Equity Research

Theme update

28 November 2025

Redeye Quality Microcap

Q3 2025: Taking a one-off write-down

Redeye provides its Q3 2025 update for the Swedish Quality Microcap theme. We discuss the 15 (14) companies currently under Redeye's coverage while extending our list of companies outside coverage to 13 (12). Our proxy for market sentiment, First North traded volumes, continued its y/y rise, and we look at our new measure for adjusted volumes to see if this is representative for the broader market. We also write something about investment philosophy in a relatively unstructured manner.

Sentiment commentary – Was risk ever back on the menu?

First North traded volumes continued their upward trend, with absolute volumes for the past three months increasing by 56% compared with the same period last year, despite the number of listed companies continuing to fall. Expressed as a percentage of total market capitalisation, we now see the highest level of trading activity in the past four years, above the median and average values for the past 19 years. However, to answer the question of whether risk is broadly back on the menu, we must take a more granular look at the distribution of trading, as Intellego Technologies represented 29% of all trading carried out on First North in Sweden, Denmark, Finland and Iceland combined during October.

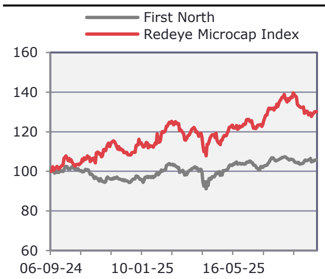
Quarterly company commentary – Adding one, removing one, and shuffling things around

In the report, we comment on 15 (14) companies within Redeye's coverage, with Fractal Gaming being moved from the external group of cases following our initiation of coverage. In line with established practice, we provide two pages for each name: one dedicated to a timeless case overview and one to quarterly commentary. The covered companies are all below SEK3bn in market cap, with a median of SEK674m (711) and an average of SEK863m (960). We also provide case write-ups on two new external names, Premium Snacks Nordic and Sustainion, bringing the total to 13 (12). However, three of our previous write-ups are now in "the graveyard", still being included with returns tracked, but not commented on in detail to maintain stringency and manage the workload. The company excluded in this report is marked in grey to the right and will be removed from the front page in the next report. The full archive of historical write-ups, with links, is available on page 47.

Profit warning – Redeye Microcap takes a one-off write-down of intangible assets

As a final act of duty, Martin has agreed to share his thoughts on investment philosophy in the last section of this report. As you may have understood by now, Martin is leaving Redeye for new adventures. As cringe as it may sound, I (Jacob) would like to dedicate this segment of the front page (not the entire front page, he's not THAT good) to thank him for all he has done for me during my time at Redeye. Martin has been an incredible asset (hence, the write-down) for this theme report, and without him, we would not even be close to publishing a report every quarter. More importantly, Martin is an insanely bright investor, a fantastic colleague, and a pretty decent friend as well (at least our 75,000+ Slack messages for the past 1.5 years are a testament to the fact that he has been supportive through both my ups and downs). Martin, from me and on behalf of all our readers, thank you. Don't forget where you came from when you're a big-shot finance guy.

REDEYE MICROCAP VS FIRST NORTH



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REPORT CONSTITUENTS – REDEYE COVERAGE

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

REPORT CONSTITUENTS – OTHER COMPANIES

Sustainion (new write-up)
Premium Snacks Nordic (new write-up)
Pierce Group
Unlimited Travel Group
Online Brands Nordic
Haypp Group
Exsitec
Klimator
Adtraction
Codemill
Söder Sportfiske

Important information: All information regarding limitation of liability and potential conflicts of interest can be found at the end of the report

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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 s 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 authors 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 posting 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 authors of this report at martin.wahlstrom@redeye.se and 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 3-5 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 authors of this report have voluntarily implemented supplementary trading rules to further minimise potential conflicts of interest. Specifically, the authors agree 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 authors 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 authors 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.

Martin Wahlström owns shares in: Adtraction, Online Brands Nordic, OurLiving, Codemill, Tellusgruppen Tradedoubler, Berkshire Hathaway, Cash (34%).

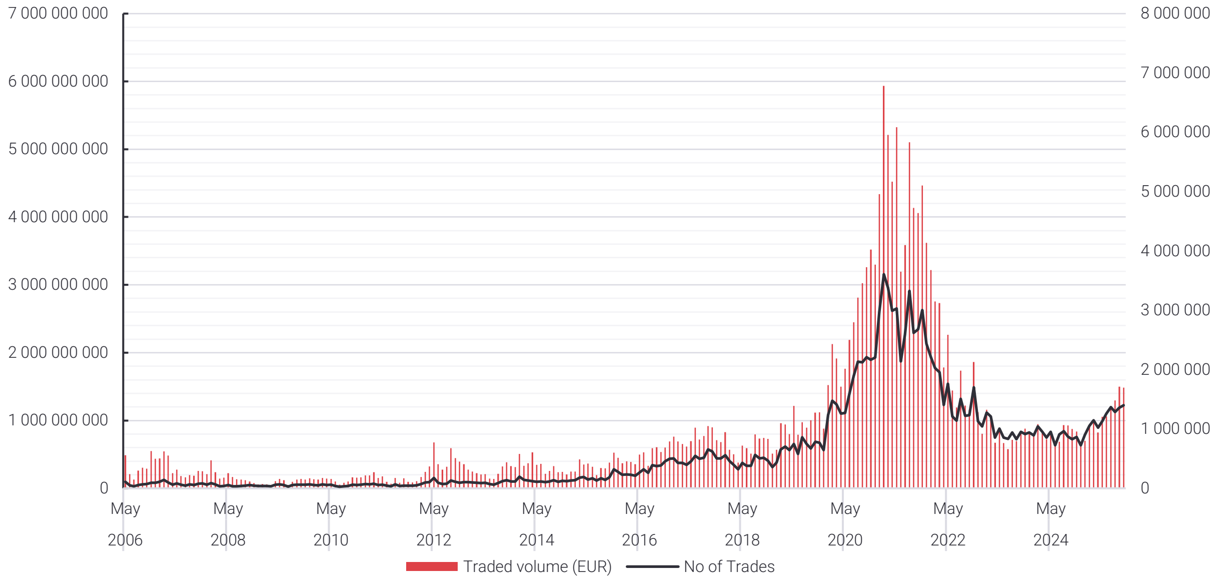
Jacob Benon owns shares in: Adtraction, Exsitec, Catella, Vertiseit, Fractal Gaming, Litium, Qualisys, Smart Eye, Berkshire Hathaway, Catella, Söder Sportfiske, Cash (6%).

General market commentary

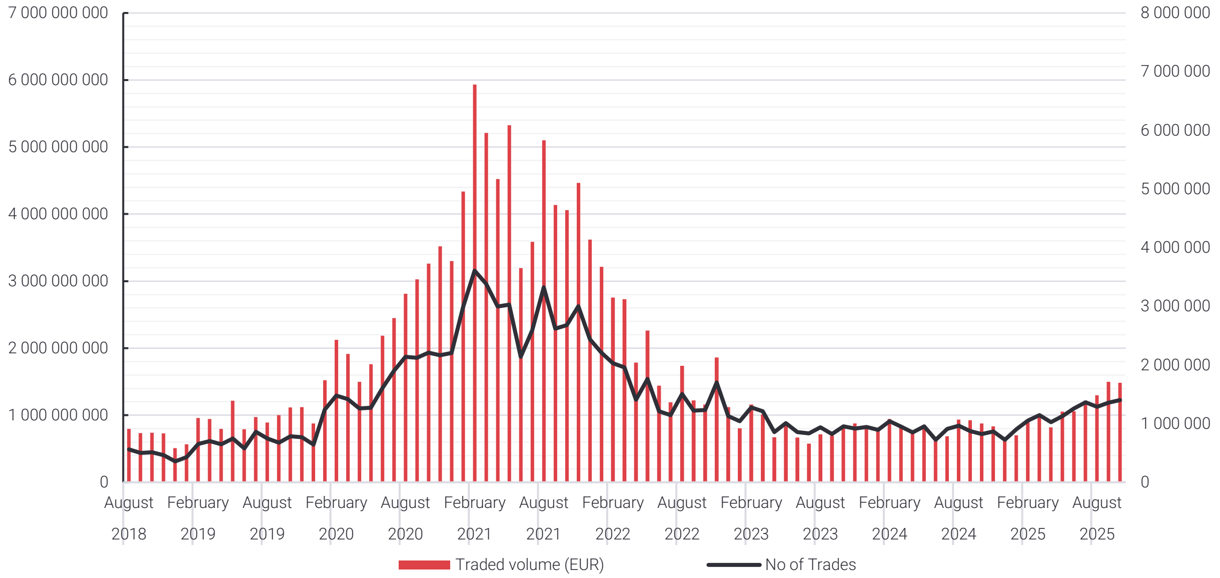
First North traded volumes – Slowly trending upwards

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. In recent months the uptick has been quite noticeable, but we argue that perhaps investors should look at the Intellego-adjusted figures. More on that below.

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



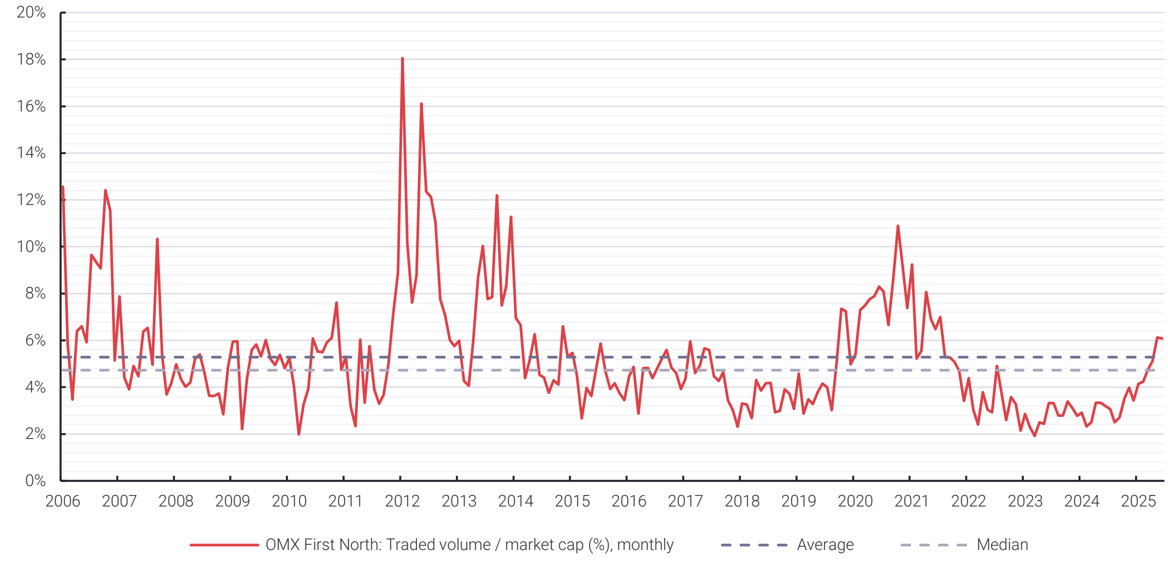
OMX First North: Traded volume (left - EUR) and no of trades (right), monthly



Looking closely at the most recent months, there has been a noticeable uptick in volumes, with September and October especially prominent, showing roughly 70% y/y growth. However, 28% of all traded volume in October was related to Intellego, which must be considered somewhat of an outlier. Especially now that it seems unclear whether the company will even be listed going into December.

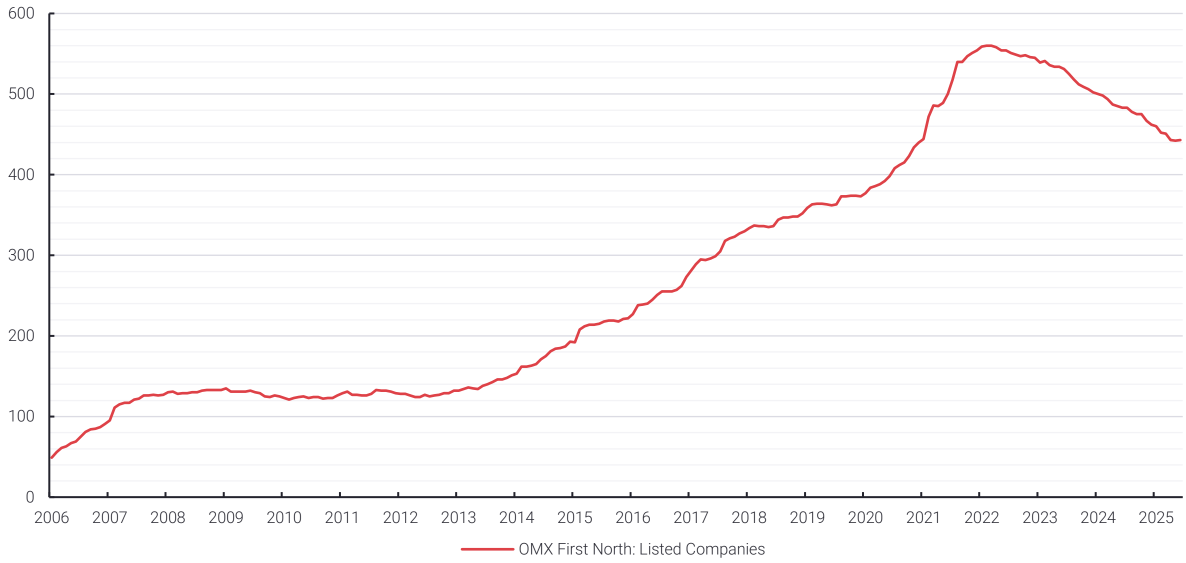
Looking at the traded volume/market capitalisation in per cent, which is generally a better proxy than the absolute volumes, the positive trend is again verified. It is worth noting that even without Intellego influencing the figures, the underlying trend would still show growth.

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. In August to October, this figure was 443, 442, and 443, respectively, showing that the decline might have flattened out a little.

OMX First North: Listed Companies



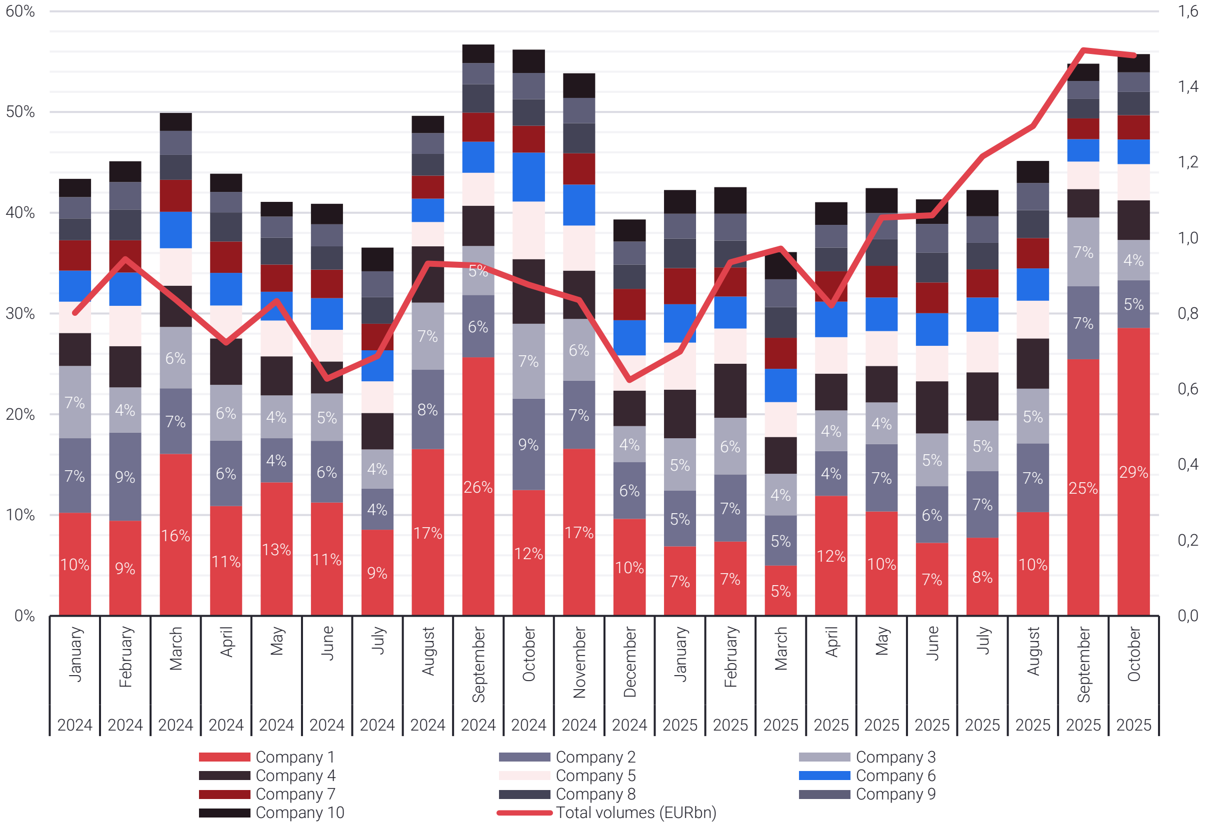
Intellego-adjusted trading volumes – Does it make sense?

We don't think anyone among our readers has missed the recent happenings regarding Intellego. We have nothing to add to the issue of substance but would like to comment briefly on the implications it has on interpreting traded volumes. Last quarter, we wrote the following because of the uptick in trading volumes observed over the past year or so:

"All in all, when we look at the recent development, we think we are in the early stages of the market becoming more risk-on. Coming from low levels, there should still be room for more optimism, and although some recent movements in individual names are best described as asinine, we are nowhere near the widespread exuberance seen during the pandemic. Thus, we think there is an argument to be made for moving further down the lists into smaller names looking for bargains, as investors are seemingly becoming increasingly willing to stomach risk , which should enable repricing wherever it is due."

