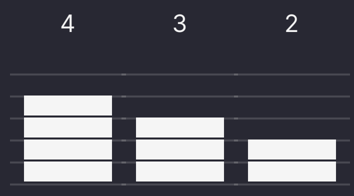
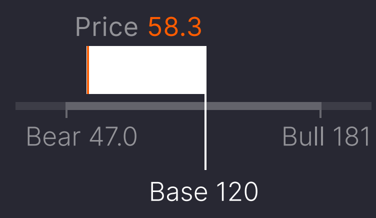
REDEYE

Smart Eye
Research Update

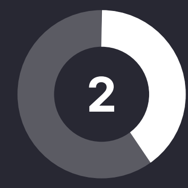
QUALITY RATING



FAIR VALUE RANGE



MOMENTUM



Performance VS OMXS30

Share Information	
Share Price SEK	58.25
Number of shares (M)	38.0
Marketplace	First North Stockholm
CEO	Martin Krantz
Chairman	Anders Jöfelt

Key Stats	
Market Cap	2.2bn SEK
Entprs. Value (EV)	2.3bn SEK
Net Debt (2025Q4)	173.9m SEK
30 Day Avg Vol	302 K
Dividend Yield	N/A

Top Holders	
Name	Ownership
Handelsbanken Fonder	7.27%
Avanza Pension	6.85%
Nordnet Pensionsförsäkring	3.3%
Mats Krantz inklusive närstående	3.24%
Anders Jöfelt	3.12%
Martin Krantz	2.68%
Fjärde AP-fonden	2.5%
Linda Jöfelt	2.33%
Tredje AP-fonden	2.31%
Consensus Asset Management	1.89%

Redeye Equity Analysts

Jacob Benon
jacob.benon@redeye.se
Shareholder

More research on Smart Eye

Scan the QR code to access all Redeye publications and research tools regarding Smart Eye.

redeye.se/company/smart-eye

Smart Eye (Q4 Review): Accelerating while the market hits the brake

Smart Eye delivered a strong Q4 within Automotive, significantly outperforming our expectations, while temporary cost effects and a softer Behavioral Research outlook weighed on reported profitability. With improving underlying cash flow and a scalable business model becoming increasingly visible, we view the sharp share price reaction as disproportionate. Trading at 6x EV/EBITDA-CAPEX 2027e, we continue to see attractive long-term value despite near-term noise.

Stellar quarter for automotive

Automotive significantly exceeded our expectations with 69% organic growth, driven by license revenue growing more than 100% y/y and AIS. While fewer car models reached SOP than anticipated, we expect a solid flow of SOP in the coming quarters leading up to GSR. The sales mix was somewhat skewed toward AIS, explaining the softer gross margin, but we believe license revenue has reached an inflection point, soon contributing more than 50% of automotive sales.

Elevated costs explained by temporary factors

Reported profitability was negatively impacted by FX, incentive program costs, and temporarily higher CAPEX related to data collection. Adjusted for these items, underlying OPEX was close to our expectations and cash flow improved meaningfully both q/q and y/y. Compared to last year, Smart Eye grew revenue by SEK22m and cash flow by SEK14m, implying strong scalability.

Overreaction creates an opportunity

Despite modest estimate cuts for 2026–2028, we reiterate our fair value range of SEK47–181 (Base Case SEK120). At 6x EV/EBITDA-CAPEX 2027e after a 19% share price drop following the report, we see the reaction as an overreaction driven by headline figures and a sensitive stock market sentiment rather than fundamentals.

Key Financials				
SEKm	2025e	2026e	2027e	2028e
Net Sales	406.7	723.4	1,017.7	1,184.0
Sales Growth	14.6%	77.9%	40.7%	16.3%
EBITDA	7.9	246.1	465.2	595.2
EBIT	-160.5	82.1	305.2	435.2
EBIT Margin	-39.5%	11.4%	30.0%	36.8%
Net Income	-152.5	59.1	282.2	412.2
EV/Sales	7.8	3.3	2.1	1.4
EV/EBITDA	401	9.6	4.5	2.8
EV/EBIT	-19.7	28.7	6.9	3.9

Table of contents

Follow-up on financial KPIs

Smart Eye: Deviation table								
SEKm	**Q4 2024**	**Q1 2025**	**Q2 2025**	**Q3 2025**	**Q4 2025a**	**Q4 2025e**	***dev. %***	**dev. abs**
Net sales	100.2	90.1	92.1	99.1	122.3	113.1	*8%*	9.2
Sales growth y/y	*10%*	*5%*	*3%*	*25%*	*22%*	*13%*		
Automotive	35.8	39.2	41.6	48.6	65.4	55.1	*19%*	10.3
Automotive growth y/y	16%	20%	26%	50%	83%	*54%*		
Behavioral Research	64.4	50.9	50.5	50.5	56.9	58.0	*-2%*	-1.1
Behavioral Research growth y/y	6%	-5%	-11%	8%	-12%	*-10%*		
Gross profit	91.7	85.2	87.1	87.8	109.0	102.8	*6%*	6.2
Underlying OPEX*	121.4	118.0	112.5	99.8	126.9	111.2	*14%*	15.7
EBITDA	-18.7	-17.9	1.0	11.5	10.2	17.6	*-42%*	-7.4
EBITDA margin	-19%	-20%	1%	12%	8%	16%		
EBITDA-CAPEX	-47.6	-42.2	-30.9	-13.1	-26.2	-11.4	*129%*	-14.8
EBITDA-CAPEX margin	-47%	-47%	-34%	-13%	-21%	-10%		

