

Redeye Quality Microcap

Q4 2025: When the Buyers Leave the Room

Redeye provides its Q4 2025 update for the Swedish Quality Microcap theme. We discuss the 15 (15) companies currently under Redeye's coverage while introducing two new names to our list of companies outside coverage, now totalling 9 companies with commentary. Our proxy for market sentiment, First North traded volumes, continued its y/y rise, but has been on a downward trajectory since mid-2025. While operational performance among many of the companies remains solid, share price development since the previous report suggests that sentiment rather than fundamentals is currently driving the segment.

Sentiment commentary – When outflows meet illiquidity

During 2025, trading volumes on First North increased, largely driven by a single company accounting for a substantial share of total activity. Adjusting for this effect paints a different picture. Since Q3, underlying trading activity has actually been trending downward, suggesting that the apparent improvement in liquidity may have been somewhat misleading. At the same time, small-cap funds have experienced substantial capital outflows at the start of 2026. While these funds mainly invest in larger small and mid-cap companies, the effects likely spill over into microcaps as well. In periods of net outflows, fund managers must raise liquidity somewhere, and the smallest and most illiquid companies are rarely the place where new capital is allocated. The result is not necessarily a wave of sellers in microcaps, but rather an absence of buyers. And in markets with limited liquidity, that distinction may matter.

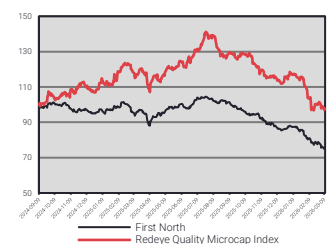
Quarterly company commentary – Same companies, slightly new format

The report continues to cover 15 companies within Redeye's research universe that meet our criteria of being both profitable and below SEK3bn in market capitalisation. However, the structure of this section has changed somewhat compared to previous editions. Historically, each company received a separate quarterly commentary written specifically for this report. With the number of authors now reduced by 50%, we have chosen to simplify the format. Instead, each company is presented through the front page of the analyst's quarterly update together with selected charts and tables that we find particularly relevant. The intention is not to reduce the substance of the report, but rather to focus our efforts where we believe they add the most value while still allowing the theme report to be published consistently every quarter. We hope you find this a reasonable approach.

New case write-ups – Two new additions to the watchlist

In this report, we add two new external case write-ups: EQL Pharma and Freetrailer. The companies operate in very different industries but both illustrate the type of businesses that often emerge in the microcap universe: niche operators that have quietly built strong positions outside the spotlight of most institutional investors.

REDEYE MICROCAP VS FIRST NORTH



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REPORT CONSTITUENTS – REDEYE COVERAGE

Avensia	I-Tech
Avtech	Litium
Cheffelo	Paxman
CombinedX	Safeture
Enea	Sleep Cycle
Formpipe	Tradedoubler
Fractal Gaming	Vertiseit
Genovis	

REPORT CONSTITUENTS – OTHER COMPANIES

EQL Pharma (new write-up)
 Freetrailer (new write-up)
 Sustainion
 Premium Snacks Nordic
 Pierce Group
 Online Brands Nordic
 Exsitec
 Klimator
 Adtraction
 Codemill
 Unlimited Travel Group (removed)
 Haypp Group (removed)

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Introducing the Microcap theme

Why cover microcaps?

As a (potential) source of outperformance

Around four decades ago, two pioneering papers were published that introduced the idea of a firm's size being a statistically significant factor in determining stock outperformance.^{1,2} Since then, academics have debated whether this is in fact true, risk-adjusted, outperformance or whether traditional asset pricing models fail to incorporate certain risk factors especially prevalent in smaller companies. A later review of the evidence suggested that this was indeed the case, as the initial research had not properly accounted for factors such as higher risk of bankruptcy, lower liquidity, higher short-term borrowings, and higher volatility of earnings. It was also found that the high returns tend to be highly concentrated among a few companies.³

However, the fact remains that smaller companies are still structurally less researched and less owned by institutions than their larger peers. Furthermore, the market cap threshold for institutions to look at companies (in the Nordic markets) tend to be in the SEK0.5bn to SEK1bn range (USD50m-USD100m), with the weak market over the past few years pushing the limit towards the higher end of that range. As institutions are unable to invest in the smallest companies, they naturally tend to minimise the time spent on analysing the names given that they will be unable to initiate a position large enough to move the needle. This provides an opportunity for the patient, knowledgeable, and thorough investor to generate outperformance by looking in places where few others are.

Additionally, understanding smaller companies at a deep-enough level is generally more straightforward than doing the same for large firms. Operations tend to be simpler, accounting less complicated, and value drivers easier to identify. Peter Lynch stated that the person that turns over the most rocks wins the game. Thus, if you can choose, why move mountains when you can play around with pebbles?

Personal interest

Passion tends to make work effortless. As the author of this report thoroughly enjoy looking for mispriced microcaps in their spare time, doing so on corporate payroll is ideal (don't tell our bosses ahead of upcoming salary negotiations).

Why a themed microcap report is complicated – and our solution

We regularly publish sector coverage on Serial Acquirers, SaaS, and IT consultants (head over to www.redeye.se/themes for more information). When looking at these three sectors more closely, it is noticeable that the first two are not really sectors in the traditional sense.⁴ Instead, we have grouped these categories by business models, where both Serial Acquirers and SaaS companies tend to create value for shareholders in the same way. IT-consultants is a more traditional sector, although the companies' business models also tend to be similar. The problem when comparing microcaps is that these companies seldom have neither business models nor areas of operations in common, making the basis for comparison vaguer.

Although we have tried to combat this by individually creating a cash flow proxy for each company in the report (more on this in a few paragraphs), readers should keep in mind that comparison between firms is not as useful as for more homogenous group. We do provide peer valuations in the report (perhaps we should call it something else), but these should be used as a way of getting a lay of the land, not as a way of comparing names to find the best investment. Correctly understanding the implications of a certain EV/S multiple can be tricky enough for one company; comparing a whole bunch on this basis without thoroughly understanding the respective business models is a fool's errand.

¹ Banz, R. The relationship between return and market value of common stocks, (1981).

² Reinganum, M. Misspecification of capital asset pricing: Empirical anomalies based on earnings' yields and market values, (1981).

³ Levis, M. The record on small companies: A review of the evidence, (2002).

⁴ Investopedia defines an economic sector in the following way. "A sector is an area of the economy in which businesses share the same or related business activity, product, or service. Sectors represent a large grouping of companies with similar business activities, such as the extraction of natural resources and agriculture."

However, comparing the grouped valuations over time can be insightful, not because of its absolute level, but as the trend can serve as an indicator of the general market's appetite for risk. Consequently, we provide longitudinal data for certain variables that we find suitable, including EV/S and EV/EBIT. Our hypothesis (and hope, given our personal investment philosophies) is that the share prices of a group of carefully selected, high-quality microcaps can beat the overall market (and a comparable small cap index). Not all the time, and not every time. But over a long-enough time horizon, the inability for larger institutions to take sizable positions in these names should be able to push down valuations and push up the expected returns.⁵

Owner earnings, the answer to many questions...

As hinted at previously, we have introduced an individually crafted cash flow proxy for each company in the report. This cash flow proxy is not the same for all companies, but it builds on the logic that underpins Warren Buffett's so-called owner earnings, introduced in his 1986 letter to shareholders. After posing several rhetorical questions about whether the value of a company changes with its accounting practices, the following reasoning is provided:

"If we think through these questions, we can gain some insights about what may be called "owner earnings." These represent (a) reported earnings plus (b) depreciation, depletion, amortization, and certain other non-cash charges [...] less (c) the average annual amount of capitalized expenditures for plant and equipment, etc. that the business requires to fully maintain its long-term competitive position and its unit volume. (If the business requires additional working capital to maintain its competitive position and unit volume, the increment also should be included in (c)."

Our owner-earnings equation does not yield the deceptively precise figures provided by GAAP, since (c) must be a guess - and one sometimes very difficult to make. Despite this problem, we consider the owner earnings figure, not the GAAP figure, to be the relevant item for valuation purposes - both for investors in buying stocks and for managers in buying entire businesses. We agree with Keynes's observation: "I would rather be vaguely right than precisely wrong."

As always when it comes to Buffett's writings: well put. Thus, what we try to capture with owner earnings is the capital available for the business to allocate after it has defended its competitive position. We therefore get a basis of comparison that accounts for varying amortisation schedules across accounting standards, different amounts of capitalised development, and other such considerations. Owner earnings is therefore (if we make our adjustments correctly) comparable across organisations in a way that few other metrics are.

...but perhaps not the right one

Despite facilitating comparison across entities, a multiple (regardless of how good it is) will never answer the question of whether a business constitutes a good investment. To understand this, investors must obtain a thorough understanding of the business, the competitive landscape, and its prospects. A business is worth the present value of all its future cash flows, which is in turn determined by its return on incremental investments and the amount of reinvestment opportunities. This can be boiled down to a multiple to simplify discussion, but the multiple should be viewed as the byproduct of an in-depth fundamental analysis, not an analysis in itself. Looking at a snapshot view of multiples across a sample can give some hints about where to start digging, but the digging still must be done.

⁵ Note that the selection of companies has not necessarily been made with the intention of generating market-beating returns. The selection from Redeye's coverage is mechanical based on the selected criteria. Instead our optimism is a result of the aforementioned reasoning regarding microcaps, where structural factors should favour the thorough and skilled investor.

Structure of coverage

To provide continuity for readers, we have chosen to structure the quarterly coverage into three distinct parts:

- Market sentiment

This section includes market commentary more broadly. We use primarily the traded volumes on Nasdaq First North to get some form of proxy for market sentiment. We also comment on trends we see materialising in the public markets.

- Company commentary

This section includes company-specific commentary for the included companies. The firms meeting the criteria in Redeye's coverage are always included, whereas other companies are selected based on the relevance at the time of writing.

- Other orders of business

In this section, we try to take a more timeless approach, providing interviews, book reviews, discussing various microcap-related questions, and exploring profiles of investors or historical microcap success stories.

Redeye's definition of a microcap and included companies

Selection within Redeye's coverage

With 20+ research analysts and 140+ companies under coverage, Redeye is one of the leading equity research firms in the Nordics. Our eyes are set at companies in the tech and life science sectors, and we have been doing this for more than 20 years. Naturally, we have a lot of companies that would adhere to the traditional (albeit undefined) perception of a microcap under coverage. To 1) make the workload manageable and 2) keep the report relevant for readers, we have chosen to apply two criteria:

- Market cap <SEK3bn (<cUSD300m)

This is a hard limit for first adding a company to the report. However, if we start following a company and it grows past the size limit, we will not necessarily exclude it immediately. This is partly to avoid having to shuffle companies around too much as their market caps fluctuate in the short term and partly as it is quite exciting to see these companies develop over time.

- Profitable companies

In *Global Outperformers* by Dede Eysan, it stated that profitable companies are significantly overrepresented among outperforming stocks.⁶ Thus, we chose to focus on what we consider to be profitable companies. Our definition builds on "owner earnings", which we define as the cash inflow that companies are free to allocate as they wish. EBITDA-capex or cash flow before acquisitions are closely related concepts. Here, some discretion has been applied to the selection. We want the included companies to be sustainably profitable or have a clear path to profitability in the near term. As such, we exclude companies that has received one-time milestone payments, gaming companies where releases temporarily inflate the numbers, or other similar situations.

In case readers, or client companies, have questions regarding the selection, feel free to contact the author of this report at jacob.benon@redeye.se and we will explain the motivations in specific instances.

⁶ Global Outperformers, Jenga Investment Partners, 2022.

Included companies outside of Redeye's coverage

To add moving parts to the report, and to capitalise on the research we conduct outside of Redeye's coverage, we will add commentary on 2-4 new companies each quarter. These are companies outside of Redeye's coverage where something has piqued our interest. It could be related to large insider transactions, impressive fundamental development, or what we consider to be upcoming triggers for the stock. Depending on their fundamental development, some companies might be included multiple times, but our intention is to keep this part as moving as possible.

If readers have suggestions for companies outside of Redeye's coverage that we should cover in the next edition, feel free to contact us using the details above. We are always interested in new ideas.

Conflict of interest mitigation and author holdings disclosure

In addition to adhering to the trading rules and guidelines established by Redeye for all its employees, the author of this report have voluntarily implemented supplementary trading rules to further minimise potential conflicts of interest. Specifically, the author agrees to refrain from engaging in any buying transactions involving companies not currently under Redeye's coverage from the moment it is determined that these companies will be included in the report. Furthermore, the author will be prohibited to sell companies not currently under Redeye's coverage until 30 days after the report's publication.

For transparency, companies in which the author own shares are listed below (and in the disclaimer). Note that this represents our entire portfolios, and not only the names mentioned in the report. In addition, for each company covered by Redeye, information about ownership and transactions carried out by Redeye's analysts are available on our website.

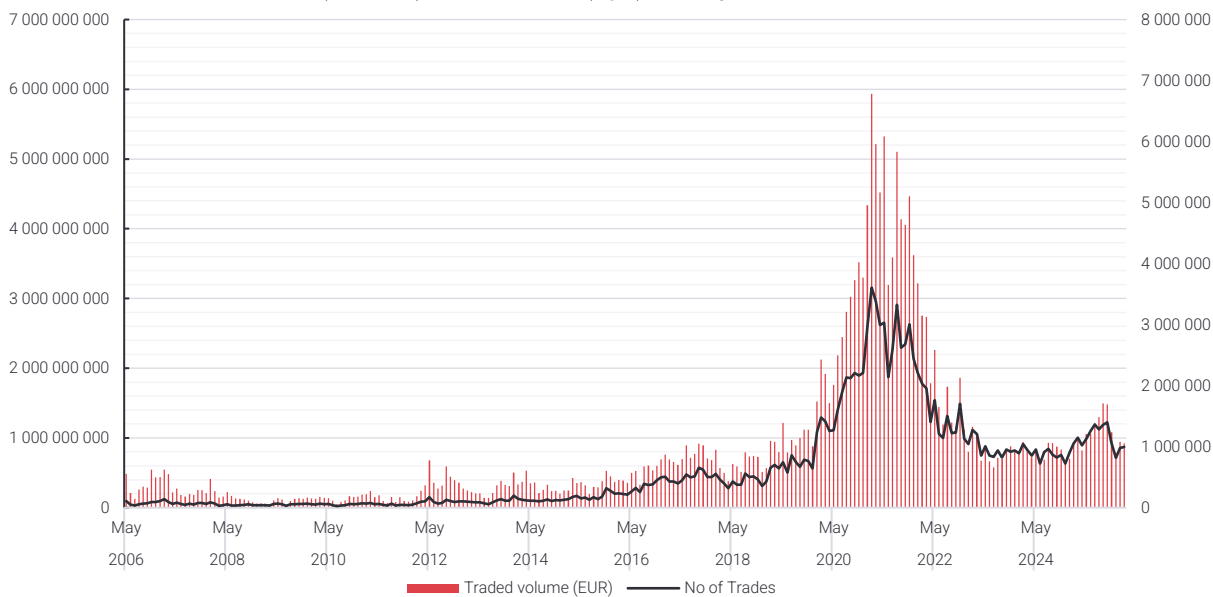
Jacob Benon owns shares in: Adtraction, Berkshire Hathaway, Catella, EQL Pharma, Exsitec, Fractal Gaming Group, Litium, Smart Eye, Söder Sportfiske, Vertiseit, Cash (9%).

General market commentary

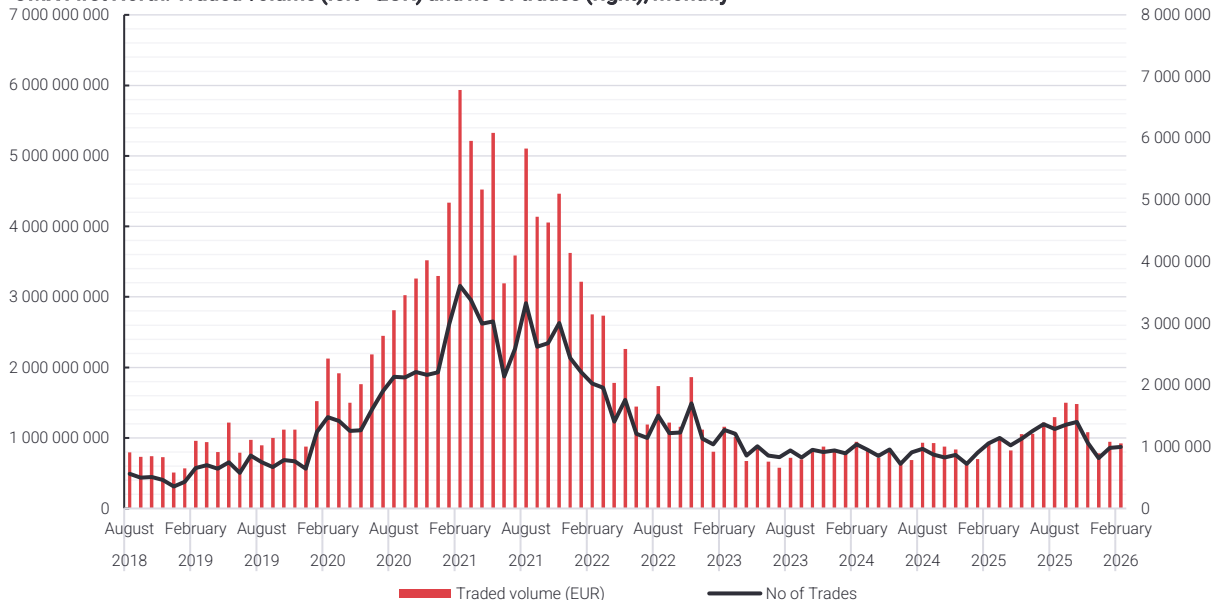
First North traded volumes – What da **** is going on with small caps?

The two charts below depict the traded volume in all equity instruments on First North, including Sweden, Finland, Denmark, and Iceland over two different time periods. Volumes were muted following the pandemic years but have started to trend upwards throughout 2025, mainly as a consequence of Intellego representing a very large share (some 29% at the peak) of all trading volume on First North. Since October, the trajectory has been downwards, as seen in the charts below.

OMX First North: Traded volume (left - EUR) and no of trades (right), monthly

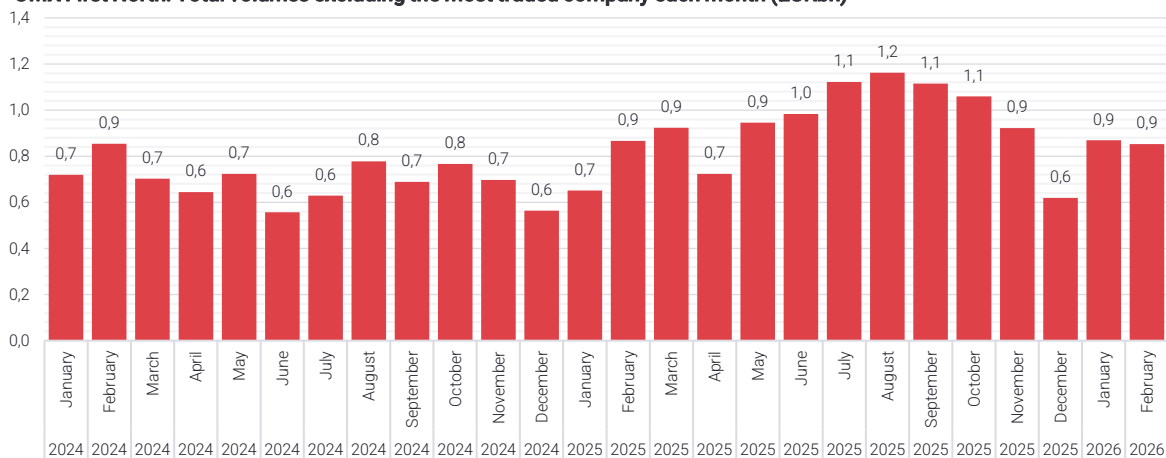


OMX First North: Traded volume (left - EUR) and no of trades (right), monthly



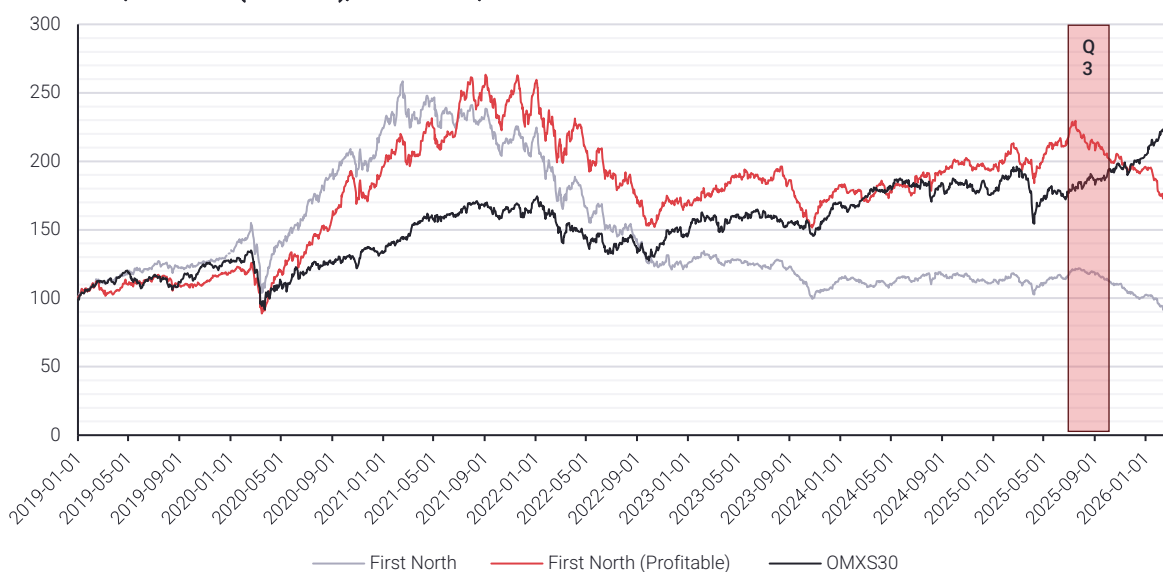
However, adjusting for Intellego⁷, traded volumes on First North has been on a slight downwards trajectory already since Q3.

OMX First North: Total volumes excluding the most traded company each month (EURbn)



This correlates relatively well with the index performance of both First North, and our internally crafted “First North Profitable” index, which seemed to hit a local peak by Q3.

