the company has announced plans to divest this segment to focus on cloud and AI infrastructure.

Ardent Data Centers manages high-performance colocation and hosting services with revenues of €1.2 million in 2024, still in early-stage expansion.

Key Operational Highlights

In 2024, Northern Data deployed over 20,000 NVIDIA H100 Tensor Core GPUs, underscoring its leadership in AI data center infrastructure. An additional 2,000 NVIDIA H200 Tensor Core GPUs were deployed in Q1 2025, bringing the total GPU fleet to over 22,000 as of mid-2025.

in # '000	Delivered	Deployed end of year	Deployed Q1 2025
NVIDIA H100 Tensor Core GPUs	21	15	21
NVIDIA H200 Tensor Core GPUs	2	0	2
A6000	1	1	1

ND's existing data center network and GPU clusters are moving into commercial deployment as customers are onboarded, supporting the scaling of AI workloads as new capacity comes online.

Recent investments in the Pittsburgh and Maysville sites provide headroom for customer growth and rising enterprise demand.

ND operates its Swedish data centers with industry-leading energy efficiency, reporting a Power Usage Effectiveness (PUE) of 1.12. This is enabled by advanced liquid cooling technology and continuous investment in sustainable infrastructure, allowing the company to lower operating costs and enhance its environmental profile.

Energy consumption by source	2024	% of total
Fossil fuel	318 GWh	35%
Nuclear energy	76 GWh	8%
Renewable energy	476 GWh	53%
Other	36 GWh	4%
Total	**906 GWh**	**100%**

FY24 was the spend-and-scale year: a ~€214m capital increase plus shareholder support (€497m cash equity contributions and €399.6m shareholder loans in FY24) helped bankroll ~€1.0bn of GPU and data-center investment. The goal is clear: accelerate Taiga Cloud and expand the footprint across Europe and the US.

in EUR '000	Plots of land and buildings	Data centers: servers, accessories, operating equipment	Office and other business equipment	Advance payments made and assets under construction	Total
Acquisition and Production costs					
Balance on 01/01/2024	**91,150**	**143,330**	**1,432**	**252,392**	**488,304**
Additions	11,678	588,892	262	423,500	**1,024,332**
Disposals	-44,298	-76,448	-335	-542	**-121,623**
Reclassifications	72,971	159,742	5	-232,804	**-86**
Net translation differences	4,238	1,624	26	3,850	**9,738**
Balance on 12/31/2024	**135,739**	**817,140**	**1,390**	**446,396**	**1,400,665**
Accumulated depreciation and impairments					
Balance on 01/01/2024	**43,905**	**102,506**	**327**	**15,218**	**161,956**
Additions (scheduled depreciation)	6,359	99,885	352	-	**106,596**
Impairment	10,988	50	-	14,381	**25,419**
Disposals	-28,652	-53,001	-192	-	**-81,845**
Reclassifications	-30	-	30	-	**-**
Net translation differences	1,276	-421	13	-436	**432**
Balance on 12/31/2024	**33,846**	**149,019**	**530**	**29,163**	**212,558**
Carrying amounts					
Balance on 12/31/2023	**47,245**	**40,824**	**1,105**	**237,174**	**326,348**
Balance on 12/31/2024	**101,893**	**668,121**	**860**	**417,233**	**1,188,107**

Utilization and Capacity

Utilization is a key swing factor: by FY24, more than 15,000 GPUs were live, with customers already onboarded or in the process of going live, and further utilization growth should drive operating leverage as demand converts. Ongoing investments at Pittsburgh and Maysville add capacity ahead of expected demand. As utilization increases, the fixed cost base is spread across more revenue, supporting profitability from here.

Risks and Challenges

- Operational risks include reliance on Bitcoin market price volatility, capital expenditure intensity, supply chain uncertainties, and evolving regulatory landscapes in the EU and US.
- The transition from mining to AI/cloud infrastructure focus presents both strategic upside and execution risks.
- Energy cost and supply chain management remain operational priorities for maintaining uptime and cost efficiency.

Financial Analysis

Northern Data's 2024 financial results reflect a strategic pivot from mining to AI cloud infrastructure, delivering strong revenue growth and significant investment in capacity.

Segment EBITDA and Margin

Taiga Cloud drove revenue to €119.9 million in 2024, about 8.4x higher than €14.3 million in 2023, while segment EBITDA turned positive at €51.0 million, up from a negative €11.5 million.