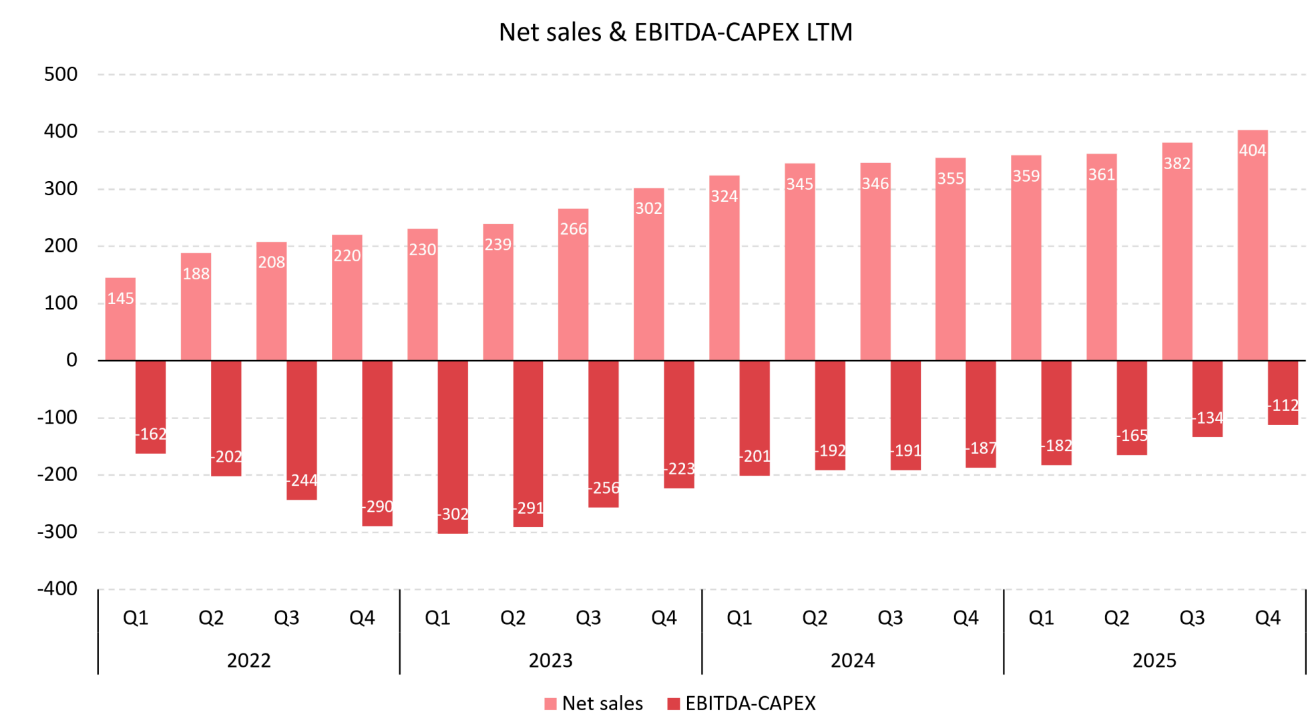
**OPEX-D&A+Capitalized R&D, adjusted for restructuring costs, Source: Redeye research (estimates), Smart Eye (historical data)*

Net sales were SEK122.3m, +22% y/y and 8% above our estimate. Automotive grew 69% organically and landed 19% above our expectations, driven primarily by license revenue growing above 100%, with Europe as the main engine. However, only 20 new car models entered production (vs. our 35 estimate), and the lower group gross margin suggests the sales beat was largely driven by higher AIS revenue linked to the Optix order. This is not a bad thing per se, but as license revenue comes with the pleasure of having a 100% gross margin (compared to AIS, where we believe the gross margin is 30-40%), license revenue is of course preferable.

Behavioral Research declined 12% y/y (-1% organically) to SEK56.9m, in line with our forecast, impacted by a weak US market and FX headwinds.

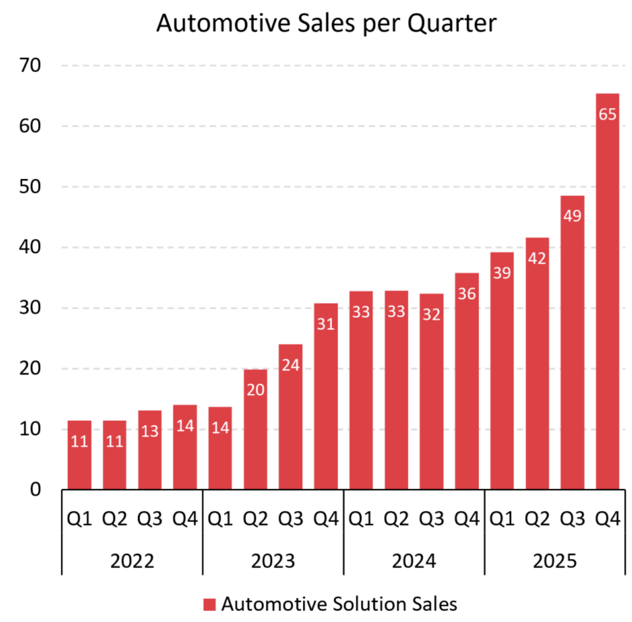
EBITDA was SEK10.2m, negatively affected by SEK5.0m FX and SEK6.2m in incentive program costs, which we had not included in our estimates. Excluding this, EBITDA was broadly in line with our SEK17m estimate. However, considering the beat on gross profit by 6%, OPEX was slightly higher than our estimate, even adjusted for the incentive program cost. Furthermore, higher-than-expected CAPEX led to a softer EBITDA-CAPEX (SEK-26.2m vs. SEK-11.4m est).

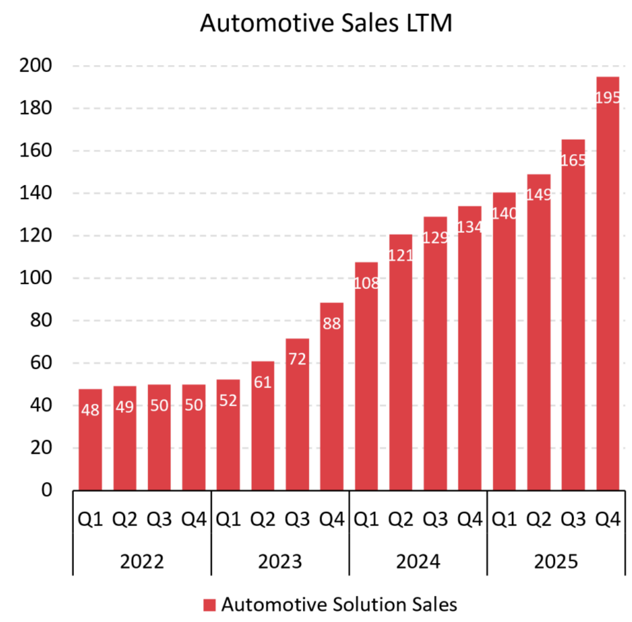
Free cash flow was SEK-33.5m, partly impacted by payments related to the old financing structure, as well as elevated CAPEX related to data collection. We judge that without these “temporary” effects (elevated capex is an active choice, but just for comparable reasons, we choose to exclude it), free cash flow would have amounted to cSEK-21m, an improvement from the Q3 level of SEK-37m.