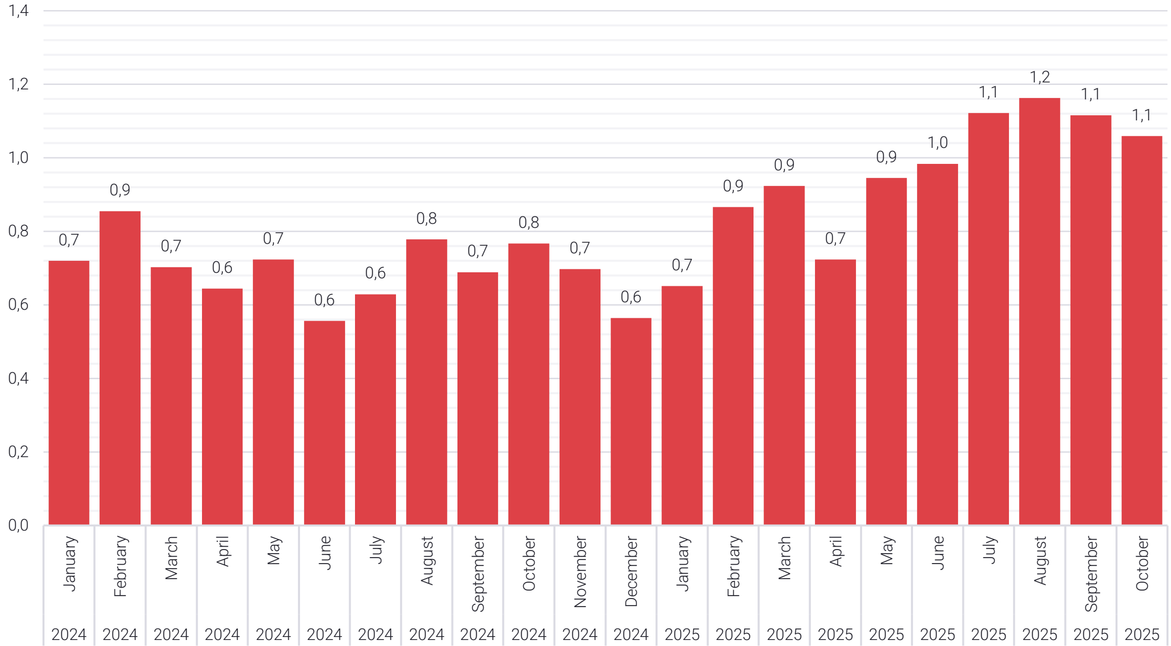
Then, a while after publication, we saw the traded volumes in Intellego one day and thought: "oh, is this increase related to one individual name?" If so, our thesis would probably not be as applicable as first thought. Trading on First North is generally quite concentrated, as there are a few companies much larger than the rest. However, the activity we observed in Intellego surpassed most of what we had seen before. Thus, we realised we had to dive a little deeper to see what was really going on. Below is a chart depicting the share of traded volumes for the ten most traded companies each month. We also include the total traded volumes for reference.

OMX First North: Ten most traded companies per month, share of total volumes (%)



Note that the charts do not depict specific companies per se, but the ten largest each month. So, Intellego has been a distinct outlier for the past two months, representing 25% and 29% of traded volumes in September and October (data not available for November yet), but the number one spot was held by Yubico for much of 2024. A 29% share of traded volumes must be considered fascinating, especially for a company that only one month later has been suspended from trading for more than a week. Looking at the traded volumes for all other companies combined, we can see that there is still a rather substantial increase throughout 2025. Thus, to our relief, our original thesis, building on broadly increasing volumes still holds (although slightly less so than we initially thought).

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



Then there is the question if it even makes sense to adjust figures for the most traded company. Sure, for a broader measure of sentiment, it makes sense to look at the distribution of where volumes are traded, but as can be seen historically, there tends to be quite intense concentration at times. We also think there are traders looking for names with high volumes, who trade them regardless of the underlying business (naturally). Consequently, there might be a form of self-fulfilling dynamic where a company is traded more simply because it has high volumes to start with. Presumably, this pool of high-turnover capital would still trade if Intellego had not existed, although perhaps no to the same degree. Our boring answer to the questions is that it probably depends. Distribution of volumes can say something, but fully excluding "outliers" each month does not make complete sense, in our view.[7]

[7] Jacob is fully taking over the microcap report starting next quarter, we will see whether he includes a permanent chart depicting the distribution of volumes or not. Hopefully he makes the right decision.

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)*			P/S				P/E				EV/S				EV/EBIT			
	Mcap (SEKm)	EV (SEKm)	2024	2025e	2026e	2027e	2024	2025e	2026e	2027e	2024	2025e	2026e	2027e	2024	2025e	2026e	2027e
Avensia	315	279	0,7	0,7	0,8	0,7	18,8	9,8	8,2	7,5	0,7	0,7	0,7	0,6	10,4	6,5	5,7	5,3
Avtech	554	521	16,2	11,3	8,4	6,7	44,0	27,8	16,2	11,3	15,2	10,6	7,9	6,3	44,1	26,8	15,7	11,0
Cheffelo	1 072	972	1,0	0,9	0,8	0,8	33,1	20,8	16,9	14,5	0,9	0,8	0,8	0,7	23,3	14,5	11,8	10,1
CombinedX	666	666	0,7	0,7	0,6	0,6	13,1	14,8	8,3	7,2	0,7	0,7	0,6	0,6	10,6	10,4	6,6	5,7
Enea	1 443	1 655	1,6	1,6	1,5	1,4	10,1	34,1	14,6	10,6	1,8	1,8	1,7	1,6	12,7	15,3	12,0	9,1
Formpipe	1 454	690	6,5	6,0	5,6	5,0	85,0	519,3	48,6	33,1	3,1	2,9	2,7	2,4	41,1	67,6	18,3	12,5
Fractal Gaming	880	844	1,3	1,1	1,0	0,9	18,4	19,0	11,5	10,0	1,2	1,0	0,9	0,9	14,3	12,7	8,8	7,6
Genovis	1 341	1 186	10,3	10,5	8,3	6,6	69,5	63,9	45,0	30,8	9,1	9,3	7,3	5,8	25,9	63,1	36,5	24,4
I-Tech	674	561	3,7	3,9	3,1	2,7	17,4	17,7	10,9	10,1	3,1	3,2	2,6	2,2	12,4	12,2	7,7	6,5
Litium	268	266	3,7	3,3	2,8	2,2	377,5	neg	59,6	18,9	3,7	3,3	2,7	2,2	429,0	neg	38,5	12,3
Paxman	1 205	1 086	4,8	3,8	2,6	1,9	30,1	neg	23,0	10,1	4,3	3,4	2,3	1,7	31,9	119,4	16,3	7,2
Safeture	200	171	3,5	3,5	3,1	2,7	392,2	3 773,6	105,3	28,6	3,0	3,0	2,7	2,3	neg	8 525,9	89,7	24,4
Sleep Cycle	476	361	1,8	1,9	1,7	1,3	7,6	8,7	7,0	5,5	1,4	1,4	1,3	1,0	4,7	5,3	4,4	3,5
Tradedoubler	369	301	0,2	0,2	0,2	0,1	31,3	9,6	7,7	6,1	0,1	0,1	0,1	0,1	15,3	5,5	4,3	3,5
Vertiseit	2 026	2 234	4,4	3,0	2,5	2,3	49,2	137,8	25,8	18,7	4,8	3,3	2,7	2,6	36,7	68,7	14,8	12,1
Median	674	666	3,5	3,0	2,5	1,9	31,3	20,8	16,2	10,6	3,0	2,9	2,3	1,7	19,3	14,9	12,0	9,1
Average	863	786	4,0	3,5	2,9	2,4	79,8	358,2	27,2	14,9	3,5	3,0	2,5	2,1	50,9	639,6	19,4	10,3

Negative 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*			P/S				P/E				EV/S				EV/EBIT			
	Mcap (SEKm)	EV (SEKm)	2024	2025e	2026e	2027e	2024	2025e	2026e	2027e	2024	2025e	2026e	2027e	2024	2025e	2026e	2027e
Adtraction	460	345	0,4	0,4	0,4	0,4	neg	neg	neg	n/a	0,3	0,3	0,3	0,3	6,7	6,8	5,9	5,7
Codemill	231	205	2,5	n/a	n/a	n/a	21,2	n/a	n/a	n/a	2,2	n/a	n/a	n/a	18,8	n/a	n/a	n/a
Klimator	136	132	5,2	n/a	n/a	n/a	neg	n/a	n/a	n/a	5,0	n/a	n/a	n/a	neg	n/a	n/a	n/a
Söder Sportfiske	171	140	0,7	n/a	n/a	n/a	23,8	n/a	n/a	n/a	0,6	n/a	n/a	n/a	15,1	n/a	n/a	n/a
Exsitec	2 007	2 254	2,5	2,2	2,1	1,9	34,0	23,4	20,5	17,5	2,8	2,5	2,3	2,1	25,1	17,7	15,7	13,9
Online Brands Nordic	403	447	1,1	n/a	n/a	n/a	neg	n/a	n/a	n/a	1,2	n/a	n/a	n/a	159,6	n/a	n/a	n/a
Haypp	4 671	4 685	1,3	1,2	1,0	0,8	103,8	63,9	23,6	16,9	1,3	1,2	1,0	0,8	73,0	38,1	17,2	12,3
Pierce Group	1 008	820	0,6	0,6	0,5	0,5	28,0	876,5	12,9	10,5	0,5	0,4	0,4	0,4	45,6	17,4	8,7	7,3
Unlimited Travel Group	281	217	0,3	n/a	n/a	n/a	10,5	n/a	n/a	n/a	0,3	n/a	n/a	n/a	6,4	n/a	n/a	n/a
Premium Snacks	526	581	1,2	1,0	0,8	0,7	54,6	n/a	n/a	n/a	1,3	1,1	0,9	0,8	30,8	16,6	11,7	8,7
Sustainion	276	308	1,5	n/a	n/a	n/a	79,8	n/a	n/a	n/a	1,6	n/a	n/a	n/a	39,6	n/a	n/a	n/a
Median	403	345	1,2	1,0	0,8	0,7	31,0	63,9	20,5	16,9	1,3	1,1	0,9	0,8	27,9	17,4	11,7	8,7
Average	925	921	1,6	1,1	0,9	0,8	44,5	321,3	19,0	15,0	1,5	1,1	1,0	0,9	42,1	19,3	11,8	9,6

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)*			EV/S				EV/EBIT				Sales growth (%)				EBIT (%)			
	Mcap (SEKm)	EV (SEKm)	2024	2025e	2026e	2027e	2024	2025e	2026e	2027e	2024	2025e	2026e	2027e	2024	2025e	2026e	2027e
Avensia	315	279	0,7	0,7	0,7	0,6	10,4	6,5	5,7	5,3	2%	0%	-1%	6%	6%	10%	12%	12%
Avtech	554	521	15,2	10,6	7,9	6,3	44,1	26,8	15,7	11,0	25%	43%	35%	25%	34%	40%	50%	57%
Cheffelo	1 072	972	0,9	0,8	0,8	0,7	23,3	14,5	11,8	10,1	6%	12%	8%	8%	4%	6%	6%	7%
CombinedX	666	666	0,7	0,7	0,6	0,6	10,6	10,4	6,6	5,7	21%	2%	15%	5%	7%	7%	9%	10%
Enea	1 443	1 655	1,8	1,8	1,7	1,6	12,7	15,3	12,0	9,1	-1%	1%	4%	6%	14%	12%	14%	18%
Formpipe	1 454	690	3,1	2,9	2,7	2,4	41,1	67,6	18,3	12,5	-58%	8%	7%	13%	8%	4%	15%	19%
Fractal Gaming	880	844	1,2	1,0	0,9	0,9	14,3	12,7	8,8	7,6	-10%	20%	10%	6%	8%	8%	10%	11%
Genovis	1 341	1 186	9,1	9,3	7,3	5,8	25,9	63,1	36,5	24,4	-17%	-2%	27%	25%	35%	15%	20%	24%
I-Tech	674	561	3,1	3,2	2,6	2,2	12,4	12,2	7,7	6,5	50%	-4%	24%	17%	25%	26%	34%	34%
Litium	268	266	3,7	3,3	2,7	2,2	429,0	neg	38,5	12,3	5%	12%	20%	25%	1%	-3%	7%	18%
Paxman	1 205	1 086	4,3	3,4	2,3	1,7	31,9	119,4	16,3	7,2	20%	26%	46%	37%	13%	3%	14%	24%
Safeture	200	171	3,0	3,0	2,7	2,3	neg	8 525,9	89,7	24,4	15%	2%	12%	15%	0%	0%	3%	10%
Sleep Cycle	476	361	1,4	1,4	1,3	1,0	4,7	5,3	4,4	3,5	11%	-5%	13%	27%	29%	27%	29%	29%
Tradedoubler	369	301	0,1	0,1	0,1	0,1	15,3	5,5	4,3	3,5	6%	6%	9%	9%	1%	2%	3%	3%
Vertiseit	2 026	2 234	4,8	3,3	2,7	2,6	36,7	68,7	14,8	12,1	33%	45%	21%	7%	13%	5%	19%	21%
Median	674	666	3,0	2,9	2,3	1,7	19,3	14,9	12,0	9,1	6%	6%	13%	13%	8%	7%	14%	18%
Average	863	786	3,5	3,0	2,5	2,1	50,9	639,6	19,4	10,3	7%	11%	17%	15%	13%	11%	16%	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*			EV/S				EV/EBIT				Sales growth (%)				EBIT (%)			
	Mcap (SEKm)	EV (SEKm)	2024	2025e	2026e	2027e	2024	2025e	2026e	2027e	2024	2025e	2026e	2027e	2024	2025e	2026e	2027e
Adtraction	460	345	0,3	0,3	0,3	0,3	6,7	6,8	5,9	5,7	-11%	-3%	10%	2%	4%	4%	5%	5%
Codemill	231	205	2,2	n/a	n/a	n/a	18,8	n/a	n/a	n/a	17%	n/a	n/a	n/a	12%	n/a	n/a	n/a
Klimator	136	132	5,0	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
Söder Sportfiske	171	140	0,6	n/a	n/a	n/a	15,1	n/a	n/a	n/a	4%	n/a	n/a	n/a	4%	n/a	n/a	n/a
Exsitec	2 007	2 254	2,8	2,5	2,3	2,1	25,1	17,7	15,7	13,9	8%	11%	8%	8%	11%	14%	15%	15%
Online Brands Nordic	403	447	1,2	n/a	n/a	n/a	159,6	n/a	n/a	n/a	22%	n/a	n/a	n/a	1%	n/a	n/a	n/a
Haypp	4 671	4 685	1,3	1,2	1,0	0,8	73,0	38,1	17,2	12,3	16%	5%	24%	22%	2%	3%	6%	7%
Pierce Group	1 008	820	0,5	0,4	0,4	0,4	45,6	17,4	8,7	7,3	6%	12%	11%	9%	1%	3%	5%	5%
Unlimited Travel Group	281	217	0,3	n/a	n/a	n/a	6,4	n/a	n/a	n/a	15%	-100%	n/a	n/a	4%	n/a	n/a	n/a
Premium Snacks	526	581	1,3	1,1	0,9	0,8	30,8	16,6	11,7	8,7	22%	21%	16%	16%	4%	6%	8%	9%
Sustainion	276	308	1,6	n/a	n/a	n/a	39,6	n/a	n/a	n/a	11%	n/a	n/a	n/a	4%	n/a	n/a	n/a
Median	403	345	1,3	1,1	0,9	0,8	27,9	17,4	11,7	8,7	15%	8%	11%	9%	4%	4%	6%	7%
Average	925	921	1,5	1,1	1,0	0,9	42,1	19,3	11,8	9,6	12%	-9%	14%	11%	4%	6%	8%	8%

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.[8] 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 follows in this section is commentary on 15 companies fulfilling these criteria. We give a more timeless case overview on the first page and quarterly specific commentary on the second page. We strive to never exceed the two-page limit for companies under our coverage to keep the report easily digestible.

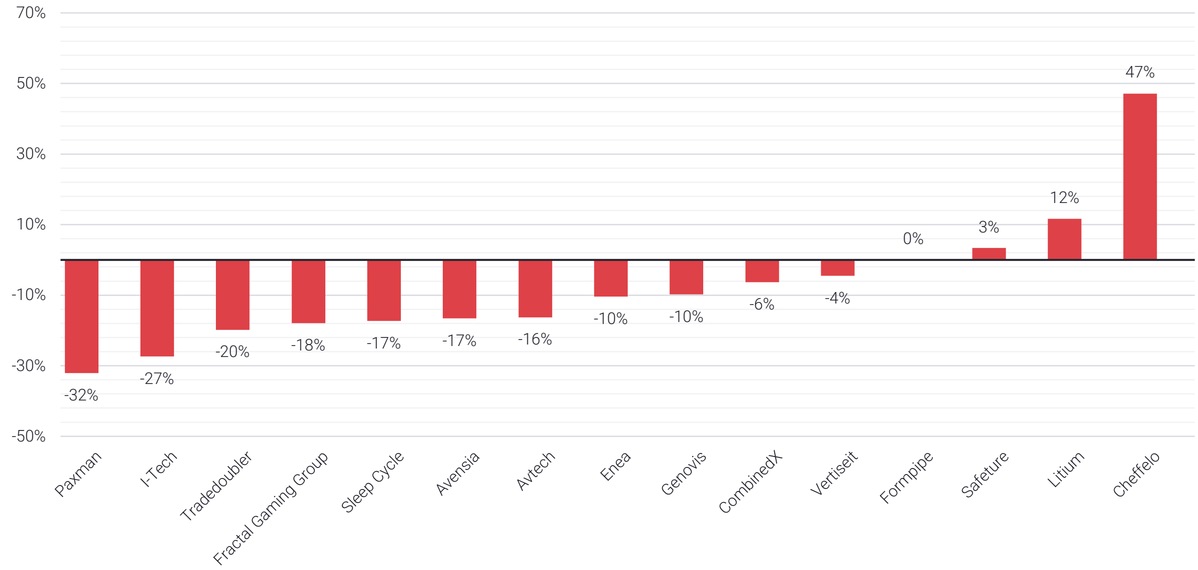
In case readers, or client companies, have questions regarding the selection, feel free to contact the authors of this report at martin.wahlstrom@redeye.se and jacob.benon@redeye.se and we will explain the motivations in specific instances.

[8] 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 September 5, 2025, and November 26, 2025.

Q2 2025 report constituents: Share price movements between Q2 and Q3 report



Cheffelo and Litium were the top performers. Other than that, the performance was very disappointing among the covered names.