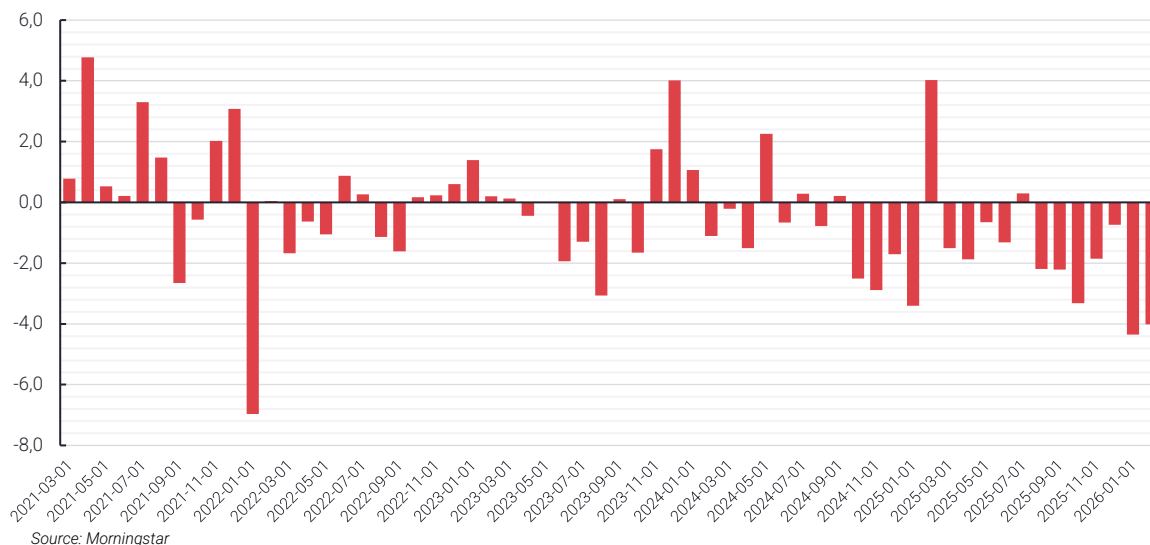
First North, First North (Profitable), and OMXS30, indexed



⁷ To be correct, we adjust for the most traded company each month, which Intellego was between August to October

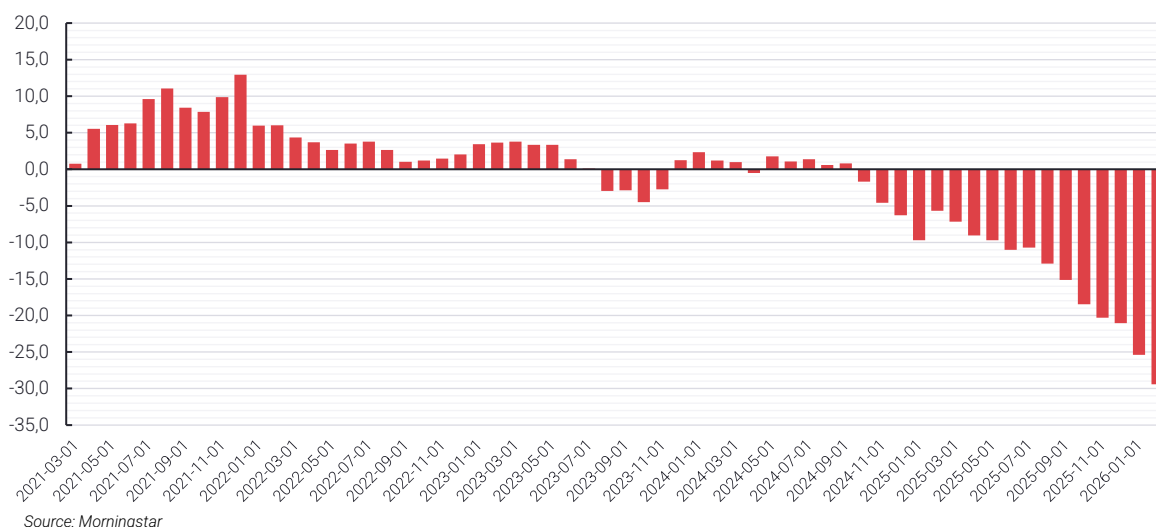
As if the downwards trend of traded volumes were not enough, the start of 2026 have seen massive outflows from small cap funds.

Net in/outflows: Sweden Small/Mid-Cap Equity Funds



While the trend has been ongoing for a while, it has been more pronounced since the beginning of the year. The accumulated figure of net in/outflows for the past five years is even more horrifying.

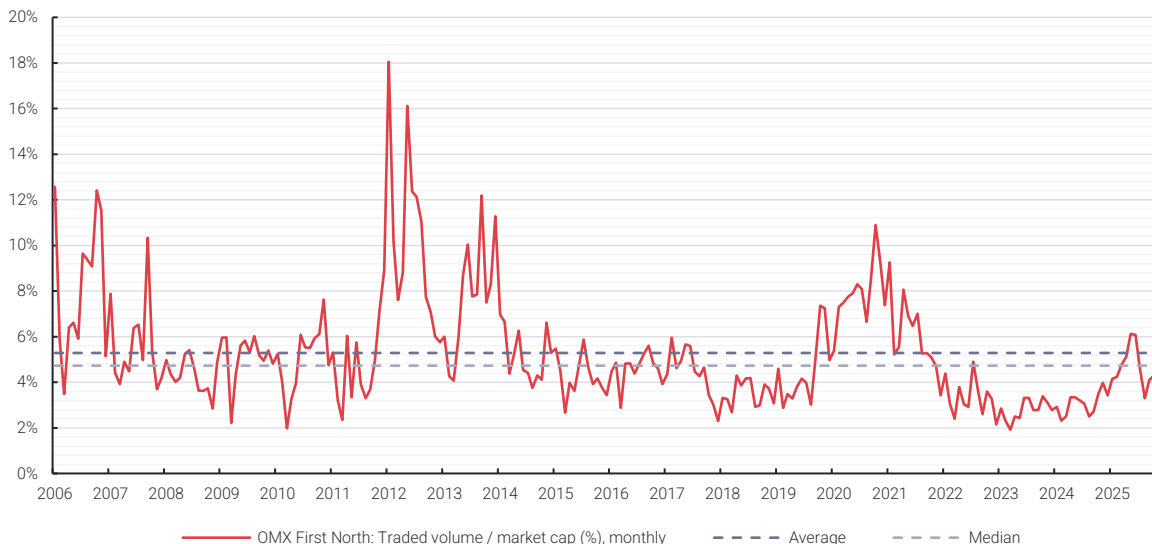
Net in/outflows: Sweden Small/Mid-Cap Equity Funds - Accumulated



While the majority of these funds' AUM is primarily allocated in small and mid-cap companies, our guess is that it also affects the First North traded microcaps as well. If there is currently a net out flow of capital, it is essentially impossible to buy more shares in your smallest, more illiquid holdings, without selling shares in your larger, more liquid holdings. While we are not fund managers ourselves, our assumption is that if we were, and had a net outflow of capital, we would probably not re-allocate from more liquid stocks (Small/Mid-Cap) to less liquid (First North) during a time of massive net outflows. What we think this means is that while there may not be massive outflows and sellers in First North traded companies, there are probably not many buyers either, which is why we think it is reasonable that traded volume is actually flat since November (adjusted for Intellego). In summary, it may not be the outflows from small cap funds per se that are driving the weak performance for microcaps traded on First North (and First North Profitable), but rather the absence of buyers due to that. In general, risk has come back on the menu since the year end, which could also explain the soft performance. However, it is worth noting that the author of this report does not have the answers, but he likes to guess.

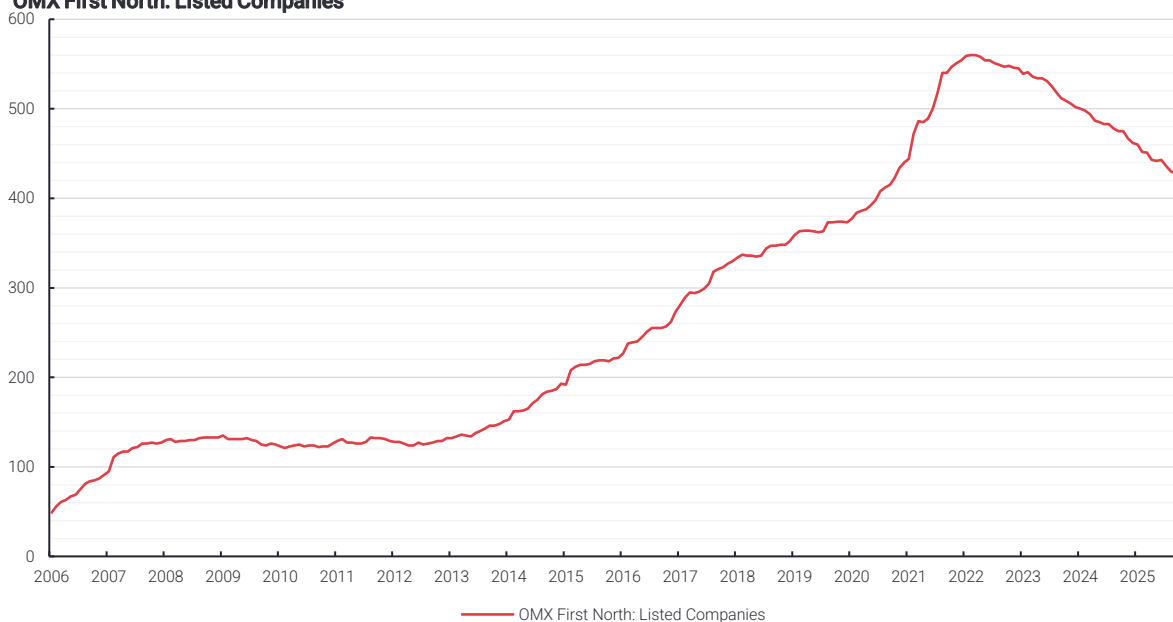
Looking at the traded volume/market capitalisation in per cent, which is generally a better proxy than the absolute volumes, we note a slight decrease from the last report, consistent with our previous rambling around Intellego, outflows and risk sentiment. However, we are still a bit above the lows of the 2022-2024 desert trek.

OMX First North: Traded volume / market cap (%), monthly



Looking at the number of listed companies on First North, it increased consistently between 2013 and 2022, with a slow but steady downturn over the past three years. For microcap investors, it is of course not fun to see one’s investable universe shrink, but applying a broader perspective, we think low-quality names leaving the listed environment is a good thing. Extrapolating the trend from 2013 until the beginning of 2021, the local peak during the pandemic years has now been corrected. Since we published our last report, a net of 21 companies left the stock exchange.

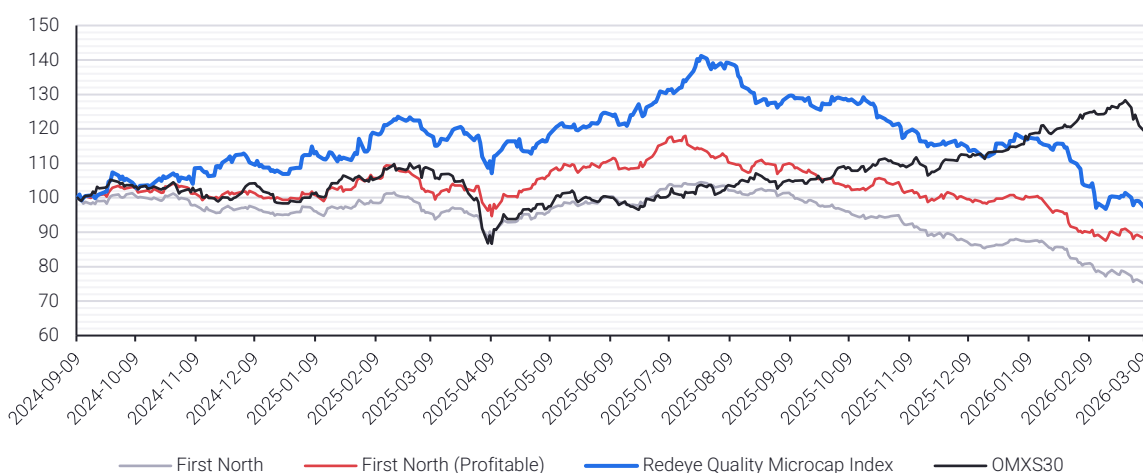
OMX First North: Listed Companies



So, what’s the takeaway?

Now, many readers may hope that we would tell you what the right thing to do is, and when the sentiment for microcaps will turn. Unfortunately, as familiar readers already know, the author of this report is not that clever. Trying to predict where the market will go next is, in our view, a rather futile exercise. Periods of strong inflows and outflows come and go, and attempting to time those shifts is hard. What can be said with some certainty, however, is that betting against these large capital outflows is uncomfortable, and the challenge is that no one knows when the tide will turn and inflows will return. For that reason, we continue to believe that the most sensible approach is not to anchor one’s strategy in market timing, but in stock selection. By narrowing the investable universe to microcap companies, then further to quality microcaps, and finally doing the hard work of identifying the winners within that group, we believe investors meaningfully increase their odds of generating above-market returns over the long run. This requires rolling up one’s sleeves, understanding the companies in depth, and maintaining conviction even when broad market sentiment temporarily turns against the segment. Redeye’s Quality Microcap Index⁸ tries to capture this philosophy somehow, even though it is too soon to evaluate the outcome.

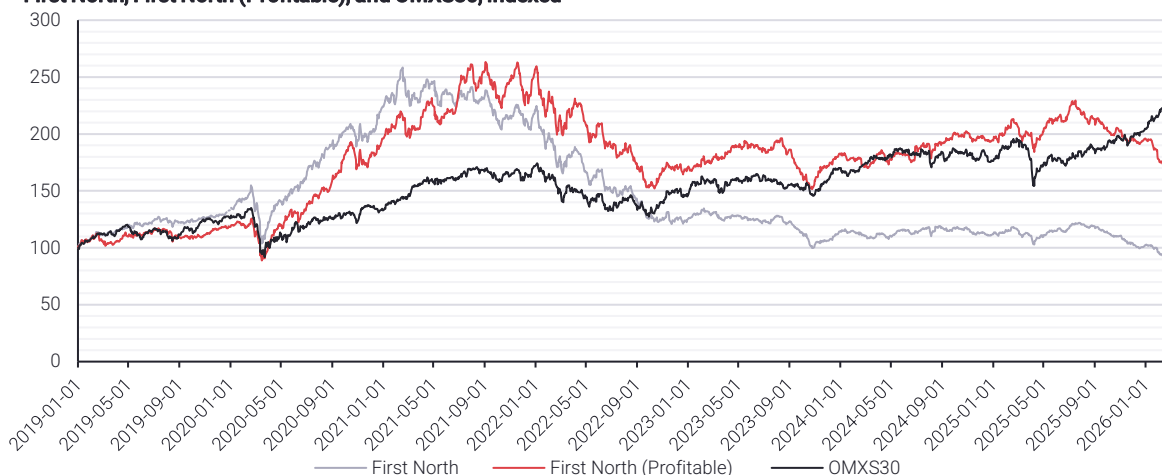
Redeye Quality Microcap Index vs Other selected indices



Even though this probably is a way too short timeframe to evaluate, the last six years supports this approach. Since the start of 2019, quality microcaps have outperformed most broader indices during the vast majority of periods. That is not the case at this exact moment, but temporary drawdowns are part of the journey.

As Charlie Munger famously put it: *“If you cannot stomach 50% declines in your investment, you will get the mediocre returns you deserve.”*

First North, First North (Profitable), and OMXS30, indexed



⁸ The index is equally weighted from the starting point and includes the companies under Redeye’s coverage included in this theme report. Note that the selection of companies has not necessarily been made with the intention of generating market-beating returns. The selection from Redeye’s coverage is mechanical based on the selected criteria.

Peer table 1 (P/S, P/E, EV/S, EV/EBIT)

The below peer table provides a snapshot view of valuations of the companies included in the report. As we have stated previously, the business models vary significantly, rendering head-to-head comparison relatively useless. Nevertheless, the table does serve the purpose of providing an easy way to get an overview of the report's constituents.

Microcap index (Redeye coverage)*	Mcap (SEKm)	EV (SEKm)	P/S				P/E				EV/S				EV/EBIT			
			2025	2026e	2027e	2028e	2025	2026e	2027e	2028e	2025	2026e	2027e	2028e	2025	2026e	2027e	2028e
Avensia	270	222	0,6	0,7	0,6	0,6	12,4	10,3	8,3	7,4	0,5	0,5	0,5	0,5	7,0	6,7	5,4	4,8
Avtech	368	334	7,7	6,3	5,1	4,0	21,5	16,5	11,4	8,1	7,0	5,7	4,6	3,7	20,2	15,6	10,7	7,6
Cheffelo	1 200	1 048	1,0	0,9	0,8	0,8	20,9	17,3	14,3	11,7	0,9	0,8	0,7	0,7	14,3	11,7	9,7	8,0
CombinedX	594	576	0,6	0,6	0,5	0,5	15,8	9,3	7,4	6,8	0,6	0,6	0,5	0,5	9,9	7,1	5,6	5,1
Enea	1 240	1 448	1,4	1,4	1,3	1,2	25,1	14,9	9,8	7,8	1,6	1,6	1,5	1,4	12,7	12,2	8,5	7,0
Formpipe	1 240	419	5,1	5,1	4,6	4,2	neg	47,9	36,4	28,6	1,7	1,7	1,6	1,4	15,9	12,8	9,7	7,7
Fractal Gaming	429	432	0,5	0,6	0,5	0,5	13,3	97,5	11,5	6,1	0,5	0,6	0,5	0,5	8,7	78,6	9,2	4,9
Genovis	1 080	917	8,4	7,0	5,4	4,2	46,0	32,7	23,7	18,9	7,1	5,9	4,6	3,6	43,0	25,1	17,5	12,7
I-Tech	599	451	3,6	3,3	2,7	2,3	17,6	15,0	11,5	9,4	2,7	2,5	2,1	1,7	11,0	9,4	6,9	5,5
Litium	208	194	2,5	2,1	1,8	1,5	neg	90,4	17,0	9,4	2,4	2,0	1,7	1,4	neg	66,8	12,6	7,0
Paxman	1 040	932	3,3	2,4	1,7	1,3	neg	36,2	19,8	8,7	3,0	2,1	1,5	1,2	216,8	25,3	7,6	4,7
Safeture	152	121	2,7	2,4	2,0	1,8	190,0	66,1	17,7	10,9	2,1	1,9	1,6	1,4	604,7	52,6	14,1	8,6
Sleep Cycle	356	235	1,4	1,5	1,3	1,1	6,7	21,7	6,4	5,5	0,9	1,0	0,9	0,8	3,6	16,0	3,6	2,9
Tradedoubler	416	322	0,2	0,2	0,2	0,2	7,7	10,1	7,3	6,1	0,1	0,1	0,1	0,1	46,7	5,4	4,1	3,4
Vertiseit	1 780	2 015	2,6	2,4	2,2	2,1	296,7	26,6	18,9	14,4	3,0	2,7	2,5	2,4	90,4	20,1	15,0	12,1
Median	594	432	2,5	2,1	1,7	1,3	19,2	21,7	11,5	8,7	1,7	1,7	1,5	1,4	15,1	15,6	9,2	7,0
Average	731	644	2,8	2,5	2,1	1,8	56,1	34,2	14,8	10,6	2,3	2,0	1,7	1,4	78,9	24,4	9,3	6,8

*Negatives values shown as neg. List includes the companies in Redeye's coverage universe that fulfills the stipulated criteria for being classified as a microcap and are included in the latest edition of the report. Thus, there might be companies that technically fulfill the stipulated criteria but has not yet been covered in the microcap report.

Outside of coverage*	Mcap (SEKm)	EV (SEKm)	P/S				P/E				EV/S				EV/EBIT			
			2025	2026e	2027e	2028e	2025	2026e	2027e	2028e	2025	2026e	2027e	2028e	2025	2026e	2027e	2028e
Adtraction	543	419	0,5	0,4	0,4	0,4	neg	n/a	n/a	n/a	0,4	0,3	0,3	0,3	7,8	6,6	n/a	n/a
Codemill	215	187	2,3	n/a	n/a	n/a	19,7	n/a	n/a	n/a	2,0	n/a	n/a	n/a	17,2	n/a	n/a	n/a
Klimator	130	123	4,9	n/a	n/a	n/a	neg	n/a	n/a	n/a	4,7	n/a	n/a	n/a	neg	n/a	n/a	n/a
EQL Pharma	1 550	1 914	3,6	2,6	2,0	n/a	64,6	23,8	14,2	n/a	4,4	3,2	2,4	n/a	30,9	16,9	11,3	n/a
Exsitec	1 490	1 715	1,7	1,6	1,5	1,4	17,3	14,6	12,7	11,1	1,9	1,9	1,7	1,6	13,8	12,3	10,6	9,5
Online Brands Nordic	320	339	0,7	0,5	0,4	n/a	neg	n/a	n/a	n/a	0,7	0,6	0,5	n/a	17,1	8,7	6,1	n/a
Freetrailer	798	790	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Pierce Group	725	490	0,4	0,4	0,3	0,3	n/a	n/a	n/a	n/a	0,3	0,2	0,2	0,2	10,9	5,4	4,5	3,7
Premium Snacks	522	564	0,9	0,8	0,7	n/a	n/a	n/a	n/a	n/a	1,0	0,9	0,8	n/a	29,3	12,5	9,9	n/a
Sustainion	356	388	1,9	n/a	n/a	n/a	102,9	n/a	n/a	n/a	2,1	n/a	n/a	n/a	49,9	n/a	n/a	n/a
Median	533	455	1,7	0,7	0,6	0,4	42,2	19,2	13,5	11,1	1,9	0,7	0,6	0,3	17,1	10,5	9,9	6,6
Average	665	693	1,9	1,1	0,9	0,7	51,1	19,2	13,5	11,1	1,9	1,2	1,0	0,7	22,1	10,4	8,5	6,6

*Includes former constituents of the Redeye microcap report that are not part of our research coverage. Estimates are taken from FactSet and may sometimes include only one estimate.

Peer table 2 (EV/Sales, EV/EBIT, Sales growth, and EBIT margin)

When setting the companies' valuation in relation to some fundamental performance metrics such as sales growth and EBIT margin, the valuations become somewhat more insightful. Nevertheless, use these tables to get an overview rather than to compare companies.

Microcap index (Redeye coverage)*	Mcap (SEKm)	EV (SEKm)	EV/S				EV/EBIT				Sales growth (%)				EBIT (%)			
			2025	2026e	2027e	2028e	2025	2026e	2027e	2028e	2025	2026e	2027e	2028e	2025	2026e	2027e	2028e
Avensia	270	222	0,5	0,5	0,5	0,5	7,0	6,7	5,4	4,8	2%	-3%	6%	5%	7%	8%	9%	10%
Avtech	368	334	7,0	5,7	4,6	3,7	20,2	15,6	10,7	7,6	73%	23%	25%	25%	35%	37%	43%	48%
Cheffelo	1 200	1 048	0,9	0,8	0,7	0,7	14,3	11,7	9,7	8,0	19%	10%	9%	9%	6%	7%	8%	8%
CombinedX	594	576	0,6	0,6	0,5	0,5	9,9	7,1	5,6	5,1	24%	10%	5%	4%	6%	8%	9%	10%
Enea	1 240	1 448	1,6	1,6	1,5	1,4	12,7	12,2	8,5	7,0	-3%	3%	6%	7%	13%	13%	18%	20%
Formpipe	1 240	419	1,7	1,7	1,6	1,4	15,9	12,8	9,7	7,7	-54%	0%	11%	10%	11%	13%	16%	18%
Fractal Gaming	429	432	0,5	0,6	0,5	0,5	8,7	78,6	9,2	4,9	5%	-13%	15%	16%	6%	1%	6%	9%
Genovis	1 080	917	7,1	5,9	4,6	3,6	43,0	25,1	17,5	12,7	-18%	20%	28%	28%	17%	24%	26%	28%
I-Tech	599	451	2,7	2,5	2,1	1,7	11,0	9,4	6,9	5,5	39%	8%	21%	18%	24%	27%	30%	32%
Litium	208	194	2,4	2,0	1,7	1,4	neg	66,8	12,6	7,0	19%	21%	17%	19%	-4%	3%	13%	20%
Paxman	1 040	932	3,0	2,1	1,5	1,2	216,8	25,3	7,6	4,7	49%	40%	39%	32%	1%	8%	20%	25%
Safeture	152	121	2,1	1,9	1,6	1,4	604,7	52,6	14,1	8,6	17%	12%	17%	15%	0%	4%	11%	16%
Sleep Cycle	356	235	0,9	1,0	0,9	0,8	3,6	16,0	3,6	2,9	5%	-7%	17%	16%	27%	6%	24%	26%
Tradedoubler	416	322	0,1	0,1	0,1	0,1	46,7	5,4	4,1	3,4	12%	4%	8%	7%	0%	3%	3%	4%
Vertiseit	1 780	2 015	3,0	2,7	2,5	2,4	90,4	20,1	15,0	12,1	94%	11%	7%	7%	3%	13%	17%	19%
Median	594	432	1,7	1,7	1,5	1,4	15,1	15,6	9,2	7,0	17%	10%	15%	15%	6%	8%	16%	19%
Average	731	644	2,3	2,0	1,7	1,4	78,9	24,4	9,3	6,8	19%	9%	15%	14%	10%	12%	17%	20%

*Negatives values shown as neg. List includes the companies in Redeye's coverage universe that fulfills the stipulated criteria for being classified as a microcap and are included in the latest edition of the report. Thus, there might be companies that technically fulfill the stipulated criteria but has not yet been covered in the microcap report.