Automotive Solutions: Stellar organic growth of 69%

Smart Eye: Automotive Solutions





Source: Smart Eye (historical data)

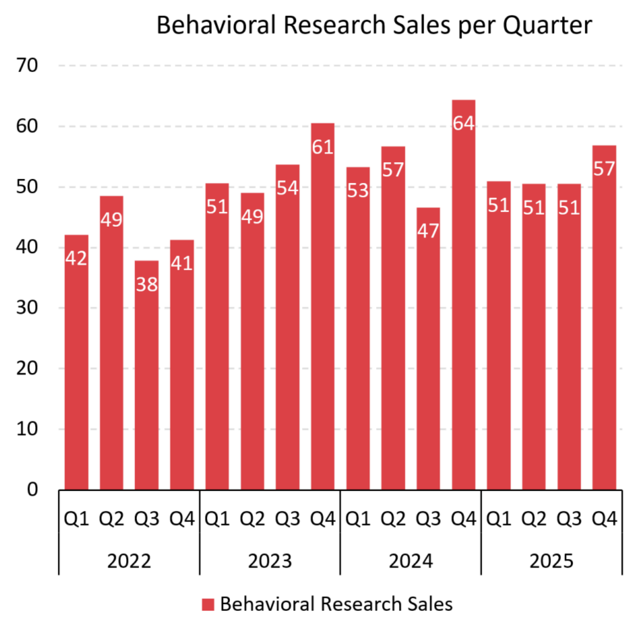
Automotive showed an organic sales growth of 69% y/y, reaching SEK65.4m, which vastly beat our expectations by 19%. NRE revenues are stated to be flat on a y/y basis, while license revenue grows by more than 100%. According to management, AIS is showing a lot of traction, as the order from Optix was delivered during the quarter. After reverse engineering some statements made on the conference call regarding the split between licenses, AIS and NRE, our estimate is that license revenue in Q4 accounted for roughly 40-50% of total automotive sales, amounting to around SEK30m in the quarter.

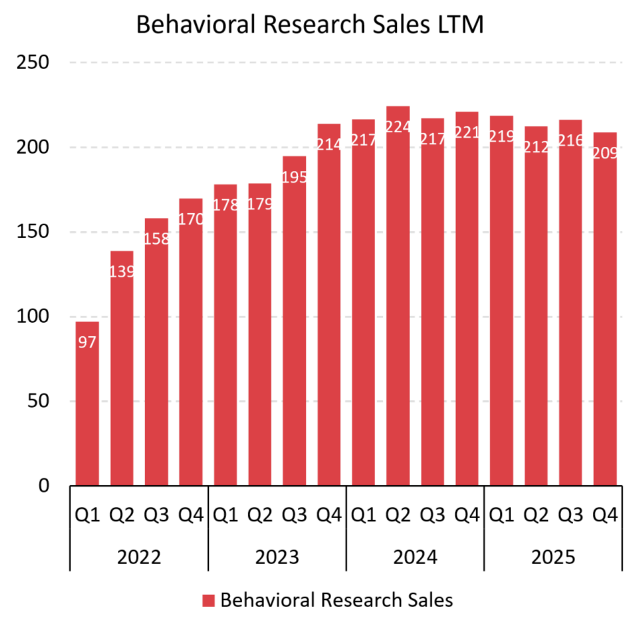
20 New Cars Reached SOP in Q4 – Up from 15 in Q3

The number of car models that have reached production increased from 105 to 125 during Q4, a q/q increase of 20 models. While this was below managements guidance of 40-50 models, the deviation is stated to be due to OEMs experiencing delays in putting the car models into production. For all the car models going into production to comply with the EU GSR mid 2026, Smart Eye has delivered the final version of the software for roughly 90% of them, and all the company can do is wait for the OEM to start production. Management states that the pipeline of new cars reaching SOP in 2026 is front-heavy, as many OEMs need to comply with the GSR. The company now expects 75-125 car models to enter production during 2026, which in mid-point implies more than the double that of what went into production in 2025. As OEMs (and therefore also, Smart Eye's management) have previously been way too optimistic in terms of how many car models will reach SOP in a specific time frame, we ourselves estimate Smart Eye will reach SOP with 75 car models in 2025, low point of its guidance.

Behavioral Research: Another tough quarter

Smart Eye: Behavioral Research





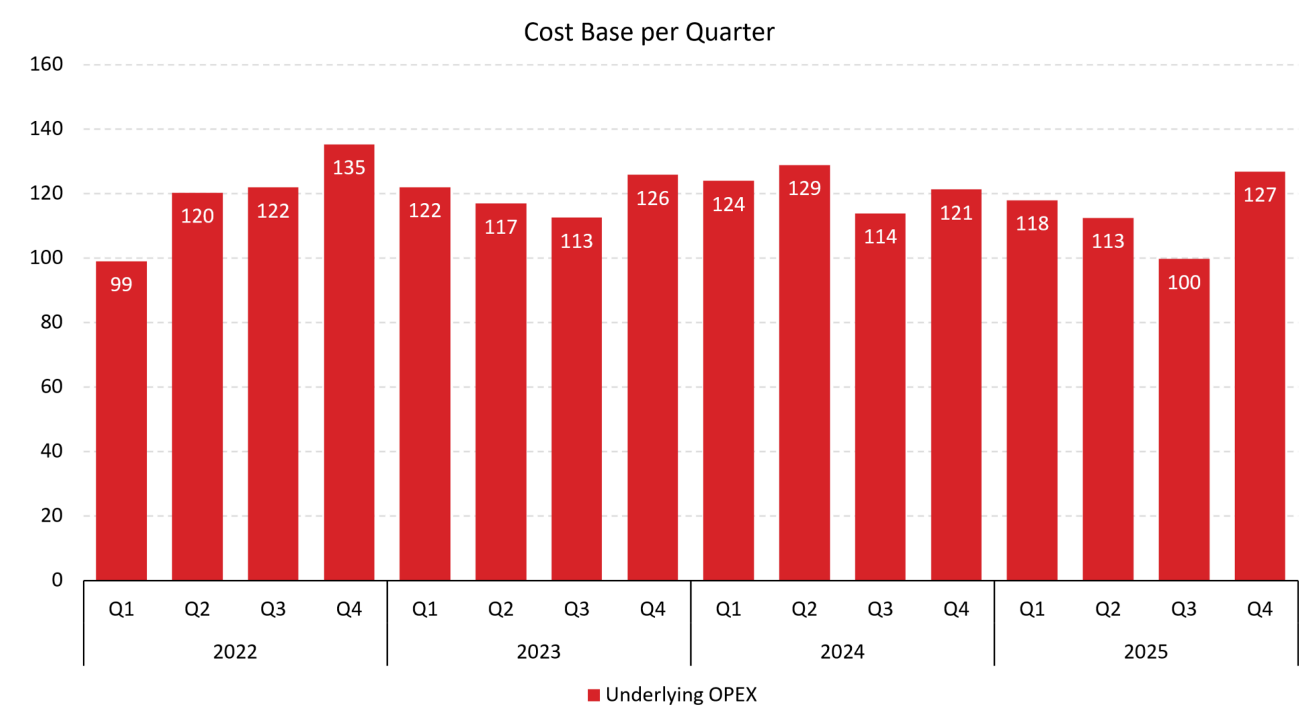
Source: Smart Eye

Behavioral Research had a quarter with sales in-line with our expectations. Q4 showed a -1% organic growth for the business unit, and -12% including currency effects. Management states that all geographies except the US market saw stable development y/y, and our interpretation is that the US market is very weak. Add the unfavorable FX movement in the USD/SEK and you have a business unit that is currently struggling with growth. Behavioral Research is, however, profitable and cash flow positive, and Smart Eye states that it is a question of when the market will turn again, not if. The outlook for the business unit seems to be rather weak at the moment however, forcing us to cut our estimates in 2026e. We will elaborate on this further under our estimate revisions section.