Avensia: Premium positioning facilitates margin improvements[9]

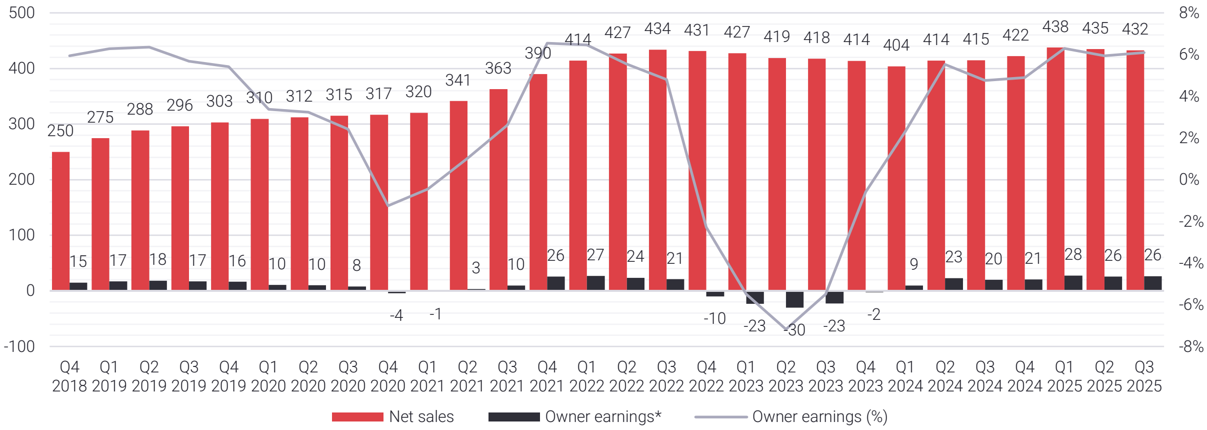
Established in 1998 as a general consultancy firm, Avensia has since 2016 become a premium e-commerce-focused IT consultant. Since divesting two business units unrelated to e-commerce in 2015, the company has grown its sales with a CAGR of c19% in 2016-2024, of which the vast majority (we estimate c99%) has been organic. Since 2016, the company has had an average EBIT margin of 4.7%, which includes two tough years in terms of profitability (EBIT margin of -3% in 2022 & -1% in 2023). Having executed not only one but two cost-saving programs during 2023, and a third in 2025 in the IM segment, the organisation is now much more adapted to the current market conditions that are still relatively soft. This is evidenced by the LTM OE margin of 6.1%, compared to 4.8% one year ago.

Avensia combines leading e-commerce platforms like Optimizely and Commercetools with its deep know-how and integration packages to create solutions for the most ambitious B2C and B2B players. Customers like Lyko, Bygghemma & Ahlsell choose Avensia as they demand a top-notch e-commerce platform to drive sales and enhance the customer experience. A recent customer case with Nordic Nest, a returning customer since 2005, showed that in the latest project where the company updated Nordic Nest's e-commerce platform, Avensia increased the conversion rate by 6% and decreased server response time by 60%. For a company generating revenues of ~SEK2bn, an increase in conversion rate of 6% is a massive value proposition, strengthening the claim that the know-how that Avensia has built within its niche during the past 20 years is worth every penny. Another data point supporting Avensia's value add in their customers' affairs is that ~80% of revenues are generated from existing customers choosing to hire Avensia for maintenance and upgrades regarding their e-commerce platform.

Key drivers to follow

We think investors should remember that before the pandemic, in 2016-2019, Avensia had an EBIT margin average of 8.7%. Based on its premium positioning within e-commerce, backed by a solid list of returning customers, we believe the historical EBIT margin of c9% is more representative of what the business can generate in a more normal, growing e-commerce market. The fact that the company announced financial goals as late as April 2024, where profitability on the EBIT level should be at least 10%, strengthens the thesis that profitability since 2022 has been far below par. With the EBIT-margin back in solid territory (8.1% LTM), we argue that the company could close the valuation gap to peers, and trade closer to our base case if the margins continue to trend upwards, and add a pinch of growth again after a somewhat weaker Q3 2025 of -3% sales growth.

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).

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

Quarterly commentary

Avensia's Q3 report continued to show divergence between the core Commerce segment and the smaller Information Management (IM) unit. Group sales fell -3% y/y to SEK89m, driven by a -27% y/y decline in IM, while Commerce remained resilient, growing +3% and delivering a strong 14.8% EBIT-margin. Group EBIT landed at SEK6.7m (vs. SEK8.8m est.), dragged down by IM's negative contribution. That said, underlying productivity metrics like contribution per employee rose 8% y/y, reflecting improved efficiency in the core business. Avensia's balance sheet remains healthy, with SEK36m net cash and no interest-bearing debt.

Following the report, Avensia announced a targeted restructuring of its IM organization, reducing headcount by 10 FTEs (~17% of the segment), mainly in overhead functions. The initiative is expected to deliver annual cost savings of SEK8-9m, with a one-off restructuring cost of SEK3m to be taken in Q4. A portion of the staff will transfer to Commerce to fill open roles. The cost savings, already hinted at in Q3, are a logical step in light of IM's current performance to restore the segment's profitability even in today's muted demand environment. Our analyst believes IM remains reasonably staffed to capture future growth as the AI-driven demand for structured data solutions recovers.

We adjust our 2026 EBIT forecast upward by 6%, while our Base Case remains SEK14 per share. The stock now trades at some 5.5x 2026e EBIT, a ~40% discount to the Nordic IT consulting peer group. While Avensia still has execution to prove, particularly in IM, we like the structural growth of digital commerce and believe in the company's ability to expand margins toward our ~12% 2026 EBIT target.

Avensia	2024	2025e	2026e	2027e
Net sales	422	424	419	442
EBIT	27	43	49	53
EBIT(%)	6%	10%	12%	12%
EV/Sales	0,7	0,7	0,7	0,6
EV/EBIT	10,4	6,5	5,7	5,3

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

Redeye rating and valuation	
Base Case	14
Fair value range	8-27
Current share price	8,5
Return to base	65%
EV/OE LTM	10,6

Avtech: A turbulence-free flight[10]

Avtech is a software provider for the airline industry. It has four primary solutions: Aventus (original service), SIGMA, ClearPath, and ProFlight. The company has contracts with airlines such as Southwest, Volotea, TUI, Norwegian, and EasyJet. The company services c2,200 aircraft of c29,000 aircraft globally at the end of Q3 2025, indicating a c8% penetration rate. Another c1,200-1,400 aircraft is in the pipeline for testing. Avtech was founded in 1988, and current insider ownership amounts to c7.5% of the capital.

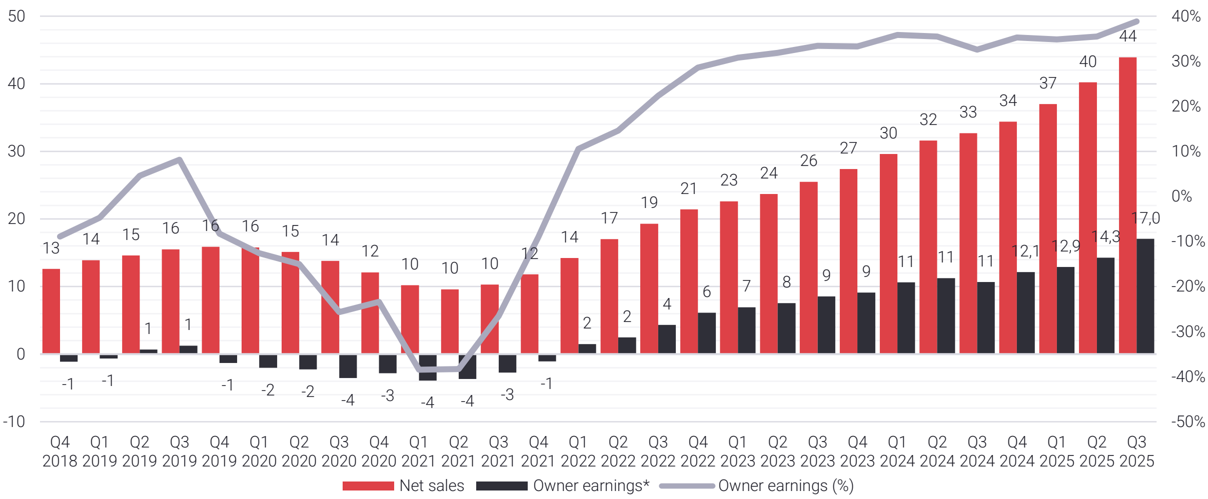
The company is debt-free and had a cash position of SEK33.2m by Q3 2025. LTM net sales amount to SEK44m, with owner earnings of SEK17.0m over the same period (see definition in chart), resulting in a superb margin of 39%. We argue that Avtech's scale-up over the past three years is a textbook example of how scalability can work in a software microcap. By Q1 2021, the company posted LTM sales of SEK10m, and LTM owner earnings of SEK-4m. As an airline subcontractor, the company struggled due to pandemic-related travel restrictions. Once the pandemic eased off, the company faced solid tailwinds. The marginal COGS for selling another unit of its software is basically zero, and the incremental profitability is thus fantastic. Over the subsequent three years through Q4 2024, the company added cSEK24.2m in net sales, of which cSEK16.1m trickled down to the bottom line. The company has a solid NWC profile, reporting NWC/LTM sales consistently in the range of 3%-5%.

There are two things which are especially important to keep in mind when looking at Avtech. First, the customer concentration is high, although this is partially mitigated by longer contracts. Particularly, it is worth noting that Southwest has c800 of the c2,200 aircraft fleet and that the present contract expires in June 2026. Although the contract is expected to be renewed, it still introduces a known unknown in the case. Second, and on a more positive note, one should keep in mind the exceptional upside optionality in the case. Given incremental margins of close to 100%, converting parts of the c1,200-1,400 airlines in the pipeline can have dramatic effects on the bottom line.

Key drivers to follow

- Conversion of pipeline. As mentioned, converting a portion of the pipeline can have dramatic effects on profitability. Assuming the same price per aircraft as for the current customer base, the c1,200-1.400 pipeline would be worth cSEK31m on Redeye's mid-point estimates, and much would fall to the bottom line.
- Upsell on existing customers. The company has a product suite of four products, where most customers currently only use one solution. Upselling on the existing customer base would have the same effect as converting the pipeline.
- Contract expiry. The negative in the case is the high customer concentration, with Southwest's contract being a significant known unknown in the investment case.

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).

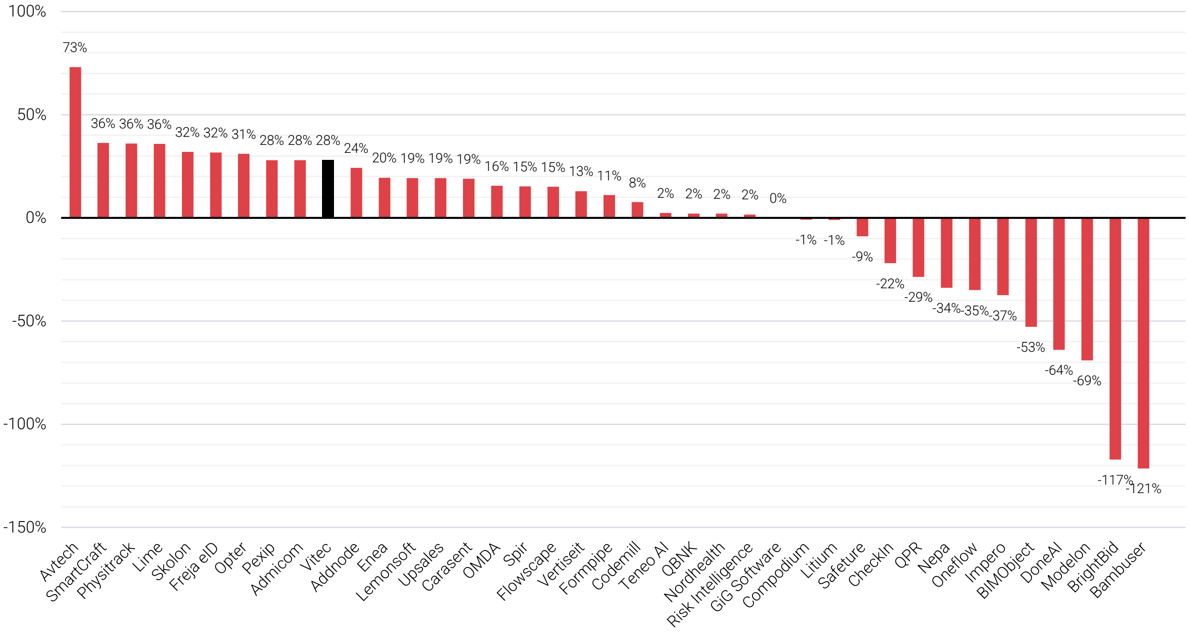
[10] Analyst Rasmus Jacobsson owns shares? Yes. Latest transaction: Sell (2025-05-30)

Quarterly commentary

Net sales in Q3 came in at SEK12.3m (43% y/y), which was 11% below our analyst's estimate of SEK13.8m. New contracts primarily drove sales growth, as the USD/SEK exchange rate provided a minor headwind, decreasing by 1% quarter-over-quarter. EBITDA was SEK6.8m, corresponding to an EBITDA margin of 54% (compared to SEK3.8m and 44% last year). The company, therefore, continues to demonstrate great scalability, although the result was 9% below Redeye's estimated SEK7.4 million. The company has previously stated that it intends to reinvest continuously in the organisation to drive sales growth further. This remains on the agenda. A minor negative in the quarter was the bankruptcy of Play, resulting in a customer loss of SEK0.3m. Play represented SEK0.5m in annual turnover.

Another interesting detail in the quarterly report was that the company started to report some SaaS metrics, ARR and rule of 40, for the first time. ARR was SEK48.9m, defined as the net sales from the last month of the quarter times 12. The rule of 40 is reported at 84.2%, which is basically unheard of among other listed SaaS peers. Looking at the data as of Q2 for peers below, we can see that it has placed itself firmly at the top, at levels only shown by Fortnox before its delisting earlier this year.

Q2 2025 R40 - y/y Organic Sales/ARR/SaaS Growth + EBITDA - CAPEX Margin



As for operational progress, AVTECH reports ongoing testing, preparation, and dialogues with companies that have completed trials. In its Q2 report, AVTECH hoped to close some of these during the autumn. So far only the Wizz Air extension has been announced. During the quarter, Christian Sandén was appointed CCO, and the technical organisation was split between CTO Nicklas Kittelmann and COO Bahram Bahar. These changes reflect the ambition to reinvest in the organisation, with the goal to broaden the sales pipeline, enable more customer agreements, efficient client onboarding, and continued product development. Our analyst anticipates these changes, plus a broader product offering (SAS now uses the ClearPath app, per the Q3 report), will allow AVTECH on its trajectory.

Avtech currently trades at an EV/EBIT multiple of 27x-11x for 2025e-27e.

Avtech	2024	2025e	2026e	2027e
Net sales	34,3	49,0	66,2	82,8
EBIT	11,8	19,4	33,2	47,5
EBIT(%)	34%	40%	50%	57%
EV/Sales	15,2	10,6	7,9	6,3
EV/EBIT	44,1	26,8	15,7	11,0

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

Redeye rating and valuation	
Base Case	12
Fair value range	6-15
Current share price	9,8
Return to base	22%
EV/OE LTM	30,5

Cheffelo: Delivering improvements[11]

Cheffelo is the second largest actor in the Scandinavian space for home delivery of meal kits. The company was founded in 2008 when Carolina Gebäck and Niklas Aronsson founded Carolinas Matkasse AB. Through acquiring Adams Matkasse, RetNemt (a majority share initially, complete ownership was obtained in conjunction with IPO in 2021), Sannan Ruokakassi (now divested), and Godtlevert.no, the company became one of the three leading actors in the Scandinavian market for home delivery of meal kits. During 2024, the company delivered a total of c16m portions, with c69,000 active customers at year-end. The group reported revenue of SEK1.06bn in 2024, against SEK1.00bn in 2023. Geographically, Norway represented 48% (51), Sweden 38% (37), and Denmark 14% (12).

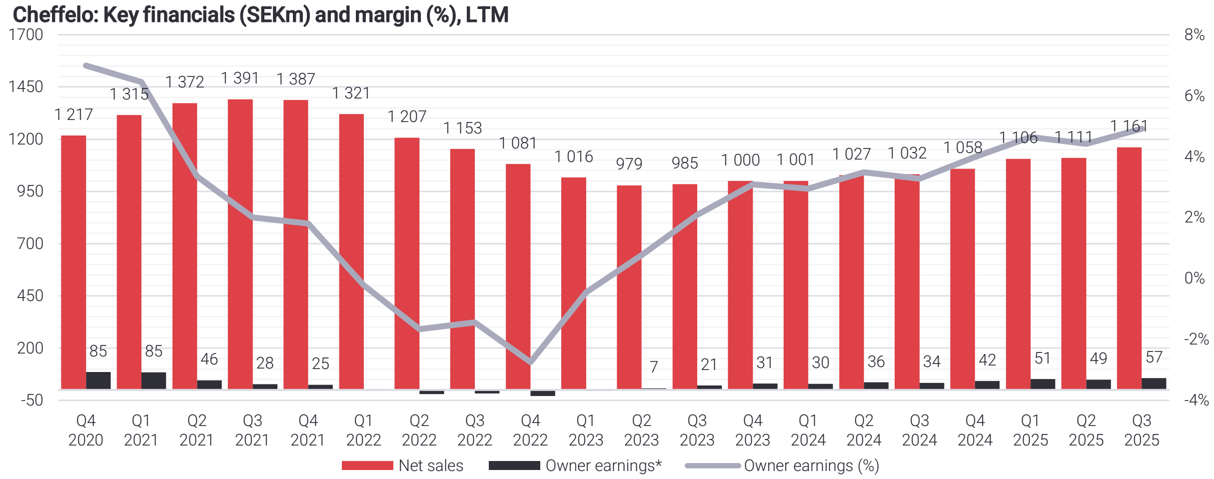
The Scandinavian market for meal kit delivery is concentrated among few players, including HelloFresh (c54%), Cheffelo (c21%), and Årstiderna (c11%).[12] Despite the concentration, competition has been price-based over the past few years, and profitability has been lacklustre for all industry participants. Since Q4 2022, Cheffelo has managed to flip into profitability mode, turning LTM EBIT from negative figures to a positive 5.7% of sales for Q3 2025 LTM. The share is now up about 1500% since the end of 2022, as the market has rewarded the company for the turnaround.

There are a few things to keep in mind when evaluating Cheffelo. First, there is unexpected seasonality at play, where the first quarter tends to be the strongest, followed by Q2, Q4, and Q3. This is due to the timing of vacations, holidays, and UA efforts.[13] Second, the company has an asset-light business model with a negative NWC over LTM sales of c-6% and a capex ratio that is expected to be in the range of c1.5% of sales over the longer term (lower currently). Finally, investors should remember that the focus for the company should be on attracting the right customers, not growing at whatever cost. There is a long tail for UA in the industry, where c85-90% of the customers churn within 12 months, whereas c10% stay with the company for roughly four years.[14] Growing by acquiring the first type of customer is bad, growing by acquiring the second is good.