Peak Mining generated €79.2 million revenue in 2024, a 26% increase from €62.8 million in 2023. EBITDA improved to €21.8 million from €–13.7 million in 2023. However, this segment is slated for divestment, lowering Northern Data's exposure to crypto market volatility.

Ardent Data Centers posted modest revenue growth to €1.2 million from €0.5 million in 2023 and reported EBITDA of €0.8 million versus €11.3 million in 2023; given the segment is still early-stage with expansion continuing, the year-to-year EBITDA swing should be treated cautiously and does not yet represent a stable run-rate.

The unusually high 2023 Ardent EBITDA of €11.3m on only €0.5m of external revenue is largely explained by intercompany service charges to Taiga Cloud and Peak Mining for the use of shared data centre infrastructure. These internal revenues are eliminated at the consolidated level, so the 2023 segment EBITDA should not be read as standalone profitability or used as a meaningful baseline for comparison.

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At the consolidated group level (after eliminating intercompany sales and other adjustments), adjusted EBITDA reached €73 million in 2024, a significant turnaround from an adjusted EBITDA loss of €–5.5 million in 2023. This differs from the 2023 consolidated segment EBITDA loss of €–28.2 million, as adjusted EBITDA excludes non-recurring costs such as stock option plan expenses, legal costs, and unrealized currency gains/losses.

In short, Northern Data started to see real operating leverage in 2024, even with headcount, technology, and capex costs still running high.

Cash Flow and Capital Expenditure

Operating cash flow remained negative at €–58.5 million, pressured by nearly €1 billion invested in capital expenditures, primarily for property, plant, and equipment. These investments mainly cover GPUs and new data centers, consistent with the company's growth-focused strategy.

Liquidity was supported by around €500 million of new equity from shareholders and roughly €400 million in shareholder loans, which financed the capex programme and still left €120.3 million of cash at year-end.

EUR '000	Notes	2024	2023
Consolidated net income		**-127,443**	**-151,055**
Depreciation and amortization of non-current assets	4.2	155,849	124,929
Increase/decrease in provisions	4.7	6,016	1,326
Other non-cash expense/income	3.2; 3.5	-41,542	-18,877
(Increase) / decrease in inventories, trade receivables and other assets not attributable to investing or financing activities		-76,731	8,351
Increase / (decrease) in trade payables and other liabilities not attributable to investing or financing activities		14,239	-26,937
Cryptocurrency received for providing computing services		-78,913	-594
Cryptocurrency sold		68,724	60,354
Losses on disposal of non-current assets		-4,644	-8,279
Net finance expense	3.6	24,990	364
Income tax expense	3.7	7,254	382
Income tax payments		-6,260	-7,565
Cash flow from operating activities		**-58,461**	**-17,601**
Payments made for investments in intangible assets	4.1	-6,973	-3,157
Proceeds from disposals of property, plant and equipment		37,949	12,991
Payments made for investments in property, plant and equipment	4.2	-981,251	-95,332
Interest received	3.6	3,971	826
Cash flow from investing activities		**-946,304**	**-84,672**
Proceeds from contributions to equity by shareholders of the parent company (cash capital increases)		497,386	133,123
Funds received from shareholder loan		399,600	175,400
Outflows from the redemption of bonds and financial loans and liabilities from lease agreements		-11,452	-2,437
Interest paid		-3,902	-980
Cash flow from financing activities		**881,632**	**305,106**
Cash-effective change in cash and cash equivalents		**-123,133**	**202,833**
Currency-related change in cash and cash equivalents		401	280
Cash and cash equivalents at the beginning of the period		**242,992**	**39,879**
Cash and cash equivalents at the end of the period		**120,260**	**242,992**

Balance Sheet and Leverage

Income and EPS: Northern Data's net loss narrowed to €127.4 million in 2024 from €151.1 million in 2023, while earnings per share (EPS) improved from €-5.22 to €-2.21, reflecting operational scale gains and narrowing losses. The significant depreciation and amortization resulted from heavy investment in infrastructure assets.