Cost Base: Not as large as it looks

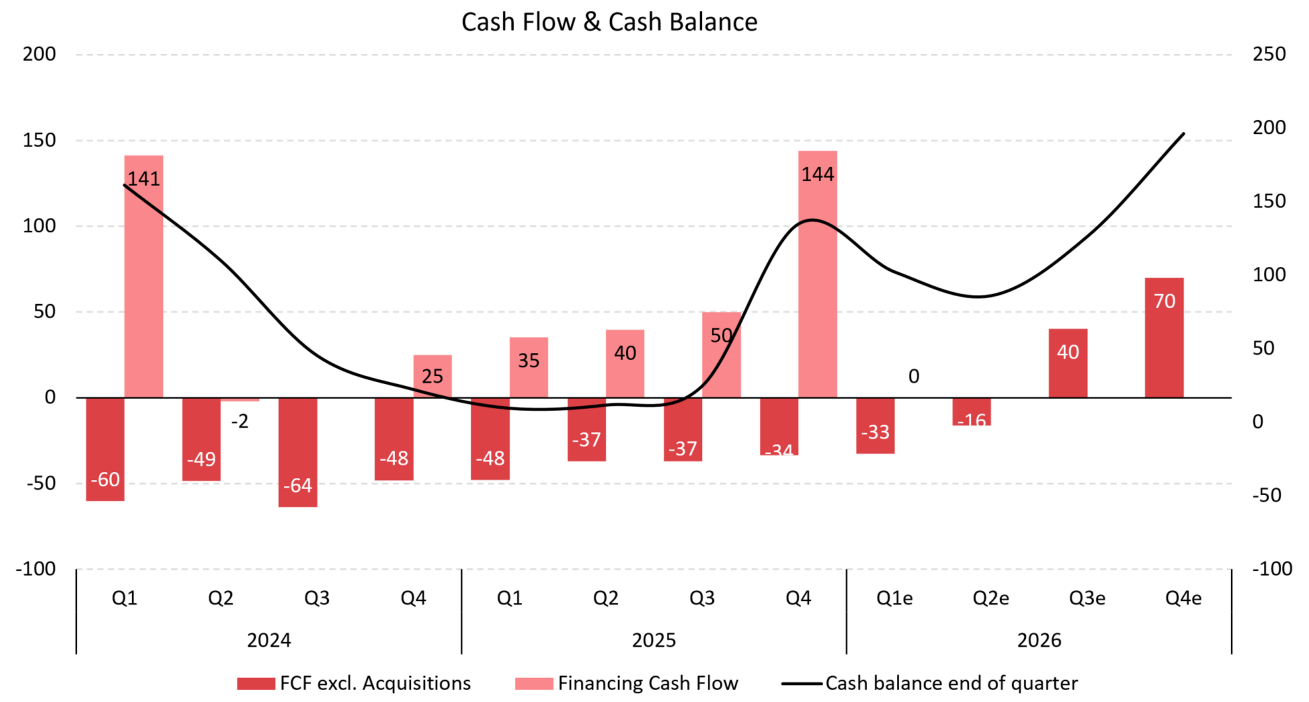
Underlying OPEX (measured as OPEX+D&A-Capitalised R&D) came in at SEK127m, worse than our estimate of SEK111m. However, some untangling is needed here. First of all, the company took an EO item of SEK6.2m related to the incentive program in the quarter, which is not something we include in our underlying OPEX assumptions going forward. Secondly, our underlying OPEX assumptions include capitalized R&D, as this mainly consist of Smart Eye's engineers building software. Our idea with visualizing underlying OPEX is to give a better perspective on how the fixed cost base is developing. If one of Smart Eye's engineers that is a full time employee starts performing tasks that the company can capitalize in its balance sheet, this would lower the OPEX in the PnL, giving a false vision that the OPEX is shrinking when it is actually the same (I.e. Smart Eye still has the same amount of engineers on payroll). That is why we include CAPEX into our calculation of underlying OPEX, as the CAPEX figure mainly concerns costs that could be associated with Smart Eye's fixed cost base. However, in Q4, Smart Eye made a large data collection related to intoxication, where costs associated with the data collection are capitalized directly onto the balance sheet. As we consider these specific costs to not be recurring, including them in our underlying OPEX would give a false impression that the fixed cost base is rising. Smart Eye does not split out exactly how much the data collection contributed to the increase in CAPEX, but states that the company's base line for CAPEX is somewhere around 25-28m per quarter. We therefore think that CAPEX in Q4 was temporarily elevated by some SEK8m.

As such, excluding the temporary capital expenditure related to data collection, and the EO cost for the incentive program, underlying OPEX would have been cSEK113m, not a very big deviation from our SEK111m forecast. Going forward, we use this as our baseline for our underlying OPEX assumptions, but include OPEX from the Sightic acquisition which was already incorporated in our previous update. We have also slightly reduced CAPEX for 2026, as Smart Eye acquired Sightic, and, therefore, got access to a lot of data it would have otherwise needed to continue to collect. As such, our underlying OPEX assumptions for 2026 and beyond stays relatively flat despite the larger cost base at first sight.



Cash flow

Free cash flow for the quarter was SEK-34m, a slight improvement from Q3, where FCF amounted to SEK-37m. The quarter included payments relating to the restructuring of the company's debt, and also, the previously estimated SEK8m cost for data collection. As such, we think the underlying improvement in cash flow between Q3 and Q4 was larger than the SEK3m it looks like. Without these effects, FCF would amounted to roughly SEK-22m, an improvement of SEK15m q/q. One could argue that adjusting for various one-offs to the left and to the right may not be a fair way to judge a company's performance, which after all, is what we aim to do. One should maybe just take the reported figures at face some times, and zoom out instead of digging deep into every detail. Looking at FCF on a y/y basis instead, the improvement was SEK14m (from SEK-48 in Q4 2024 to SEK -34 in Q4 2025), while sales increased by SEK22m (from SEK100m to SEK122m). That implies an incremental cash flow improvement corresponding to 63% of sales (I.e, for every dollar of extra sales Smart Eye has generated, 63 cents have converted into cash). We think this demonstrates the scalability of the business model in a nice way.