Key drivers to follow

There are a few value drivers in the case, such as the company flipping back into profitable growth (medium-term financial targets of 7-9% sales CAGR and EBIT margin) and maintaining most of its fixed costs. However, **the key point is Cheffelo's favourable position in the capital cycle**. As interest rates increased from c0% to c4% in the Scandinavian markets over the 2022-2024 period, capital became much more expensive. Now, capital is being pulled from overinvested industries (such as meal kits) as the returns are no longer satisfactory, enabling the returns of remaining actors to improve. This bodes well for Cheffelo. The performance during 2025 thus far confirms the hypothesis, with the company surpassing its previous growth target and exceeding the mid-point for profitability (5%) already this year, while the targets were initially set for 2026e (we elaborate on the new targets below).

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 sales between quarters
Note that totals may not be identical to reported figures due to rounding. Source: Redeye research (chart structuring and owner earnings definition), Company filings (underlying data).

[11] Analyst Martin Wahlström owns shares? No. Latest transaction: No transaction (n/a)
[12] Market share estimates are based on Cheffelo's estimates. Presented during the 2025 CMD. Årstiderna based on 2023 data.
[13] Q1 strong due to results from high UA at the start of a new year. Q2 sequentially weaker as people cancel ahead of vacations. Q3 the weakest as much of the Q is vacation and costs are elevated from end-of-Q UA. Q4 is mediocre due to cancelling ahead of Christmas.
[14] Based on data for the 2019 cohort presented on the 2023 CMD.

Quarterly commentary

Our view is that Cheffelo's Q3 2025 was very good overall, although most key data points, including sales, EBIT, and the revised financial targets, were already known in advance. The market reacted quite sharply regardless, with the share falling more than 10%. This was likely driven by slightly softer-than-expected guidance for Q4 and the fact that the share had risen c50% in a short period. Nevertheless, the stock quickly retook the lost ground and now trades approximately like it did before the report. In short, net sales in the quarter were SEK266m (c23% y/y) and EBIT improved by cSEK12m y/y, although still negative at SEK-5m in the seasonally weak quarter.

The report in itself does not really warrant that much commentary, as everything was known beforehand, instead we will spend some time summarising the quarter's news flow for investors to stay up to date. On September 24, the company announced the first new piece of information, that it is updating its financial targets. From the previous 6-8% sales CAGR and 4-6% EBIT margin (for 2026) to the new 7-9% range for both metrics (2028). Basically, ambitions were both raised and extended. The share naturally reacted positively.

Then, on October 10, the company published the Q3 trading update, which, in short, was distinctly stronger than we had foreseen, with sales up 23.3% against our estimate of 11.5%. EBIT improved markedly against relatively weak comparables and went from SEK-17m to SEK-5m. The stock traded strongly once again.

Then, on October 22, the company held its CMD. Here, we think that most information was useful, albeit not case altering. The company has been posting solid improvements to its cohort data since 2023 (the time of the last CMD), but this was already "known" given the significant improvements to financial performance over the same period.

As a result of the above pieces of information being presented, the stock has had an excellent run in the past two months or so, now being up around 230% YTD. We continue to believe that Cheffelo is executing very well, and that management is very competent for a company of its size. The attention to detail, both within the company and to what competition does, is superb. Thus, the rise in the share price is, in our view, warranted, and we maintain a slight upside in our valuation.

Cheffelo currently trades at an EV/EBIT multiple of 14.5x-10.1x for 2025e-27e.

Cheffelo	2024	2025e	2026e	2027e
Net sales	1058,2	1189,0	1281,0	1383,0
EBIT	41,7	67,0	82,1	96,0
EBIT(%)	4%	6%	6%	7%
EV/Sales	0,9	0,8	0,8	0,7
EV/EBIT	23,3	14,5	11,8	10,1

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

Redeye rating and valuation	
Base Case	90
Fair value range	52-126
Current share price	82,4
Return to base	9%
EV/OE LTM	17,0

CombinedX: A basket of rising stars[15]

Decentralised, specialised, and multi-branded. CombinedX is a group of niche IT consulting companies that provide specialised know-how in various segments. The group consists of seven wholly-owned, Nordic subsidiaries. The subsidiaries are self-governing and operating under their own brands, as CombinedX believes it facilitates customer retention and pricing power. The pricing power CombinedX has managed to build up through specialising in various segments is evidenced by its Sales-COGS/working day/employee per Q3 2025 being ~25% higher than the median Nordic IT consultant. However, 2024 was a softer year margin-wise, clocking in at a 12% EBITDA margin, as the company made many restructuring efforts to cope with underperforming business areas.

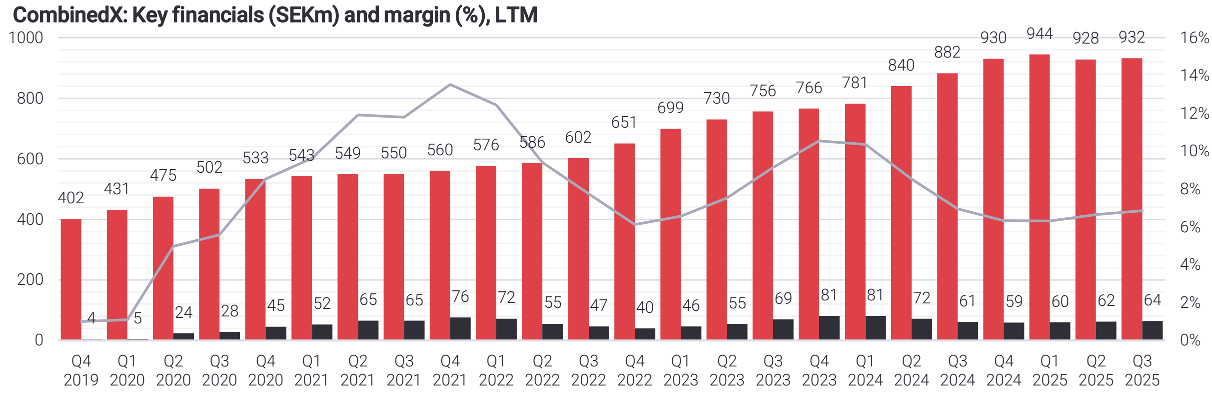
Between 2016 (when the current business model was formed) and 2024, CombinedX has grown its revenue and EBIT per share with a CAGR of 9.5% and 9.2%, respectively. The average EBIT margin during the same period was 7.2%, with the pandemic year of 2020 being a negative outlier (-1.0% EBIT margin). The organic growth has averaged 6.5% per year, and growing through acquisitions is essential for CombinedX. Since listing, the company has made seven acquisitions, three of which have been bolt-on for already established subsidiaries. The combined sales of the seven companies at the time of acquisition amount to SEK405m, and total consideration, including earnouts, amounts to SEK377m, meaning that CombinedX has made these acquisitions at an EV/S multiple of 0.93x.

The seven (previously eight) wholly owned subsidiaries operate within three segments: 1) Digital Experience, 2) Enterprise Solutions, and 3) Infrastructure & Security. The company's strategy aims to develop its subsidiaries to become market leaders within their niche. As management calls it, the goal is to convert "rising stars" to dominant market leaders through strategic business development, best practices, and bolt-on acquisitions, all supported by top management. In short, CombinedX develops its subsidiaries by specialising them in both specific technologies and verticals, focusing on delivering entire teams to the customer and building a strong culture. The strategy has been named the "CombinedX cookbook," and by following the recipes within, the company is targeting an EBITA margin of no less than 12%, an organic growth rate above the general IT consultancy market, with an ND/EBITDA of less than 2x. Coupled with acquisitions, management's goal is to reach SEK1bn in sales by 2025, which at the moment, seems to be just a tad too hard to reach.

Key drivers to follow

We think the company's business model is solid and well thought-out. CombinedX has a long track record of both organic and inorganic growth during profitability by specialising in niches that will be attractive to its customers in the long run. Add-on acquisitions and solid quarterly reports are key catalysts going forward, and we think management has a track record of delivering both. However, with CombinedX struggling during 2024 and with efficiency and differentiation in one of its subsidiaries (Aspire), we think the main driver to follow is CombinedX's efforts to turn the negative trend of lower-than-usual profitability around and make the company shine again. With the recent acquisition of the high-margin consulting firms "Align" and ERPKonsult, we think the stage is set for an interesting 2026, even though we believe a broader market rebound is needed to get the company on investors' radar.

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).

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

Quarterly commentary

CombinedX delivered a solid Q3 with stronger margins and clear signs that earlier M&A activity is starting to bear fruit. Sales came in slightly soft at SEK200m (vs. SEK210m est.), with organic growth still negative at -2.5%. However, the margin beat was significant: EBITA reached SEK17.2m (vs. SEK13.4m est.), driven by synergy realisation from the Ninetech/Aspire and M3CS/Elvenite mergers, and the high-margin Align acquisition. Contribution per employee jumped 19% y/y, which we think is a testament to the internal leverage from completed integrations. While the ERP-heavy sales mix and tighter structure are now paying off, our analyst makes small downward tweaks to near-term assumptions given the market backdrop.

The ERP focus continues to sharpen. CombinedX is now merging Absfront and Two into a single Microsoft Business Central specialist, blending CRM and BI capabilities. It also acquired the Norwegian ERP firm ERPkonsult, further cementing its position within Infor M3. Together with its earlier divestments of non-core development, the group is clearly positioning itself around high-margin, high-switching-cost ERP platforms.

While organic growth remains subdued, the setup for margin expansion looks solid, and we expect the positive trend to continue into the R12m figures. CombinedX trades at just 7.7x and 5.0x EBITA on 2025e and 2026e, around a 35% discount to peers. We retain our SEK55 Base Case and believe the market is slowly starting to reward the group's improving track record in both execution and capital allocation.

CombinedX	2024	2025e	2026e	2027e
Net sales	929,9	951,0	1089,0	1145,0
EBIT	63,1	64,0	101,0	116,0
EBIT(%)	7%	7%	9%	10%
EV/Sales	0,7	0,7	0,6	0,6
EV/EBIT	10,6	10,4	6,6	5,7

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

Redeye rating and valuation	
Base Case	55
Fair value range	29-77
Current share price	34,2
Return to base	61%
EV/OE LTM	10,4

Enea: Have you tried turning it off and on again?[16]

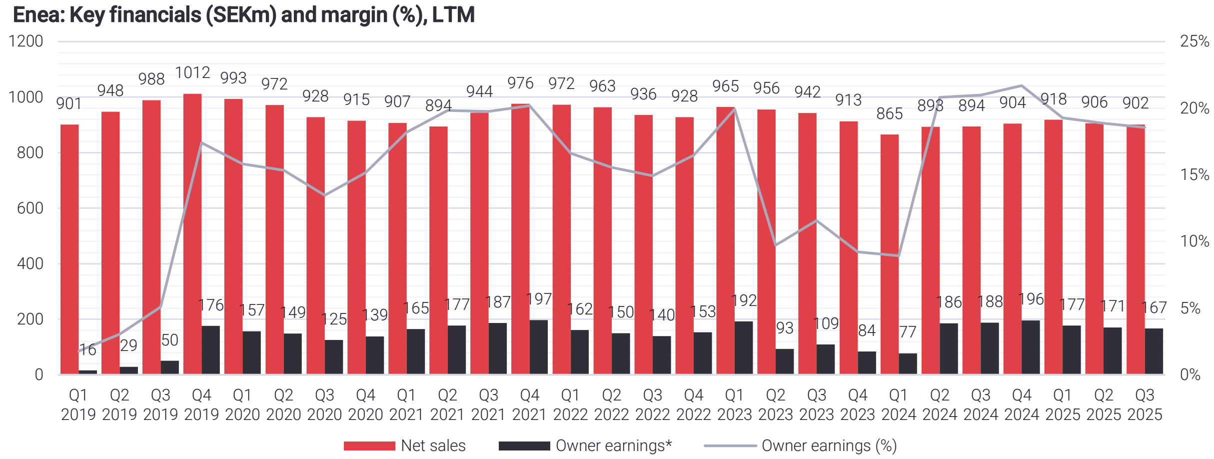
Enea makes everyday communication safer and more effective. The company develops innovative and reliable technical solutions that improve digital communication in safety and performance and sells its solutions through ~100 suppliers of communications services and products globally. Its solutions range from firewalls that protect mobile networks against cyber-attacks to software that help optimise data streams. Each day, c4.5 billion people rely on the company's technology when connecting to mobile networks or the internet. LTM, the company had net sales of cSEK900m and an owner earnings margin of 19%.

In 2016, the company underwent a significant shift. CEO Anders Lidbeck realised that the company's Operating Systems business would, over time, decline and that for Enea to have a future, it needs to transition from a sole Operating Systems software company to a more growth-focused business with a new business unit called Network Solutions. Thus, since 2016, Enea has had two market segments: Network Solutions and Operating Systems. Growth in the Network Solution segment has been primarily inorganic, as Enea, since 2016, has made five acquisitions to form the business segment. Anders Lidbeck led Enea through the transition until 2019 when he stepped down to instead join as a member of the board of directors. However, poor operational execution from 2020 to mid-2023 prompted the board (led by Lidbeck) to take decisive action, resulting in the dismissal of the old CEO and Lidbeck stepping in again. Lidbeck has since initiated a cost savings program of SEK60m (c7% of LTM sales at the time) and enhanced sales efficiency within the organisation by focusing on high-probability leads. This has resulted in the company turning its negative organic growth trend since 2021 to a positive c10% organic growth in 2024 within its two focus areas. In terms of profitability, the company has improved its owner earnings margin from 9% LTM in Q3 2023 (adjusted for one-offs) to 19% in Q3 2025. As of Q4 2024, the Network Solutions segment has been divided into Network and Security. Most of the revenue (92% in Q3 2025) can be derived from the Network (47%) and Security (46%) business segments.

Key drivers to follow

Regarding Enea, we think the case boils down to whether or not the company can get growth going. The company has proven it could bounce back to a solid owner-earnings margin of around 20%, but what about growth? In Q3 2025, the company grew organically by 3%, below the company's recently announced financial target of 10% sales CAGR between 2025-2028, which is predominantly set to be reached by growing organically. With the EV/OE below 10x LTM, we think Mr.Market's expectations of Enea's growth ambition is relatively low. Should the company start posting solid double-digit organic growth rates quarter after quarter, with sound profitability, we think much uncertainty will be removed.

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 LTM QoQ)
Source: Redeye research (chart structuring and owner earnings definition), Company filings (underlying data).

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

Quarterly commentary

Enea's Q3 left something to be desired on the topline, with sales 9% below expectations and organic growth at a modest 3%. Still, margins held firm, and the company reiterated both its full-year and long-term financial goals. What changed was the sense of urgency: with years of lacklustre growth behind it, Enea has now provided a clearer roadmap for how it plans to accelerate into double-digit territory, which we view positively.

In its recent investor update, Enea outlined a three-pillar strategy to unlock SEK410m in growth opportunities through market acceleration (LATAM and APAC), vertical expansion (government/security), and product evolution (new use cases and adjacent markets). These initiatives are expected to fully materialise by 2028, helping lift organic growth above 10% and EBITDA margins above 35%. Notably, most R&D is already directed toward the Growth segment (new segment classification announced on the investor update), where top-line expansion now needs to be paired with better operational leverage. With the Classic segment (the other newly announced segment) running at 51% EBITDA margin, the burden lies squarely on Growth to scale up profitably.

Valuation remains undemanding at some 8.7x FCF on 2026e (Redeye), supported by solid cash flows and active buybacks. Still, the market is clearly in 'show me' mode. A credible execution on the newly presented growth strategy, starting with an improved Q4, could be key to reigniting investor confidence and unlocking upside toward our analyst's SEK80 Base Case.

Enea	2024	2025e	2026e	2027e
Net sales	904,2	916,5	952,7	1012,7
EBIT	122,4	108,5	137,8	181,0
EBIT(%)	14%	12%	14%	18%
EV/Sales	1,8	1,8	1,7	1,6
EV/EBIT	13,5	15,3	12,0	9,1

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

Redeye rating and valuation	
Base Case	80
Fair value range	45-111
Current share price	70,0
Return to base	14%
EV/OE LTM	9,9

Formpipe Software: Public went Private[17]

After growing at a stable, modest 5.1% revenue per share CAGR since 2013, Formpipe is undergoing a significant transformation, aiming to increase its growth ambitions. Following the intended divestment of its Public segment (historically 58% of sales), the company will become a pure-play SaaS business centered around Lasernet, a document automation platform integrated with major ERP systems such as Microsoft Dynamics, Temenos, and increasingly SAP and IFS. With a clear focus on recurring revenues, scalability, and global reach, Formpipe's setup becomes both simpler to understand and more exciting to follow.

Lasernet is already used by over 1,000 customers in 60+ countries, with a partner-led go-to-market model enabling efficient expansion without a large in-house delivery organization. Its niche, Customer Communication Management (CCM), is mission-critical, sticky, and benefits from long implementation cycles and deep ERP integrations. Over the past four years, Lasernet has grown ARR at a ~20% CAGR, and we forecast continued solid momentum driven by Microsoft Dynamics traction, partner leverage, and upcoming integrations into new ERPs and geographies.