		2024	2023
Profit attributable to shareholders of the parent company	in EUR '000	-127,443	-151,055
Weighted average number of shares for the calculation of earnings per share			
Undiluted	Number	57,689,526	28,940,547
Diluted	Number	57,689,526	28,940,547
Earnings per share			
Undiluted	EUR	-2.21	-5.22
Diluted	EUR	-2.21	-5.22

Assets: Total assets expanded sharply from €1,035.1 million in 2023 to €1,659.3 million in 2024, driven by capital expenditures in property, plant, and equipment (up to €1,188 million). Non-current assets increased from €365.3 million to €1,371.1 million, underscoring the scale of infrastructure investments. Despite this, current assets decreased due to lower other assets and cash balances following intensive capex.

ASSETS in EUR '000	Notes	2024	2023
Non-current assets		**1,371,089**	**365,290**
Goodwill	4.1	13,376	13,376
Other intangible assets	4.1	23,315	3,774
Property, plant and equipment	4.2	1,188,107	326,348
Right-of-use assets	4.3	114,004	6,834
Shares in other companies	5.2; 5.3.1	11,876	6,464
Other assets	4.5	12,972	3,767
Deferred tax assets	3.7	7,439	4,727
Current assets		**288,208**	**669,794**
Inventories	4.4	468	56,534
Trade receivables	3.1.2; 5.2	55,685	8,614
Income tax receivables	3.7	7,310	5,004
Other assets	4.5	103,803	338,227
Cash and cash equivalents	5.2	120,260	242,992
Non-current assets held for sale	4.2.2	682	18,423
Total assets		**1,659,297**	**1,035,084**

Shareholders' equity grew from €734.4 million to €839.8 million with new capital raised, but leverage increased markedly as non-current liabilities rose from €178.1 million to €712.3 million, primarily due to drawdowns of the shareholder loan facility (reported under borrowings). Interest coverage and debt maturities are worth watching closely given how much the balance sheet has shifted during this expansion. Current liabilities declined slightly, reflecting changes in trade payables and other categories.

EQUITY AND LIABILITIES in EUR '000	Notes	2024	2023
Equity	**4.6**	**839,834**	**734,384**
Subscribed capital		64,196	48,734
Capital reserve		1,144,014	835,756
Mandatory convertible bonds issued		-	86,954
Fair value reserve of financial assets at FVOCI		10,432	5,020
Currency translation differences		-19,623	-10,338
Retained earnings		-359,185	-231,742
Non-current liabilities		**712,330**	**178,081**
Borrowings	4.8	596,964	171,858
Lease liabilities	4.8	93,954	5,165
Provisions	4.7	6,844	5
Deferred tax liabilities	3.7	14,568	1,053
Current liabilities		**107,133**	**122,619**
Financial liabilities	4.8	-	448
Lease liabilities	4.8	22,743	2,054
Trade payables	4.8	39,013	62,510
Income tax liabilities	3.7	14,656	20,091
Provisions	4.7	2,418	3,244
Other liabilities	4.9	28,303	34,272
Total liabilities and shareholders' equity		**1,659,297**	**1,035,084**

On the positive side, crypto now plays a smaller role on the balance sheet and in income. This de-risks Northern Data and pushes its profile closer to cloud/data center peers (like Equinix or Digital Realty) rather than commodity mining firms.

Capital Structure and Shareholder Returns

Northern Data did not pay dividends in 2023 or 2024, reflecting reinvestment focus during rapid growth. The company's equity ratio declined from 70.9% at the end of 2023 to 50.5% in 2024, indicating higher leverage due to expansion investments.

Year End	Equity Ratio (%)	Return on Equity (%)
12/31/2024	50.5	8.5
12/31/2023	70.9	-3.8

Return on equity is defined as the ratio of EBITDA to shareholders' equity

Return on equity (ROE) improved from -3.8% in 2023 to 8.5% in 2024, indicating a clear turnaround in operating profitability despite the ongoing investment cycle. The higher ROE reflects a larger asset base being utilized more efficiently, with EBITDA now generating positive returns relative to the expanded equity capital.

Note: ND calculates ROE as EBITDA divided by shareholders' equity, rather than using net income. This EBITDA-based approach focuses on underlying operating profitability and is particularly relevant given the company's heavy non-cash depreciation and amortization from recent infrastructure investments.

For reference, conventional ROE using net income rather than EBITDA was −15.2% in 2024 (net loss of €127.4m divided by equity of €839.8m). The gap between 8.5% on an EBITDA basis and −15.2% on a net income basis shows how much depreciation and financing costs still weigh on the bottom line, even as operating profitability at the EBITDA level has clearly turned around.