Outside of coverage*	Mcap (SEKm)	EV (SEKm)	EV/S				EV/EBIT				Sales growth (%)				EBIT (%)			
			2025	2026e	2027e	2028e	2025	2026e	2027e	2028e	2025	2026e	2027e	2028e	2025	2026e	2027e	2028e
Adtraction	543	419	0,4	0,3	0,3	0,3	7,8	6,6	n/a	n/a	-12%	7%	3%	4%	5%	5%	n/a	n/a
Codemill	215	187	2,0	n/a	n/a	n/a	17,2	n/a	n/a	n/a	17%	n/a	n/a	n/a	12%	n/a	n/a	n/a
Klimator	130	123	4,7	n/a	n/a	n/a	neg	n/a	n/a	n/a	16%	n/a	n/a	n/a	-7%	n/a	n/a	n/a
EQL Pharma	1 550	1 914	4,4	3,2	2,4	n/a	30,9	16,9	11,3	n/a	94%	37%	32%	n/a	14%	19%	22%	n/a
Exsitec	1 490	1 715	1,9	1,9	1,7	1,6	13,8	12,3	10,6	9,5	19%	3%	8%	7%	14%	15%	16%	17%
Online Brands Nordic	320	339	0,7	0,6	0,5	n/a	17,1	8,7	6,1	n/a	56%	27%	26%	n/a	4%	7%	7%	n/a
Freetrailer	798	790	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Pierce Group	725	490	0,3	0,2	0,2	0,2	10,9	5,4	4,5	3,7	17%	11%	10%	5%	3%	5%	5%	6%
Premium Snacks	522	564	1,0	0,9	0,8	n/a	29,3	12,5	9,9	n/a	-23%	12%	13%	n/a	3%	7%	8%	n/a
Sustainion	356	388	2,1	n/a	n/a	n/a	49,9	n/a	n/a	n/a	-49%	n/a	n/a	n/a	4%	n/a	n/a	n/a
Median	533	455	1,9	0,7	0,6	0,3	17,1	10,5	9,9	6,6	17%	11%	12%	5%	4%	7%	8%	11%
Average	665	693	1,9	1,2	1,0	0,7	22,1	10,4	8,5	6,6	15%	16%	15%	5%	6%	10%	12%	11%

*Includes former constituents of the Redeye microcap report that are not part of our research coverage. Estimates are taken from FactSet and may sometimes include only one estimate.

Quarterly company updates – Redeye's coverage

With 20+ research analysts and 140+ companies under coverage, Redeye is one of the leading equity research firms in the Nordics. Our eyes are set at companies in the tech and life science sectors, and we have been doing this for more than 20 years. Naturally, we have a lot of companies that would adhere to the traditional (albeit undefined) perception of a microcap under coverage. To 1) make the workload manageable and 2) keep the report relevant for readers, we have chosen to apply two criteria:

- Market cap <SEK3bn (<cUSD300m)

This is a hard limit for first adding a company to the report. However, if we start following a company and it grows past the size limit, we will not necessarily exclude it immediately. This is partly to avoid having to shuffle companies around too much as their market caps fluctuate in the short term and partly as it is quite exciting to see these companies develop over time.

- Profitable companies

In *Global Outperformers* by Dede Eysan, it stated that profitable companies are significantly overrepresented among outperforming stocks.⁹ Thus, we chose to focus on what we consider to be profitable companies. Our definition builds on "owner earnings", which we define as the cash inflow that companies are free to allocate as they wish. EBITDA-capex or cash flow before acquisitions are closely related concepts. Here, some discretion has been applied to the selection. We want the included companies to be sustainably profitable or have a clear path to profitability in the near term. As such, we exclude companies that has received one-time milestone payments, gaming companies where releases temporarily inflate the numbers, or other similar situations.

What usually follows in this section is the author's commentary on 15 companies fulfilling these criteria, which was a manageable workload when the number of authors was two. However, as there is now only one author of this theme report, we have had to change the structure slightly. To ensure that the report can still be published every quarter, we decided to trim the workload where possible. We found little value in writing a separate quarterly commentary and case description when these are already provided by the analyst covering the stock. Instead, each company is now featured with the front page of the analyst's quarterly review, together with a few charts and tables that we find particularly interesting and value adding.

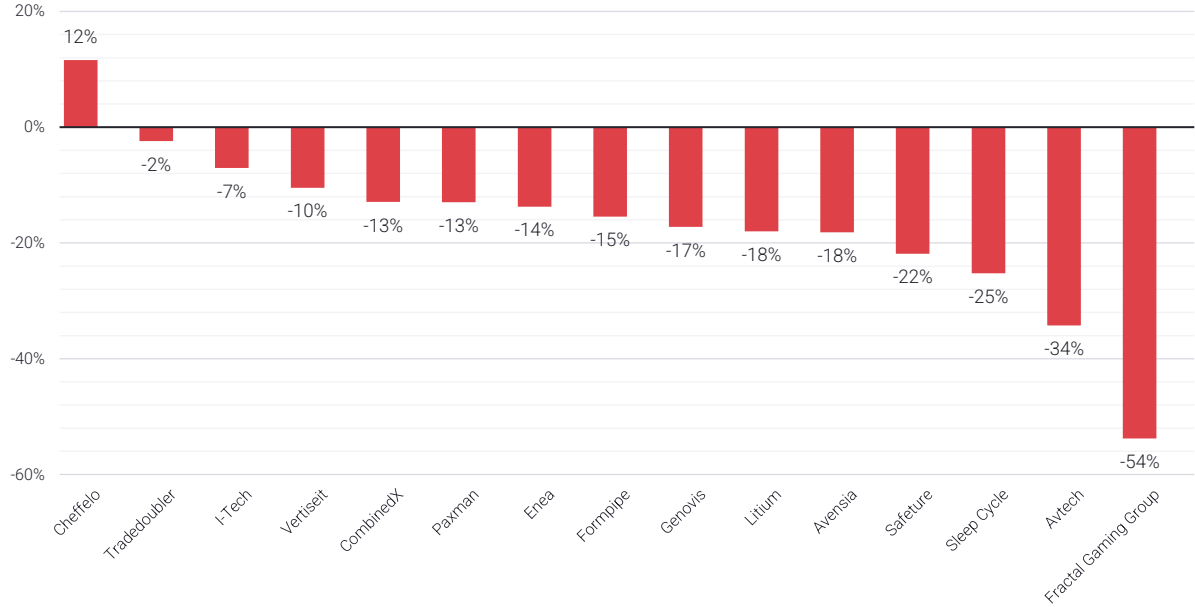
In case readers, or client companies, have questions regarding the selection, feel free to contact the author of this report at jacob.benon@redeye.se and he will explain the motivations in specific instances.

⁹ *Global Outperformers*, Jenga Investment Partners, 2022.

Share price movements since last report

Below is a table depicting the largest share price movements among the companies under our coverage since the time of the publication for the latest report. The starting and ending share prices are from November 26, 2025, and March 13, 2025.

Q4 2025 report constituents: Share price movements between Q3 and Q4 report



As seen in the chart, all companies except Cheffelo developed negatively since the last report. We think this says something about the current market sentiment rather than poor performance across the board.

Avensia: Challenging market dynamics continue – opportunities in B2B, back-end, and AI¹⁰

Soft Q4, solid full-year 2025 supporting increased dividend

Net sales for Q4 2025 amounted to SEK106m, an decline 8.0% y/y driven mainly by a lower headcount. The Commerce division fell 4% y/y, impacted by selective discounting and a muted market, while Information Management (IM) saw a sharp 24% contraction following headcount reductions. Adjusted EBIT landed at SEK3.5m (8.0) (3.3% margin), missing our SEK7.7m estimate. Despite improved utilisation and higher hourly rates y/y, the lower consultant base against a flat fixed cost structure hampered profitability. Full-year EBIT reached a record SEK31.7m (26.7), supporting a SEK0.6 (0.5) dividend.

B2B, back-end, and AI

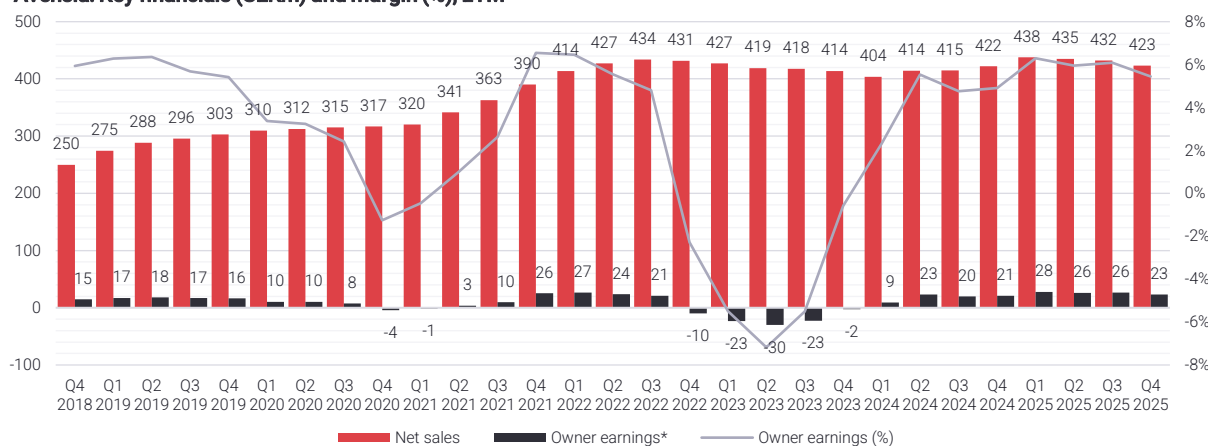
Avensia is increasing its focus towards B2B by partnering with Norce, providing a cost-effective alternative to highend platforms like Optimizely and commercetools. This fills a strategic gap for particularly manufacturing clients with smaller initial budgets and should drive near-term deal flow. Also, management is targeting a broader focus on back end solutions, including supply chain and order management, to increase the potential revenue per client. AI remains a key long-term uncertainty, though agentic e-commerce protocols offer a concrete upside in the relative near-term.

New Base Case SEK12 (14)

We lower our Base Case to SEK12 (14) following downward revisions to our margin assumptions. While sales forecasts remain largely intact, we have increased OPEX estimates by 2-4%, leading to EBITA cuts of 27% for 2026e and 21% for 2027e. We now project a gradual recovery, with an 8.0% EBIT margin in 2026 and 10% by 2028. At a valuation of 6.2x EBIT 2026e, the stock appears fundamentally attractive, further supported by a robust 8.9% dividend yield. However, a re-rating likely requires a more stable margin trend and a visible rebound in the broader ecommerce investment cycle.

Full Q4 2025 Update

Avensia: Key financials (SEKm) and margin (%), LTM



*Owner earnings defined as net income + depreciation and amortisation - investments in tangibles and intangibles - repayment of lease liabilities
Source: Redeye research (chart structuring and owner earnings definition), Company filings (underlying data).

Avensia	2025	2026e	2027e	2028e
Net sales	424	412	436	460
EBIT	32	33	41	46
EBIT(%)	7%	8%	9%	10%
EV/Sales	0,5	0,5	0,5	0,5
EV/EBIT	7,0	6,7	5,4	4,8

Source: Redeye research (estimates), Company filings (historical data)

Redeye rating and valuation	
Base Case	12
Fair value range	6-24
Current share price	7,3
Return to base	64%
EV/OE LTM	9,6

¹⁰ Analyst Fredrik Nilsson owns shares? Yes. Latest transaction: Buy (2024-12-06)

Avtech: 40% de-rating leads to increasingly compelling setup¹¹

Q4 miss and CCO transition trigger de-rating

Net sales of SEK12.9m fell 11% below Redeye's SEK14.4m estimate, driven by anticipated contract signings failing to materialise and a SEK2.2m R&D tax credit dispute. Adj. EBITDA of SEK7.1m missed estimates by 10%. The appointment of a second chief commercial officer within twelve months—Philip Nordfeldt joined in January 2026—suggests sales execution may have faltered in H2 2025, though management has not disclosed the reasons for the prior departure. Management now focuses on expanding products under the ClearPath umbrella with a new lateral optimisation tool enters live testing in H1 2026 alongside on-time and dispatch features launching this spring.

Pipeline provides near-term catalysts

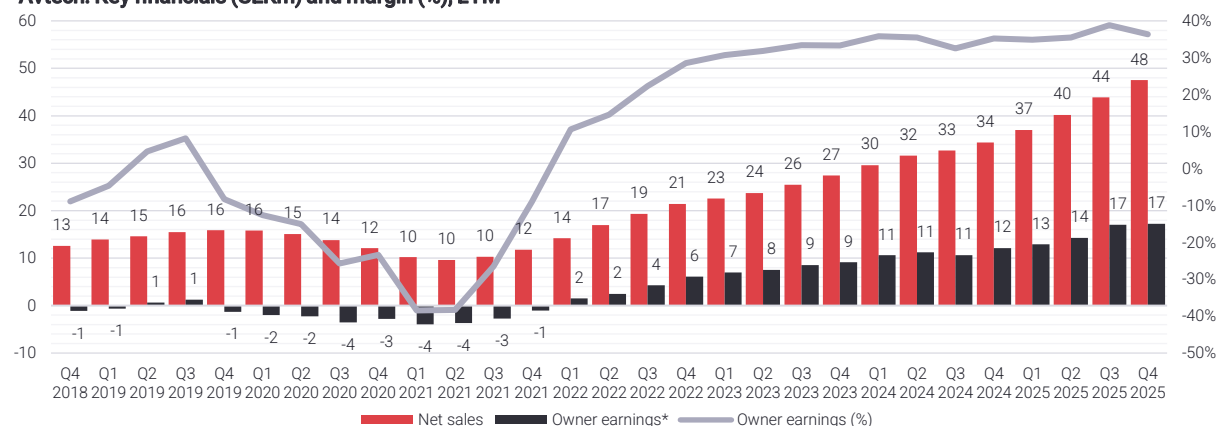
The installed base expanded from ~1,500 to 2,200 aircraft during 2025—representing 8% of the global fleet—driven by LATAM adoption and Wizz Air/TUI upselling. Against the 1,400-aircraft pipeline disclosed in Q2 2025, we assume 15–20% 2026 conversion. This represents two to three mid-sized carriers worth cSEK3m annually. CEO David Rytter noted in a 9 February 2026 interview that delayed trials are now commencing or finalising, providing catalysts despite fluid timing.

Increasingly compelling risk/reward

Redeye reduces 2026–28 net sales forecasts by 9% (SEK6m for 2026) and raises OPEX assumptions following the CEO's indication of continued organisational scaling, yielding a 22% downward EBITDA revision. The base case falls to SEK10(12), reflecting these lower growth estimates and higher cost trajectory. At the current price of SEK7.2, the stock trades at 18x NTM EV/EBIT—the three-year historical mean—presenting a favourable risk-reward profile. The bear case of SEK6 implies 17% downside under a zero-growth scenario, whilst pipeline conversion and cross-selling offer material upside optionality. Full ClearPath adoption by Southwest (~800 aircraft) would add >SEK20m annually; complete penetration of the 2,200-aircraft installed base could double turnover at minimal incremental cost.

[Full Q4 2025 Update](#)

Avtech: Key financials (SEKm) and margin (%), LTM



*Owner earnings defined as net income + depreciation and amortisation - investments in tangibles and intangibles - average NWC/LTM sales over the period * delta in sales between quarters.
Source: Redeye research (chart structuring and owner earnings definition), Company filings (underlying data).

Avtech	2025	2026e	2027e	2028e
Net sales	47,5	58,2	72,7	90,9
EBIT	16,5	21,4	31,2	44,0
EBIT(%)	35%	37%	43%	48%
EV/Sales	7,0	5,7	4,6	3,7
EV/EBIT	20,2	15,6	10,7	7,6

Source: Redeye research (estimates), Company filings (historical data)

Redeye rating and valuation	
Base Case	10
Fair value range	6-15
Current share price	6,5
Return to base	53%
EV/OE LTM	19,4

¹¹ Analyst Rasmus Jacobsson owns shares? Yes. Latest transaction: Sell (2025-05-30)

Cheffelo: Execution served on a quarterly basis¹²

Strong Q4, solid outlook

Q4 was strong, with net sales of SEK323.6m (1% above our estimate) and solid growth despite one fewer delivery week compared to last year. EBIT surpassed our pre-reverse profit warning estimates by a full 37%. While growth in Sweden was slightly modest, we view the underlying trend as healthier when adjusting for calendar effects, and management's 2026 outlook implies stable growth in Sweden, moderate growth in Norway from elevated 2025 levels, and a return to growth in Denmark as marketing ramps up.

New analyst, fresh take

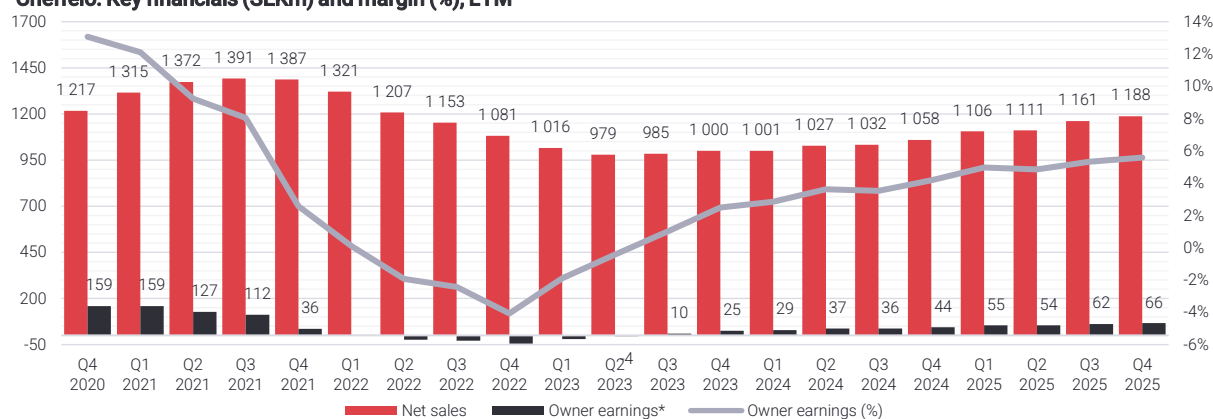
As we have made a change of lead analyst for Cheffelo, we revisit the pillars of the case. In our view, management has proven itself as high-quality operators, delivering on or above guidance in 37 of the last 41 instances. We also highlight how scale, sourcing, logistics, and a unified platform create real barriers to entry in what is often dismissed as a commoditized category.

Valuation - New Base Case of SEK122 (90)

Following the report, we raise our 2026-2028e EBIT estimates by 9-13% and lift our Base Case to SEK122 (SEK90). On our 2028 estimates of SEK1,554m of sales and an 8.5% EBIT margin, the share trades at EV/EBIT 6.8x on 2028e, which we view as low for a capital-light, cash generative business with negative working capital and improving profitability, assuming a rational competitive landscape.

[Full Q4 2025 Update](#)

Cheffelo: Key financials (SEKm) and margin (%), LTM



Owner earnings defined as net income + depreciation and amortisation - investments in tangibles and intangibles - lease payments - average NWC/LTM sales over the period * delta in LTM sales between qu

Cheffelo	2025	2026e	2027e	2028e
Net sales	1188,0	1307,7	1425,4	1553,7
EBIT	73,4	89,6	107,6	131,3
EBIT(%)	6%	7%	8%	8%
EV/Sales	0,9	0,8	0,7	0,7
EV/EBIT	14,3	11,7	9,7	8,0

Source: Redeye research (estimates), Company filings (historical data)

Redeye rating and valuation	
Base Case	122
Fair value range	67-154
Current share price	92,0
Return to base	33%
EV/OE LTM	15,8

¹² Analyst Jacob Benon owns shares? No. Latest transaction: No transaction (n/a)

CombinedX: Entering 2026 with renewed vision¹³

Solid underlying profitability

Net sales reached SEK274m in Q4, up 6.1% y/y but slightly below our SEK277m estimate. Organic growth was -4.5%, reflecting a soft market and lower headcount following layoffs. However, sales per employee rose to SEK6,656, beating expectations. Reported EBITA of SEK27.3m (10.0% margin) was affected by SEK 6m in restructuring costs. Excluding these, the underlying EBITA margin was a solid 12.3%, surpassing our 11.6% forecast. For the full year, pro forma sales hit the SEK1bn target, with an EBITA margin of 10.3%. Management is observing a slightly brighter market outlook at the start of 2026, particularly within Ninetech, which often acts as an early indicator.

Leading Brands and enhanced platform focus

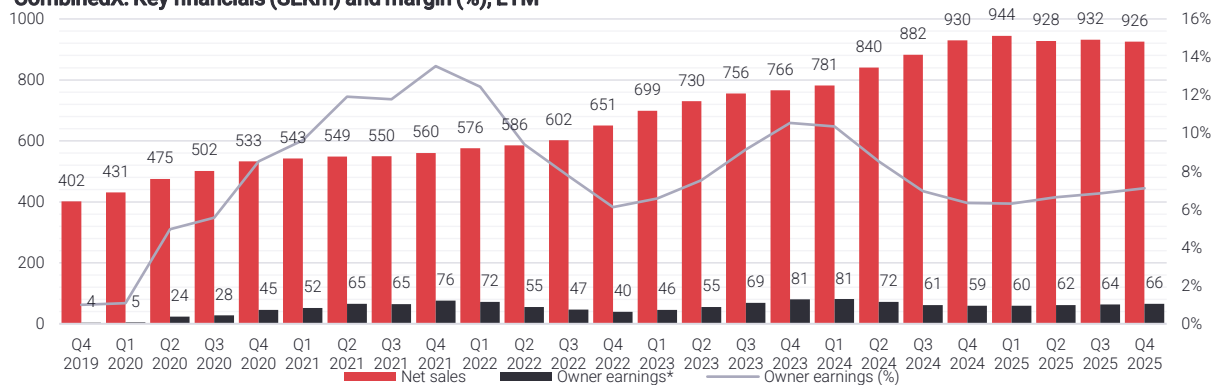
Strategically, the group is shifting its focus from "Vision 2028" to "Vision Leading Brands." This new direction prioritises the success of the underlying brands over group-level targets and may involve future structural changes. Operationally, the group finalised major integrations, reducing overall system development capacity, and divested "legacy" Jeeves operations to focus on the Microsoft and Qlik segments.

New Base Case SEK52 (55)

We lower our 2026-2028 sales forecasts by 5% and EBITA by 6-10%, primarily due to a lower headcount starting point. We now expect 3% organic growth and an 11.0% EBITA margin for 2026, reaching the 12% target by 2027. Consequently, we adjust our Base Case to SEK52 (55). Trading at 5.2x 2026e EV/EBITa, CombinedX maintains a ~35% discount to peers. We find the risk/reward attractive as the company's deep expertise provides a defensive edge in the new AI environment and the potential for the valuation gap to narrow as its track record strengthens.

[Full Q4 2025 Update](#)

CombinedX: Key financials (SEKm) and margin (%), LTM



*Owner earnings defined as net income + depreciation and amortisation - investments in tangibles and intangibles - repayment of lease liabilities - (NWC as % of LTM sales * delta in sales QoQ)
Source: Redeye research (chart structuring and owner earnings definition), Company filings (underlying data).

CombinedX	2025	2026e	2027e	2028e
Net sales	947,7	1038,0	1089,7	1128,0
EBIT	58,3	81,6	102,7	112,0
EBIT(%)	6%	8%	9%	10%
EV/Sales	0,6	0,6	0,5	0,5
EV/EBIT	9,9	7,1	5,6	5,1

Source: Redeye research (estimates), Company filings (historical data)

Redeye rating and valuation	
Base Case	52
Fair value range	27-66
Current share price	30,5
Return to base	70%
EV/OE LTM	8,7

¹³ Analyst Fredrik Nilsson owns shares? Yes. Latest transaction: Sell (2026-02-04)

Enea: EBITDA beat of 9%—but anaemic 1% organic growth keeps shares becalmed¹⁴

Profitability surprised; revenue did not

Net sales of SEK238.7m fell 5% year-on-year and missed our estimate of SEK255.1m. Group organic growth was 1%, with the Networks segment contributing SEK111.4m (1% growth) and Security posting 2% growth. The quarter's standout metric was adjusted EBITDA of SEK95.3m, yielding a 9% beat. This performance reflected operational improvements and Swedish krona strengthening against the euro, which stabilised cost levels.