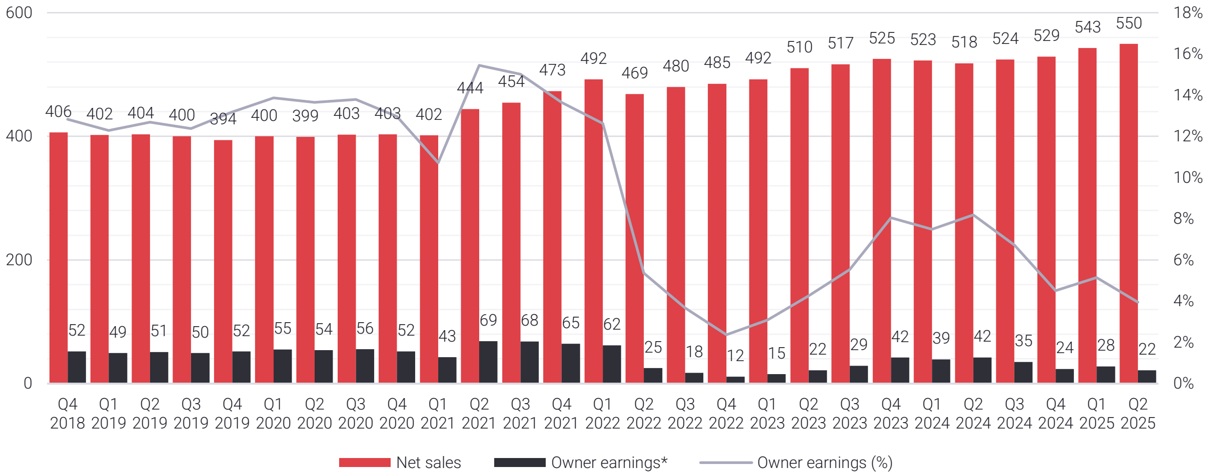
The divestment of Public will bring in SEK775m in upfront cash (plus a SEK25m earn-out), most of which will be distributed to shareholders. A notable portion will be retained to fund Lasernet's growth initiatives and M&A agenda. While group costs still weigh on reported profitability, we expect gradual cost reductions and believe Lasernet can sustain a long-term EBITDA-CAPEX margin above 20% as it scales.

At a current valuation of ~2x ARR 2026e, we see Formpipe as attractively priced given its high recurring revenue share (77%), strong gross margins (76-78%), and scalable infrastructure.

Key drivers to follow

- Lasernet's ACV growth. With the Public segment carved out, investors can now fully focus on Lasernet's SaaS metrics. Success in expanding to new ERPs like SAP and IFS, and into new verticals, would broaden its addressable market and support both ARR growth and margin expansion.
- Capital allocation post-divestment. A portion of the Public proceeds will be reinvested into Lasernet, including potential M&A. While M&A is never easy, well-executed deals could drive value through cross-selling, technological synergies, and access to new markets.

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).

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

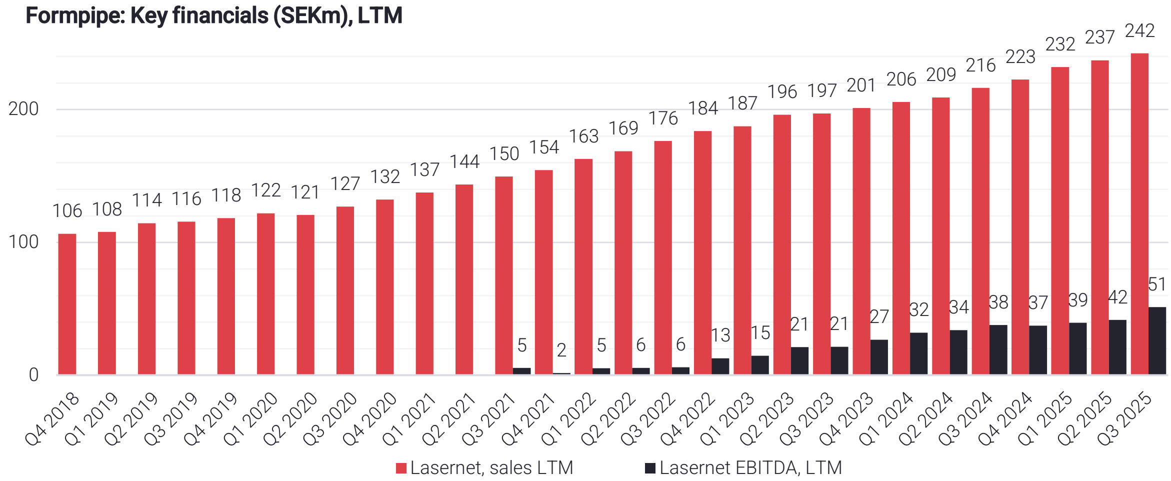
Quarterly commentary

Formpipe's Q3 report supports a stronger outlook for the stand-alone Lasernet business ahead of the full Public spin-off in December. SaaS momentum returned with SEK8.0m in SaaS ACV (vs. SEK6.5m last year), and overall ACV rebounded to SEK6.0m, in line with expectations and a solid improvement from a soft Q2. While total ARR of SEK220m landed just shy of forecasts due to FX, organic growth was 13% y/y, pointing in the right direction ahead of Formpipe's transition to a pure-play SaaS company under the Lasernet name.

Most encouraging was the beat on profitability. EBITDA-CAPEX came in at SEK9.4m (1.1% margin LY), well above Redeye's forecast of SEK3.2m, driven by lower-than-expected OPEX within Lasernet and higher gross profit. While Q3 seasonality and temporary items may have helped, this is a clear indication that Lasernet can carry group costs and still post solid margins, something previously unproven. Redeye raises its EBITDA-CAPEX forecast by 8% for 2026–2027 but keeps ARR estimates largely unchanged. The Base Case remains SEK35, supported by expectations of 13% ARR growth and a 12% margin in 2026.

With the Public business carved out, management will shift full attention to Lasernet's core strengths: Dynamics ecosystem expansion in Europe and the US, further partner engagement, and eventually tapping into SAP and IFS. The capital markets day in March 2026 will mark the next checkpoint. Trading at slightly above 2x 2026e sales (at SEK28 per share), Formpipe looks attractive if Lasernet can sustain double-digit ARR growth with improving margins over time, a scenario increasingly supported by recent execution.

Formpipe: Key financials (SEKm), LTM



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

Formpipe	2024	2025e	2026e	2027e
Net sales	222,6	240,5	257,5	291,6
EBIT	16,8	10,2	37,7	55,3
EBIT(%)	8%	4%	15%	19%
EV/Sales	3,1	2,9	2,7	2,4
EV/EBIT	41,1	67,6	18,3	12,5

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

Redeye rating and valuation	
Base Case	35
Fair value range	26-45
Current share price	26,8
Return to base	31%
EV/OE LTM	38,4

Fractal Gaming Group: From solo to multiplayer[18]

After more than a decade of building a premium brand in PC cases, Fractal now stands at an inflection point. The company has long been known for category leadership in cases, a segment where it consistently outperforms its competitors, and holds above 10% market share and a top 3 global position with strong pricing power. But with the case category maturing, Fractal's future growth increasingly hinges on its ability to scale newer product categories, such as the newly released gaming chair, Refine, and the headset, Scape.

This shift is already underway. Non-case categories are vastly outgrowing cases, today accounting for approximately 15% of sales, and management has emphasized that it targets other categories to represent as much as 50% of sales by 2030. Early indicators are encouraging, as both the chair and the headset has been well received by the market. Still, the growth rate from these categories remains uneven quarter to quarter, and driving material, consistent growth beyond cases remains the central objective.

Margin volatility has been another defining theme. Fractal has demonstrated an ability to deliver attractive profitability. Q1 2025 saw EBIT margins around 14%, but this has been followed by weaker quarters such as Q3's 4% margin. Some fluctuations are inherent given the value chain dynamics, where resellers sometimes stock up inventory and sometimes make inventory reductions. Yet, stability will be an important confidence factor for investor going forward. As the product portfolio diversifies, the company should gain better leverage on opex and more stable volumes.

Fractal's brand strength, channel relationships, and ability to create loved products position it well to execute on this transition. If Fractal can show that non-case categories are becoming material growth contributors, and combine this with a period of steadier margins, the equity story becomes significantly cleaner, and the valuation gap to our SEK60 base case could start to close.

At today's valuation, Fractal trades at levels that imply little credit for its multi-category ambitions. For long-term investors willing to look through quarterly noise, the setup remains attractive: a strong Nordic hardware brand transitioning toward a broader, more diversified product portfolio with operational leverage ahead.

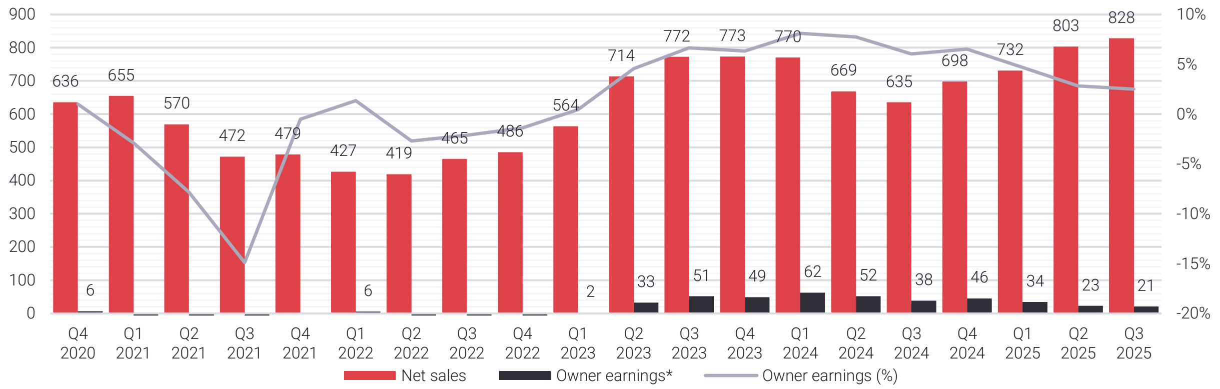
Key drivers to follow

• **Category diversification gaining real traction.** Consistent measurable upticks in sales from the other categories would demonstrate that Fractal is successfully building its next growth pillars beyond cases.

• **Margin stability across several quarters.** If Fractal can avoid large swings between high-teens and mid-single-digit EBIT margins, sentiment should improve.

• New category launches. Although not factored into our estimates, announcements of new category launches are expected, and could act as a key driver of gross profit contribution if received well by the gaming community.

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).

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

Quarterly commentary

Fractal's Q3 looked weak on the headline figures, but showed underlying strength. Reported figures came in soft, but that was largely a function of channel inventory dynamics, not demand. In fact, Sales Out (sales to end customers) grew 34% y/y and reached near all-time highs, clearly indicating strong traction with end customers. Product margins also rebounded faster than expected, supporting the thesis that underlying fundamentals remain solid.

The problem? With a fixed OPEX base, Fractal remains sensitive to quarterly swings in distributor inventory. Sales In (net sales) landed unusually low relative to the end-user demand, weighing heavily on EBIT. But this is not a structural issue, just timing. Historically, net sales have averaged 108% of Sales Out, while Q3 was only 94%. That delta alone explains most of the EBIT deviation. If inventory levels had been in line with history, EBIT could have landed closer to SEK17m instead of SEK6m.

Meanwhile, the product portfolio continues to broaden. The Scape headset and Refine chair contributed to 91% growth in the Other category, which now accounts for 15% of sales. Product margins for both Cases and Other improved sequentially, despite FX and tariffs, showcasing Fractal's pricing power and operational flexibility. The company ended the quarter with a net cash position of SEK36m, as the quarter was burdened by a slight buildup of NWC.

Fractal is now mid-Q4, a seasonally strong quarter when it comes to gaming hardware purchases. We have seen the Fractal Scape continuing its momentum on Amazon and holding a solid #2 place on the best-selling gaming headsets on Newegg. While we believe campaign activity going into Q4 will be high and therefore weighing on product margin, we see a good chance for a bounce-back in terms of profitability in the near-term compared to the soft Q3 figures.

We've adjusted our estimates somewhat to reflect the soft Q3 and a slightly more cautious ramp in the Other category. Our Base Case is now SEK60 (trimmed from SEK65). At current levels, the stock trades at ~8x EV/EBIT on 2026e. For a company with Fractal's product quality, end-customer momentum, and scalable model, that's a valuation we view as highly attractive. If margins normalise as expected during 2026, and we see substantial traction in sales from Other categories, we believe a re-rating towards our Base Case should be imminent.

Fractal Gaming	2024	2025e	2026e	2027e
Net sales	698,0	836,0	923,0	975,0
EBIT	58,8	66,3	96,3	111,2
EBIT(%)	8%	8%	10%	11%
EV/Sales	1,2	1,0	0,9	0,9
EV/EBIT	14,3	12,7	8,8	7,6

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

Redeye rating and valuation	
Base Case	60
Fair value range	29-93
Current share price	30,2
Return to base	99%
EV/OE LTM	40,7

Genovis: Enzymes, (no) antibodies, and underestimated optionality[19]

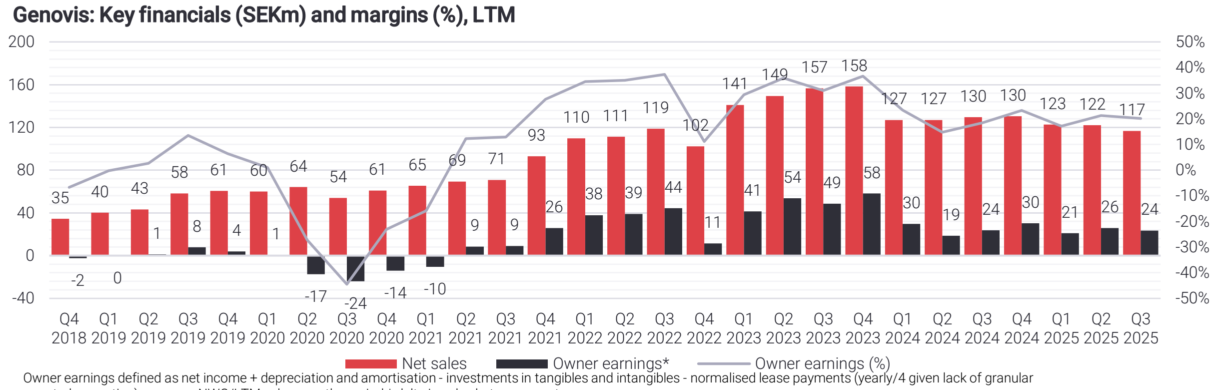
Genovis is headquartered in Lund, Sweden, and was established in 1999. Originally centred on nanoparticle development, the company made a strategic shift in 2010 to focus on enzymes for the analysis of biological drugs. Genovis provides cutting-edge tools to streamline the development of new treatment methods and diagnostics. Insiders own c14% of Genovis, with 13.6% concentrated in the hands of board member Mikael Lönn. Genovis' core Analytics business (offering enzymes and, until Q2 2024, antibodies) is a pick-and-shovel play in the pharmaceutical industry's rapidly growing biologics segment. Its enzymes are used for characterisation, analysis, and advancement of biological drug development and benefit from recurring revenue streams, as they are integrated into scientists' daily workflows. These revenues naturally scale as drug projects advance, with significant upside potential if a customer's project results in a commercialised drug, leading to large recurring orders for years. Beyond its core operations, Genovis has demonstrated additional optionality, gaining initial traction within bioprocessing and even exploring therapeutic applications for its products, such as the Xork enzyme, which holds potential for use as a pre-treatment within gene therapy and auto-immune disease. Analytics has been a solid core business, with quarterly sales going from cSEK12m to cSEK29m over the 6.5-year period between Q1 2019 and Q3 2025, corresponding to a CAGR of c15%. The business benefits from underlying stability as its product offering is sticky. Drug development operates under strict regulations, making supplier changes costly and, in some cases, impractical due to regulatory constraints. As a result, once a relationship with Genovis is established, customers are unlikely to switch suppliers.

The two optionalities refer to Bioprocess and the Xork/Selecta deal. Bioprocess is where Genovis' enzymes are used in the manufacturing process of a biological drug rather than in the analysis or characterisation process. The company has received two orders in this segment, cSEK13m in 2019 and cSEK4m in 2022. However, there is limited visibility into the clinical development timelines of these projects, making it uncertain when follow-up orders might occur. The news flow has been relatively quiet since the announcements. Still, according to management, the projects are not discontinued and thus hold potential for follow-ups that could generate large volumes depending on the outcome of the clinical studies where the drug candidates are evaluated. The Xork/Selecta deal is another optionality that has been one part of driving the negative sentiment in the stock over the past year or so. The chain of events is relatively complicated, which is why investors should be aware of the background. On October 21, 2021 Genovis entered an exclusive licensing deal with Selecta Biosciences (now Cartesian) for the clinical development of a new antibody-cleaving enzyme. This represented yet another area of application for Genovis technology. The deal included upfront and early preclinical milestone payments of USD6m, total potential milestones of USD598m and double-digit royalties. Later, there was a sublicensing of Xork to Astellas Pharma. A while later, there was a merger between Cartesian and Selecta (thus the renaming), at which point we highlighted the increased risk in Genovis' partnership with the latter based on organisational uncertainty. On March 14, 2024, it was announced that the deal had been terminated. The rights were returned formally to Genovis in mid- September, and signing a new licensing agreement would naturally be a large positive.

Key drivers to follow

Redeye's analyst currently has a Bear Case of SEK18 per share. This represents a scenario where only the core business is priced in. Thus, investors should focus on trying to evaluate the optionality in the form of deals like Xork or follow-up Bioprocess orders. Milestone payments can also distort comparable financials, and the market has historically been bad at recognising this fact. Thus, it is important to stay on top of what goes into the comps.