EPS Analysis

EPS swung from approximately €-5.22 in 2023 to €-2.21 in 2024, reflecting margin gains offset by depreciation and financing costs typical of heavy investment cycles. Continued scale and margin expansion are necessary for EPS to turn positive and support valuation upside.

EPS of −€2.21 in 2024 is based on a weighted-average 57.7m shares, while 64.2m shares were outstanding at year-end; we use the year-end share count for per-share valuation.

Peer Comparison

Northern Data screens around peer averages on a structural-funding basis, but closer to the upper part of the peer range on a conventional debt basis. Expectations are for margin convergence as Taiga Cloud matures and recurring revenue strengthens.

Company	EV/EBITDA	EBITDA Margin	EPS
Northern Data	~20x	~36%	-2.21
Equinix	~23x	~47%	+8.50
Digital Realty	~20x	~41%	+1.62
Applied Digital	~16x	~15%	-1.31

Earnings Per Share (EPS) Projections

With FY24 EPS at €-2.21 following the 2024 investment cycle, the key swing factors for 2025–2026 are the pace of Taiga Cloud revenue growth, GPU utilization, customer onboarding, and operating leverage, alongside depreciation and financing costs.

Based on the updated midpoint-based base case, EPS remains negative in 2025E (≈−0.93) and 2026E (≈−0.30), with profitability pushed into 2027 as revenue scale begins to absorb depreciation and financing costs.

Year	EPS (Estimate)
2023	−5.22 (Actual)
2024	−2.21 (Actual)
2025E	−0.93 (Base case)
2026E	−0.30 (Base case)

The key drivers here are how quickly revenue scales, how well costs are managed, and depreciation gradually easing as the 2024 asset base ages.

Source: Northern Data AG Annual Report 2024; author estimates.

Valuation

This valuation is based mainly on a discounted cash flow model using free cash flow to the firm (FCFF), which fits Northern Data's capital-intensive and debt-funded growth profile. Cash flows are projected over five years with reasonable assumptions for revenue growth, margins and investment needs, and discounted using a cost of capital in line with listed data-center peers.

As a cross-check, the results are compared with valuation multiples such as EV/EBITDA for comparable cloud and data-center companies. The base case does not build in potential upside from an IPO or spin-off of the AI cloud/data-center activities, or from unconfirmed M&A rumors; these are treated only as possible catalysts.

The analysis accounts for key risks including the ongoing legal and regulatory issues, as well as growth drivers and broader sector trends.

Stock Analysis

Northern Data AG is listed on multiple exchanges, including the Frankfurt Stock Exchange (ETR: NB2) and other European venues. All price references, historical performance, and market capitalization figures in this report are based on the company's main listing on the Frankfurt exchange and quoted in euro (EUR), unless otherwise specified.

Source: Google Finance (share price, 6 Oct 2025); Northern Data AG Annual Report 2024.

ND's stock has declined sharply over the past six months, falling 22% from its April highs and currently trading at €17.50. This pullback has been accompanied by a significant contraction in market capitalization, which dropped from roughly €1.74 billion in June 2025 to approximately €1.10–1.22 billion by October 2025—a year-on-year decrease of around 37%. At the end of 2024, the share price closed at €44.60, implying a market capitalization of €2.9bn. Since then, the stock has sold off sharply, declining by around 60% to €17.50 as of 6 October 2025, driven by concerns around governance, legal investigations, and the sustainability of the current investment cycle.