2026 guidance implies investment, not acceleration

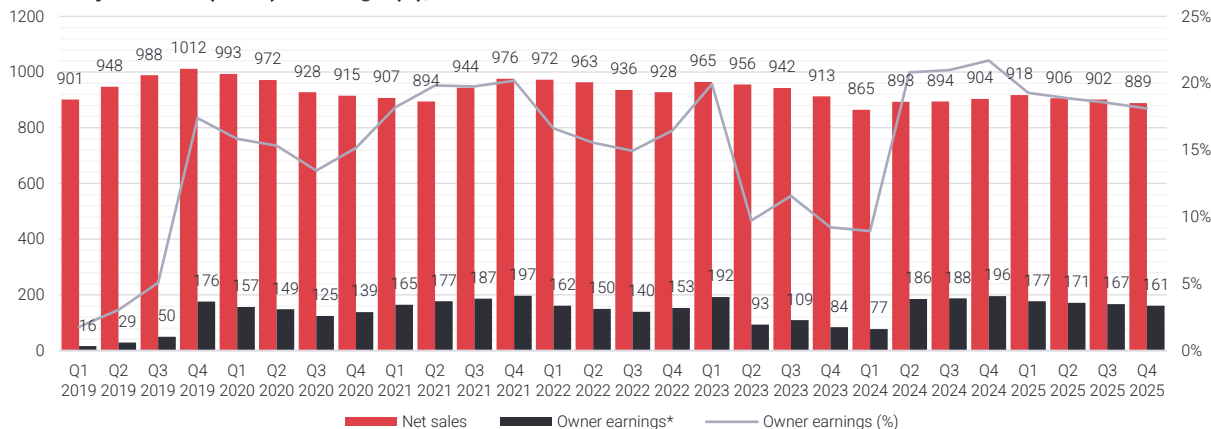
Management guides for single-digit growth with EBITDA margins above 30%. Enea is executing the strategy presented in November 2025, reorganising its sales team from a business-unit focus to a customer-centric approach and appointing a Chief Commercial Officer. We interpret 2026 as an investment year in which prior synergies are realised alongside modest growth, with excess profits reinvested in the organisation. Consequently, we anticipate limited earnings growth in 2026 and expect the 2028 targets to be back-loaded to 2027/2028.

Valuation remains anchored near three-year lows

Enea's EV/EBITDA NTM valuation has averaged 9x over the past decade. The current valuation of ~5x has persisted for three years. With limited earnings growth forecast for 2026, investors must await improved visibility on 2027–2028 performance before a re-rating occurs. In the meantime, Enea continues to buyback shares. We adjust estimates modestly and retain our fair value range of SEK45–123, with a base case of SEK80.

[Full Q4 2025 Update](#)

Enea: Key financials (SEKm) and margin (%), LTM



*Owner earnings defined as EBITDA - CAPEX - Tax - repayment of lease liabilities - (NWC as % of LTM sales * delta in sales QoQ)
Source: Redeye research (chart structuring and owner earnings definition), Company filings (underlying data).

Enea	2025	2026e	2027e	2028e
Net sales	889,1	912,7	969,0	1039,0
EBIT	122,4	118,8	170,7	208,3
EBIT(%)	13%	13%	18%	20%
EV/Sales	1,6	1,6	1,5	1,4
EV/EBIT	11,8	12,2	8,5	7,0

Source: Redeye research (estimates), Company filings (historical data)

Redeye rating and valuation	
Base Case	80
Fair value range	45-123
Current share price	60,4
Return to base	32%
EV/OE LTM	9,0

¹⁴ Analyst Rasmus Jacobsson owns shares? No. Latest transaction: No transaction (n/a)

Formpipe Software: Profitability secured, growth in focus for 2026¹⁵

Weak ARR growth, partly due to elevated churn

Total ARR reached SEK218m, a slight 1% y/y decrease (FX-adjusted growth was positive), primarily weighed down by a soft quarterly ACV of SEK2.1m, which missed our SEK8.1m estimate. This underperformance was driven by higher-than-expected churn from a banking customer and ongoing attrition in legacy Email Filling. While the 19 ERP deals signed represent a solid level, it remains below the 23 deals seen in previous Q4s. Excluding elevated churn, the underlying ACV remains softer than recent quarters, though the drag from legacy units is now largely exhausted, with just a few SEKm left in the ARR.

Solid cost control and strong EBITDA-CAPEX

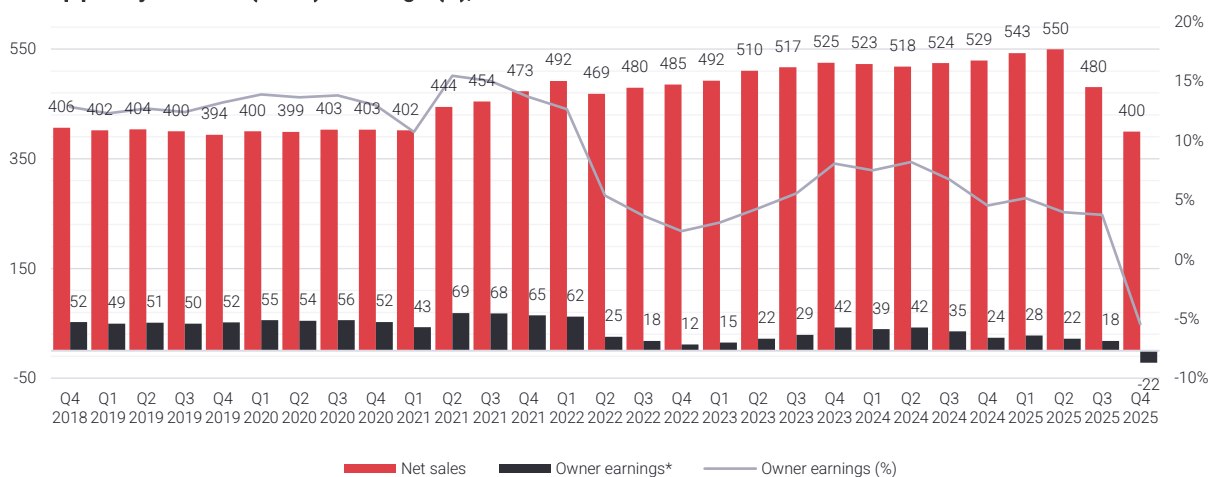
Net sales reached SEK60.1m, a 7% FX-adjusted increase y/y, with recurring revenue now comprising 91% of the mix. The highlight was a substantial profitability beat driven by rigorous cost control; OPEX came in 12% below our forecasts at SEK37.5m following a 25% workforce reduction. This resulted in an adjusted EBIT of SEK7.9m (13.1% margin), doubling our 6.2% estimate. Adjusted EBITDA-CAPEX reached a strong 16.4%, far outperforming our 6.0% forecast. Following the Public business divestment, a SEK 760m shareholder distribution is proposed, signalling confidence in Lasernet's cash flow.

New Base Case SEK32 (36)

We lower our Base Case to SEK32 (36) following a 7-8% reduction in ARR forecasts through 2028. At the same time, we have trimmed OPEX estimates by 6-8%; slower ARR growth results in a 5-9% cut in EBITDA-CAPEX projections. We expect ARR growth to stabilise at around 10% and margins to reach 19% by 2028. At 12.2x 2026e EBITDA-CAPEX, the valuation is attractive, though AI concerns continue to pressure the whole SaaS space. The significant SEK14 per share dividend should provide short-term support, while future revisions depend on the success of new go-to-market initiatives.

[Full Q4 2025 Update](#)

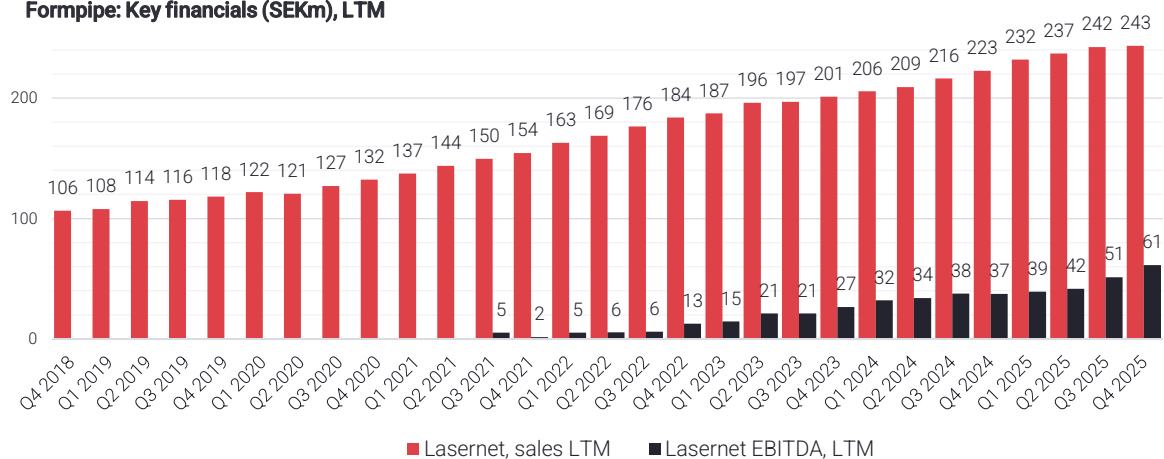
Formpipe: Key financials (SEKm) and margin (%), LTM



*Owner earnings defined as net income + depreciation and amortisation - own work capitalized - repayment of lease liabilities - (NWC as % of LTM sales * delta in sales QoQ)
Source: Redeye research (chart structuring and owner earnings definition), Company filings (underlying data).

¹⁵ Analyst Fredrik Nilsson owns shares? Yes. Latest transaction: Buy (2026-01-02)

Formpipe: Key financials (SEKm), LTM



Source: Redeye research (chart structuring), Company filings (underlying data).

Formpipe	2025	2026e	2027e	2028e
Net sales	243,3	243,3	269,8	296,6
EBIT	26,4	32,7	43,0	54,7
EBIT(%)	11%	13%	16%	18%
EV/Sales	1,7	1,7	1,6	1,4
EV/EBIT	15,9	12,8	9,7	7,7

Source: Redeye research (estimates), Company filings (historical data)

Redeye rating and valuation	
Base Case	32
Fair value range	22-42
Current share price	23,0
Return to base	39%
EV/OE LTM	-19,2

Fractal Gaming Group: Patience Will Be Rewarded¹⁶

Market fear has driven the sell-off

Fractal's share price has fallen sharply on worries around short-term profit generation and industry headwinds. We do not agree with the market's implied view on intrinsic value and see the recent share price weakness as an opportunity for long-term investors.

Short-term uncertainty clouds H1

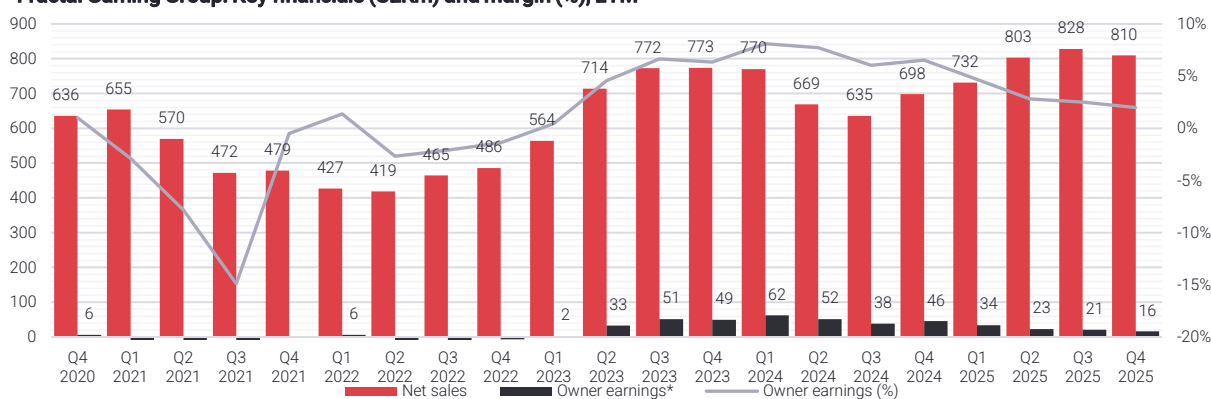
The ongoing DRAM shortage creates near-term uncertainty for PC component demand, and management expects growth to be muted in H1 2026, but believe conditions should gradually improve into H2.

Valuation prices in a very bearish scenario - Base Case SEK40 (SEK60)

While we trim our Base Case to SEK40 (SEK60) to reflect increased uncertainty, we believe the current share price implies overly pessimistic assumptions on long-term growth and normalised margins.

[Full Q4 2025 Update](#)

Fractal Gaming Group: Key financials (SEKm) and margin (%), LTM



*Owner earnings defined as net income + D&A - investments in tangibles and intangibles - repayment of lease liabilities - (NWC as % of sales*delta in sales LTM QoQ)
Source: Redeye research (chart structuring and owner earnings definition), Company filings (underlying data).

Fractal Gaming	2025	2026e	2027e	2028e
Net sales	809,3	702,0	807,0	938,0
EBIT	49,9	5,5	47,0	88,5
EBIT(%)	6%	1%	6%	9%
EV/Sales	0,5	0,6	0,5	0,5
EV/EBIT	8,7	78,6	9,2	4,9

Source: Redeye research (estimates), Company filings (historical data)

Redeye rating and valuation	
Base Case	40
Fair value range	19-63
Current share price	14,7
Return to base	172%
EV/OE LTM	26,7

¹⁶ Analyst Jacob Benon owns shares? Yes. Latest transaction: Buy (2025-11-24)

Genovis: Growth and a big cash pile at rapidly contracting multiples¹⁷

Report as expected with a positive outlook moving into 2026

As anticipated, Genovis' year-end report demonstrated solid top-line momentum, driven by the SEK11m ADC order announced in Q4. The results were broadly in line with our estimates, with sales of SEK40m and EBITDA of SEK12m. We modestly nudge sales and EBITDA forecasts following the report. Overall, we maintain our view that 2026 presents a good setup for Genovis, expected to stand before a year of solid organic growth and margin expansion, facilitated by easier comparables throughout the year.

A large step towards therapeutic manufacturing

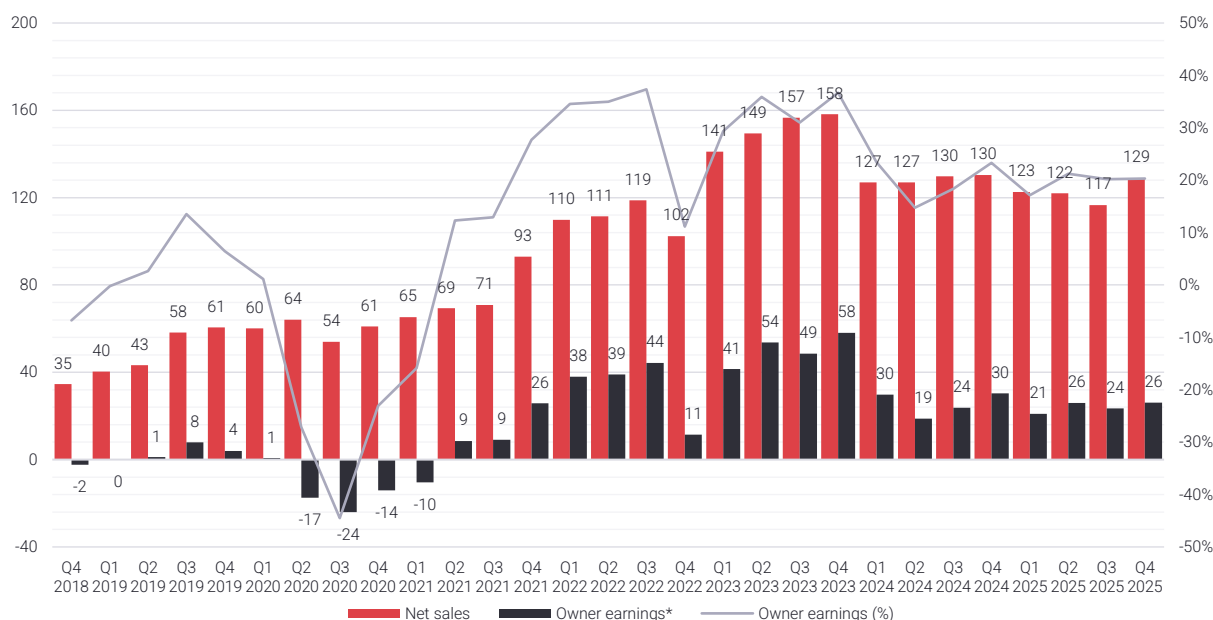
The delivery of the SEK11m ADC order serves as a commercial validation of Genovis' ADC platform, confirming its transition from a research supplier to a stickier, GMP-embedded manufacturing partner. To our understanding, the order relates to an animal trial at the very end of the preclinical stage, scheduled for 2026, with expected follow-up on the project toward between the parties at the latter part of the year if results proceed as expected.

Bull story at bear price

Despite results largely aligning with our estimates, Genovis' stock has declined approximately 10% since the earnings release. We argue that the report were undramatic and view the decline in the stock as disconnected. While the analytics business showing modest growth in the wake of the ADC-order, we would have expected the market to partially de-risk concerns around the PnL-impact of Genovis' USD-denominated sales and SEK cost exposure amid macroeconomic headwinds, which arguably should reduce estimate risk for 2026e following the report. Over the past quarters, the multiple contraction has reflected both rising sales and a lower share price. We see little reason for this disconnect to persist for much longer. Following the update, our fair value range remains SEK15–60, with a base case of SEK41.

[Full Q4 2025 Update](#)

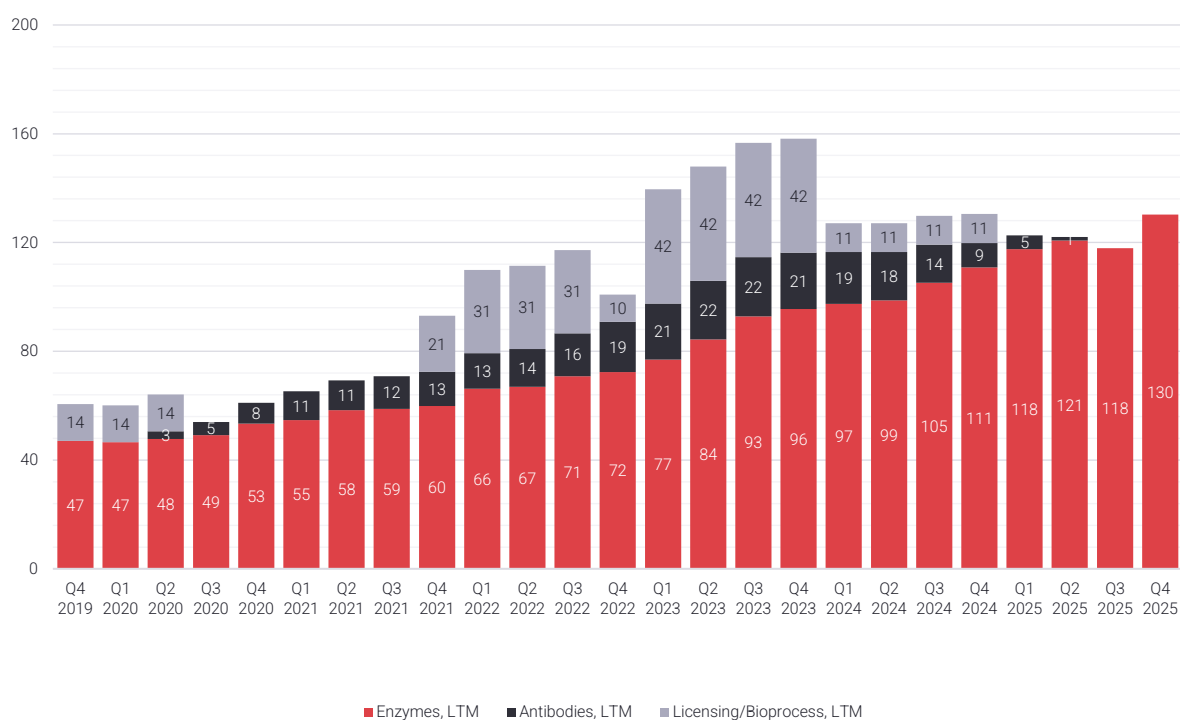
Genovis: Key financials (SEKm) and margins (%), LTM



Owner earnings defined as net income + depreciation and amortisation - investments in tangibles and intangibles - normalised lease payments (yearly/4 given lack of granular quarterly reporting) - average NWC/LTM sales over the period * delta in sales between quarters.
 Source: Redeye research (chart structuring and owner earnings definition), Company filings (underlying data).

¹⁷ Analyst Filip Einarsson owns shares? No. Latest transaction: No transaction (n/a)

Genovis: Sales by Enzymes, Antibodies, and Licensing/Bioprocess, LTM (SEKm)



Genovis	2025	2026e	2027e	2028e
Net sales	128,9	155,0	198,8	254,7
EBIT	21,3	36,5	52,5	72,1
EBIT(%)	17%	24%	26%	28%
EV/Sales	7,1	5,9	4,6	3,6
EV/EBIT	43,0	25,1	17,5	12,7

Source: Redeye research (estimates), Company filings (historical data)

Redeye valuation and key ratios	
Base Case	41
Fair value range	15-60
Current share price	16,4
Return to base	150%
EV/OE LTM	35,0

I-Tech: Short-term volatility persists, long-term case intact¹⁸

Soft figures

I-Tech reported Q4'25 sales of SEK39m relative to our estimated SEK45m, representing negative growth of around 30% y/y. The negative FX effects continued to be substantial, impacting top-line by 13%, as such organic growth amounted to -23%. The negative organic development is also affected by the Company's second-largest customer with ongoing internal challenges.

Downward estimate adjustments

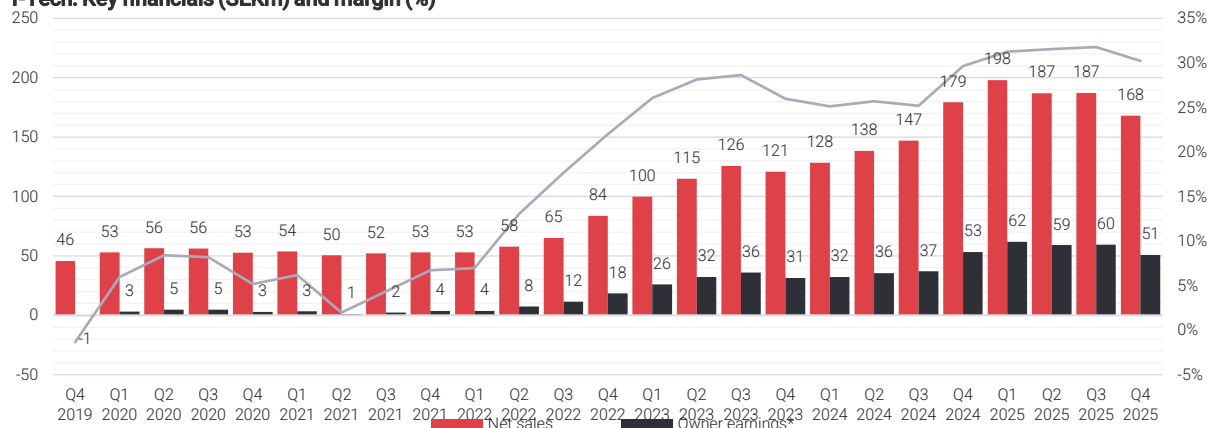
We reduce FY26-27 sales by 4-1%, driven by lowered expectations on the second largest customer and a weakening USD/SEK. In Q1 2026, the Company faces substantial comps and significant negative FX. This effect will likely ease throughout the year. Driven by lower volumes and increased costs, we cut EBIT projections by 19-9% for FY26-27e.