Changes to financial estimates

Below, we summarise our estimate changes between 2026 and 2028.

For the period of 2026-2028, we are keeping our automotive sales estimates roughly flat. However, under the surface, we have increased our assumptions of AIS, due to that we believe it is performing better than our expectations. However, it is clear with only 10 design wins awarded with interior sensing functionality so far, that interior sensing is not moving in the same pace as we anticipated, forcing us to slightly lower them. The net effect is that Automotive sales is lowered by a mere 2%. However, this has a larger effect on gross profit, as AIS has a lower gross margin (30-40%) than interior sensing revenue (100%).

We also lower our Behavioral Research estimates on the soft outlook and continued cautiousness.

Our Underlying OPEX forecast is kept roughly flat, but minorly trimmed downwards due to lower capex assumptions due to the Sightic acquisition, which we discussed above. This results in downwards EBITDA and EBITDA-CAPEX revisions for 2026-2028 in the 12-14% range.

Smart Eye: Estimate revisions

Smart Eye: Estimate changes	Updated			Previous			Chg. %	Chg. %	Chg. %
SEKm	**2026e**	**2027e**	**2028e**	**2026e**	**2027e**	**2028e**	**2026e**	**2027e**	**2028e**
Net sales	723	1,018	1,184	757	1,046	1,220	*-4%*	*-3%*	*-3%*
Sales growth y/y	*78%*	*41%*	*16%*	*92%*	*38%*	*17%*			
Automotive	517	780	918	529	796	949	*-2%*	*-2%*	*-3%*
Automotive growth y/y	*161%*	*51%*	*18%*	*187%*	*50%*	*19%*			
Behavioral Research	207	238	266	228	251	271	*-9%*	*-5%*	*-2%*
Behavioral Research growth y/y	*-1%*	*15%*	*12%*	*9%*	*10%*	*8%*			
Gross profit	649	909	1,068	676	978	1,157	*-4%*	*-7%*	*-8%*
Underlying OPEX*	509	551	584	512	566	599	*-1%*	*-3%*	*-2%*
EBITDA	246	465	595	268	530	679	*-8%*	*-12%*	*-12%*
EBITDA margin	*34%*	*46%*	*50%*	*35%*	*51%*	*56%*			
EBITDA-CAPEX	128	344	468	152	399	542	*-16%*	*-14%*	*-14%*
EBITDA-CAPEX margin	*18%*	*34%*	*40%*	*20%*	*38%*	*44%*			

**OPEX-D&A+Capitalized R&D, Source: Redeye research (estimates), Smart Eye (historical data)*

Smart Eye: Estimates

Smart Eye: Financial overview									
SEKm	**2024**	**2025e**	**Q1 2026e**	**Q2 2026e**	**Q3 2026e**	**Q4 2026e**	**2026e**	**2027e**	**2028e**
Net sales	355	407	114	143	205	263	723	1,018	1,184
Sales growth y/y	*17%*	*15%*	*26%*	*55%*	*106%*	*115%*	*78%*	*41%*	*16%*
Automotive	134	198	68	92	154	203	517	780	918
Behavioral Research	221	209	46	51	51	60	207	238	266
Gross profit	328	372	104	129	184	233	649	909	1,068
Underlying OPEX*	488	457	117	133	119	140	509	551	584
EBITDA	-82	8	11	22	91	122	246	465	595
EBITDA margin	*-23%*	*2%*	*10%*	*15%*	*44%*	*47%*	*34%*	*46%*	*50%*
EBITDA-CAPEX	-187	-109	-16	-7	62	89	128	344	468
EBITDA-CAPEX margin	*-53%*	*-27%*	*-14%*	*-5%*	*30%*	*34%*	*18%*	*34%*	*40%*
EV/Sales	6.4	7.8	5.7	5.2	4.2	3.3	3.3	2.1	1.4
EV/EBITDA	-27.7	400.9	72.8	45.2	18.1	9.6	9.6	4.5	2.8
EV/EBITDA-CAPEX	-12.2	-28.9	-28.4	-39.5	194.1	18.4	18.4	6.1	3.6
P/E	-9.0	-19.6	-15.1	-16.6	-36.2	37.9	37.9	7.9	5.4

**OPEX-D&A+Capitalized R&D, Source: Redeye research (estimates), Smart Eye (historical data)*

Fair value range

Despite the estimate revisions, we reiterate our positive view of Smart Eye following the Q4 report, where automotive, which is the key driver of our investment case, performed much better than expectations. We maintain our fair value range at SEK47-181, with a Base Case of SEK120.

We think the negative share price reaction is a consequence of the headline figures (with larger OPEX and CAPEX than estimated, mainly due to EO costs and temporary investments), masked the strong performance within automotive. In the current stock market climate, with small companies in general and software companies in particular has gotten punished very hard on earnings releases that did not live up to the markets expectations, the share price decline is an overreaction, but something we have seen all earnings season. After the large share price decline of 19% following the quarterly report, Smart Eye currently trades at an EV/EBITDA-CAPEX multiple of 6x for 2027e, a valuation we find attractive.

Smart Eye: Assumptions, fair value range

	Bear Case	Base case	Bull case
Value per share, SEK	**47**	**120**	**181**
Assumptions			
Sales CAGR 2024-2029	*23%*	*34%*	*42%*
DMS & IS sales 2027	390	540	818
Research & Other sales 2027	441	478	516
Total sales 2027	**563**	**1,184**	**1,333**
EBIT margin 2027	*8%*	*30%*	*39%*
Terminal EBIT margin	*9%*	*18%*	*20%*
WACC	*12%*	*12%*	*12%*

For our full Bear/Base/Bull assumptions regarding take rates, market share, etc., please visit the Fair Value Range section on our site.

Investment Thesis

Case

In pole position within eye tracking for mandated driver monitoring

Due to EU and Euro NCAP's decisions to mandate driver monitoring, the market for driver monitoring systems (DMS) is about to explode. Smart Eye has devoted ~20 years of 100% focus to and investments in this very niche. The company is in pole position after being awarded more design wins from more OEMs than any other player. As for barriers to entry, the technology needs to cope with e.g. changing light conditions, tunnels, sunshine, darkness, vibrations, etc. and at the same time never fail. Competition is, therefore, basically limited to one other tier-2 player aside from the tier-1 customers' own solutions. However, we believe it is unlikely that the customers, in the long run, are willing to put up with all investments and maintain the focus necessary for in-house sourcing. Smart Eye states that being platform-independent and hardware agnostic, it has a competitive edge as its technology can be locked late in the development process.
With predictable hyper-growth between 2024 and 2027 and a highly scalable business model, we are estimating Smart Eye to be trading at a single digit EBITDAC multiple for 2027e.