Latest Price Movement

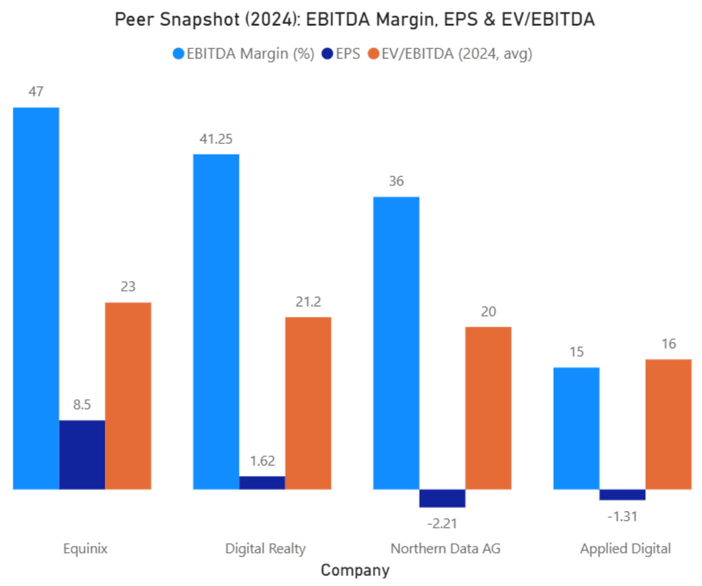
Date / Price	Change	Comment
Oct 3 €17.65	↑ 2.26%	Rebounded 2.3% as the market digested the probe news with no immediate charges and short covering helped stabilize the stock.
Oct 1 €17.24	↓ 1.77%	Fell 1.8% following additional headlines that European prosecutors were probing a €500 million GPU purchase, keeping legal risks in focus.
Sep 26 €16.93	↓ 9.17%	Shares tumbled 9.2% after reports of German police raids connected to Northern Data triggered legal and regulatory concerns, prompting heavy selling.
Sep 23 €18.84	↑ 3.18%	Climbed 3.2% with AI proxies bid up, while investors awaited clarity on Taiga Cloud's GPU capacity monetization and any deal update.
Sep 19 €17.95	↑ 2.28%	Gained 2.3% as dip buyers returned and broader tech sentiment stabilized.
Sep 16 €17.45	↓ 6.78%	Dropped 6.8% after a strong run as investors rotated out of speculative M&A names and concerns rose about regulatory scrutiny and financing needs.
Sep 12 €18.40	↓ 3.41%	Fell 3.4% on profit-taking after the multi-day rally, with no confirmation of a binding offer.
Sep 11 €19.05	↑ 2.75%	Advanced 2.8% as buyers leaned into the uptrend ahead of potential corporate updates, with risk appetite improving.

Bullish view ↑	Bearish view ↓
Cooperation with authorities and AI focus could ease legal risks. Shift to AI and cloud boosts stability and diversifies earnings. Majority ownership by Tether provides financial backing and strategic optionality. A rumored Rumble acquisition could crystallize value, improve liquidity, and reduce standalone financing risk.	Potential tax/regulatory disputes across jurisdictions (incl. VAT-related issues), plus governance concerns, could threaten value. Continued use of high-performance hardware for crypto mining instead of AI workloads may undermine management's AI growth narrative and limit credibility around sustainable AI revenue. Close ties to Tether introduce reputational and regulatory overhangs given scrutiny of Tether's reserves and disclosures. Complex stock-for-stock deals may complicate governance and distract management from core growth.

Sources: Northern Data AG Annual Report 2024; Equinix, Digital Realty and Applied Digital 2024 reports; author calculations.

Peers Comparison

This section highlights valuation and operational profitability differences between Northern Data AG and key industry players Equinix, Digital Realty and Applied Digital. ND's 2024 EV/EBITDA is ~16–24x depending on whether the Tether shareholder loan is treated as debt or as structural shareholder funding. On a conventional debt basis, the multiple is near the upper part of the peer range; on a structural-funding basis, it sits closer to the lower-middle of peers. Its EBITDA margin of 36% sits below Equinix's 47% and Digital Realty's 41%, but significantly above Applied Digital's 15%, indicating solid operating leverage despite early-stage expansion challenges. EPS remains negative for Northern Data as it invests for growth. Among peers, only Equinix and Digital Realty post positive EPS; Applied Digital also remains loss-making.



All metrics represent reported 2024 calendar or fiscal year data. EV/EBITDA figures shown are the midpoint (average) of each company's 2024 reported or consensus range. EPS is GAAP/IFRS as reported. Northern Data reports in EUR under IFRS; US peers report in USD under US GAAP. Applied Digital fiscal year ends May 2024.

Bullish view ↑	Bearish view ↓
Northern Data's EV/EBITDA multiple is in line with sector averages, suggesting its shares are fairly valued relative to established peers if future growth is achieved. The current EBITDA margin (36%) shows the company's cost management is holding up even during its business transition. Active partnerships and the strategy shift towards AI/cloud services can support margin improvement and higher valuations over time.	EPS remains negative, showing the business is not yet profitable on a net basis. Compared to Equinix (47%) and Digital Realty (41%), Northern Data's EBITDA margin is notably lower, further efficiency gains are required to match industry leaders. ND's EV/EBITDA can appear discounted on a structural-funding basis, but on a conventional debt basis it screens closer to the upper part of the peer range.