Positive view remains

The underlying business continues to develop very well despite the recent volatility. We remain positive to the long-term case, seeing favorable growth opportunities spurred by environmental and regulatory drivers. On top of that, the Company's business model offers high operating leverage, which is protected by significant entry barriers. With a strong balance sheet, I-Tech is actively pursuing several business development leads, potentially reducing the concentration risk ahead. We reduce our base case valuation from SEK84 to SEK77, while adjusting bear and bull case scenarios to SEK38-133. The Company currently trades around 10-6x EBITDA for 2025-2026e, and key catalysts ahead are financial development, regulatory news, and business development progress.

[Full Q4 2025 Update](#)

I-Tech: Key financials (SEKm) and margin (%)



*Owner earnings defined as opcf before wc - investments in tangibles and intangibles - average NWC/LTM sales over the period * delta in sales between quarters.
Source: Redeye research (chart structuring and owner earnings definition), Company filings (underlying data)

I-Tech	2025	2026e	2027e	2028e
Net sales	168,0	181,0	219,0	259,0
EBIT	41,0	48,0	65,0	82,0
EBIT(%)	24%	27%	30%	32%
EV/Sales	2,7	2,5	2,1	1,7
EV/EBIT	11,0	9,4	6,9	5,5

Source: Redeye research (estimates), Company filings (historical data)

Redeye rating and valuation	
Base Case	77
Fair value range	38-133
Current share price	50,0
Return to base	54%
EV/OE LTM	8,9

¹⁸ Analyst Oskar Vilhelmsson owns shares? Yes. Latest transaction: Buy (2026-02-27)

Litium: Adding Growth to the Basket in H2¹⁹

Estimate Deviations – Sales Beat, ARR Miss Explained

Q4 net sales came in 5% above our estimates, driven by strong variable revenue, while ARR missed by 4%. The deviation appears largely explained by conservative ARR treatment of Geins' variable revenues and minor, previously known churn rather than weakening underlying demand.

Partner Interview Reinforces Litium's B2B Position

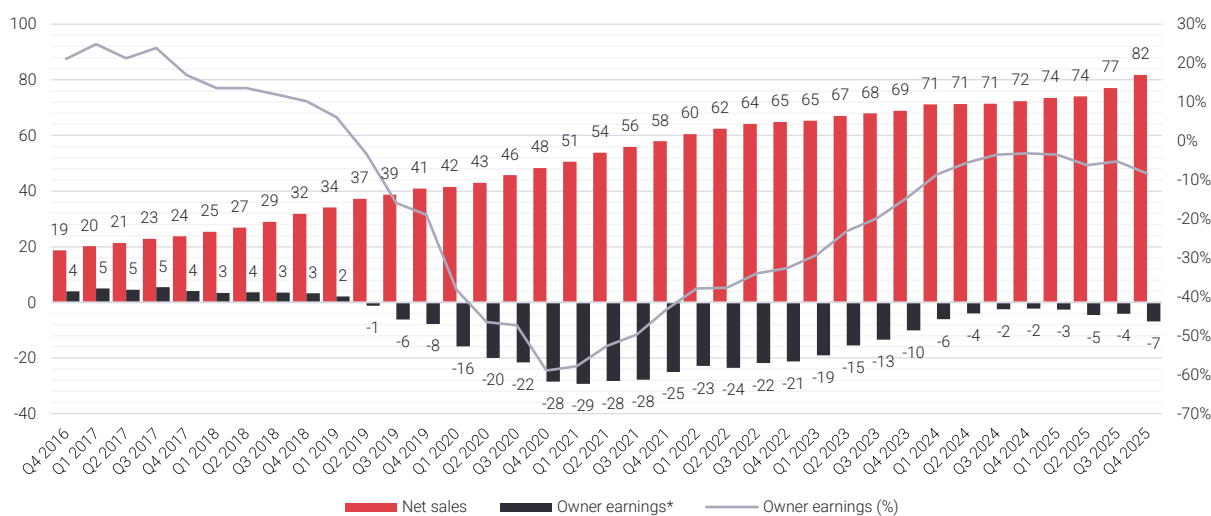
Redeye has interviewed Exsitec, a key implementation partner selling Litium's platform, to gain further insight into demand, positioning, and competition. The discussion confirms Litium's strong positioning in the SEK100-400m B2B segment, where it is described as a scalable, integrated platform with clear product-market fit in industrial B2B. Notably, Litium dominates Exsitec's installed base within this segment, reinforcing our view of a structurally strong position in its core niche.

Monitor Partnership Gaining Early Traction – H2 Acceleration in Sight

Even ahead of Litium's official launch, some Monitor customers have already signed up for the new product. Combined with continued investments and scale benefits into 2026, we expect growth to accelerate in H2, supporting improving R40 and long-term value creation. Due to this, we keep our Base Case intact despite near-term estimate revisions.

[Full Q4 2025 Update](#)

Litium: Key financials (SEKm) and margin (%), LTM



*Owner earnings defined as net income + depreciation and amortisation - investments in tangibles and intangibles - (NWC as % of LTM sales * delta in sales LTM QoQ)
Source: Redeye research (chart structuring and owner earnings definition), Company filings (underlying data).

Litium	2025	2026e	2027e	2028e
Net sales	81,8	98,9	116,0	137,5
EBIT	-2,9	2,9	15,4	27,8
EBIT(%)	-4%	3%	13%	20%
EV/Sales	2,4	2,0	1,7	1,4
EV/EBIT	-66,8	66,8	12,6	7,0

Source: Redeye research (estimates), Company filings (historical data)

Redeye rating and valuation	
Base Case	19
Fair value range	7-29
Current share price	10,8
Return to base	76%
EV/OE LTM	-28,4

¹⁹ Analyst Jacob Benon owns shares? Yes. Latest transaction: Buy (2025-10-01)

Paxman: Quarter below expectations, but IBBM development is encouraging²⁰

Q4 2025

Sales during the quarter came in below expectations at SEK84.4m (up 28% y/y and down 3% q/q). The shortfall was partly explained by minor delivery delays and Dignitana changing distributors, which we consider reasonable explanations. Looking deeper into the numbers, we highlight the Q4 performance of the IBBM model, which we view positively, particularly as the CPT-I codes have now entered the scalp cooling market. We continue to see the IBBM model as strategically important going forward. OPEX amounted to SEK-50.4m, broadly in line with our estimates, while EBIT came in at SEK-3.0m, partly driven by higher amortisation during the quarter. Overall, we view the report as somewhat soft; however, the company's outlook remains solid.

CPT-III codes for Paxman's CIPN device

Paxman received three CPT III reimbursement codes for its Cryocompression Device, aimed at preventing chemotherapy-induced peripheral neuropathy (CIPN). Regulatory approval is pending, with a selective market launch planned for 2026 and a broader rollout in 2027. The new codes, effective January 2027, are key for US adoption, with preliminary rates expected this summer and final rates in November 2026. The relatively fast introduction reflects growing recognition of CIPN prevention and supports the upcoming launch.

Lowered valuation, but still c100% upside to our base case

Our valuation of Paxman is based on a DCF model, covering the period from 2026e to 2037e, with a WACC of 11%. In this report, we have made some downward revisions to our sales estimates and some fine-tuning to our OPEX assumptions. Our updated fair value range now includes a base case of SEK103 (107), a bull case of SEK176 (180), and a bear case of SEK46 (49). Even though the report came in softer than expected, we note that the share trades at undemanding multiples, with c30% upside versus peers on 2025e EV/Sales median. Key upcoming share price triggers include quarterly reports confirming sales momentum driven by the new CPT-I codes for scalp cooling, as well as the launch of Paxman's CIPN device.

[Full Q4 2025 Update](#)

Paxman: Key financials (SEKm) and margin (%), LTM



*Owner earnings defined OPCF before WC - average NWC/LTM sales over the period * delta in sales - all capex.

Paxman	2025	2026e	2027e	2028e
Net sales	313,0	437,3	608,8	801,6
EBIT	4,3	36,9	123,0	197,0
EBIT(%)	1%	8%	20%	25%
EV/Sales	3,0	2,1	1,5	1,2
EV/EBIT	216,8	25,3	7,6	4,7

Source: Redeye research (estimates), Company filings (historical data)

Redeye rating and valuation	
Base Case	103
Fair value range	46-176
Current share price	45,0
Return to base	129%
EV/OE LTM	-93,2

²⁰ Analyst Gustaf Meyer owns shares? Yes. Latest transaction: Buy (2025-05-21)

Safeture: Signs of Recovery²¹

Financial review

Safeture's ARR grew 0.4% y/y and +2% q/q, amounting to SEK58.3, slightly impacted by negative FX effects where the company receives 92% of revenues in foreign currencies. This is slightly below our expectations, where we had expected an accelerating growth rate, but still progress in the right direction. New ARR largely came from its partner network. Quarterly churn increased to 2.1% following a low point in Q3'25 with 0.6%. Yearly net revenue retention (NRR) in the quarter amounted to 101% which is nice to see back in expansion territory compared to 96% in Q4'24.

Progress and trimmed forecast

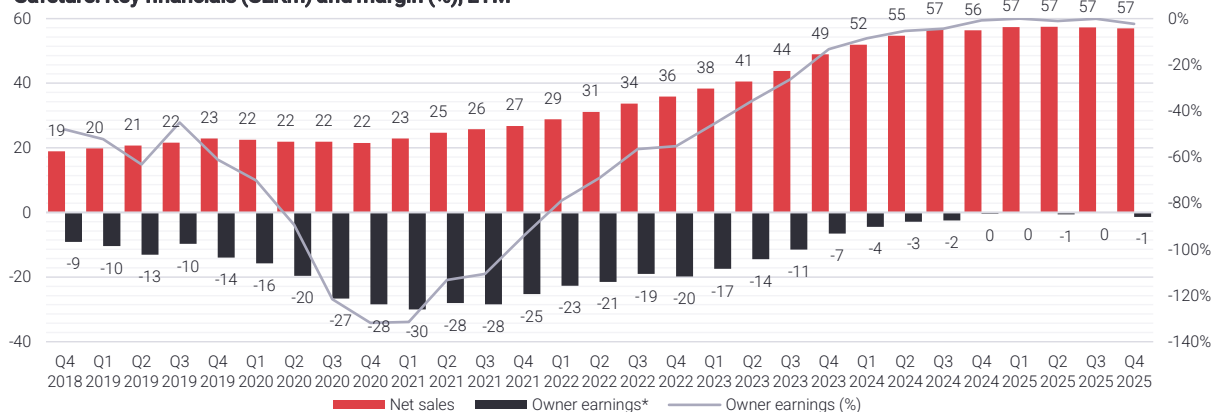
Redeye sees Safeture's Q4 2025 report to be another step in the right direction, with positive ARR growth, improving gross margin, and solid cost control resulting in a positive EBIT. We are encouraged that the company has established a positive trend during the last quarters despite some negative external effects, with an overall challenging market and negative FX. The company continued to add new partnerships during the last months with Global Protect Risk. In the report, we find some encouraging wording, highlighting an improving market sentiment. We are yet cautious to incorporate any significant shift, but trim our forecast for the coming years slightly with a positive bias. Lastly, we find that the company is looking at different alternatives to accelerate growth by horizontal and vertical expansion, by growing its offering in close collaboration with its partners. This process seems ongoing and encouraging, but it's too early to analyse details.

Valuation offers upside

Our fair value range is reiterated at SEK3-10, with a Base Case of SEK7 per share. The stock trades at an EV/ARR multiple of 2.5x for 2025, representing a discount to Nordic SaaS peers. We judge this as warranted, given that growth is forecast to be lower than for comparable companies in the coming two years, and look for a solid rebound in growth for the share to move towards our Base Case.

[Full Q4 2025 Update](#)

Safeture: Key financials (SEKm) and margin (%), LTM



*Owner earnings defined as net income + depreciation and amortisation - investments in tangibles and intangibles - average NWC/LTM sales over the period * delta in sales between quarters.

Safeture	2025	2026e	2027e	2028e
Net sales	57,0	64,0	75,0	86,0
EBIT	0,2	2,3	8,6	14,0
EBIT(%)	0%	4%	11%	16%
EV/Sales	2,1	1,9	1,6	1,4
EV/EBIT	604,7	52,6	14,1	8,6

Source: Redeye research (estimates), Company filings (historical data)

Redeye valuation and key ratios	
Base Case	7
Fair value range	3-10
Current share price	3,9
Return to base	81%
EV/OE LTM	-89,7

²¹ Analyst Oskar Vilhelmsson owns shares? No. Latest transaction: Sell (2025-05-20)

Sleep Cycle: 2026 – a year of investments for future growth²²

Q4 2025- Muted topline but solid margins

Sleep Cycle reported Q4 2025 net sales of SEK 58m, down 13% y/y (–10% currency-adjusted), which was broadly in line with our estimate of cSEK 59m. Resilience in the business model was evidenced by partnership revenues reaching 12% of total sales, growing approximately 46% y/y. EBIT reached SEK 14m, representing a 24% margin and matching our forecast despite the pressured topline. Furthermore, the FY 2025 EBIT margin of 26% successfully exceeded the company’s annual financial target of at least 25%.

Executing long-term strategy amidst market pressure

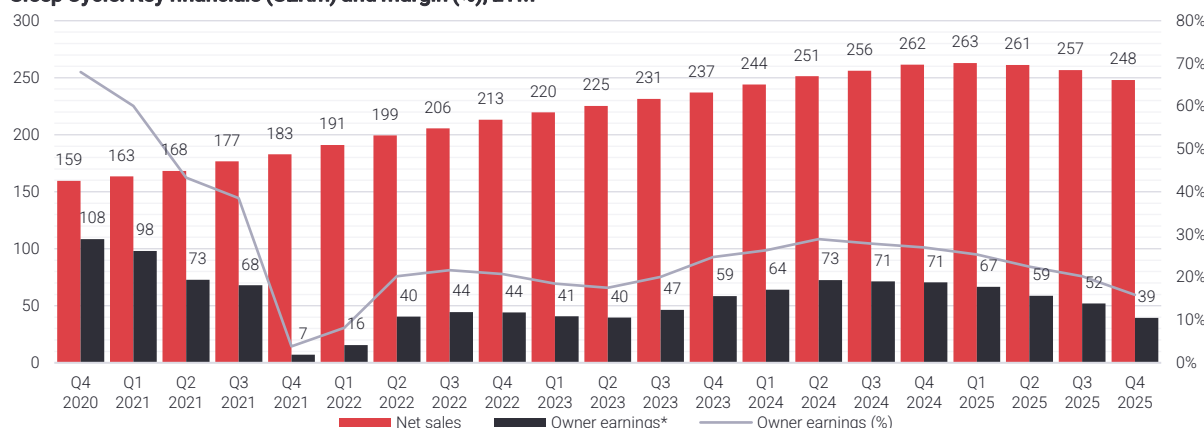
User growth has been declining throughout 2025, with the paying subscriber base ending the year at 768k, missing our 799k forecast by 4%. This persistent softening in the App Store segment has been visible throughout the year. Rather than a pivot, management is executing the strategy established in 2024 to move from a single product to three scalable growth engines: the core app, Sleep SDK licensing, and sleep apnea screening. To unlock this growth, management has committed to a SEK 90m investment plan for 2026. This includes SEK 40m in CapEx for the US-based clinical validation study for sleep apnea, which is expected to finish in September 2026. This deliberate strategy results in a temporary EBIT margin compression to approximately 5% in 2026, with a targeted return to roughly 25% margins and growth from 2027 onwards

Valuation – New Fair Value Base Case: SEK 35 (43)

Following the 2026 guidance, we have significantly lowered our near-term sales and EBIT expectations, resulting in a new Fair Value Base Case of SEK 35 and a fair value range of SEK 9–58. At 5.0x EV/EBIT 2027e and Sleep Cycle valued at ATL levels, we believe positive news regarding SDK implementation, new agreements, or clinical milestones could trigger upside. We continue to view Sleep Cycle as a high-quality small-cap uniquely positioned to leverage its vast amount of unique data to diversify its business and become less dependent on the traditional app-store model.

[Full Q4 2025 Update](#)

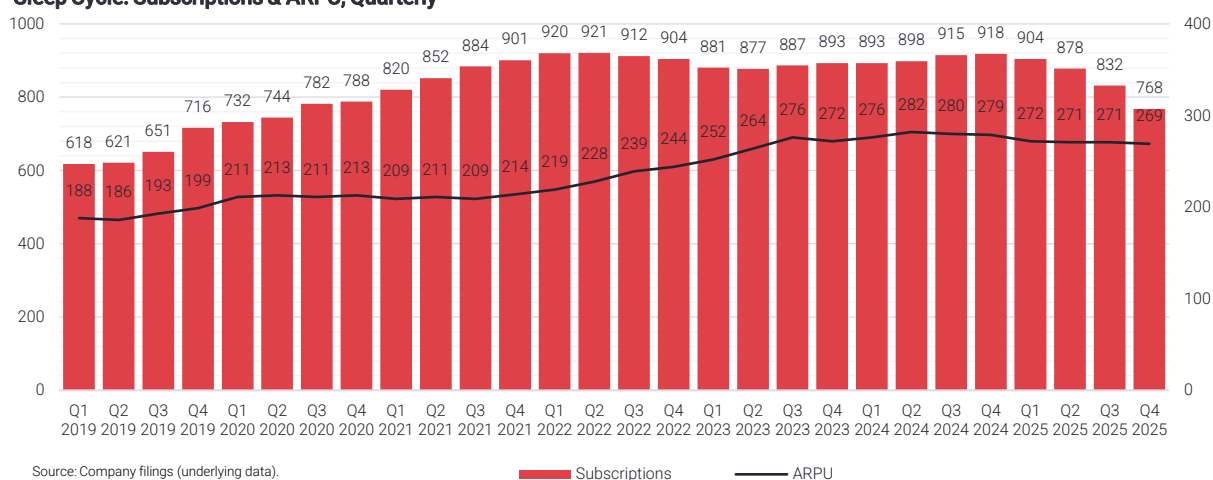
Sleep Cycle: Key financials (SEKm) and margin (%), LTM



*Owner earnings defined as net income + depreciation and amortisation - investments in tangibles and intangibles - repayment of lease liabilities - (NWC as % of LTM sales * delta in sales QoQ)
Source: Redeye research (chart structuring and owner earnings definition), Company filings (underlying data).

²² Analyst Jessica Grunewald owns shares? Yes. Latest transaction: Buy (2024-09-11)

Sleep Cycle: Subscriptions & ARPU, Quarterly



Source: Company filings (underlying data).

Sleep Cycle	2025	2026e	2027e	2028e
Net sales	248,0	231,0	270,0	312,0
EBIT	65,8	14,7	64,9	81,8
EBIT(%)	27%	6%	24%	26%
EV/Sales	0,9	1,0	0,9	0,8
EV/EBIT	3,6	16,0	3,6	2,9

Source: Redeye research (estimates), Company filings (historical data)

Redeye rating and valuation	
Base Case	35
Fair value range	9-58
Current share price	17,6
Return to base	99%
EV/OE LTM	6,0

Tradedoubler: Double Digit Metapic, Single Digit Multiple²³

The Metapic saga continues

Influencer Marketing (Metapic) remains the group's high-growth pillar, with revenue increasing 34% y/y in Q4. The platform is successfully diversifying beyond traditional verticals like Fashion into Finance and App sectors. With an order value growth of over 50% for the full year and demand exceeding supply, Metapic is well-positioned to remain the group's margin-accretive growth engine for a long time.

Solid profitability focus in Partner Marketing

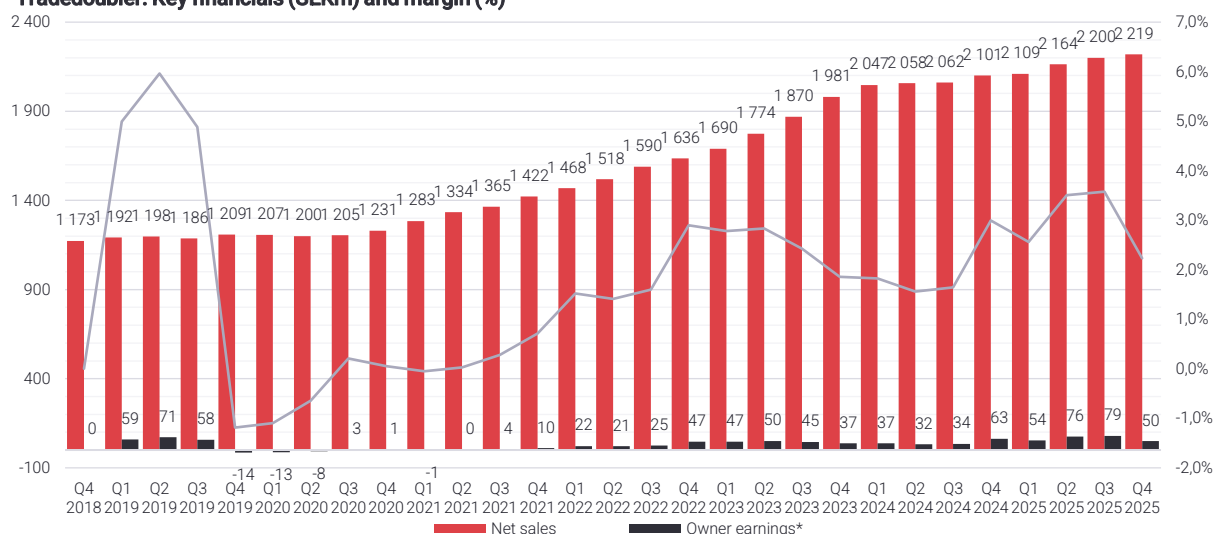
Management is increasingly focusing on profitability through a more selective cost structure and disciplined risk management within the Partner Marketing segment going into 2026. We are encouraged by this approach, as it demonstrates a pragmatic response to the current economic headwinds and lower business volumes.

Valuation: Base Case trimmed to SEK12 (13)

We have adjusted our Fair Value range to SEK6-18 (6-21), with a new Base Case of SEK12 (13). The trim reflects lowered estimates due to FX headwinds and recent customer churn. However, at an EV/Normalised FCF of 6.1x based on FY 2025 results, we find the valuation highly attractive. We believe the market has yet to fully price in the long-term scalability of Metapic and the group's strengthened net cash position of SEK94m.

[Full Q4 2025 Update](#)

Tradedoubler: Key financials (SEKm) and margin (%)



*Owner earnings defined OPCF before WC - average NWC/LTM sales over the period * delta in sales - all capex - lease. between quarters. Source: Redeye research (chart structuring and owner earnings definition), Company filings (underlying data)

Tradedoubler	2025	2026e	2027e	2028e
Net sales	2219,0	2301,0	2485,0	2659,0
EBIT	6,9	59,7	79,5	94,4
EBIT(%)	0%	3%	3%	4%
EV/Sales	0,1	0,1	0,1	0,1
EV/EBIT	46,7	5,4	4,1	3,4

Source: Redeye research (estimates), Company filings (historical data)

Redeye rating and valuation	
Base Case	12
Fair value range	6-18
Current share price	6,4
Return to base	89%
EV/OE LTM	6,5

²³ Analyst Jacob Benon owns shares? No. Latest transaction: N/A (N/A)

Vertiseit: Long-term story intact – AI resilience from the back-end²⁴

Slight soft ARR growth, solid underlying EBITDA-CAPEX

Organic ARR growth was 15.6% y/y, reaching SEK332m. While sequential growth was slightly soft due to longer conversion cycles for large deals, the pipeline remains robust with large, high-quality leads. Key ARR drivers in Q4 included Stadium, Circle K and Salling Group. Net sales in Q4 reached SEK186.3m, 2% above our forecast despite an 8.1% y/y decline driven by lower system sales. Adjusted EBITDA-CAPEX of SEK22.4m (12% margin) was below our SEK27.9m forecast. However, underlying EBITDA-CAPEX (excluding SEK5m in non-run-rate costs) matched our assumptions. We expect margins to improve as the cost base remains relatively stable while high-margin SaaS revenue scales.