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



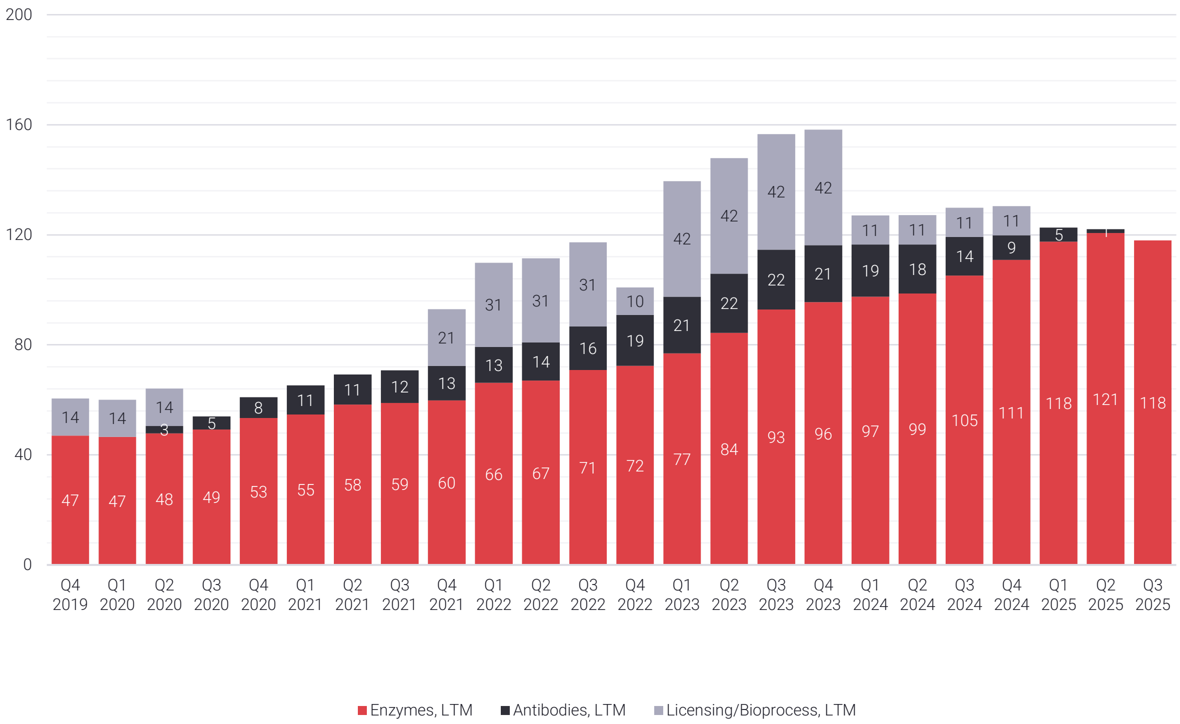
Owner earnings defined as net income + depreciation and amortisation - investments in tangibles and intangibles - normalised lease payments (yearly/4 given lack of granular quarterly reporting) - average NWC/LTM sales over the period * delta in sales between quarters.
Source: Redeye research (chart structuring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

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

Quarterly commentary

Sales was SEK27.5m, showing a negative organic growth of 7%, marking the first quarter of negative organic growth in a long time. EBITDA was SEK6.9m (25% margin). Q3 financials were generally below what our analyst had hoped for, although the weakness is largely explained by FX and order timing effects. Q3 2024 included approximately SEK4m in large ADC orders while a SEK11m order was received shortly after quarter end this year. With the announced order, and a start to the fourth quarter that seems to be good, the end of the year should be decent. Our analyst currently counts on c70% of the order being fulfilled in Q4. Should all of it be delivered, the company will post c50% organic growth, something that is likely to be appreciated by Mr Market. The company also had SEK155m of cash on the balance sheet, providing plenty of fire power for inorganic growth initiatives. It is worth noting that the divested antibodies business is now fully phased out of the LTM figures.

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



Last quarter, the company noted that the development of Sequrna has been impressive, and it therefore exercised its option to acquire the remaining 75% of the business at the earliest possible time (the first 25% was acquired in July 2024). This was carried out in the quarter, and the company now owns 100% of Sequrna.

Following Q3, our analyst updates the fair value range to SEK18-60 (21-86), with a base case of SEK41 (46). He argues that recent years have been affected by one-offs distorting comparability, which the market appears to have disliked. As a result, the core business multiple (excluding license revenue) sits near the market selloff lows in April. Looking ahead, Q4 will be strong and could likely rekindle optimism. The valuation seems attractive for a company of Genovis' quality, trading just above bear levels at 7x sales and 22x EBITDA on our updated 2026e estimates.

Genovis	2024	2025e	2026e	2027e
Net sales	130,4	128,1	162,5	203,0
EBIT	45,8	18,8	32,5	48,6
EBIT(%)	35%	15%	20%	24%
EV/Sales	9,1	9,3	7,3	5,8
EV/EBIT	25,9	63,1	36,5	24,4

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

Redeye valuation and key ratios	
Base Case	42
Fair value range	19-61
Current share price	20,5
Return to base	105%
EV/OE LTM	50,4

I-Tech: Operational leverage; exemplified[20]

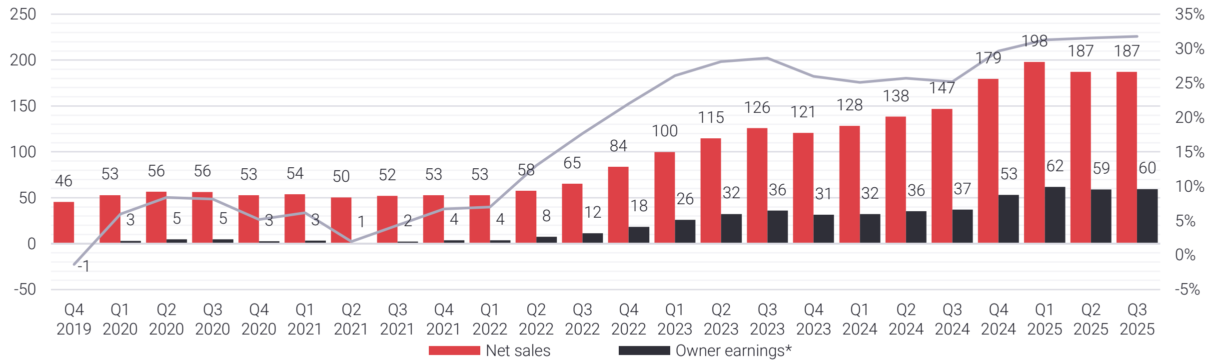
I-Tech offers an active antifouling ingredient, Selektope, used in marine coatings with high efficacy against sea barnacles. Reducing barnacle growth lowers friction during transport, resulting in reduced fuel consumption. All large vessels use some type of marine coating, and since Selektope is highly effective, it is included in premium antifouling paints. I-Tech sells directly to its customers, who are large international paint manufacturers formulating and selling marine coatings. The company works with all nine of the largest paintmakers, including Chugoku Marine Paint (CMP), Jotun, and Hempel. Six of these nine companies are at a commercial stage (with I-Tech). The market for international paint manufacturers is highly concentrated, with the leading players controlling approximately 90%-95%. More than 3,000 commercial vessels currently use a hull coating that contains Selektope.

It's worth noting that the company's main patent, for the use of medetomidine (Selektope), expired in 2020, although the formulation and production patents are set to expire in 2035. As we understand it, a competitor intending to use medetomidine would have to register a proprietary product (i.e., it is not possible to create a generic version). This product must be registered, and the regulatory path is time-consuming. Therefore, any competitor would first need to obtain all regulatory approvals and then compete with Selektope, which already has established customer relationships. It is also worth noting that this product is not sold at 90%+ gross margins like those of most pharmaceutical companies, but rather at approximately 52%–55%. Thus, there is little risk of a decline similar to that faced by pharmaceutical companies when generics are introduced.

Regulation can be both a blessing (keeping out competition) and a curse. In mid-2023 we saw an example of the latter, as it was announced that an advisory panel had suggested a changed classification of Selektope during its re-registration process in the EU (Redeye's comment). It now recommended that it would be considered an endocrine disruptor (i.e. messing with human health = not good). The stock declined close to 50% on the news. What's at stake is that if this is turned into law, the product cannot be applied or sold on European soil, although ships that have been applied with Selektope outside the EU can still operate and dock within EU. However, the company have several chances to make its case before this becomes final. The 50% decline was not directly financially motivated, as the company had <5% of sales stemming from the EU (even less now), but rather a fear that this would spill over into existing markets. In mid-2024, we learnt that the company had faced a setback in the first instance (our comment), although this had a much smaller impact on market sentiment. Yesterday, there was further news on the matter (see below) Asian countries have differed from EU recommendations previously and it remains to be seen how this develops. We foresee minimal impact in the near term but still take a more cautious approach to the long-term forecasts than before this was announced.

Anyhow, the company reported LTM sales of SEK187m as per Q3 25 and estimates the market for Selektope to be worth more than USD500m, indicating a c4% market penetration. One customer, CMP, represented some 80% of sales in 2023. However, two new agreements with global customers were signed in 2024, and the share from other customers has increased to 30% in 2024. The business model is exceptionally scalable, and the company generates more than 18m in sales per employee. Thus, as more customers ramp up its volumes, profitability is expected to increase further from already very solid levels. We consider the ramp-up of new customers one of the **key drivers to follow.** Our estimates currently foresee EBIT margins coming close to 40% over the forecasting period.

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).

[20] Analyst Oskar Vilhelmsson owns shares? No. Latest transaction: Sell (2021-01-18)

Quarterly commentary

I-Tech reported Q3 sales of SEK41m relative to the SEK46m that our analyst has estimated, representing flat y/y growth. The negative FX effects continued to be substantial, as underlying figures show an organic growth of 10%. OPEX was in line with expectations in the quarter and is higher than normal due to the EU BPR process. The EBITDA margin thus amounted to 32% (vs. the estimated 35%), which differs from estimates mainly due to the sales deviation in the quarter.

On a customer level, our analyst was encouraged to see that CMP continues to grow and recorded 18% growth YTF. Other aspects worth noting were the >100% growth from PPG, Jotun, and Kansai paints. solid interest from PPG and Kansai, while Jotun had previously been slow steaming. Jotun especially was a positive surprise. The company also states that it expects to announce new partnerships in the coming quarter, and they currently have several parallel discussions. On the regulatory side, the company awaits the outcome of the BPR meeting in September, which will influence the marketability in Europe.

In terms of estimates, our analyst reduces FY25-26 sales by 7-8%, driven by the lower volumes recorded in Q3 2025 and lowered Q4 expectations. The very solid growth in Q4'24-Q1'25 has now been balanced out by two softer quarters, and the growth curve is thus flattened out somewhat, something that is reflected in our estimates. The OPEX estimates are mostly kept intact, resulting in an EBIT revision that is larger than that for sales due to operational leverage.

Our analyst maintains his positive stance on the share, and the company currently trades at an EV/EBIT multiple of 12.2x-6.5x for 2025e-27e, something which Redeye believes more than captures the EU-ED uncertainty.

I-Tech	2024	2025e	2026e	2027e
Net sales	181,8	175,0	217,0	253,0
EBIT	45,3	46,0	73,0	86,0
EBIT(%)	25%	26%	34%	34%
EV/Sales	3,1	3,2	2,6	2,2
EV/EBIT	12,4	12,2	7,7	6,5

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

Redeye rating and valuation	
Base Case	84
Fair value range	43-134
Current share price	58,0
Return to base	45%
EV/OE LTM	9,4

Yesterday morning, it was communicated that European Commission has drafted an implementation act proposing the non-renewal of the approval of Medetomidine (Selektope) and the share traded down double digits. I-Tech firmly disagrees with the European Commission's proposal. Our analyst is not too surprised by the proposal, although there was some hope of a positive outcome. He writes that the process is not over, although this was a step in the wrong direction, and that a negative outcome for I-Tech now is the most probable. Still, the EU market is not too heavily weighted in our estimates, and our analyst considers the double digit downturn to be an overreaction (see Redeye's comment on the news).

Litium: Add to cart before the sale ends[21]

Founded in 2000, Litium is a Swedish SaaS company offering a cloud-based digital commerce platform tailored for mid-sized businesses in both B2C and B2B. While Litium has operated its core platform for many years, a significant inflection point came in 2025 when new management joined, bringing a sharper commercial focus and a clear ambition to get the company into growth mode again after a weaker period following the e-commerce boom in 2021. In 2025, Litium recruited heavily to key positions, including a new CEO, CFO, CTO, and CCO, all with strong backgrounds from SaaS companies like Medius. This marked a shift in pace and operational readiness.

Litium's revenue is primarily subscription-based (83% of net sales), with the remainder being usage-based variable revenue. The company is transitioning its legacy customers to a modern, cost-efficient cloud platform, which will gradually unlock gross margin improvements of as high as 10 percentage points, as more customers migrate. While this migration temporarily impacts reported net sales both up and down between quarters, Litium's ARR grew by 11% y/y in Q3 2025. The company seems to be really forward leaned, with both a high activity in terms of new customers, and also making strategic acquisitions, such as the acquisition of Geins, adding around 10% ARR and a good technology platform to form a new business area.

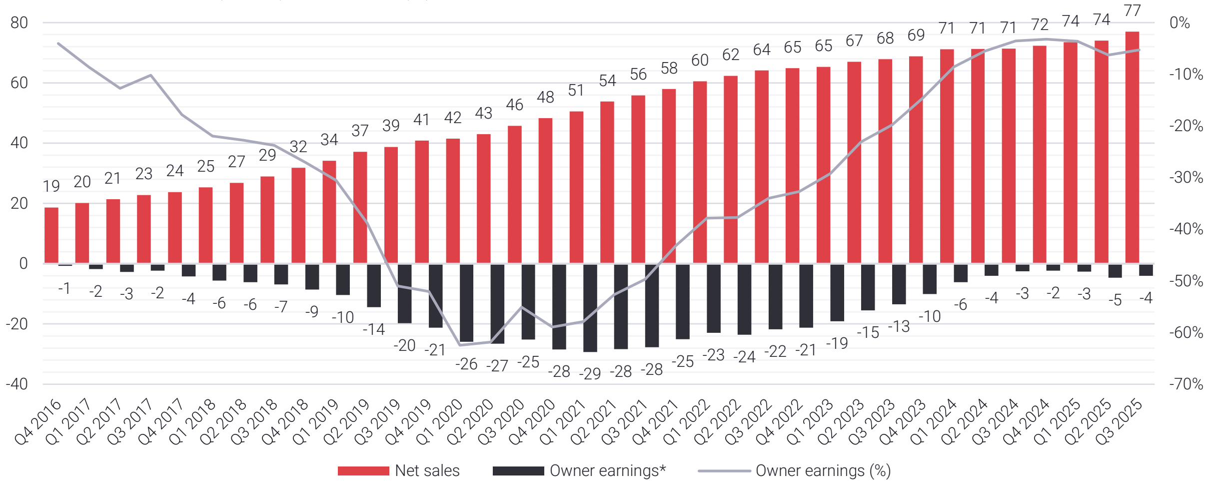
Litium has attracted well-known B2C brands like Lindex and RevolutionRace and large B2B players such as Postnord, GARO, Tingstad, and Derome. The company's value proposition lies in being niche towards B2B customers with specific functionality, with a short time-to-value platform that can scale as the customers grow.

The recently hired management team is stacking up shares, with both the CEO and CFO acquiring shares totalling almost 3% of the shares outstanding year-to-date, signalling that the company is only in the early days of the journey to become the leading B2B e-commerce platform in Europe. We expect the company to enjoy a long runway of organic ARR growth with scaling margins and additional M&A now and then.

Key drivers to follow

- Improving R40: Litium's R40 is currently close to 0% LTM, with the median SaaS company clocking in at c15%. As Litium improves its R40 towards the median of industry peers, we believe the valuation gap should close, where the median SaaS company trades at EV/S of c3.6x compared to Litium's c2.6x.
- Traction in the new business area: Post the acquisition of Geins, Litium communicated that it will establish a new business area. The core focus of the business area is to create a product with an even shorter time to value than the current Litium platform, with B2B specific functionalities. While we know very little about the business area so far, we expect more information to come during 2026. Signs of traction could materially impact our estimated growth rates for the coming years and act as a catalyst for the share.

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).

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

Quarterly commentary

Litium’s Q3 marked a big step forward in the company's journey. Positive EBITDA-CAPEX and healthy ARR growth of 11% confirmed that the business model is scaling. Meanwhile, the Geins acquisition adds a strategic angle, unlocking a new business area with hopefully faster time-to-value and broader market reach. However, it is still early days, and the outcome of this strategic initiative is yet to be seen.

Q3 net sales were SEK19.7m, in line with expectations. ARR added SEK1.8m sequentially, despite the seasonally soft quarter, and reached SEK86.2m, up 11.2% y/y. Thanks to a lower-than-expected cost base, EBITDA-CAPEX came in at SEK0.7m (vs. SEK0.2m expected), which marks Litium’s first positive print in several years. R40 reached 15%, up from -1% in Q2 and ahead of our expectations.

The Geins acquisition opens a door to something bigger. While details remain limited, management has hinted that the ambition is to merge the strengths of Geins and Litium Commerce Cloud into a fast-to-implement, modern e-commerce offering. We believe this could lead to stronger new customer intake in 2026 and beyond, especially in the B2B segment where Litium is already well-positioned.

Underlying OPEX developed better than expected, and we have made only minor estimate changes. While we slightly reduce 2026e net sales due to faster legacy migrations, we leave EBIT largely unchanged, as gross margins should improve in parallel. Migrations of legacy customers seems to be well underway, as Litium announced that one of its largest clients, Jollyroom, will be migrating to LCC after the quarter ended.

We maintain our SEK19 Base Case and fair value range of SEK7–30. At current levels, Litium trades at EV/S 3.2x on 2025e, a discount to peers trading at slightly above 4.0x. On our Base Case, the multiple is 4.4x, which we consider reasonable given the improving profitability, steady ARR growth, and long runway ahead. If the new business area can nudge up growth rates without compromising on the LCC customer experience, we consider current levels very attractive.

Litium	2024	2025e	2026e	2027e
Net sales	72,3	80,7	97,0	121,1
EBIT	0,6	-2,1	6,9	21,7
EBIT(%)	1%	-3%	7%	18%
EV/Sales	3,7	3,3	2,7	2,2
EV/EBIT	429,0	-126,6	38,5	12,3

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

Redeye rating and valuation	
Base Case	19
Fair value range	7-30
Current share price	13,9
Return to base	37%
EV/OE LTM	-57,3

Paxman: Keep a cool head[22]

Paxman was founded as a UK-based family company in 1996. It has an international scope and sells its Paxman Scalp Cooling System (PSCS) that reduces hair loss associated with chemotherapy. The mechanics of why the system works is quite simple. Reducing the temperature of the scalp reduces the size of the blood vessels, which means that less chemotherapy can reach the scalp and trigger hair loss. In addition, cooling the scalp reduces the metabolic activity and thus the division of cells, which reduces the damage from the chemotherapy treatment. Paxman had installed more than 6,000 scalp cooling systems globally by the end of 2024. It has been listed on the Nasdaq First North Growth Market since 2017 and insiders own c24% of the shares (Paxman family owns c16%).