Premium/Discount vs. Peers

Growth Outlook: Northern Data is rapidly transitioning from crypto mining to AI/cloud infrastructure, reflecting high growth potential but with execution risks. Peers like Equinix and Digital Realty benefit from established positions, supporting consistently higher absolute valuations.

Profitability: Northern Data's EBITDA margin of 36% is improving but remains below Equinix (~47%) and Digital Realty (~41%). Lower margins and ongoing losses reflect operational challenges and help explain why the company's EV/EBITDA multiple, while now in line with sector averages, is not at the highest end of the peer group.

Risk Factors: Regulatory and legal exposures related to its crypto mining origins, along with capital-intensive expansion efforts that impact cash flow, continue to add a risk premium from investors.

Valuation Multiples Benchmark (EV/EBITDA, 2024)

Company	EV/EBITDA Multiple
Equinix	20–26x
Digital Realty	15.8–26.6x
Applied Digital	13.7–18.3x
Northern Data AG	16–24x

Peer reference range: 13.7x–26.6x (2024 peer set, using listed ranges). Central reference point: ~20x (based on listed peer averages and ND midpoint).

Enterprise value of €1.1–1.7bn is based on the current share price (~€17.50 as of 6 October 2025), not the €44.60 year-end 2024 price (market cap €2.9bn). The lower current valuation already reflects the recent sell-off.

ND's 2024 EV/EBITDA is ~16–24x depending on whether the Tether shareholder loan is treated as debt or as structural shareholder funding. On a conventional debt basis, the multiple is near the upper part of the peer range; on a structural-funding basis, it sits closer to the lower-middle of peers.

Note: the EV/EBITDA calculation above uses reported EBITDA of €71.4m for consistency with peer comparisons. The executive summary references adjusted EBITDA of €73.0m, which adds back stock-based compensation and legal costs while removing unrealised FX gains. The €1.6m difference between the two figures is immaterial to the valuation conclusion.

Source: Equinix 2024 Annual and Quarterly Reports, Digital Realty 2024 Financial Releases, Applied Digital Fiscal 2024 Statements, Northern Data AG 2024 Annual Report and Filings

DCF Valuation (FCFF)

1. Starting Point: 2024 Actuals & FY2025 Base Case

From the annual report (all €m unless stated otherwise):

- 2024 revenue: 200.3
- 2024 EBITDA: 71.4 (margin ≈ 36%)
- Operating cash flow 2024: -58.5
- Capex 2024 (PPE): 981.3 (almost 5× revenue; exceptional build-out year)
- FY2025 management guidance: revenue €240–320m, adjusted EBITDA €80–130m.

Our base case uses the midpoint of this FY2025 guidance for the 2025 operating year, while keeping the original post-2025 growth, capex, working-capital, WACC and terminal-growth assumptions. We also hold the absolute D&A path broadly intact to reflect the 2024 asset build-out.

1.2 Core Modelling Assumptions (Base Case)

Item	Base-case assumption	Rationale
Forecast period	2025–2029 (5 years)	Standard horizon; beyond captured by terminal value.
2025 revenue	€280m	Midpoint of management's FY2025 guidance range.
Revenue growth	2026: +25%, 2027: +18%, 2028: +12%, 2029: +8%	Strong early growth as GPU capacity is deployed and utilization builds, before moderating as the business matures.
EBITDA margin	2024A: 35.6%; 2025: 37.5%; 2026: 48%; 2027: 50%; 2028: 52%; 2029: 53%	2025 is set at the midpoint of guidance; later years retain the original margin-improvement assumptions.
D&A (% of revenue)	2025–2029: 50%, 46%, 43%, 39%, 36%	Keeps the original absolute D&A path broadly intact against the rebased revenue path, reflecting the 2024 asset build-out.
Capex (% of revenue)	30%, 28%, 26%, 24%, 22%	Heavy reinvestment, but below 2024 (~5x revenue).
Net working capital	2% of revenue; ΔWC = 2% × ΔRevenue	Light WC model.
Tax rate	25% on positive EBIT	Long-run cash tax once losses are used.
WACC	11%	Higher than peers: execution, governance, regulatory risk.
Terminal growth (g)	2.0%	Slightly above long-term eurozone GDP.