AI resilience from the back-end

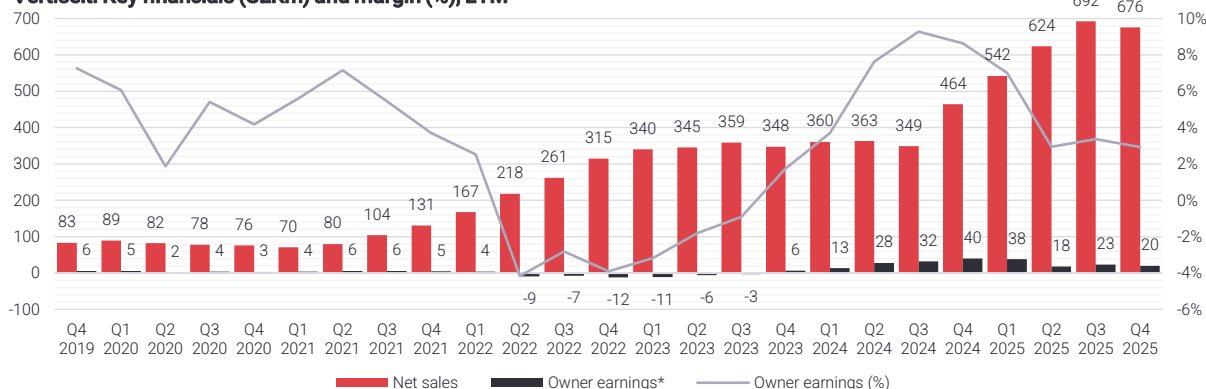
Vertiseit views its core infrastructure, specifically the IXM Grid back-end, as highly resilient to AI disruption, given the complexity of managing diverse hardware and global device fleets. While AI may simplify the creation of front-end CMS interfaces, management believes clients will still require Vertiseit's robust underlying technology to function. We share the company's view, identifying resilience primarily in the infrastructure back-end. Furthermore, the company expects AI to accelerate internal product development and drive license growth as the number of potential use cases increases.

New Base Case SEK73 (76)

Following slightly lower ARR growth assumptions, we reduce our 2026-2028 EBITDA-CAPEX estimates by 8% and revise our Base Case to SEK73 (76). Vertiseit currently trades at 12.4x 2026e EBITDA-CAPEX. We find this valuation attractive for a profitable niche leader with a global footprint, solid organic growth of 13-14%, and a resilient infrastructure layer well positioned to navigate the evolving AI landscape.

[Full Q4 2025 Update](#)

Vertiseit: Key financials (SEKm) and margin (%), LTM



*Owner earnings defined as net income + depreciation and amortisation - investments in tangibles and intangibles - repayment of lease liabilities liabilities - (NWC as % of LTM sales * delta in sales QoQ)
Source: Redeye research (chart structuring and owner earnings definition), Company filings (underlying data).

Vertiseit	2025	2026e	2027e	2028e
Net sales	675,0	747,0	799,0	853,0
EBIT	22,3	100,0	134,0	166,0
EBIT(%)	3%	13%	17%	19%
EV/Sales	3,0	2,7	2,5	2,4
EV/EBIT	90,4	20,1	15,0	12,1

Source: Redeye research (estimates), Company filings (historical data)

Redeye rating and valuation	
Base Case	73
Fair value range	40-97
Current share price	58,8
Return to base	24%
EV/OE LTM	101,5

²⁴ Analyst Fredrik Nilsson owns shares? Yes. Latest transaction: Buy (2025-11-04)

Ownership among Redeye's analysts in covered names

Redeye's analysts are allowed to own shares in the companies they cover as long as all rules, regulations, and internal guidelines are followed. Below is an overview of whether the lead analyst for the respective companies owns shares, along with the date and type for the latest transaction.

Microcap index (Redeye coverage)*	Redeye's analyst	Redeye's analyst owns shares?	Most recent transaction (date)
Avensia	Fredrik Nilsson	Yes	Buy (2024-12-06)
Avtech	Rasmus Jacobsson	Yes	Sell (2025-05-30)
Cheffelo	Jacob Benon	No	No transaction (n/a)
CombinedX	Fredrik Nilsson	Yes	Sell (2026-02-04)
Enea	Rasmus Jacobsson	No	No transaction (n/a)
Formpipe	Fredrik Nilsson	Yes	Buy (2026-01-02)
Fractal Gaming	Jacob Benon	Yes	Buy (2025-11-24)
Genovis	Filip Einarsson	No	No transaction (n/a)
I-Tech	Oskar Vilhelmsson	Yes	Buy (2026-02-27)
Litium	Jacob Benon	Yes	Buy (2025-10-01)
Paxman	Gustaf Meyer	Yes	Buy (2025-05-21)
Safeture	Oskar Vilhelmsson	No	Sell (2025-05-20)
Sleep Cycle	Jessica Grunewald	Yes	Buy (2024-09-11)
Tradedoubler	Jacob Benon	No	Buy (2025-07-16)
Vertiseit	Fredrik Nilsson	Yes	Buy (2025-11-04)

Source: Redeye.se, where all transactions by Redeye's analysts are visible in the companies they cover.

Quarterly company updates – Select other microcaps

In this section of the report, we present commentary on some of the names we currently find interesting outside of our coverage. Each quarter, we aim for three to five cases, ideally names we have not covered before. The criteria are the same as for the other participants: below SEK3bn in market cap and profitable (at least in the very near term). The same names can theoretically be repeated for several quarters in a row, but this section will be more “case-based”, focusing on names that we, for some reason, find especially interesting at the time of writing.

The format here is less strict, for a few reasons. First, given that we have no regular coverage (at redeye.se) to which we can direct readers, this section sometimes must be more extensive to provide readers a comprehensive overview. Second, as these companies are not going to be covered consistently in the report, the coverage here must be more timeless, focusing less on specific quarters and more on the company and investment case (the degree of timelessness depends on how fast it plays out). Finally, these sections might feature other types of content, such as interviews with company representatives, deep dives in competition, or other interesting data points that we have managed to discern among the noise. We argue that this type of content warrants slightly more space given its long shelf life and will thus forego the self-imposed two-page limit per case used in other parts of this report.

Finally, if you, the reader of this report, has a case pitch that you think would fit into this section, do not hesitate to contact us at microcap@redeye.se (or jacob.benon@redeye.se). We will review the case and, if we find it interesting, profile it in the next quarterly update.

Disclaimers

To forego any criticism, we want to acknowledge the fact that we can own shares in the names we profile also in this section. Given the size of the companies, and the low liquidity, we understand the potential conflict of interest. We have implemented some self-imposed rules to combat the issue. In addition to adhering to the trading rules and guidelines established by Redeye for all its employees, the author of this report have voluntarily implemented supplementary trading rules to further minimise potential conflicts of interest. Specifically, the author agrees to refrain from engaging in any buying transactions involving companies not currently under Redeye’s coverage from the moment it is determined that these companies will be included in the report. Furthermore, the author will be prohibited to sell companies not currently under Redeye’s coverage until 30 days after the report’s publication.

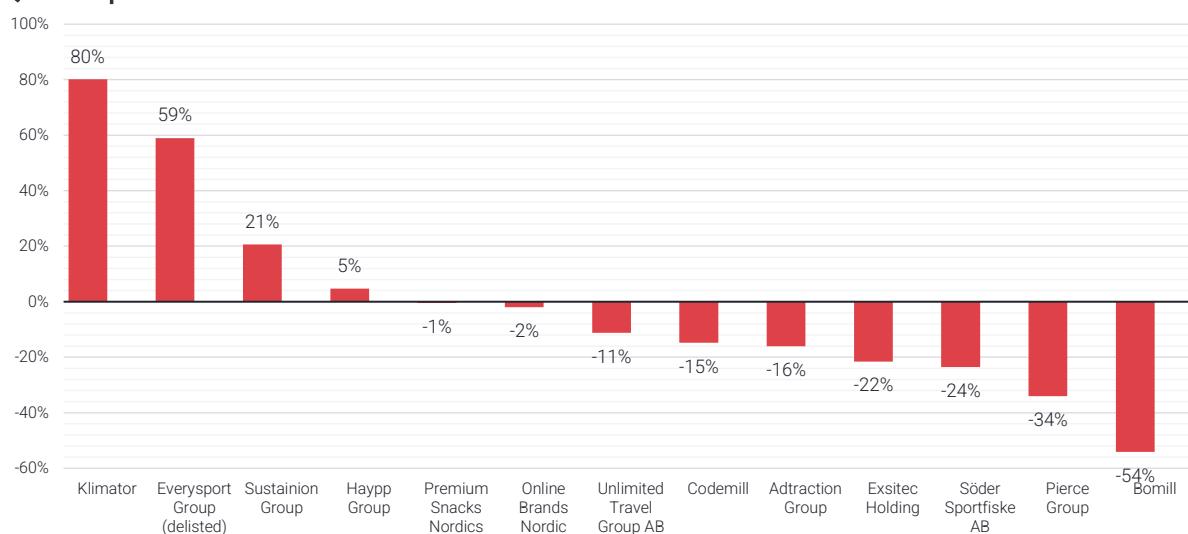
Nevertheless, one part of why this report has become reality is that we are allowed to cover companies where we are intrinsically interested in researching the names. As such, there will inevitably be situations where the author or co-authors own shares in the companies mentioned. The full list of holdings for the authors (all names, not only the names covered in the report) is available at the beginning of this report and in the formal disclaimer at the end.

In addition to following all applicable regulation, the author will act in a way consistent with Buffett’s newspaper test: *“When managers have any doubt about whether a decision or action is right or wrong, they should imagine how they would feel if it were reported the following day in the local newspaper, with the assumption that the write-up is authored by a smart but unfriendly reporter and read by the manager’s family, friends and neighbours.[...] bottom line: If your decision or action passes this test, it’s OK; if it doesn’t, it’s not.”* Hopefully this comes across as fair. Readers are invited to send any feedback on how the self-imposed regulation can be improved using the contact information above. Nobody would be happier for such feedback than us.

Commentary on former constituents since inclusion

In this section, we comment on the share price development and some of the key pieces of news flow in the companies outside our coverage that we have profiled in previous reports. Thus far, we can conclude that our stock-picking is, well, worse than bad, with average and median returns of -1% and -11%, although with large deviations on both the up and downside. Readers should also keep in mind that the selection is not necessarily made with the purpose of achieving strong share price performance in the short term. For example, we explicitly state in the cases of Klimator, Everysport, and BoMill that it is currently hard to come up with a “fair” value without further research, but that the companies are still highly interesting to keep track of. Coincidentally, it seems that those three cases are all at the extremes in terms of share price performance since inclusion.

Q4 2025 report constituents: Return since inclusion



Pierce Group – Profiled: Q2 2025 ([link](#)). Share price performance since inclusions: -34%

Pierce concluded 2025 with a, in our opinion, okay fourth quarter. Adjusted EBIT increased to SEK13m (1), supported by 7% revenue growth in local currencies despite tougher comparables, geopolitical uncertainty, and continued soft consumer demand across several European markets. For the full year, adjusted EBIT reached SEK45m (25), marking an 81% improvement y/y despite SEK29m of transformation-related costs tied to mostly, the implementation of the company’s new cloud-based IT systems. So the report itself was in our opinion neither good or bad, but what caught our attention was wordings in the CEO letter.

Looking ahead to Q1 2026, management’s commentary suggests a somewhat cautious tone. The company notes that its most favorable scenario is a mild winter in Europe combined with strong snow conditions in the Nordics. However, the current winter has been unusually cold across much of Europe, which primarily benefits the company’s Sledstore segment. While this is positive, the category represents less than 10% of sales even in Q1. That said, Q1 2025 had very weak comparables due to poor snow conditions, which could still allow Pierce to report a relatively decent quarter despite the mixed weather setup.

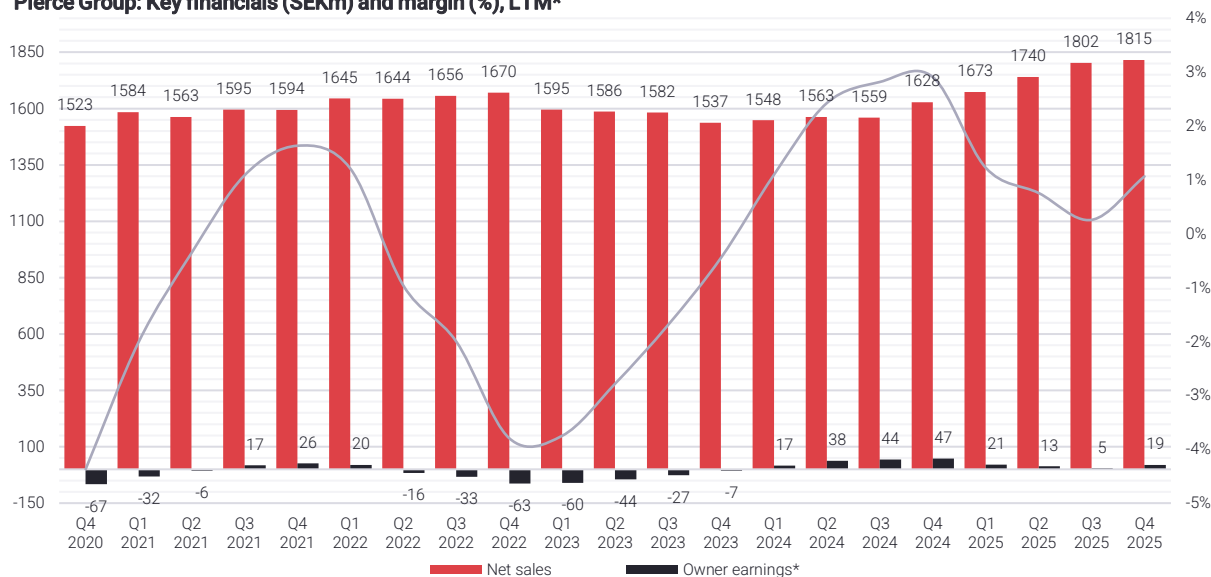
Beyond the near term, there is a lot to like about Pierce’s positioning from the second half of 2026 and onward. By then, the company should operate with a significantly leaner cost base, a fully deployed IT platform enabling growth initiatives such as launching 12 localized market sites, and reduced depreciation from legacy systems and brands. In parallel, expansion into adjacent categories such as mountain bikes and scooters could provide additional growth vectors, leveraging Pierce’s existing logistics and marketing infrastructure.

That said, some structural challenges remain. Inventory availability is a critical part of Pierce’s value proposition, but it also brings the recurring risk of obsolescence, which has pressured gross margins in recent quarters. Still, we have not decided how big of a problem we think this is. At the same time, management has begun highlighting the potential for industry consolidation and M&A opportunities. While consolidation may ultimately make sense in a fragmented

European market, we believe Pierce should first focus on improving profitability closer to its long-term adjusted EBIT margin target of 5-8%. In 2025, the company delivered an adjusted EBIT margin of just 2.8%, even excluding SEK6m in additional brand amortization.

From a valuation perspective, the upside could be significant if execution improves. Applying the company’s 5-8% margin target to current sales implies an EV/EBIT multiple of roughly 3.5-5.6x, which is anything else but expensive. However, investors should expect some continued volatility in the near term. Weather-sensitive demand in Q1, the final IT rollouts in Q2, and a still price-sensitive consumer environment mean that the road toward normalized profitability may remain somewhat uneven. Still, we like the setup, and applaud the CEO and what he has managed to do so far with the cost base, and consider Pierce a company well worth monitoring.

Pierce Group: Key financials (SEKm) and margin (%), LTM*



*Owner earnings defined as net income + depreciation and amortisation - investments in tangibles and intangibles - average NWC over the period * delta in sales between quarters. Q4 2023 adjusted for items under administrative cost to facilitate comparison (SEK-61m instead of SEK-76m). Source: Redeye research (chart structuring and owner earnings definition), Company filings (underlying data).

Online Brands Nordic – Profiled: Q1 2025 ([link](#)). Share price performance since inclusion: -2%

Online Brands delivered strong top-line growth in the fourth quarter, although profitability was weighed down by integration efforts and continued investments across the group. Net sales increased by 29.1% y/y to SEK149.9m, driven by both acquisitions and solid organic growth of 9.3%. The company’s own e-commerce channel continued to be the primary growth engine, increasing by over 31% to SEK130m.

Profitability, however, declined compared with the strong fourth quarter last year. Adjusted EBITA amounted to SEK11.4m, corresponding to a margin of 7.6%, down from 12.7% in Q4 2024. The lower margin reflects a combination of factors. First, the integration of three acquisitions completed during the year (GetCamping, Reforma, and Tanrevel) generated both temporary costs and operational inefficiencies during the quarter. Integration-related expenses of roughly SEK1.3m affected EBITA in Q4. Second, the newly acquired businesses carry somewhat lower gross margins than the existing portfolio, which contributed to a group gross margin of 59.9% compared with 63.0% a year earlier. Excluding the newly acquired companies, the gross margin would have been closer to 60.9%, which is still considered somewhat of a disappointment, as the delta from previous year is a full 210bps. Some of the more mature brands, such as Bread & Boxers and Isbjörn, appear to have delivered somewhat weaker profitability compared with the previous year, which also weighed on group margins (if this is an explanation to the decline in gross margin on a comparable basis, we don’t know).

As such, the key question for investors remains when the company can fully translate its loss making, “growth businesses” like Tanrevel, Getcamping and Reforma into stronger and more consistent profitability. With three acquisitions integrated during 2025, it is reasonable to assume that the group is currently operating below its long-term efficiency potential. At the same time, the continued share purchases by chairman David Rönnberg signal

confidence that these businesses can ultimately be developed into profitable contributors as it has done in the past with Trend Carpet and Kitchen Lab acquired in 2021.

Exsitec – Profiled: Q3 2024 ([link](#)). Share price performance since inclusion: -22%

It feels like we have said it a million times now, but Exsitec closed 2025 with another stable quarter in a soft market environment. Net sales in Q4 amounted to SEK239m, representing growth of 6% year-on-year, although organic growth remained modest at around 2%. Adjusted EBITA reached SEK43m, corresponding to a margin of 18%, a notable improvement from 13% in the same period last year. The margin expansion reflects stronger recurring revenues and a headcount reduction from last year's large trainee program, with all operating segments reporting improved profitability.

Market conditions remain largely unchanged, characterized by cautious demand for consulting services among existing customers. This has been a recurring theme throughout 2025 and was again visible in the fourth quarter, where consulting revenues grew only modestly. Following a somewhat stronger organic growth rate in Q3, some investors (including us) had hoped that the market for IT consulting services was beginning to recover. However, the weak organic development in Q4 indicates that the recovery is likely to take longer than previously expected. We have previously understated how important a market recovery would be for both the company, and the sentiment around the stock. It seems like it doesn't matter if you are the best company in your sector. If the sector is hated, your company will not see its multiples revert to the mean either.

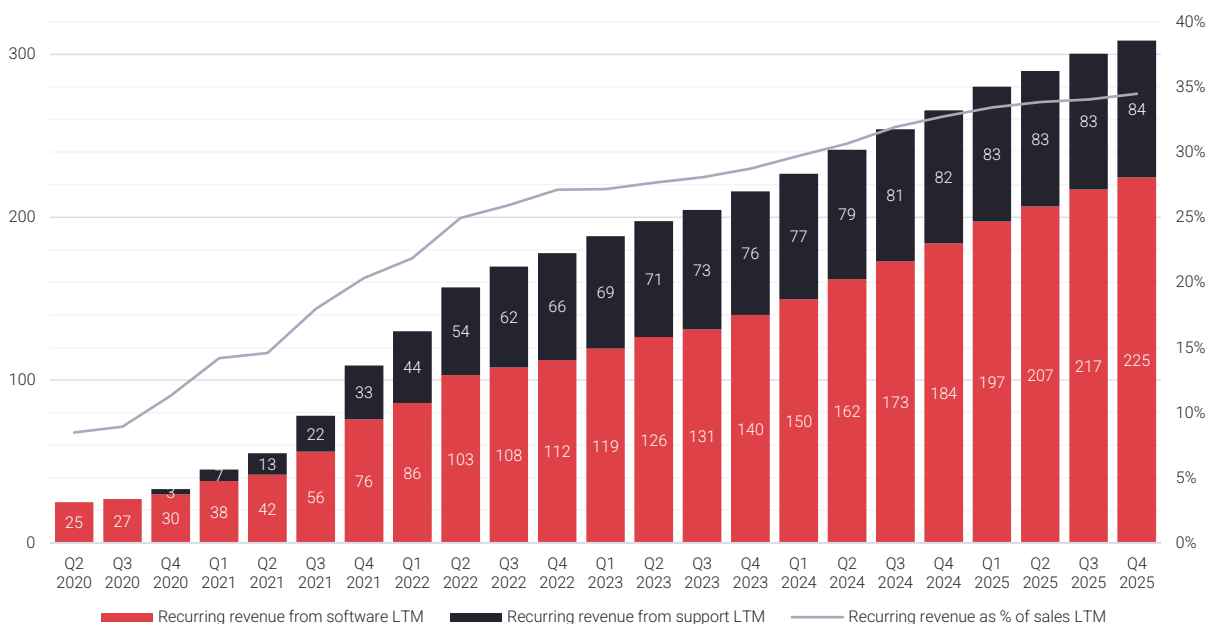
At the same time, Exsitec continues to benefit from the structural strength of its business model. Recurring software revenues increased 14% in the quarter and 22% on a rolling twelve-month basis, reaching SEK225m. These revenues provide stability and visibility in a more uncertain demand environment and continue to support profitability. Geographically, Sweden showed stable profitability despite flat organic growth, while Norway and the Other Nordics delivered stronger growth and margin improvements. The company also announced the divestment of its IT operations subsidiary Zedcom, allowing Exsitec to further sharpen its focus on business-critical applications and software-related services.

Another topic increasingly discussed by investors is the potential impact of AI on software and integration companies such as Exsitec. While the long-term implications are difficult to assess, the company's focus on deeply integrated ERP and business-critical systems suggests that large-scale displacement by AI-driven solutions is unlikely in the near term. A more realistic risk could be that customers become capable of performing a larger share of system configurations and integrations themselves, potentially reducing demand for certain consulting services in the long-run. For now, however, management reports no observable impact, noting that most AI-related questions currently come from investors rather than customers.

The current valuation of EV/EBITA 10.8x LTM seems undemanding from a historical perspective. However, as basically every quality microcap within software has now become cheaper, the relative valuation towards companies with even better business models than Exsitec is not as attractive. We continue to like the company, and given that the multiple in our opinion is low, and the that the company delivers on its 15% EBITA/share CAGR goal, we think the stock is attractive at these levels although maybe not the spiciest of bets.

As usual, we cannot let you move on without looking at this chart. Doesn't really scream that AI is taking over just yet, right?

Exsitec: Key financials (SEKm) and share of sales (%), LTM

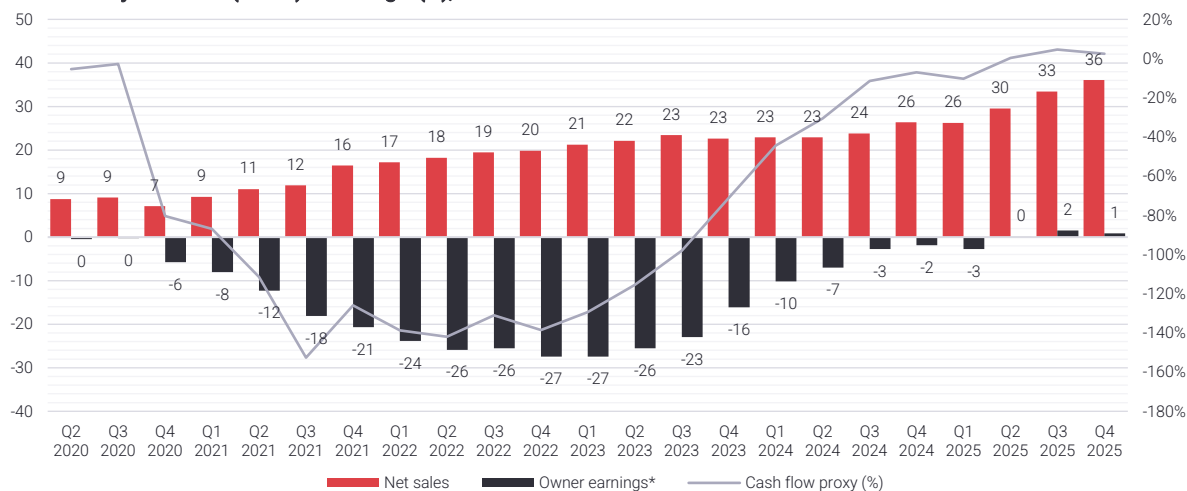


Source: Company filings (underlying data), Redeye Research (Chart structuring)

Klimator – Profiled: Q3 2024 ([link](#)). Share price performance since inclusion: 80%

Klimator delivered a strong finish to what management describes as a historic year for the company, marking its first profitable full year since 2019. Net revenue for 2025 reached SEK36.0m, corresponding to organic growth of 37%, while Q4 revenue amounted to SEK12.0m, up 28% y/y. The quarter was driven primarily by continued momentum in the Winter Maintenance business area, supported by deliveries of both hardware and software solutions. Gross margin improved slightly to 70% (68%), reflecting an increasing contribution from recurring license revenues, while EBIT increased by 68% to SEK1.1m. The company also generated positive operating cash flow during the quarter, highlighting an improving financial foundation.