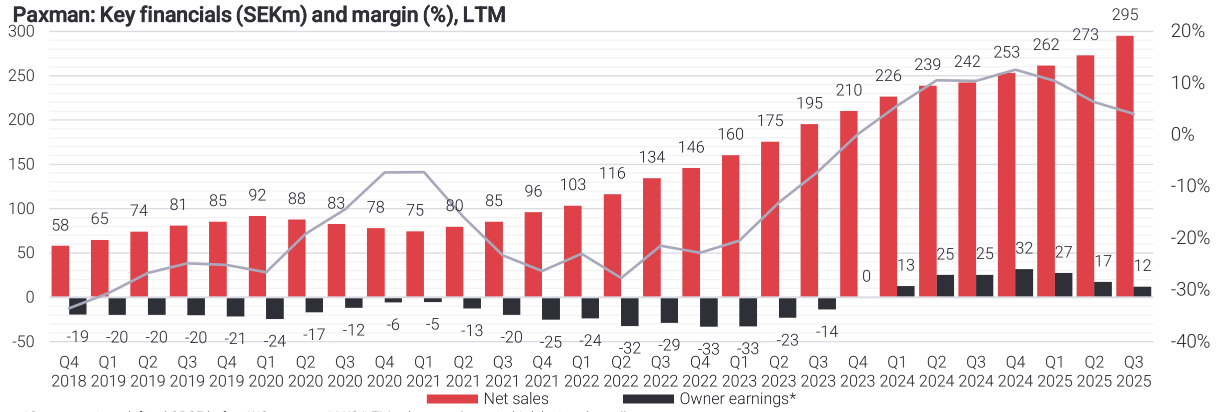
By Q3 2025 LTM, the company had net sales of SEK295m and owner earnings of SEK12m (definition in chart). The company has had a sales CAGR of c30% over the past three years. Sales declined during the pandemic years, as health care systems had to focus mostly on pandemic-related issues. The gross margin is 64% for Q3 2025 LTM, and the level has been increasing slightly with volume since the pandemic lows. The "low" gross margins (in relation to other medtech companies) is explained by the relatively asset-heavy business model, with equipment being quite expensive to produce. On the same topic, the company ties a large portion of new sales into working capital. The NWC/LTM sales ranged from 7% to 21% over the Q4 2018-Q3 2025 period and is currently at the top of that range.

Paxman has historically had a business model based on direct capital equipment sales, with add-on revenue from cooling caps and accessories. However, the company varies its business models slightly between different geographical markets. In the US, there is currently a shift to an insurance-based billing model (terminology changed from buy and bill in Q1 2024), where Paxman supplies the device, and insurers cover the running treatment costs (in instances where it applies). Under this new model, hospitals can invoice insurers directly on a per-treatment basis, something which thus far has led to increased treatment volumes when implemented. As parts of the US equipment is now converted to the new model (2024), we are likely to see increases in volumes shining through in the numbers throughout 2025e and, especially, 2026e following the CPT I codes.

Key drivers to follow

- Impact from CPT3 to CPT1 transition. The conversion to an insurance-based billing model has thus far shown increases in volumes, and further conversion to the model is likely to be a driver. As the shift to CPT I from CPT III codes was recently announced, it is interesting to see how this converts to increases in treatment volumes over the medium term.
- Launch of CIPN in 2026e being a further sales driver. In addition to preventing hair loss, there are clinical signs of the use of Paxman's technology being beneficial for CIPN, one of the most frequent side effects caused by antineoplastic agents. Paxman plans to launch its new system for preventing chemotherapy-induced peripheral neuropathy (CIPN) in 2026. While scalp cooling is a "nice to have" treatment, we argue that CIPN prevention is a "need to have." In our Q1 2025 report, our analyst included CIPN in his estimates for the first time, raising the valuation with c20% as a result.

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. between quarters. Source: Redeye research (chart structuring and owner earnings definition), Company filings (underlying data)

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

Quarterly commentary

Sales in the quarter amounted to SEK86.9m, corresponding to growth of 34% y/y and 16% q/q. This was quite a bit below our analyst's estimate of SEK92.2m. Breaking down the figures, SEK65.8m of total sales derived from Paxman and SEK21.1m from Dignitana. Our estimates were SEK70.2m for Paxman and SEK22.0m for Dignitana, respectively. The gross margin was slightly lower than expected but partly mitigated by lower-than-expected operating expenses, leading to an EBITDA of SEK7.8m (SEK11.8m), compared to our estimate of SEK11.8m. EBIT for the quarter was SEK0.9m (SEK8.5m). Overall, we had higher expectation for the report.

In many regards, 2025 is turning out to be a "middle year" following the strong 2024 and while awaiting a strong 2026. Nevertheless, despite a few softer quarters behind us, we continue to view the outlook as very strong.

One of the key happenings in the quarter was that Paxman's founder, Glenn Paxman, has sold a significant portion (42%) of his shares, reducing his ownership to 10.8%. This marks the second divestment in less than a year, as he also sold shares in December last year. Since then, Glen has been under a lock-up agreement, which expired only a few days before this latest transaction. He has now entered a new lock-up period lasting until March 2026. It is clear that Glenn wants to "cash out", which is understandable given his age and long commitment to developing the company. However, we see a scenario where he could continue to sell shares, which may put pressure on the share price and act as a dampener over the next six months. The question remains whether he intends to completely exit his life's work. Over the past years, counting both selling and dilution, Glenn has reduced his holding in the company from c30% to c11%, which is quite noteworthy.

Another interesting event was the new CIPN data that was presented at the European Oncology Nursing Society (EONS) conference. For new readers, CIPN is a form of nerve damage that occurs as a side effect of chemotherapy, and Paxman's PLCS system applies limb cryo-compression during treatment to prevent this condition. This is not the first time data from the study has been presented, and we have previously highlighted its strong outcomes. The updated results from the single-arm Phase I-II study included 94 patients, with 84% (79 patients) completing all planned cryo-compression treatments. Among these, 75.9% (60/79) did not experience CIPN, 21.5% (17/79) developed grade I CIPN, and only 2.5% (2/79) developed grade II CIPN. Given the previously positive data, the latest results are in line with expectations. We particularly note the low incidence of grade II CIPN (2.5%), as this grade typically marks the point where patients' quality of life is significantly affected. Historical data show grade II CIPN rates of around 30% (with some reports up to 50%), suggesting that Paxman's PLCS system demonstrates strong preventive efficacy. However, as this comparison is based on historical rather than direct control data, it should be interpreted with some caution.

Even though the report came in softer than expected, our analyst considers the investment case intact, noting that the share trades at undemanding multiples, with c.50% upside versus peers on 2025e EV/Sales. Key upcoming triggers include quarterly results demonstrating sustained sales momentum and the implementation of the updated CPT-1 codes for scalp cooling from January 2026.

Paxman currently trades at an EV/EBIT multiple of 119x-7.2x for 2025e-27e.

Paxman	2024	2025e	2026e	2027e
Net sales	253,0	319,7	465,3	635,2
EBIT	34,0	9,1	66,8	150,9
EBIT(%)	13%	3%	14%	24%
EV/Sales	4,3	3,4	2,3	1,7
EV/EBIT	31,9	119,4	16,3	7,2

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

Redeye rating and valuation	
Base Case	107
Fair value range	49-180
Current share price	52,6
Return to base	103%
EV/OE LTM	91,3

Safeture: Looking to reignite the growth engine[23]

Safeture was founded in 2009 around a patented communication technology after the professor of medicine and longtime entrepreneur Lars Lidgren experienced the immediate disaster relief following the SARS epidemic, Indian Ocean tsunami, and Mumbai terror attacks. Mr. Lidgren realised that critical information/communication to people directly affected was essential and lifesaving. He set out to build an employee safety platform, made possible thanks to the paradigm shift in mobile communication. Safeture now offers a cloud-based SaaS platform, managing risk, safety, and crises involving employees. The service unifies employee communication, information, and location.

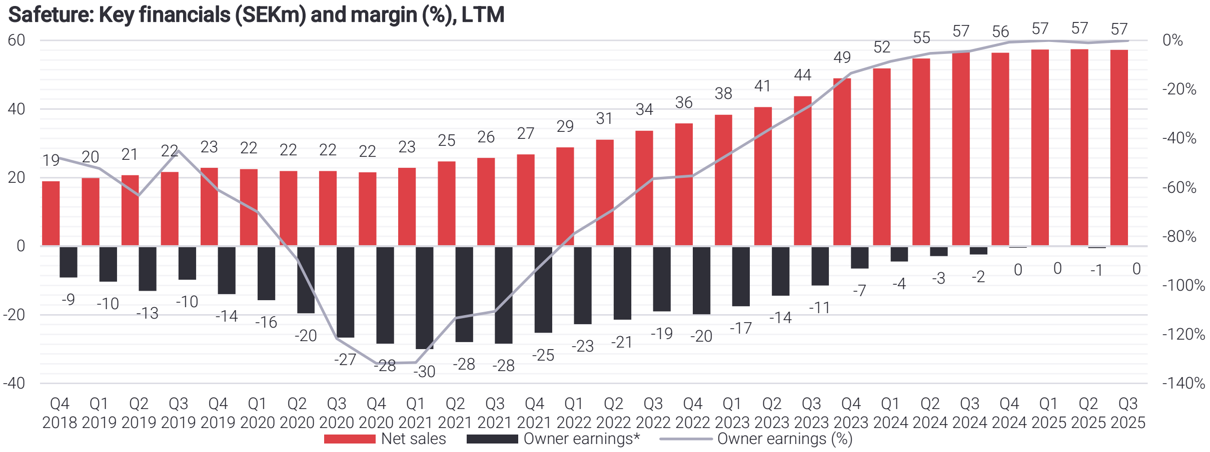
The company reported LTM net sales of cSEK57m in Q3 2025, with owner earnings (definition in chart) of cSEK0m. The reported ARR was SEK57.3m, a number which has grown with a CAGR of c30% since Q4 2018. We argue that it is a high-quality microcap SaaS companies in the Nordic region based on its stability and size. The company has had an NRR[24] between 97% and 119%, indicating that the offering is well-positioned towards customers. NWC/LTM sales of -35% shows that the company can push financing of the business to customers and suppliers. Churn has historically been low, with most quarters clocking in from c0%-1%. However, customer concentration can be high as the company utilises a partner-based sales strategy, leading to certain quarters with higher churn.

With Safeture, there are a few things investors should consider. First, despite things looking solid at the current time, Safeture is a small company with an ARR of only cSEK57.3m. Its continued success should draw attention to it, and there are larger companies in adjacent areas that could start encroaching on Safeture's turf if they consider the TAM to be large enough. Second, the company is dependent on key personnel. The company's CEO, Magnus Hultman, has a great track record in the SaaS space, and we argue that it is difficult to find this quality of management in companies this small. If he were to leave the business for some reason, this would be a clear negative. Finally, a key to a revaluation of the stock is that company can successfully reignite its growth engine, as it has been struggling with growth over the last year or so.

Key drivers to follow

- **Reigniting the growth engine.** Safeture has been delivering well since Magnus Hultman joined in August 2019. At the current valuation, the market expects the company to continue the beaten path, delivering growth and improving profitability. With the last few quarters showing a slow-down in growth, partly driven by FX, reigniting the growth engine will be a key determinant for how the share price develops.
- **New financial targets.** The company's mid-term financial targets were annual growth of at least 30%, gross margins >80%, and net income breakeven on an ARR run rate of SEK65m. We had counted on the announcement of new financial targets being imminent, which actually did materialise in Q4 2024, although on the downside rather than on the upside (now 15% growth). Nevertheless, as the company approaches the gross margin and profitability parts in the coming year or so, new target may be imminent.

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.
Source: Redeye research (chart structuring and owner earnings definition), Company filings (underlying data).

[23] Analyst Martin Wahlström owns shares? No. Latest transaction: Sell (2025-05-20)
[24] NRR is calculated to reflect sales via partner network as upsell. The partners are primarily doing the reselling to new end clients.

Quarterly commentary

Safeture reported ARR of SEK57.3m in Q3, down slightly y/y but up 3% q/q, surpassing our SEK55.8m estimate. Churn was minimal and entirely driven by revenue churn (downgrades), marking a welcome return to the low levels observed historically. The gross margin came in at 80%, better than the past year and broadly in line with the >80% target. However, the figure was influenced by a temporary favourable mix related to usage-based billing, effectively resulting in some additional charges being billed in arrears. EBIT turned positive again in the quarter, for the fourth time in the past five quarters. Still, the company guides for consistent profitability around SEK65m in ARR, and we think that is where investors should anchor their expectations.

We think the quarter was overall relatively undramatic. It was welcomed to see the sequential bounce back in ARR and low churn, but it is still tricky to say whether this was a reversal of the negative trend seen in the past few quarters. We hope it is, as growth in ARR is the absolute key aspect of the investment case going forward. The CEO, Magnus Hultman, has also been highlighting this in recent CEO letters, and we think that's where his focus is currently.

Safeture trades at an EV/EBIT multiple of 24.4x for 2027e, a valuation that requires growth in line with the company's target of some 15% to be warranted. However, investors should keep in mind that the company is nowhere near what should be peak margins at that point, and that multiples will fall rapidly thereafter.

Safeture	2024	2025e	2026e	2027e
Net sales	56,4	57,4	64,1	73,5
EBIT	-0,2	0,0	1,9	7,0
EBIT(%)	0%	0%	3%	10%
EV/Sales	3,0	3,0	2,7	2,3
EV/EBIT	-1003,0	8525,9	89,7	24,4

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

Redeye valuation and key ratios	
Base Case	7
Fair value range	3-10
Current share price	5,1
Return to base	37%
EV/OE LTM	-2469,3

Sleep Cycle: Turning dreams into dividends[25]

To understand the core of the case in Sleep Cycle, one must know the company's history. Sleep Cycle was listed on the Nasdaq Stockholm Small Cap in June 2021 at SEK70 per share. The company (with its 28% 3-year sales CAGR at the time of the IPO) wanted to use the proceeds to prioritise growth. Management aimed for an annual growth rate of 30%, and the EBIT margin, therefore, would decline to ~20% in the mid-term. As said and done, the EBIT margin fell from 35% at the time of IPO to 23% for FY 2022 due to investments in growth initiatives, increasing headcount from 25 to 48 FTEs in the same period. However, sales for 2022 and 2023 grew by 17% and 11%, quite a distance from the original sales growth target of 30%. Consequently, the share price declined from SEK70 at the time of IPO to SEK30 in November 2022 until a consortium of shareholders (the founders and largest owners) with c57% of the outstanding shares placed a bid on the company, trying to repurchase it at SEK42.5 per share. However, the bid did not reach the 90% acceptance level required to complete the offer.

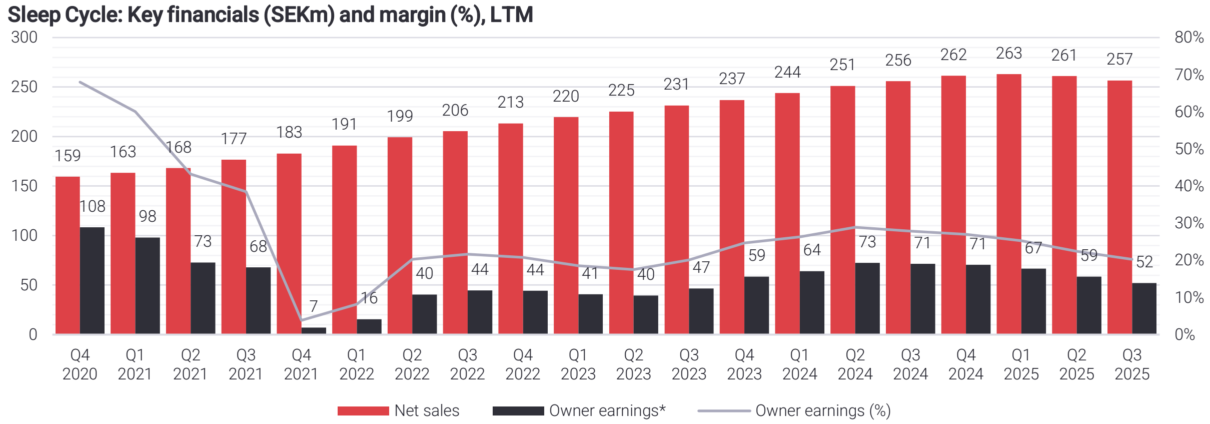
Fast forward six months to mid-2023, and the company implements effectivisation measures and reduces headcount from 50 to 32 between Q2 2023 and Q3 2024 to adapt to new market conditions. Consequently, the adjusted EBIT margin rose from 23% in 2022 to 29% in 2023. In Q1 2024, the company held a capital markets day, presenting its new strategy and financial goals. The new strategy aims to increase user growth and engagement and find new ways to monetise the vast amounts of user-generated data. The latest financial goal is to double sales in the mid-term (which we find very vague, but our best guess is a horizon of 3-4 years), with an EBIT margin of 25%.

With an NWC amounting to -28 % of LTM sales, Sleep Cycle is a cash cow far from what investors are used to seeing. The company offers the market-leading (>50% market share) sleep tracking app, putting itself at the top of the app stores with c20,000 downloads daily. Organic downloads constitute 80%, which we believe is a competitive advantage against smaller competitors who must acquire customers inorganically. The app helps users improve their health through better sleep by using AI-based audio technology to measure, quantify, and provide personalised insights based on the company's sleep database, which currently consists of over 3 billion nights of data. Since 2022, the company has steadily raised its price with an average of ~9% per year.

Key drivers to follow

Sleep Cycle has built an incredibly strong market position, with a >50% market share. The company has a favorable cash flow profile, getting paid for an annual subscription upfront while recognising revenue and earnings over time (we include the delta NWC in our owner earnings calculations, as it improves cash generation vastly). Based on the company's history, we think the major factor an investor should focus on is how the growth initiatives unfold. Signs of a positive effect on subscriber and ARPU growth can act as catalysts for the stock, and it would also further increase the positive impact of negative NWC. We would also like to note that even though Apple should have incentives to push other sleep apps (like Sleep Cycle) rather than building their own solution (given their 30% cut in the app-store business model), investors should be aware of the threat of giants like Apple and Google disrupting the market with internally built solutions. Their health informatics apps, Apple Health and Google Fit, would gain from having more sleep data and functions targeting sleep, and what the giants do should be monitored very closely.

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).