Evidence

The revenue acceleration is highly predictable

Design wins are worth more than presented because OEMs use *platforms* of software + hardware that they typically use for all car models launched in a 7-year period. As each car model is sold for ~7 years, cars from a single platform are sold for 14 years. As OEMs often copy platform components to other cars, getting into one car model implies a high probability of getting into several additional models. Thus, Smart Eye has likely secured a solid market share well into the 2030s.

Supportive Analysis

The market for DMS will explode in the coming years driven by regulation. We estimate that penetration will go from < 1m cars a year to ~22m by 2026. In the EU, Euro NCAP demands DMS in all new models launched from 2023 to get a five-star safety rating - which typically 75-80% of all cars have. The EU General Safety Regulation requires all new car models from 2024, and all new cars sold from 2026 to include DMS. Adoption in the US will follow suit from requirements by IIHS and NHTSA, with a potential scenario of mandated DMS in 2027.

Challenge

Head-to-head competition with main competitor

The market for DMS is close to an oligopoly. While Smart Eye is the market leader, its main competitor Seeing Machines offers strong competition. While Smart Eye's software is hardware agnostic, Seeing Machines has chosen to specialize its software to some specific hardware and processor suppliers over the years, currently with a close partnership with Magna and its mirror. While we were previously more scared of this risk, we think Smart Eye has more than proved to remain on the DMS throne.

Possible pricing pressure

Over time, we expect the average selling price (ASP) of DMS to decrease from today's est. EUR6-7 to EUR4 in 2030. The factors that work to decrease the price are a) In 2026, when DMS reaches the mass market, the price will drop because many will choose the most basic functionality. This is partly also true for the legislation in 2024. And b) The ASP for each contract is a function of the cumulative volume of cars sold with DMS to date, meaning that the price for a like-for-like functionality decreases over time. The main factor that works to lift the ASP is that Smart Eye continuously offers more and better functionality connected to DMS. The main cost for DMS is buying and installing the hardware (the camera). This means that extra features for DMS (i.e., DMS+ and interior sensing) become a very marginal cost to add.

Valuation

Rapid, predictable growth to a low price

Even though the exact ramp-up of sales is hard to predict, we believe rapid sales growth between 2024 and 2028 is rather safe to assume. The ramp-up of sales stems from already awarded design wins and expected design wins on existing platforms. Considering a single-digit EBITDAC multiple for 2027e, combined with the highly anticipated ramp-up of sales, we think Smart Eye has a good journey ahead.

Redeye Quality Rating

Company Quality

Company Quality is based on a set of quality checks across three categories; PEOPLE, BUSINESS, FINANCE. These are the building blocks that enable a company to deliver sustained operational outperformance and attractive longterm earnings growth.

Each category is grouped into multiple sub-categories assessed by five checks. These are based on widely accepted and tested investment criteria and used by demonstrably successful investors and investment firms. Each sub-category may also include a complementary check that provides additional information to assist with investment decision-making.

If a check is successful, it is assigned a score of one point; the total successful checks are added to give a score for each sub-category. The overall score for a category is the average of all sub-category scores, based on a scale that ranges from 0 to 5 rounded up to the nearest whole number. The overall score for each category is then used to generate the size of the bar in the Company Quality graphic.

People 4

At the end of the day, people drive profits. Not numbers. Understanding the motivations of people behind a business is a significant part of understanding the long-term drive of the company. It all comes down to doing business with people you trust, or at least avoiding dealing with people of questionable character. character.

The People rating is based on quantitative scores in seven categories: categories:

1. Passion 2. Execution 3. Capital Allocation 4. Communication 5. Compensation 6. Ownership 7. Board

Positives

- CEO Martin Krantz demonstrates strong industry knowledge, visionary leadership, and commitment to innovation, consistently anticipating market trends and maintaining Smart Eye's competitive edge.
- The company has a lean organization promoting self-direction and accountability, fostering innovation and adaptability within each operating unit.
- Management shows a strong commitment to innovation, with a clear strategic plan focused on scaling up DMS and achieving design wins in interior sensing.
- The company consistently communicates with investors, focusing on long-term business value and tying company success to its mission of saving lives in traffic.
- Significant insider ownership (12%) and founder involvement indicate strong alignment with shareholder interests and confidence in the company's future.

Negatives

- Management has struggled to deliver on promises consistently, particularly regarding the adoption rate of cars produced with DMS, leading to delays in expected revenue growth.
- The CEO's tendency to chase new trends before fully capitalizing on previous investments has led to concerns about capital allocation and unnecessary dilution for shareholders.
- The company lacks a clear CEO succession plan, potentially risking future leadership transitions and long-term strategic continuity.
- Smart Eye has faced challenges in managing its cost base, leading to liquidity issues and a necessary rights issue in 2022, negatively impacting shareholders.

Business 3

If you don't understand the competitive environment and don't have a clear sense of how the business will engage customers, create value and consistently deliver that value at a profit, you won't succeed as an investor. Knowing the business model inside out will provide you some level of certainty and reduce the risk when you buy a stock.

The Business rating is ased on quantitative scores in seven categories:

1. Business Scalability 2. Market Structure 3. Value Proposition 4. Economic Moat 5. Operational Risks

Positives

- Strong market position with significant growth potential, benefiting from regulatory tailwinds and expanding into new technologies like Interior Sensing.
- Asset-light business model with high scalability, allowing for growth without heavy reinvestment and potential for upselling to existing customers.
- Clear competitive advantages including economies of scale, strong OEM relationships, and first-mover advantage in a complex, high-barrier industry.
- Diversified revenue base across multiple OEMs and business units, reducing dependency on single customers or markets.
- Products contribute to societal good by improving road safety, aligning with sustainable progress through technology.

Negatives

- Currently unprofitable and cash flow negative, relying on capital markets for funding, which may pose risks in challenging market conditions.
- Automotive industry's cyclical nature and potential disruption from self-driving technologies could impact long-term competitive advantage.
- Limited ability to increase prices, suggesting potential pricing pressure from OEM customers.
- Uncertainty about the longevity of competitive advantage beyond the next decade, particularly with rapid technological changes in the automotive sector.