Klimator: Key financials (SEKm) and margin (%), LTM



Operationally, the year was characterized by several strategic initiatives aimed at strengthening Klimator's commercial capabilities and product offering. The company expanded its commercial team in order to accelerate sales of its established products, including Road Status Information and IoT-based road weather stations, as well as

the newer data-driven salting solution Ahead. Encouragingly, the first Ahead contracts were implemented at customer sites during the quarter. Several new and expanded agreements were also signed during the year with customers such as Terranor, Mesta, Svevia and the municipality of Naestved.

A key pillar of the company’s strategy is to build a scalable recurring revenue base. Klimator’s combination of hardware, software and data services is designed to gradually expand ARR as more sensors, vehicles and customers are connected to the platform. In this context, it is positive that the company plans to begin reporting Annual Recurring Revenue starting in Q1 2026, which should improve transparency around the underlying development of the business.

The company also continued to strengthen its positioning within the winter road maintenance ecosystem. After the quarter, Klimator launched the new brand Saltera, which consolidates its various products and technologies under a unified platform offering aimed at improving precision, efficiency and sustainability in winter maintenance operations.

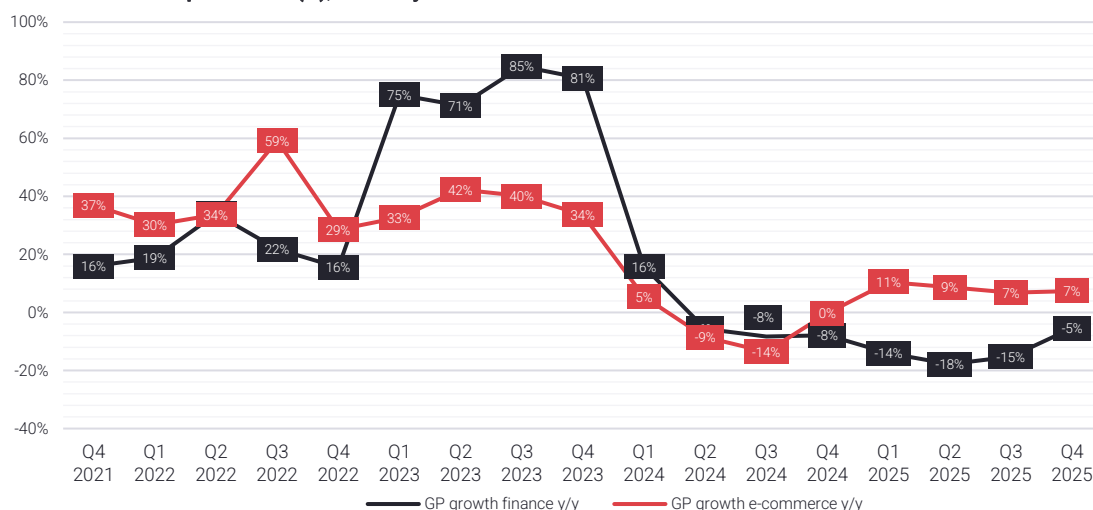
Overall, Klimator appears to be executing well on its strategy, combining solid growth with improved profitability. From our discussions with management, we also get the impression of a disciplined and cost-conscious organization (which is also shown in the numbers) with lots of commercial momentum.

Adtraction – Profiled: Q2 2024 ([link](#)). Share price performance since inclusion: -16%

It is funny how the stock market works sometimes. Throughout this earnings season, many small-cap companies have seen sharp share price reactions as concerns around AI disruption and continued outflows from small-cap funds have weighed on share prices. Against this backdrop, Adtraction’s shares rose 19% following its Q4 report, despite the company’s business model having been viewed as structurally threatened by AI long before such fears became cool to have. The report itself pointed to a stable end to what has otherwise been a relatively soft year. Net sales increased by 3.2% and gross profit grew by 4.7%, marking the first positive gross profit growth since Q1 2024. Adjusted for the SEK2.7m one-off costs in Q4 last year, EBITA growth amounted to roughly 3% y/y, while reported EBITA increased by 18%.

Operationally, the quarter showed a modest improvement in underlying activity. Growth in the E-commerce segment remained solid, with gross profit increasing by 7.4%, supported by a somewhat stronger Black Week and Black Friday period compared with the previous year. The acquisition of Affiliate Future, completed on 1 November, also contributed positively, adding SEK11.5m in revenue and SEK2.2m in gross profit during the quarter. While the Finance segment remained weaker, with gross profit declining 5%, the overall development per segment visualised in the chart below suggests that the company may be gradually moving past the most challenging times.

Adtraction: Growth per vertical (%), Quarterly



Source: Company filings (underlying data).

Looking ahead, several ongoing initiatives could support renewed growth during 2026. Management highlighted the rollout of Fair Tracking, which aims to improve transparency and compensation accuracy for partners, as well as the continued development of the company’s platform offering. The launch of new tools such as the influencer solution and the ongoing implementation of an upgraded CRM system could strengthen the company’s product offering and improve scalability. At the same time, Bundler continues to show strong momentum, with gross profit increasing more than threefold y/y from a low base. Management has also signalled openness to further acquisitions, potentially even somewhat outside the company’s traditional core areas, which could broaden the platform over time.

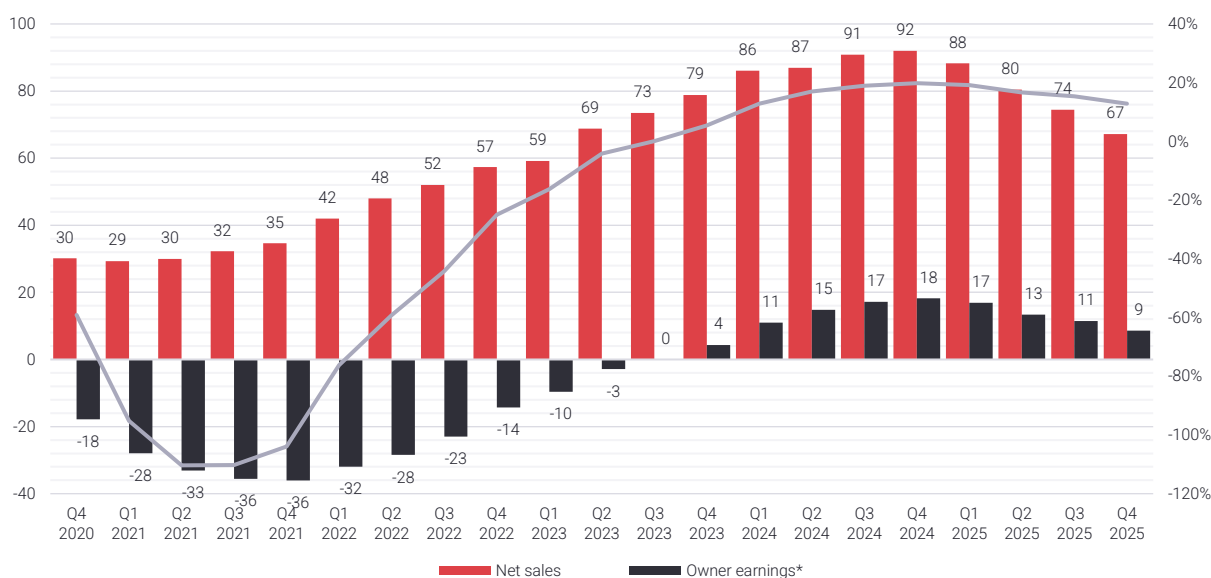
From a valuation perspective, the current share price implies an EV/EBITA multiple of around 7.6x on a LTM basis. Given the operational leverage embedded in the model, relatively modest growth in gross profit could translate into a disproportionate increase in earnings. As an illustration, a gross profit increase of around 10% from current levels could potentially drive EBITA growth of roughly 25% according to our very precise napkin sketch, highlighting how quickly profitability could expand, and the valuation fall, if the company returns to higher growth rates.

Codemill – Profiled: Q2 2024 ([link](#)). Share price performance since inclusion: -15%

Codemill ended 2025 in the midst of a strategic transition as the company continues shifting from consulting revenue toward a more scalable SaaS-focused business. The fourth quarter reflected this transformation clearly. Net sales declined 32% y/y to SEK15.7m, primarily due to the previously communicated wind-down of parts of the consulting business. For the full year, revenue amounted to SEK67.2m, down 27%. While the top-line decline may appear sharp at first glance, it largely reflects the deliberate repositioning of the company toward recurring software revenues, which management views as essential for achieving higher margins and greater scalability over time.

Underlying metrics continued to move in the right direction albeit at a modest rate. ARR reached SEK46.1m at the end of the quarter, representing growth of 4% y/y. Although ARR declined slightly sequentially from Q3, this was mainly due to timing effects and a renegotiation of a larger contract that management expects to support future expansion. The company does not specifically state the organic growth in ARR in fixed currencies, and since some 60% of sales come from North America, we believe that the c17% decline in the USD has had a material impact on the reported ARR growth figure, and profitability of course. Cost reductions related to the consulting wind-down contributed to lower operating expenses, while previously stated FX effects and the earlier takeover process involving Ateliere negatively impacted the year’s development, which makes the profitability trend in the chart below look worse than it is.

Codemill: Key financials (SEKm) and margin (%), LTM



Owner earnings defined as net income + depreciation and amortisation - capitalised development - average NWC over the period * delta in LTM sales between quarters. Source: Redeye research (chart structuring and owner earnings definition), Company filings (underlying data).

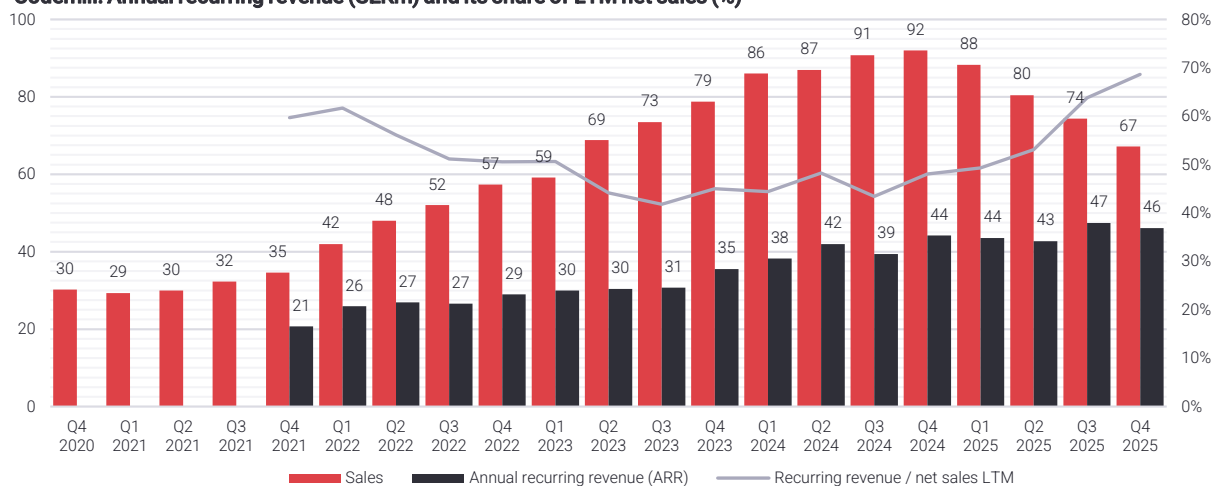
Operationally, Codemill continues to invest in its product platform. During the quarter the company further strengthened its Accurate.Video subtitle offering, continued preparing the upcoming Live2VOD solution, and

progressed development of a QC assistant intended to automate parts of the quality control workflow. The broader industry environment also remains supportive over the long term, as media companies increasingly transition toward cloud-based production workflows and AI-driven content operations.

Encouragingly, commercial momentum appears to have improved after the quarter. Codemill announced two new multi-year contracts that together add approximately SEK4.6m in ARR, equivalent to roughly 10% of the ARR level reported at the end of Q4. The agreements include a strategic partnership with Dolby and a contract with a major British telecommunications group, both of which highlight the company’s ability to win customers among large global media and technology players.

Overall, 2025 can be viewed as a transitional year for Codemill, where the financials still reflect the legacy consulting structure, FX headwinds, and costs associated with the bidding process from Ateliere. With a growing recurring revenue base that is de-risked by contracts secured after the quarter ended, high gross margins of close to 90%, we think the setup for 2026 looks attractive. However, so it does for many other SaaS companies as well.

Codemill: Annual recurring revenue (SEKm) and its share of LTM net sales (%)



Source: Redeye research (chart structuring), Company filings (underlying data).

Sustainion – Profiled: Q3 2025 ([link](#)). Share price performance since inclusion: 21%

We couldn’t possibly have had a better timing on our case write-up of Sustainion, as the first quarter the company delivered after our initial pitch was marked by a reverse profit warning. Sorry for bragging, but unfortunately it is not often things go this smooth. Q4 net sales increased to SEK175.0m (70.8), corresponding to growth of 147% year-on-year, of which 25% was organic. EBITDA reached SEK17.8m (5.7), implying a margin of 10.2%, while EBIT improved to SEK13.8m. For the full year, revenue amounted to SEK537.8m, up 185%, with EBITDA of SEK53.8m. The figures highlight both the scale effect from recent acquisitions and a solid underlying operational performance across the portfolio.

Operationally, Sustainion continues to execute well on its strategy of building a diversified group of companies focused on sustainability-related technologies and industrial solutions. While several subsidiaries contributed to the strong performance, Skårebo Energi remains the most important driver given that it accounts for more than half of group revenue. The company’s international expansion, particularly within charging infrastructure and related energy solutions, appears to be a key organic growth engine.

Following the quarter, Sustainion continued to pursue its acquisition strategy with the purchase of Dutch emissions solutions company Diemma. The transaction broadens the group’s presence within emissions control technology and creates potential synergies with EHC Teknik, particularly in applications related to marine, construction, and rail segments. At the same time, the company completed a directed share issue raising approximately SEK22m to help finance the transaction and support further investments, including battery storage solutions within Skårebo Energi.

While the acquisition strategy remains attractive and appears to be delivering operationally, we are somewhat surprised by the relatively large discount of c24% used in the directed share issue. Given the company's strong momentum and what we view as an already modest valuation, the pricing could arguably have been tighter.

Overall, Sustainion appears to be performing very well operationally, combining strong organic growth with active M&A. With Skårebo Energi continuing to expand internationally and additional portfolio companies gaining traction, the group enters 2026 with considerable momentum at a valuation of what we believe could be below 8x P/OE for 2026e.

The Graveyard – Where the authors dug their own graves

The authors designed this microcap theme with the format of two to three new case pitches in each report, alongside short comments on all former constituents every quarter. Due to a lack of mental capacity, we failed to anticipate that if you only add companies, the number of covered companies can never decrease. This makes each new report increasingly cumbersome. We are therefore introducing The Graveyard starting in Q2 2025. The name reflects the fact that we effectively dug our own graves by creating an ever-increasing workload (especially, now that the number of authors of this report has shrunk by 50%). Going forward, we will comment in detail on ten former constituents (old and new companies) and include the rest in the list below. For each, we provide a link to the page in the report where the original case pitch starts, as well as the share price performance since inclusion.

BoMill – Profiled: Q4 2024 ([link](#)). Share price performance since inclusion: -54%

EverySport Group – Profiled: Q4 2024 ([link](#)). Share price performance since inclusion: 59% [delisting on Sep 9]²⁵

Söder Sportfiske – Profiled: Q3 2024 ([link](#)). Share price performance since inclusion: -24%

Haypp Group – Profiled: Q1 2025 ([link](#)). Share price performance since inclusion: 5%

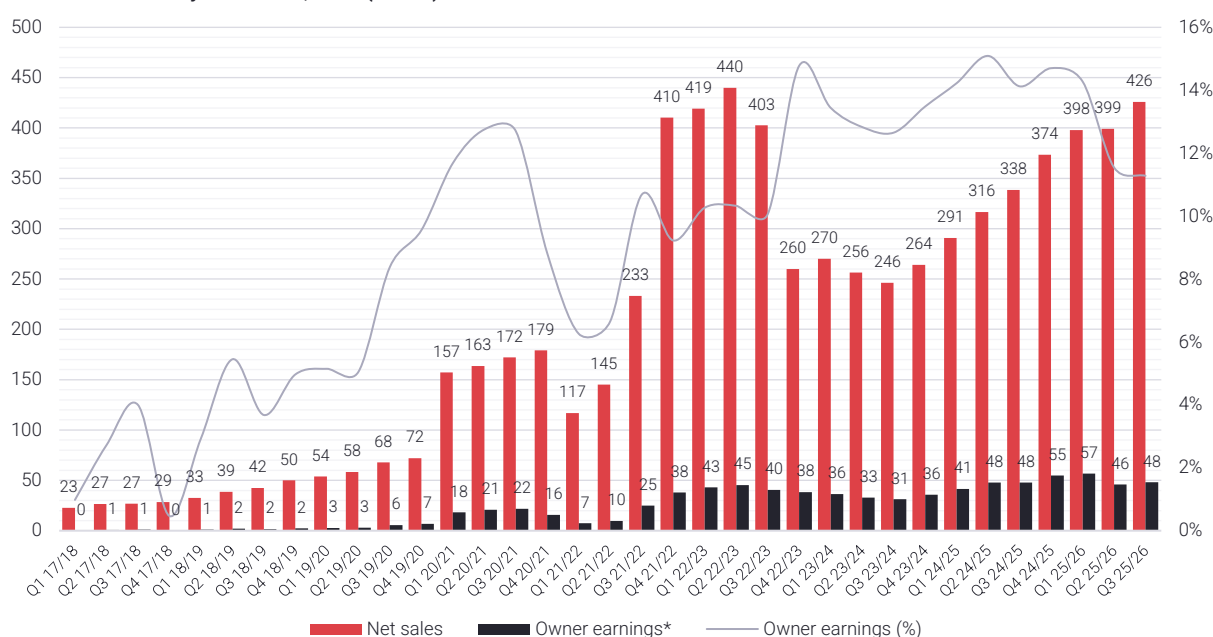
Unlimited Travel Group – Profiled: Q2 2025 ([link](#)). Share price performance since inclusions: -11%

²⁵ Although we promised not to comment on names here, it is worth mentioning that management presented a takeover offer for shares in EverySport on June 17. The premium was 25% to the latest closing price, bringing the total return since we wrote about the company in early March to about 59%. We are somewhat sad to see the company delist, and believe there was a lot of value to be realised from Elite Prospects over the coming years.

EQL Pharma: The Art of Playing with Pebbles

For nearly a decade, EQL Pharma has delivered remarkably predictable growth, expanding its product portfolio in niche generics while consistently meeting the ambitious financial targets it has set for itself. The recipe has been simple: identify small markets that larger pharmaceutical companies ignore, develop niche generic products, and steadily build a portfolio that compounds over time. Yet recently, something unusual happened. After roughly 34 quarters of stable execution, the company issued a profit warning tied to supplier disruptions and delayed product launches. The market's reaction was swift. The share price fell sharply, and what had previously been viewed as a reliable growth machine suddenly became a source of skepticism.

EQL Pharma: Key financials, LTM (SEKm)



*Owner earnings defined as: EBITDA-Interest - Tax. Note that net sales looks volatile due to one-off revenues unrelated to the core-biz during the covid-19 pandemic.

So the key question becomes: did the business model break, or did the market simply lose confidence after an operational stumble?

To answer that, it helps to start with how the business actually works.

A business built around “pebbles”

EQL Pharma operates in the generics market, but with a very specific strategy. Rather than competing in large blockbuster drugs, the company focuses on niche generics, typically targeting markets with annual sales of roughly SEK10-30m per product.

For large pharmaceutical companies, markets of that size are simply not worth the effort. Developing, launching, and maintaining a product in such a small market requires regulatory work, manufacturing arrangements, and ongoing administration. For a global player, this quickly becomes operational noise. For a smaller specialist like EQL, however, these “pebbles” are exactly where opportunity lies.

The economics are surprisingly attractive. Developing a new product typically costs around SEK12m, and once approved, the product tends to generate relatively stable demand. These are established medicines where the clinical risk has already been eliminated. The development process is therefore much more predictable than in traditional drug development. What makes the model particularly interesting is the market structure that emerges from these economics.

The competitive dynamics that protect returns

Consider a typical product with a SEK20m total addressable market. If there are two competitors in that market, each would generate around SEK10m in annual sales. With gross margins around 45%, that translates to roughly SEK4.5m in gross profit per company. Relative to the SEK12m development cost, that implies an annual return of roughly 38% on the initial investment.

Few industries offer economics like that. But the really interesting part comes when additional competitors enter. If a third competitor enters the market, the profits are shared among three players, reducing the return to around 25%. With four competitors, the return drops further to roughly 19%. Still attractive, but clearly declining. At five competitors, the return is closer to 15%, and the economics start to become far less compelling.

This dynamic creates a kind of natural equilibrium. Once there are already two to four competitors, the incentive for another entrant becomes limited. Entering the market would simply dilute returns for everyone, including the new entrant itself. The same logic applies to pricing. If one player aggressively cuts prices to gain market share, it does not just hurt competitors, it hurts the company initiating the price war as well. In practice, this often leads to relatively stable pricing environments where several players share a niche market and earn acceptable returns.

This dynamic is one of the key reasons EQL has been able to generate an average ROCE of around 20% in recent years.

Stable revenue and predictable growth

Another important characteristic of the business model is the nature of demand. Once a generic product has entered the market, its annual demand tends to be fairly stable. These are established medicines used in ongoing treatments, which means volumes do not fluctuate dramatically from year to year.

As a result, individual products rarely grow much once launched. Growth instead comes from portfolio expansion. EQL continuously invests in developing new niche generics. Once approved, each product becomes another small but stable contributor to the overall revenue base. Over time, the portfolio grows larger, and so does revenue. It's like stacking bricks on top of each other.



Today, revenue is generated from 47 different products, each contributing a relatively predictable stream of sales. The development pipeline itself is also unusually predictable compared to traditional pharmaceuticals. Bringing a product to market typically takes three to five years, and the historical success rate has been around 70%. This combination of predictable development timelines and stable product markets allows for relatively reliable forecasting several years ahead. This predictability has been demonstrated by the company repeatedly:

- Between FY2016/17 and FY2020/21, the company set a target of 30% annual growth. Actual growth came in even higher at roughly 35% CAGR.
- The next target period, FY2020/21 to FY2024/25, aimed for 40% annual growth. The outcome? Approximately 40.5% CAGR.

The company's new long-term ambition until FY 28/29 is to grow sales at around 30% annually while reaching an EBITDA margin above 25% by the end of the period (currently at 20% LTM).

Given the historical execution and the structural characteristics of the market, the targets do not appear unrealistic.

What should that be worth?

With a market cap of roughly SEK1.55bn and an enterprise value around SEK1.9bn, the company generated LTM sales of SEK426m and EBITDA of SEK87m, corresponding to a margin of about 20%.

