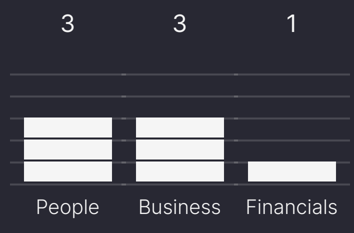
REDEYE

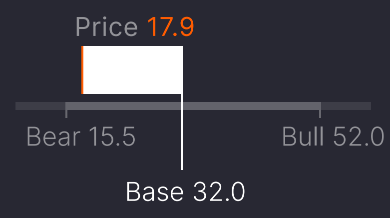
Corline Biomedical

Research Note

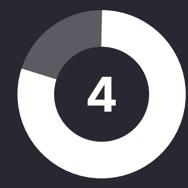
QUALITY RATING



FAIR VALUE RANGE



MOMENTUM



Performance VS OMXS30

Share Information

Share Price SEK	17.85
Number of shares (M)	25.6
Marketplace	First North Stockholm
CEO	Henrik Nittmar
Chairman	Adam Dahlberg

Key Stats

Market Cap	457.2m SEK
Entprs. Value (EV)	451.3m SEK
Net Debt (2025Q3)	-5.8m SEK
30 Day Avg Vol	26 K
Dividend Yield	N/A

Redeye Equity Analysts

Gustaf Meyer
gustaf.meyer@redeye.se

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Corline Biomedical: Directed share issue and loan agreement with Kardium

Redeye is positive about Corline's directed share issue and loan agreement with Kardium. Given the relatively small size of the transaction, we see the main takeaway as the strengthened collaboration between the two parties. We have updated our model to reflect the announcement; however, the impact on our fair value range is minor.

This morning, Corline announced a directed share issue alongside a loan agreement with Kardium. The directed share issue amounted to cSEK9.24m, with a subscription price of SEK17.79, corresponding to a 6% premium to the previous 5-day VWAP. The transaction results in dilution of 1.99%.

In addition, Corline has received a loan of SEK9.24m from Kardium, carrying an annual interest rate of 10%. The loan is to be repaid on a linear basis over 18 months, with repayments commencing in January 2028 at the latest.

Furthermore, Kardium receives 199,825 warrants, entitling it to subscribe for up to 199,825 ordinary shares at a subscription price of SEK19.77. The warrants may be exercised until 30 June 2029 and will not be admitted to trading.

According to the press release, the net proceeds from the directed share issue and the loan will primarily be used to expand Corline's production capacity for CHS reagents. In addition, funds will be allocated to infrastructure investments at the Uppsala facility and to strengthening the company's supplier network, with the aim of securing long-term production volume and quality. By 2029, Corline aims to increase its CHS reagent manufacturing capacity by approximately 20 times compared with current levels.

We view today's announcement positively. In our view, the directed share issue was completed on solid terms, and we see clear strategic value in Kardium becoming a shareholder in Corline. This further underlines Corline's importance to Kardium, which is supportive given Corline's current dependence on Kardium for future sales growth. Moreover, the intended use of proceeds to expand CHS manufacturing capacity highlights both parties' confidence in the Globe system.

The company states that the ambition is to increase capacity by 20x by 2029, which implies a gradual ramp-up over the coming years. This is in line with expectations for the Globe system communicated during H2 2025, when Corline estimated revenues of SEK2bn over the next ten years. While Corline has previously stated that its current capacity is sufficient to meet existing demand, a stepwise capacity expansion over time appears both reasonable and expected, and is something that Corline has communicated earlier.

The inclusion of warrants was somewhat unexpected. However, we take comfort in the limited size of the warrant programme, corresponding to a potential dilution of only 0.76%, as a larger warrant overhang could have weighed on the share price.

Overall, we remain positive on today's announcement and view the strengthened collaboration between Corline and Kardium as the key takeaway. In previous quarterly updates, we have highlighted Corline as a potential acquisition target. Our primary scenario has been that an acquisition of Kardium by a larger player could ultimately result in an acquisition of Corline. However, an alternative scenario is that Kardium itself acquires Corline. While the directed share issue is relatively small in size, it nonetheless signals Kardium's interest in holding an equity stake in Corline. It remains too early to assess the likelihood of a full acquisition, but this initial ownership position can potentially be seen as a small step in that direction.

We have updated our financial model to reflect the announcement (note that the warrants have not been included in our model). The revised share count and cash position have only a minor impact on our fair value range. Our base and bull cases remain unchanged at SEK32 and SEK52, respectively, while our bear case has been slightly adjusted to SEK15.5 (15).

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