Redeye Quality Rating

Financials 2

Investing is part art, part science. Financial ratios make up most of the science. Ratios are used to evaluate the financial soundness of a business. Also, these ratios are key factors that will impact a company's financial performance and valuation. However, you only need a few to determine whether a company is financially strong or weak.

The Financial rating is based on quantitative scores that are grouped into five separate categories:

1. Earnings Power 2. Profit Margin 3. Growth Rate 4. Financial Health 5. Earnings Quality

Positives

- Strong gross profit margin and revenue growth, indicating a competitive product mix and potential for increased profitability.
- Solid financial health with current assets 1.5 times greater than current liabilities and manageable debt levels relative to cash flows.
- Efficient inventory and accounts receivable management, suggesting effective operational control and cash collection practices.
- Low occurrence of one-time charges, demonstrating financial transparency and consistent reporting practices.

Negatives

- Lack of consistent profitability, with operating margins, ROE, and ROA below desired thresholds or industry averages.
- Inconsistent earnings growth and stability over longer periods, potentially indicating vulnerability to market fluctuations.
- High goodwill-to-assets ratio compared to industry average, suggesting reliance on acquisitions and potential risk of future impairments.
- Absence of a consistent dividend history or growth, limiting appeal for income-focused investors.

Rating Distribution

Redeye Covered Companies

Rating	People	Business	Financials
5	6	7	0
3-4	129	116	47
0-2	12	24	100
Companies	147	147	147

Disclaimer

Redeye does not issue any investment recommendations for fundamental research. However, Redeye has developed a proprietary research and rating model, Redeye Rating, in which each company is analyzed and evaluated. This research aims to provide an independent assessment of the company in question, its opportunities, risks, etc. The purpose is to provide an objective and professional set of data for owners and investors to use in their decision-making.

Financials

Income Statement				
SEKm	**2024**	**2025e**	**2026e**	**2027e**
Net Sales	354.9	406.7	723.4	1,017.7
Other Income	9.6	18.5	8.0	8.0
Total Revenue	364.5	425.2	731.4	1,025.7
Cost of Sales	-36.1	-53.1	-82.3	-116.5
Gross Profit	328.5	372.1	649.1	909.2
Operating Expenses	-578.9	-532.6	-566.9	-604.0
EBITDA	-82.5	7.9	246.1	465.2
Depreciation and Amortization	-168.0	-168.4	-164.0	-160.0
EBIT	-250.5	-160.5	82.1	305.2
Net Financial Items	-2.4	6.0	-23.0	-23.0
EBT	-252.9	-153.5	59.1	282.2
Income Tax Expenses	0.0	0.0	0.0	0.0
Net Income	-252.9	-152.5	59.1	282.2

Balance Sheet				
SEKm	**2024**	**2025e**	**2026e**	**2027e**
Assets				
Non-current assets				
Property, Plant and Equipment (Net)	32.2	22.0	26.0	32.0
Goodwill	0.0	0.0	0.0	0.0
Intangible Assets	1,444.8	1,271.2	1,221.2	1,176.2
Right-of-Use Assets	0.0	0.0	0.0	0.0
Other Non-Current Assets	232.9	255.5	255.5	255.5
Total Non-Current Assets	1,710.0	1,548.7	1,502.7	1,463.7
Current assets				
Inventories	28.8	27.4	43.4	71.2
Accounts Receivable	53.6	77.1	137.4	152.6
Other Current Assets	102.5	111.8	202.5	305.3
Cash Equivalents	22.4	134.8	196.2	435.4
Total Current Assets	207.2	351.2	579.6	964.6
Total Assets	1,917.2	1,899.9	2,082.3	2,428.3
Equity and Liabilities				
Non-current liabilities				
Long Term Debt	1.7	298.5	298.5	298.5
Long Term Lease Liabilities	0.0	0.0	0.0	0.0
Other Non-Current Lease Liabilities	139.3	132.9	132.9	132.9
Total Non-Current Liabilities	141.1	431.4	431.4	431.4
Current liabilities				
Short Term Debt	36.2	10.3	10.3	10.3
Short Term Lease Liabilities	0.0	0.0	0.0	0.0
Accounts Payable	27.2	44.5	50.6	71.2
Other Current Liabilities	119.7	118.5	235.5	278.8
Total Current Liabilities	183.1	173.3	296.5	360.4
Equity	1,593.0	1,295.2	1,354.4	1,636.6
Total Liabilities and Equity	1,917.2	1,899.9	2,082.3	2,428.3

Cash Flow				
SEKm	**2024**	**2025e**	**2026e**	**2027e**
Operating Cash Flow	-119.9	-8.2	179.4	360.3
Investing Cash Flow	-104.9	-117.2	-118.0	-121.0
Financing Cash Flow	164.3	269.0	0.0	0.0
Cash Flow For The Period	-60.5	143.6	61.4	239.3

The team

Equity Research Leadership


Björn Fahlén
bjorn.fahlen@redeye.se


Tomas Otterbeck
tomas.otterbeck@redeye.se

Editorial

Technology Team


Fredrik Nilsson
fredrik.nilsson@redeye.se


Henrik Alveskog
henrik.alveskog@redeye.se


Hjalmar Ahlberg
hjalmar.ahlberg@redeye.se


Jacob Benon
jacob.benon@redeye.se


Jessica Grunewald
jessica.grunewald@redeye.se


Mattias Ehrenborg
mattias.ehrenborg@redeye.se


Oskar Vilhelmsson
oskar.vilhelmsson@redeye.se


Rasmus Jacobsson
rasmus.jacobsson@redeye.se

Stefan Knutsson
stefan.knutsson@redeye.se

Life Science Team


Filip Einarsson
filip.einarsson@redeye.se


Filip Lindkvist
filip.lindkvist@redeye.se


Fredrik Thor
fredrik.thor@redeye.se


Gustaf Meyer
gustaf.meyer@redeye.se


John Westborg
john.westborg@redeye.se


Kevin Sule
kevin.sule@redeye.se


Oscar Bergman
oscar.bergman@redeye.se


Richard Ramanius
richard.ramanius@redeye.se

William Wällstedt
william.wallstedt@redeye.se

Disclaimer

Important Information

Redeye Sweden AB ("Redeye Nordic Growth" or "the Company") is a specialist financial advisory boutique that focuses on small and mid-cap growth companies in the Nordic region. We focus on the technology and life science sectors. We provide services within corporate broking, equity research and investor relations. Our strengths are our award-winning research department, experienced advisers, a unique investor network, and the powerful distribution channel redeye.se.

The Redeye Group

Redeye Nordic Growth is part of a group of companies ("The Redeye Group") within the meaning of Article 2(11) of Directive 2013/34/EU (the Accounting Directive). The Redeye Group includes RedHold AB, Redeye AB, Redeye Sweden AB and Redeye Capital AB.