EQL Pharma: Historical valuation



Because all maintenance capex is expensed through the income statement, basically all capital expenditure reflects growth investments in new product development. In other words, the cash flow statement largely captures reinvestment rather than maintenance spending. For that reason, we think the most useful valuation metric from an Owner Earnings perspective is to define OE as EBITDA minus interest and taxes.

Using consensus estimates and backing out the implied numbers, the stock currently trades around P/OE 16.9x NTM and roughly 11.3x for FY2027/28. If the company manages to grow Owner Earnings at 30-40% annually, and the valuation multiple of c17x stays constant, the return to shareholders would be driven almost entirely by earnings growth. At those growth rates, an investor buying the stock today could theoretically generate returns north of 30% per year without any multiple expansion.

Which naturally leads to the question: why is the market offering that opportunity?

The profit warning that shook confidence

After roughly 34 quarters of stable and predictable growth, EQL suddenly issued a profit warning ahead of its Q2 FY2025/26 report. For a company that had built a reputation for almost clockwork-like execution, that was enough to make the Mr.Market uneasy.

Looking at the underlying reasons, the situation was less dramatic than the share price reaction might suggest. Some deliveries from suppliers were disrupted, and the launch of a new product was delayed by a few months. Individually, none of these events would normally be enough to derail the numbers in a meaningful way. But when several operational hiccups happen at the same time, the combined effect can quickly become noticeable. As the company itself called it, "a perfect storm".

In hindsight, one could probably argue that some of the impact might have been mitigated if the company had stronger internal monitoring systems and processes in place to catch problems earlier. EQL has grown quickly in recent years, and parts of the organisation simply had not evolved at the same pace as the business itself (as per our understanding, EQL's ERP was an Excel sheet and lord we would have done anything to see how that giga-spreadsheet was built). That does not mean the internal systems caused the issues. But better infrastructure might have made it easier to detect and handle them before they became large enough to show up in a profit warning.

In other words, this was less a case of the business model breaking, and more a case of a fast-growing company experiencing a few operational disruptions at the same time.

Unfortunately for EQL, the sequence of events around the warning did little to calm the market. About a month before the announcement, the company's commercial chief sold roughly 10% of his shareholding. Around the same time, the share traded somewhat oddly in the days leading up to the warning, which led to speculation that information may have leaked.

However, we think that the full picture is a bit more nuanced. Around the same period, the chairman's wife bought shares, and just two weeks before the profit warning, the CEO increased his ownership through an incentive program, raising his stake from 1.08% to 1.46% of the company. Yet the narrative that gained traction focused almost entirely on the insider selling and some not so well thought through comments from the CEO (they included index re-balancing as a reason to the volatile share price movements, for example), rather than the insider buying. Also, the CCO (the one that sold 10% of his shares prior to the profit warning) decided to leave his role about two weeks after the profit warning, further increasing the uncertainty of what was going on inside the company.

The result was what can best be described as a crisis of confidence. After nearly a decade of consistent execution, one operational stumble was suddenly interpreted as a sign that something deeper might be wrong. *"It takes 20 years to build a reputation and five minutes to ruin it"* is a suiting quote in our opinion.

Since then, management has been clear about the priorities. The focus is not on treating the symptoms but on fixing the underlying weaknesses that became visible when the disruption occurred. Insiders have bought shares worth more than SEK2.5m since the events, and the CEO has been actively working to strengthen the company's internal processes and operational oversight. The most recent quarter showed some signs that the situation is stabilising. However, part of that improvement likely reflects the resolution of the delayed product launch rather than a complete normalisation of operations. It would therefore not be surprising if the company needs another quarter or two of slightly muted growth before the business fully returns to the trajectory investors had become used to.

Of course, there are risks worth keeping an eye on. One operational aspect that deserves attention is inventory management. Since EQL relies on external suppliers, the company needs to maintain sufficient inventory buffers to protect against supply disruptions. There is little risk of obsolescence in these products, but tying up more capital in inventory inevitably means less capital available to invest in developing new products. And that matters. Because in the end, product development is the engine that drives the entire business. If capital increasingly needs to be allocated to working capital instead of new products, growth could slow.

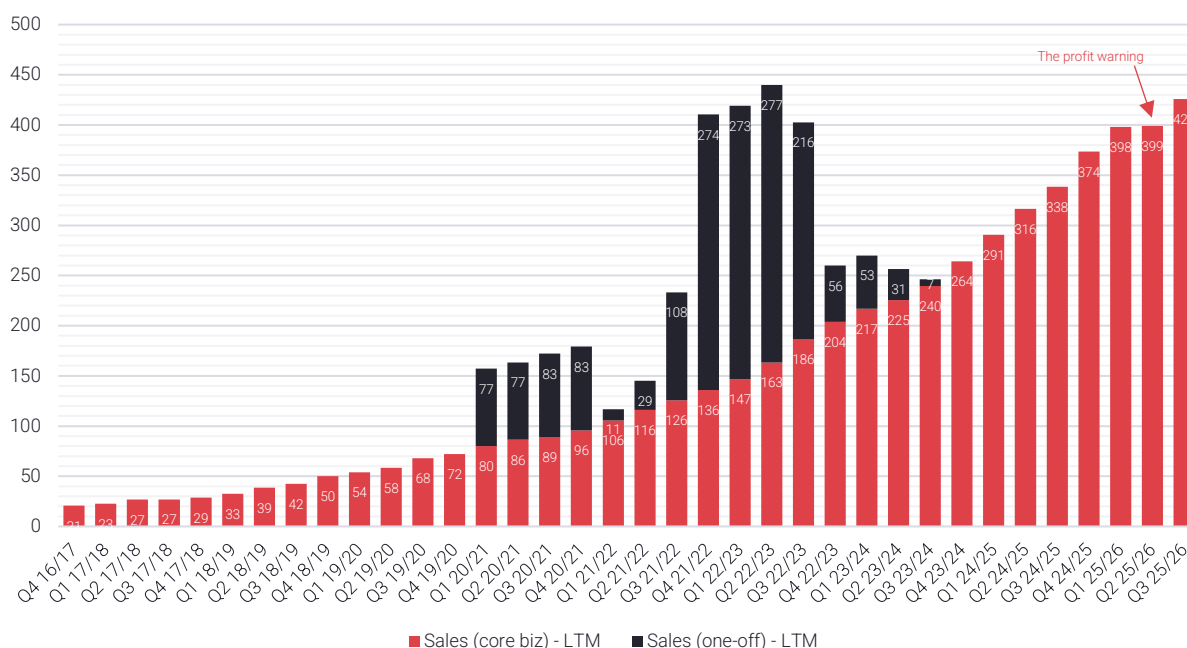
Based on our simple modelling, the company appears very well capable of funding the level of product development required to achieve its long-term targets. But if supplier disruptions were to become a recurring issue, or if significantly larger inventory buffers become necessary, that would be something worth monitoring closely.

Summary

When stepping back and looking at the bigger picture, the investment case ultimately comes down to a fairly simple question.

After nearly a decade of predictable growth in the core business, stable execution, and management consistently delivering on its targets, did one stumble suddenly invalidate the entire business model?

EQL Pharma: Net sales split, LTM (SEKm)



Or did the market simply lose confidence a bit too quickly?

If the answer turns out to be the latter, then the recent volatility may have created a rather interesting setup. Because if the underlying engine of launching niche generics continues to work as it has historically, today's valuation will look surprisingly modest a few or just one year down the road.

Freetrailer: Towing the line toward further growth

This write-up was written by Adam Sommensjö, who is working part time as an Equity Research Assistant at Redeye. Feel free to follow him on Twitter/X (@sommensjo2001). And know that any praise for this text would be misplaced if aimed at Jacob.

Freetrailer Group A/S is a trailer company that rents trailers and cargo bikes to customers, while offering partners mobile marketing and ease of use. We find the case interesting given its transition from a logistics provider to a more SaaS-oriented platform. We will briefly introduce its organisational structure and present some key points we consider important going forward.

Company Structure

Freetrailer operates in five countries: Denmark, Sweden, Norway, Germany, and the Netherlands, with Denmark and Sweden representing the more mature markets, complemented by the newest being the Netherlands. In each market, a representative wholly owned subsidiary operates and is responsible for localised market activities. Below are two tables reflecting the number of rentals and rental products per market. It should be noted that it reports with a broken fiscal year, however, Q2 25/26 was the latest report and the last with this structure. Later reports will be presented on a normal fiscal-year basis, so the next quarter's report will be Q1 2026.

Number of rentals per market	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	H1 2025/2026	CAGR
Denmark	365 164	435 524	467 511	624 207	733 046	382 562	14,96%
Sweden	202 112	264 707	326 359	465 181	541 690	316 915	21,80%
Norway	45 639	63 769	96 210	162 249	224 834	139 200	37,56%
Germany	345	6 286	20 793	26 529	35 125	23 291	152,09%
Netherlands					6 275	20 048	
Total rentals	613 260	770 286	910 873	1 278 166	1 540 970	882 016	20,23%

Rental products per market	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	H1 2025/2026	CAGR
Denmark	1 277	1 416	1 511	2 150	2 248	2 211	11,98%
Sweden	640	918	1 388	1 792	2 246	2 556	28,54%
Norway	219	374	573	740	847	936	31,07%
Germany	10	93	154	185	309	420	98,61%
Netherlands					227	258	
Total rental products	2 146	2 801	3 626	4 867	5 877	6 381	22,32%

When calculating CAGR we have not included 2025/2026

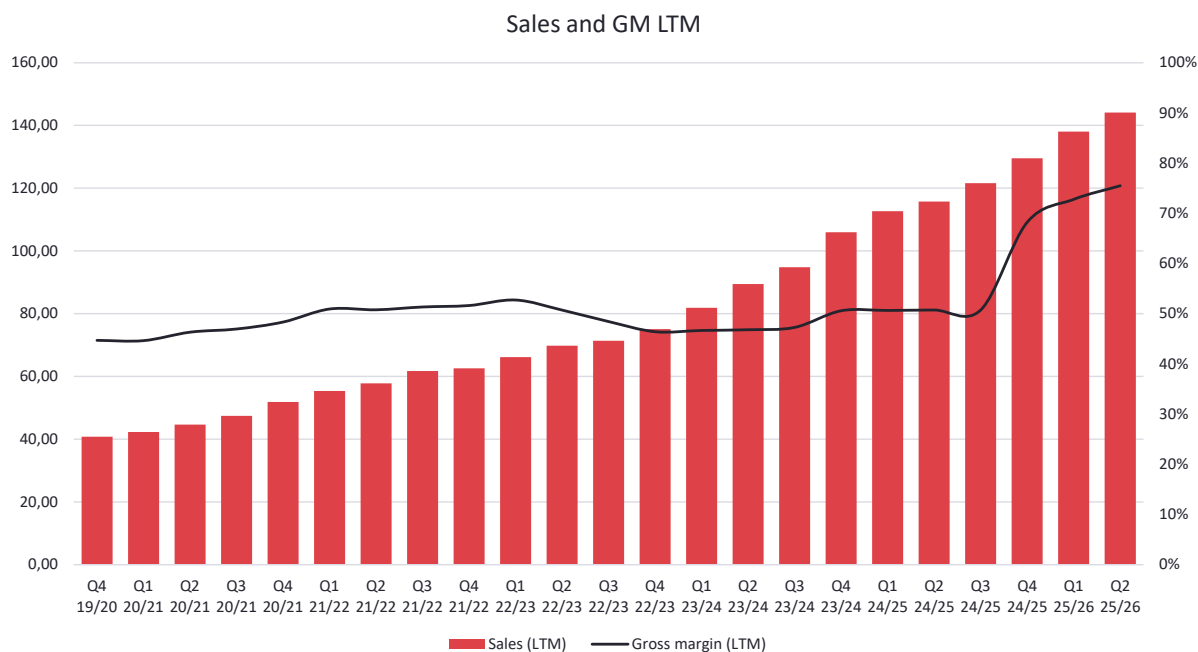
Business model

While business model analysis can often feel like a deep dive into complexity, we find Freetrailer's approach refreshingly straightforward. It uses a simple trailer idea as a dual-purpose asset: a value-add for the store's customers and a mobile billboard for the brand. Additionally, it has a conversion rate of c37%, i.e., users of trailers who purchase something in the store where they pick up the trailer. Partners pay a fixed sum during the period, and Freetrailer leases the trailers and handles maintenance. Customers can rent the trailers for 3-4 hours for free if they do not add extra insurance or pre-book, depending on the market, and everything is handled via its app.

We think the business model is a strength because it does not require massive cash outlays for infrastructure to expand geographically. Instead, it can sign new partnerships through its sales department (which it can transfer between markets) and deliver the trailers without incurring storage or parking costs.

Financials, rentals and utilisation

After reviewing the annual and quarterly reports, we think Freetrailer has the basics in place. It has been a period of continued growth in both net sales and margins over the past years, and even though the bottom line took a hard hit in the last quarter, they are still expanding their fleet, partnerships, and app users. It has increased sales over the years and achieved rising gross margins, indicating successful growth.



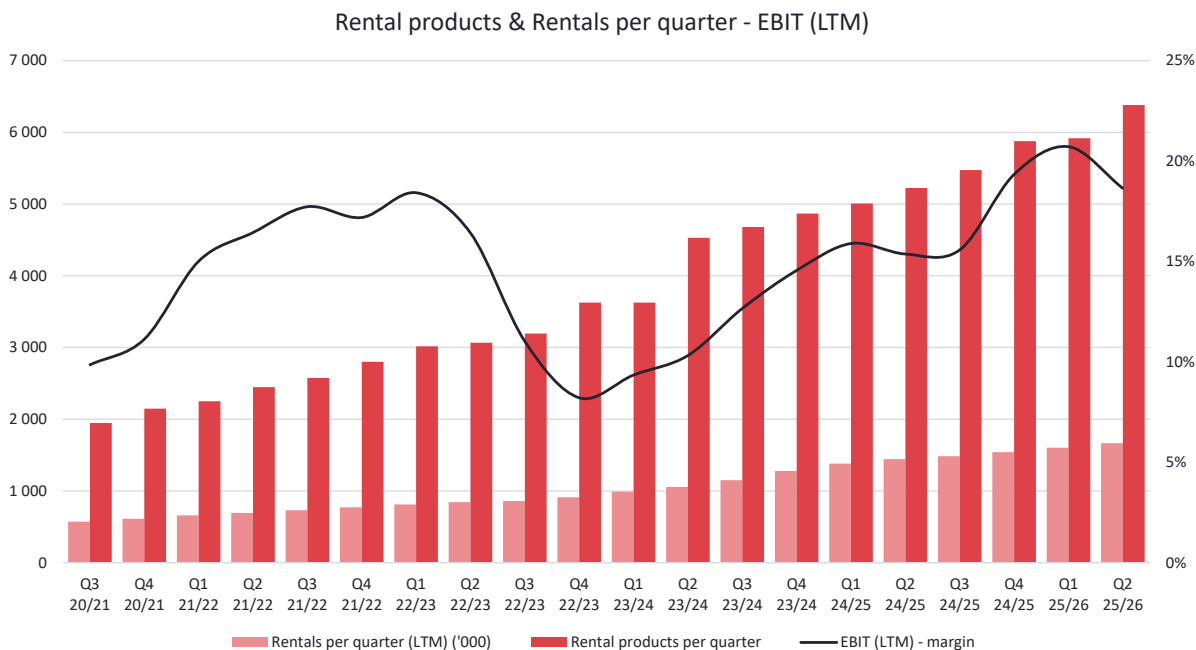
The sudden increase in gross margin has not been disclosed in detail in any reports but is driven by a positive COGS in the Q4 24/25 report. In the same report, it presented a change from accounting class B to C, which affected its accounting policies regarding finance leases. Therefore, we would like to present our thoughts on what is behind the positive COGS.

In earlier reports, these payments were treated as expenses, but are now, however, moved into depreciation and interest. Therefore, some of these costs were reversed, resulting in a positive COGS and higher depreciation and amortisation. Which is also why it changed the preferred margin from EBITDA to EBIT. What gross margins we can expect in future reports is hard to say, but QoQ gross margins have decreased, with the latest report showing a 61.6% gross margin.

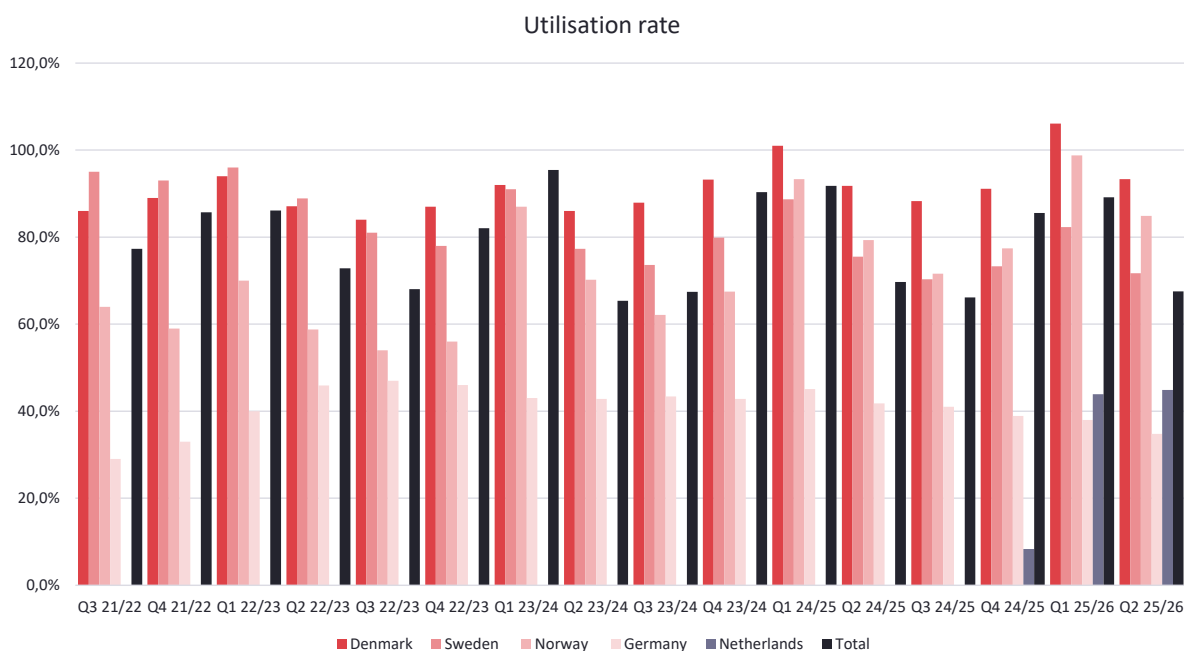
Additionally, we would like to mention two things about rentals and rental products as well as utilisation rate, because they can be seen as the more important KPI's.

1. Over the years, Freetrailer has seen its fleet and rental volumes climb steadily, which has naturally fed through to higher net sales and stronger margins. If you look at the graph, you'll notice a dip in the LTM EBIT margin around Q3 22/23. It's worth pointing out that this wasn't a sign of the business failing, but rather a deliberate strategic shift. Instead of selling off old trailers for a quick gain, management prioritised extending the life of the existing fleet.

While that move initially led to higher maintenance costs and a temporary hit to net sales, looking at how the margins have evolved since then, it's safe to say it was the right call. The way the margins, rentals, and total rental products have all trended upward together is a clear sign of the model's scalability. It shows that an expanding fleet increases revenue without significantly increasing costs.



2. Furthermore, we view the utilisation rate as an important part to follow when it comes to Freetrailer. It measures the ratio between actual rentals during a period and available rentals. For example, if the ratio is over 100%, it means that, on average, services have been rented out more than once per day. More mature markets will, by default, achieve higher rates, such as Denmark and Sweden. While markets like Germany and the Netherlands see lower ratios. During the last 24 months, Denmark has had a utilisation rate of 94.1%, Sweden 76.9%, Norway 79.4%, and Germany 40.7%. Overall, we view these ratios as strong while also providing room for margin expansion.



3. Finally, we want to touch on the app and the rapid growth of its user base. As of Q2 25/26, the app has reached just over 1m users since launching in 23/24. Even though the app is still relatively new, we think this is a metric worth watching closely. It serves as a strong indicator of how effectively those heavy IT investments are translating into real-world user growth.

What caught our interest?

With the brief introduction of Freetrailer now given, we wanted to share our thoughts on why we've included it in the text. Is this a signal to dump your entire life savings into it right now? Maybe not. But if you look at the case from a perspective that extends beyond 2026, it becomes more interesting.

The basic assumption here is simple: trailers will always be needed. Whether you're moving house or doing a DIY project, people need a way to move stuff, and Freetrailer makes that process easy. It took a hard hit in the Q2 report due to lower margins, negative profit, and possibly the abrupt resignation of the former CEO. The decrease in margins has been attributed to the current expansion of the rental portfolio and the scaling into new markets. However, we do not see any reason to "throw it in the trash can" just yet.

We believe the current strategic expansion and investments are building a foundation for growth in both revenue and margins. Germany and the Netherlands are next in line, and given their strong retail and DIY sectors, which are like those in Scandinavia, these markets could be a great source of expansion. On top of that, the Outdoor Media side of the business offers a high-margin secondary revenue stream. It's a win-win: the partners get mobile billboards that boost brand recognition, and Freetrailer gets a steady income boost.

Worth mentioning is that the roll-out in Germany has been slower than in other markets, and utilisation rates have not improved much since market entry. While several factors have been cited, the main one is poor recruitment in the sales department. To succeed in both Germany and the Netherlands, the sales force needs to be well-suited to these markets, as failure in the Netherlands could raise questions about the company's ability to expand further. This makes it vital to get the right people in place for continued expansion.

Looking ahead to H1 2026, we're expecting around cDKK 50m in investments, mostly aimed at the app and IT infrastructure. This could be the catalyst needed to push utilisation rates up in the newer markets that have yet to turn a profit. It does not report specific details for each market, which limits our ability to analyse margins by geographic market. We do, however, think that if they can capitalise on these upgrades, there can be a great upside in margins while keeping the downside relatively small, which we will try to explain.

An increase in utilisation rate, or average revenue per rental (currently c87 DKK), should not be a meaningful driver of COGS or other costs, meaning each incremental DKK of revenue should flow through at high margins. With Germany and the Netherlands sitting at c35% and c45% utilisation respectively, there remains meaningful runway for margin expansion. On the downside, margins should be well-supported at current levels, anchored by the stable markets which are already operating at, if not slightly above, where we are today.

Valuation

On an LTM basis, Freetrailer currently trades at an EV/EBIT of 20x. Looking ahead, the company's 2026 guidance, projecting net revenue of DKK 163-173m and EBIT of DKK 20-30m, suggests a similar valuation range of 17.9x to 26.9x EV/EBIT. However, given the heavy reinvestment phase planned for FY2026, we believe there is significant room for operational improvement as we look further out.

From our perspective, the critical metrics to watch are utilisation rate and rental volumes. If these continue to climb alongside the increased capital expenditure, it will prove that Freetrailer can invest aggressively in its platform without compromising its underlying growth trajectory. Ultimately, we find Freetrailer to be in a very interesting phase of its lifecycle, and we look forward to following its progress through 2026 and beyond.

Other orders of business

Unfortunately, there will be no OOB section this time. Sorry to disappoint, but time is just like expensive microcap stocks these days... a scarce commodity!

Redeye Rating and Background Definitions

Company Quality

Company Quality is based on a set of quality checks across three categories: PEOPLE, BUSINESS, FINANCIALS. These are the building blocks that enable a company to deliver sustained operational outperformance and attractive long-term 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

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.

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

- Passion, Execution, Capital Allocation, Communication, Compensation, Ownership, and Board.

Business

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 based on quantitative scores grouped into five sub-categories:

- Business Scalability, Market Structure, Value Proposition, Economic Moat, and Operational Risks.

Financials

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:

- Earnings Power, Profit Margin, Growth Rate, Financial Health, and Earnings Quality.

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Disclaimer

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- 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.

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- 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.

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Jacob Benon owns shares in: Adtraction, Berkshire Hathaway, Catella, EQL Pharma, Exsitec, Fractal Gaming Group, Litium, Smart Eye, Söder Sportfiske, Vertiseit, Cash (9%).

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