The 11% WACC is built from a risk-free rate of 3.0% (10-year German Gov. Bond), an equity risk premium of 6.0%, and an estimated beta of 1.3, giving a baseline CAPM cost of equity of 10.8%. On top of this we apply a ~4% company-specific risk premium reflecting execution risk on the AI build-out, governance uncertainty from the ongoing criminal investigation, and revenue concentration in a single fast-scaling segment, bringing the cost of equity to approximately 15%. Cost of debt is estimated at 6.5%, in line with the arm's-length terms of the Tether shareholder loan disclosed in the annual report. At a roughly 60/40 equity-to-debt split, the blended post-tax WACC comes to approximately 11%. This discount rate remains the key judgement in the model. A lower WACC would produce materially higher fair values, as shown in the sensitivity table below.

The 25% tax rate above is a long-run normalized assumption. In practice, Northern Data reported total tax loss carryforwards of €379.1m at year-end 2024, although the annual report notes that no deferred tax assets were recognized on these carryforwards. Effective cash taxes may therefore remain low for some time, but the pace and extent of utilization remain uncertain.

Note: Beta of 1.3 is estimated bottom-up from unlevered data-center peer betas, re-levered for ND's capital structure; regression betas are unreliable given thin Open Market liquidity (published estimates range 0.8–1.5 across providers).

1.3 FCFF Forecast (2024A–2029E, Base Case)

All values in €m. 2024 is only the base year.

	2024A*	2025E	2026E	2027E	2028E	2029E
Revenue	200.3	280.0	350.0	413.0	462.6	499.6
Revenue growth	–	+40%	+25%	+18%	+12%	+8%
EBITDA margin	35.6%	37.5%	48%	50%	52%	53%
EBITDA	71.4	105.0	168.0	206.5	240.5	264.8
D&A (% rev.)	very high	50%	46%	43%	39%	36%
D&A	155.8	140.0	162.5	177.0	181.7	178.4
EBIT	-84.5	-35.0	5.5	29.5	58.8	86.4
Tax @25%	–	0.0	1.4	7.4	14.7	21.6
NOPAT	–	-35.0	4.1	22.1	44.1	64.8
Capex (% rev.)	~490%	30%	28%	26%	24%	22%
Capex	981.3	84.0	98.0	107.4	111.0	109.9
WC (2% of rev.)	4.0	5.6	7.0	8.3	9.3	10.0
ΔWC	n/a	1.6	1.4	1.3	1.0	0.7
FCFF	n/a	19.4	67.2	90.5	113.8	132.5

1.4 Present Value of Explicit FCFF

Discount factor $DF_t = 1 / (1 + 11\%)^t$, with t = 1…5:

Year	FCFF	DF (11%)	PV of FCFF
2025	19.4	0.9009	17.5
2026	67.2	0.8116	54.6
2027	90.5	0.7312	66.2
2028	113.8	0.6587	75.0
2029	132.5	0.5935	78.7

Sum PV (FCFF 2025–29) ≈ €292m

1.5 Terminal Value (Perpetuity Growth, g = 2%)

Item	Value
WACC	11%
Terminal growth rate (g)	2%
FCFF in 2029	132.5
Discount period (years from 2024)	5

Terminal Value Calculation

Step	Description	Result
1	FCFF in 2030 = FCFF 2029 × (1 + g)	135.2
2	Terminal value at end-2029	1,502
3	Present value factor = 1 / (1.11^5)	0.593
4	Present value of terminal value (PV(TV))	891

1.6 Enterprise Value (EV)

EV = 292 + 891 ≈ €1,183m

So, the conservative midpoint-based DCF yields EV ≈ €1.2bn.

1.7 Equity Value & Fair Value Per Share

From the 2024 balance sheet:

- Borrowings: €597m (shareholder loan facility; fully drawn as of FY24)
- Lease liabilities: €117m
- Cash: €120m
- Shares outstanding: 64.2m

Two net-debt views:

- Net debt ex-leases = 597 – 120 ≈ €477m
- Net debt incl. leases = (597 + 117 – 120) ≈ €594m

Equity Value

Metric	Ex-leases	Incl. leases
Enterprise value	€1,183m	€1,183m
Net debt	–€477m	–€594m
Equity value	€706m	€589m
Shares	64.2m	64.2m
Fair value / share	≈ €11.0	≈ €9.2

1.8 Sensitivity Analysis

Enterprise Value (EV, €bn)

WACC \\ g	1.5%	2.0%	2.5%
10%	1.28	1.35	1.43
11%	1.13	1.18	1.24
12%	1.01	1.05	1.09

Fair Value Per Share (ex-leases, €)

Using net debt ex-leases = €477m

WACC \\ g	1.5%	2.0%	2.5%
10%	12.6	13.6	14.8
11%	10.2	11.0	11.9
12%	8.3	8.9	9.6

Source: Northern Data AG Annual Report 2024; Northern Data Group Updates 2025 Guidance and Provides New Guidance Framework (30 April 2025); author estimates.