Regulatory Framework

This investment research is produced and disseminated in accordance with the European Union regulatory framework governing investment recommendations:

- Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse ("MAR"), in particular Article 20 concerning investment recommendations and disclosure of interests and conflicts of interest.
- Commission Delegated Regulation (EU) 2016/958 supplementing MAR with regulatory technical standards for the objective presentation of investment recommendations and the disclosure of particular interests or indications of conflicts of interest.

Redeye Nordic Growth is an "expert" within the meaning of Article 1 of Delegated Regulation (EU) 2016/958, being a person referred to in Article 3(1)(34)(ii) of MAR who repeatedly proposes investment decisions in respect of financial instruments and presents itself as having financial expertise and experience. As such, Redeye Nordic Growth ensures that all research is objectively presented, that valuation methodologies and underlying assumptions are transparent, and that all relevant interests and conflicts of interest are disclosed in accordance with Articles 4 and 6(1) of Delegated Regulation (EU) 2016/958.

Objective Presentation of Recommendations

In compliance with Articles 3 and 4 of Delegated Regulation (EU) 2016/958, Redeye Nordic Growth ensures that all investment recommendations include:

- Clear identification of the persons responsible for producing the recommendation, including the name and job title of all natural persons involved.
- A clear distinction between factual information and interpretations, estimates, opinions, and other non-factual information.
- Reliable sources for all material information, with any doubts as to reliability clearly indicated.
- A summary of the valuation basis, methodology, and underlying assumptions used to evaluate the financial instrument or issuer, or to set a price target, as well as an indication of any material changes thereto.
- An indication of where detailed information about the valuation or methodology and underlying assumptions is directly and easily accessible.
- An explanation of the meaning of each recommendation category used (e.g., Buy, Hold, Sell), including the relevant time horizon and appropriate risk warnings.
- The date and time of completion of the recommendation and any prices of financial instruments mentioned therein.
- A 12-month track record of all recommendations disseminated on the relevant financial instrument or issuer, including for each: the date of dissemination, analyst identity, price target, relevant market price at the time of dissemination, direction of the recommendation, and validity period.
- Where the recommendation has been disclosed to the issuer and subsequently amended, a statement to that effect.

Conflicts of Interest

Redeye Nordic Growth's research department is regulated by operational and administrative rules established to avoid conflicts of interest and to ensure the objectivity and independence of its analysts. Disclosures may be made either in this document, or on Redeye.se. In accordance with Articles 5 and 6(1) of Delegated Regulation (EU) 2016/958, the following disclosures and measures apply:

Disclosures

- Redeye Nordic Growth discloses any net long or short position exceeding 0.5% of the total issued share capital of any issuer covered in its research, calculated in accordance with Article 3 of Regulation (EU) No 236/2012 and Chapters III and IV of Delegated Regulation (EU) No 918/2012, specifying whether the position is long or short.
- Redeye Nordic Growth discloses if the issuer holds more than 5% of Redeye Nordic Growth's total issued share capital.
- Redeye Nordic Growth discloses any other significant financial interests concerning the issuer.
- Redeye Nordic Growth discloses whether the recommendation was shown to the issuer prior to dissemination and subsequently altered.
- Redeye Nordic Growth discloses the existence of any agreement with the issuer relating to the production of the recommendation.

Group Disclosures

In accordance with Article 6(1)(c) of Delegated Regulation (EU) 2016/958, Redeye Nordic Growth also discloses relevant interests and relationships held by any other company within The Redeye Group. This includes disclosure of whether Redeye Nordic Growth or any company within The Redeye Group:

- Is a market maker or liquidity provider in the financial instruments of the issuer.
- Has been lead manager or co-lead manager over the previous 12 months of any publicly disclosed offer of financial instruments of the issuer.
- Is party to an agreement with the issuer relating to the provision of investment services within the meaning of Sections A and B of Annex I to Directive 2014/65/EU (MiFID II), provided such disclosure does not entail revealing confidential commercial information and the agreement has been in effect over the previous 12 months or has given rise during the same period to an obligation to pay or receive compensation.

Internal Measures

- Employees of Redeye Nordic Growth are prohibited from trading in financial instruments of companies subject to the Company's research analysis, from the date Redeye Nordic Growth publishes its analysis until one trading day thereafter.
- Redeye Nordic Growth has established internal arrangements designed to prevent and manage conflicts of interest with respect to its investment recommendations.
- The Redeye Group has established arrangements to identify, prevent and manage conflicts of interest that may arise between companies within The Redeye Group, including conflicts between the production of investment recommendations and the provision of investment services by other group companies.

Remuneration

Readers of these reports should assume that Redeye Nordic Growth or other companies within The Redeye Group may have received or will receive remuneration from the company/companies cited in the report for the performance of financial advisory services or other investment services. Such remuneration is of a predetermined amount and is not dependent on the content of the research. Where such an agreement exists, it is disclosed in the individual research report.

Limitation of Liability

This document was prepared for information purposes for general distribution and is not intended to be advisory. The information contained in this research is based on sources deemed reliable by Redeye Nordic Growth. However, Redeye Nordic Growth cannot guarantee the accuracy of the information. The forward-looking information in the research is based on subjective assessments about the future, which constitutes a factor of uncertainty. Redeye Nordic Growth cannot guarantee that forecasts and forward-looking statements will materialize. Investors shall conduct all investment decisions independently. This research is intended to be one of a number of tools that can be used in making an investment decision. All investors are therefore encouraged to supplement this information with additional relevant data and to consult a financial advisor prior to an investment decision. Accordingly, Redeye Nordic Growth accepts no liability for any loss or damage resulting from the use of this research.

Recommendation History

In accordance with Article 4(1)(i) of Delegated Regulation (EU) 2016/958, a complete list of all recommendations disseminated by Redeye Nordic Growth on the relevant financial instrument or issuer during the preceding 12-month period is available upon request and at redeye.se.

Redeye Nordic Growth's research coverage

Redeye Nordic Growth's research analyses consist of case-based analyses, which imply that the frequency of the analytical reports may vary over time. Unless otherwise expressly stated in the report, the analysis is updated when considered necessary by the research department, for example in the event of significant changes in market conditions or events related to the issuer/the financial instrument.

Recommendation structure

Redeye Nordic Growth does not issue any investment recommendations for fundamental analysis. However, Redeye Nordic Growth has developed a proprietary analysis and rating model, Redeye Rating, in which each company is analysed and evaluated. This analysis aims to provide an independent assessment of the company in question, its opportunities, risks, etc. The purpose is to provide an objective and professional set of data for owners and investors to use in their decision-making.

Duplication and distribution