Investment Thesis

We view Northern Data AG as a high-risk AI infrastructure story. The company has made a credible shift toward AI cloud, with Taiga Cloud now the main driver of revenue and EBITDA. Even so, the current share price still looks ahead of what our midpoint base case supports. Heavy depreciation, financing costs, execution risk and governance uncertainty continue to weigh on near-term intrinsic value.

Pillar 1 – Credible Pivot from Crypto to AI Cloud

∆ 2024 group revenue was €200.3m**,** with Taiga Cloud at €119.9m (~60% of group revenue) and adjusted EBITDA of €73m (≈36% margin).

∆ The business is supported by over 22,000 GPUs (H100 and H200), liquid-cooled data centers with a PUE of less than 1.2, and a presence in Europe and North America.

∆ Northern Data is positioned to capture demand in a data-center market expected to grow from ~USD 15bn in 2024 to ~USD 41.5bn by 2030 (~18% CAGR).

Pillar 2 – Capex Turning into Operating Leverage

∆ In 2024 the group invested €981m of capex, mainly in GPUs and data-centre build-out, lifting total assets to €1,659m and non-current assets to €1,371m.

∆ As utilization improves, this installed base should support EBITDA growth in Taiga Cloud and better free-cash-flow conversion as capex normalizes.

∆ Management's revised FY2025 guidance of €240–320m revenue and €80–130m adjusted EBITDA still points to operating leverage, although the earnings outlook is now more measured than initially expected.

∆ Medium-term projects such as Pittsburgh, targeting 20 MW by 2026, and the Maysville, Georgia campus, is expected to begin operations in 2026, with 120 MW initially and further expansion toward 180 MW scheduled for 2027.

Pillar 3 – Valuation vs Peers and Intrinsic Value

∆ On 2024 figures, ND's implied EV/EBITDA is ~16–24x depending on whether the Tether shareholder loan is treated as debt or as structural shareholder funding. On a conventional debt basis, this sits near the upper part of the peer range; on a structural-funding basis, it sits closer to the lower-middle of peers.

∆ Conservative DCF (2025 rev €280m, margin 37.5%→53%, capex 30%→22%, WACC 11%, g 2%) yields EV ≈€1.2bn and equity value of €9.2–11.0/share — downside vs €17.5/sh.

Key Risks

Covenant and refinancing risk: the €597m shareholder loan from Tether contains financial covenants tied to operating performance. The 2024 annual report states that a breach could entitle the lender to demand immediate repayment and that, under current conditions, the group could not meet such a demand without alternative financing or hardware disposals. At the same time, management states that the going-concern basis of preparation remains appropriate and that no material uncertainty exists that would cast significant doubt on the group's ability to continue operating for the foreseeable future. Covenant compliance still depends materially on Taiga Cloud meeting its growth targets.

Crypto exposure and pivot risk: transition from mining may be slower than expected, leaving earnings exposed to Bitcoin volatility.

Leverage and capital intensity: non-current liabilities of €712.3m and equity ratio down to 50.5% highlight balance-sheet risk.

Governance and regulatory uncertainty: raids in September 2025, four arrests in Sweden over alleged VAT fraud related to ~€500m GPU purchases, and Tether's majority stake could keep cost of capital elevated. An adverse outcome could result in material tax liabilities and/or criminal penalties.

Execution risk on AI build-out: if Northern Data cannot sign enough large AI/HPC customers or make sufficient use of its GPU capacity, earnings are likely to improve more slowly than we expect.

These risks justify a high discount rate, though partly mitigated by improving EBITDA, derisking from crypto, and strategic shareholder support.

Catalysts (up to 6 October 2025)

FY 2025 results: Key check on execution versus management guidance, especially utilisation, customer onboarding and cash conversion.

Peak Mining divestment: would simplify equity story, reduce Bitcoin exposure, and free capital for AI growth.

US data-center progress: confirmed progress at Pittsburgh and Maysville and additional GPU deployments would validate growth pipeline.