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

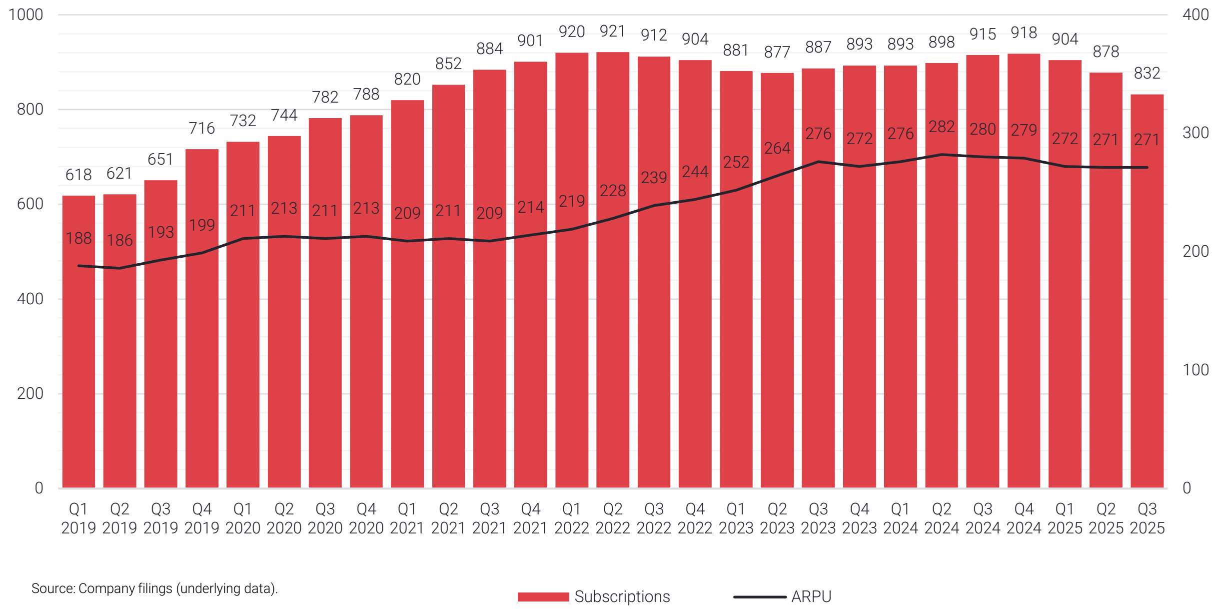
Quarterly commentary

Q3 showed stable profitability and growing revenue diversification, even as App Store trends remained soft. Subscription revenue declined 6.6% y/y to SEK62m, while EBIT landed at SEK17m (27% margin), in line with expectations. Paying subscribers fell to 832k, 2% below forecast, due to continued headwinds in new customer acquisition. However, ARPU remains strong, and renewal rates are stated to be on a stable level.

The story continues to shift toward new growth engines. Partnership revenue now makes up 11% of sales (up 55% y/y), driven by the "Powered by Sleep Cycle" strategy. The recently launched Sleep SDK opens up recurring tech licensing opportunities, while the sleep apnea screening study is progressing toward certification and future monetization. Together, these initiatives broaden the business model and expand the addressable market. All in all, this is encouraging, but we think it is too early to draw any conclusions.

Sleep Cycle's EBIT margin has now exceeded 25% for four straight quarters, supporting both dividends and flexibility to invest in future growth. At 4.0x EV/EBIT and 5.0x EV/FCF on 2026e, the stock trades at a three-year valuation trough, which we believe is a sign that the market is not impressed with recent growth rates following falling subscriber rates. We maintain our SEK43 Base Case and see long-term upside if the business regains topline momentum and proves it can scale its new, very exciting revenue streams.

Sleep Cycle: Subscriptions & ARPU, Quarterly



Source: Company filings (underlying data).

Sleep Cycle	2024	2025e	2026e	2027e
Net sales	261,6	249,7	281,4	356,9
EBIT	76,8	67,7	81,4	104,3
EBIT(%)	29%	27%	29%	29%
EV/Sales	1,4	1,4	1,3	1,0
EV/EBIT	4,7	5,3	4,4	3,5

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

Redeye rating and valuation	
Base Case	43
Fair value range	17-68
Current share price	23,5
Return to base	83%
EV/OE LTM	7,0

Tradedoubler: Twice as nice for half the price[26]

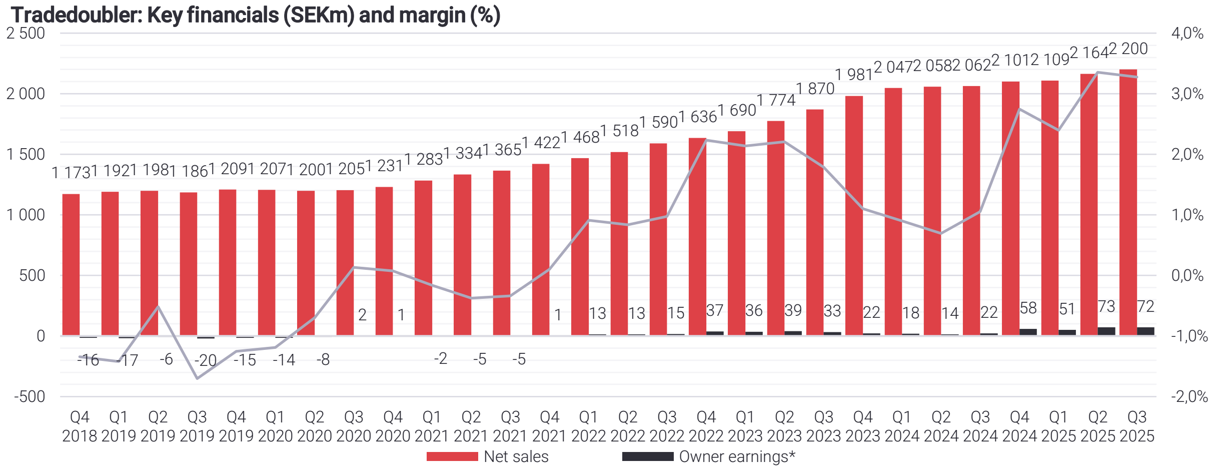
Tradedoubler operates a marketplace for partner marketing (traditionally affiliate marketing). With 3,000+ brands and 180,000 affiliates on its platform, the company is one of the leading European players. Founded in 1999 and listed since 2005, it has a long history in the public domain. In addition to affiliate marketing, it also operates a platform for influencer marketing through its company Metapic. For 2024, the group showed SEK2,101m in net sales and SEK44m in adjusted EBIT across its geographical segments: DACH (18%), France and Benelux (15%), Nordics (35%), South (14%), and UK and Ireland (18%).

With more than 3,000 global brands and 180,000 publishers , the company is one of the leading European actors in the space. We believe investors should look at Tradedoubler using two main divisions: Traditional Affiliate and Influencer Marketing (Metapic), with mobile/app campaigns (Appiness) being a smaller, third part. In Traditional Affiliate, Tradedoubler follows a performance-based model, where customers only pay for performance in its marketing spend. The exact payment structure could be based on CPM, CPC, CPL, CPA, or a combination of several of these methodologies. We judge CPA to represent the clear majority. Tradedoubler's revenues are generated from the commissions advertisers pay to partners through the company's platform. The commission split between Tradedoubler and the publisher stands at roughly 20/80. This is important, given that Tradedoubler books the full 100 as net sales, before immediately paying 80 of those to the publisher. In Influencer Marketing, the company has Metapic. Metapic is the largest segment of Tradedoubler outside of its traditional affiliate business. Here, the company takes more of a full-service approach to influencer marketing, also helping customers with running and managing campaigns and offering self-service solutions. The affiliate part of Metapic is otherwise quite like the legacy business, with influencers on one side and brands on the other. Metapic has been growing rapidly in recent years, with gross margins that are currently some 15pp-20pp higher than the traditional affiliate business. We believe Metapic is set for a couple of additional years with rapid growth, and that the market underestimates the impact that this will have on overall group figures.

Key drivers to follow

- Metapic becoming a larger part of group figures. Metapic has grown from SEK7m in sales in 2019 to SEK180m in sales for 2024, equalling a c94% CAGR. The segment has not been separately reported before Q4 2024, making its performance easy to underestimate. It is now reaching profitability, with 2024 EBITDA of cSEK27m. As a strong player within the rapidly growing influencer marketing space, a c15pp-20pp higher gross margin than the affiliate business, and expected EBITDA margin improvements from operational leverage, the segment's emergence is exceedingly going to shine through in the group figures.
- Return to growth in underlying e-commerce volumes. The underlying market for end consumption is currently weak according to both Tradedoubler and its industry-peer Adtraction. A return to growth in underlying volumes is highly margin-accretive, as there is no need to increase personnel to service higher volume on existing clients.

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)

[26] Analyst Martin Wahlström owns shares? Yes. Latest transaction: Buy (2025-07-16)

Quarterly commentary

Tradedoubler delivered a quarterly report that was somewhat shy of our estimates. Net sales was SEK524m, broadly in line with our estimate of SEK527m, corresponding to a c0.6% deviation and c7% y/y growth (c10% adjusted for FX). Metapic grew by c29%, while Partner Marketing reported c5% growth y/y. The gross margin was 21.9%, slightly higher y/y and in line with our forecast. EBIT came in at SEK7m, below our estimate but cSEK1m higher y/y, with the deviation mainly driven by higher reinvestments in Metapic and the US expansion, which we view as value accretive. Cash flow was very strong, driven by a temporary working-capital effect, and the cash position now stands at SEK104m, which we expect to partly reverse in Q4.

AI reflections

For the second quarter in a row, we had quite a lengthy discussion about AI in our quarterly update and in the conference call presentation/Q&A (check it out). It remains a highly interesting topic as it is changing the field for partners more rapidly than probably any technological shift that has preceded it. We do not come up with any definitive answers on the attribution challenges or the future of search in our quarterly update (unsurprisingly), but we are encouraged by the initiatives carried out by the company to ensure it stays at the technological forefront. These include recruiting AI-first publishers, restructuring its data storage, and introducing features such as AI-powered partner recommendations.

However, we have one new reflection we have on partner marketing and AI: Let's assume that a structural shift towards LLM-based search reduces overall search volumes for actors such as Tradedoubler and Adtraction, and that these players can find no way to compensate using the new technology. By extension then, the addressable market for partner marketing networks would shrink. Building on the thoughts laid out in the excellent book *Competition Demystified*, we note that shrinking markets can actually reinforce barriers to entry, as the economic rationale for new platforms weakens. Smaller networks already struggle to keep pace technologically, and a contracting market would further limit their ability to motivate investments as the fixed cost of building and maintaining competitive tracking and AI-driven attribution remains intact (and potentially even increasing, in this case). In this setting, market leaders may sustain or even improve their returns on capital, as viable competitors become fewer and the threat of new entrants diminishes. The same logic also suggests a natural backdrop for consolidation across Europe, with leading platforms absorbing subscale networks that can no longer justify the development spend required to remain competitive. The competition for these acquistions would be essentially zero, implying attractive ROI.

A prerequisite for this to work would be that the industry has a manageable number of incumbents, which is indeed the case in the European market. Otherwise, there might be several different actors pursuing the same goal, triggering higher prices for acqusitions, irrational levels of marketing spend, and unsustainable comission splits between brands and publishers. The market decline must also be orderly. If volumes were to decline by, let's say, 50% or more each year, it would be hard to compensate for the loss and properly evaluate acquisitons. However, a decline this steep seems entirely unreasonable to us, and does not align at all with what we currently see in the market.

What we're trying to get at is this: what if the current threat of AI, which is, presumably, behind these highly stable businesses trading at depressed levels, is not actually the threat it seems, but rather an accelerator of value accretive M&A? Even in a shrinking market, this dynamic might therefore trigger an extended period of solid returns for the leading actors, like Tradedoubler and Adtraction. We guess we will have to see how things shape out, but until then, we see great value in Tradedoubler's share, as indicated by the >100% upside to our Base Case, which builds on long-term growth well below the company's historical levels and its financial targets. The stock currently trades at an EV/EBIT of 5.5x-3.5x for 2025e-27e.

Tradedoubler	2024	2025e	2026e	2027e
Net sales	2101,0	2236,4	2437,7	2657,1
EBIT	19,7	54,4	69,4	85,1
EBIT(%)	1%	2%	3%	3%
EV/Sales	0,1	0,1	0,1	0,1
EV/EBIT	15,3	5,5	4,3	3,5

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

Redeye rating and valuation	
Base Case	13
Fair value range	6-21
Current share price	6,0
Return to base	117%
EV/OE LTM	4,2

Vertiseit: ~~Becoming~~ a digital screen M&A machine[27]

Founded in 2008, Vertiseit is an owner-operated software company targeting the digital in-store market. Simply put, the company helps global brands manage all digital touchpoints (mainly screens) in its stores, creating a unified brand experience across all sales channels. SaaS revenue (45% of sales) is the leading sales growth driver. Operationally, Vertiseit has reported more than 50 quarters of sequential ARR growth, both through the pandemic and a soft retail market, with an average organic y/y growth in ARR of c18% since Q1 2020.

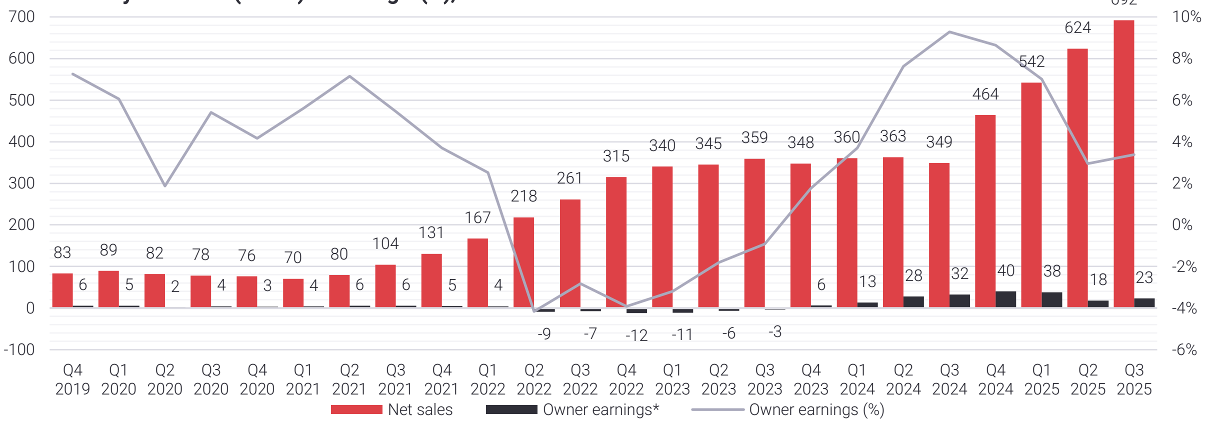
What sets the company apart from its competitors (and there are a lot of them) is, among other things, its platform-first strategy. As competitors supply customers with all products and services through the value chain, Vertiseit has specialised in creating a best-in-class software platform targeting leading retailers. Vertiseit's SaaS-business model is scalable, and after a period of somewhat weaker profitability (the company invested heavily in new IT systems while integrating a significant acquisition), the underlying profitability and cash generation have started to show.

The company pursues an acquisition strategy and has acquired eight companies since its listing in 2019 for a total consideration of SEK954m, financed partly by internally generated cash flows and partly by issuing shares. Since its listing in 2019, Veriseit has issued 19m shares, corresponding to an increase in the number of shares outstanding of ~150% over 6 years. Despite the annualised increase in the number of shares outstanding of ~19%, Vertiseit has managed to grow its EBITDA-CAPEX per share with a CAGR of 26.8% between 2019-2024 and with a CAGR of 31.1% until 2026e. We believe these figures testify to Vertiseit's management's ability to create shareholder value through successful capital allocation. The fragmented market offers many interesting M&A opportunities for a larger player like Vertiseit, and as evidenced by its latest acquisition of MDT, we believe the company has entered roll-up mode, starting to finance smaller acquisitions with internally generated cash flows instead of shareholder dilution. Vertiseit estimates its market share to be less than 2% of the core addressable market of 50M licenses, indicating a long growth runway, both organically and through M&A.

Key drivers to follow

- Effective integration of smaller acquisitions. Following the MDT acquisition, we believe Vertiseit has entered a roll-up phase. If the company can prove that it can integrate smaller acquisitions effectively, we believe this could trigger the share, as the roll-up story will be much clearer and more proven.
- Growing organically on existing and new customers. With an LTM churn & NRR of 2.8% and 108.5%, respectively, Vertiseit puts itself among the top 25% in both of these metrics of the Nordic-listed SaaS companies reporting churn and NRR. As the company targets leading retailers with large potential, continued solid NRR figures are key to reaching double-digit growth rates.
- Successful integration of Visual Art. The latest acquisition, Visual Art, has historically had a much lower profitability than Vertiseit due to several factors. As demonstrated with the acquisition of MultiQ, the company has proven its ability to increase profitability in its acquired companies. Getting Visual Art to run as efficiently as Vertiseit will contribute significantly to the group's profitability.

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).

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

Quarterly commentary

Vertiseit reported somewhat softer sequential ARR growth in Q3, following the global uncertainty witnessed in Q2, that spilled over and muted customer rollouts during Q3. ARR ended at SEK316m, up 15% y/y organically and 11% q/q annualised, which was slightly below our expectations. However, management highlighted that customer activity improved gradually throughout the quarter, and we are encouraged by the company's comments that both new and existing clients are showing more momentum again. Meanwhile, Vertiseit continues to gain traction within the fast-growing retail media space. The previously announced deal with Salling Group (with a potential of ~7500 licenses) was followed by a strategic partnership with Spanish-based In-Store Media, both of which selected Vertiseit's Grassfish platform after evaluating competing offerings.

The reported EBITDA-CAPEX came in slightly below our forecast, mainly due to softer Systems sales, which are volatile by nature and not part of Vertiseit's core growth strategy. SaaS margins remained solid, churn was impressively low at 2.8% annualised, and NRR held up at a healthy 108.5%, reinforcing our view that Vertiseit's platform is becoming increasingly mission-critical for its retail customers. We leave our Base Case unchanged at SEK75, but raised it to SEK76 following the acquisition of MuSe after the quarter ended. With the Dise CEO now based in Atlanta and a sharpened focus on international expansion, we continue to expect ~15% organic ARR growth supplemented by 2-4 add-on acquisitions per year. At ~12x 2027e EBITDA-CAPEX at the release of the Q3 report, Vertiseit screens as one of the cheapest SaaS names in the Nordic market with solid growth, margin scalability, and a strong recurring revenue base.

After the quarter ended, Vertiseit announced the acquisition of MuSe, a small German company focused on in-store audio solutions. While modest in size, the deal adds audio capabilities to Vertiseit's offering, an area where competitors such as ZetaDisplay and Mood Media already generate significant revenues. Management sees strong upsell potential, and the timing looks opportune as generative AI enables new, cost-efficient use cases for in-store music and voice. Vertiseit paid a relatively low price of 4.5x EBITDA-CAPEX and brought on MuSe's two founders in key roles going forward. We think this is a strategically sound (get it?) step that broadens the product suite, introduces an interesting upsell opportunity, and strengthens the company's competitiveness without stretching the balance sheet.

Vertiseit	2024	2025e	2026e	2027e
Net sales	464,1	672,0	813,3	872,9
EBIT	60,8	32,5	150,8	184,5
EBIT(%)	13%	5%	19%	21%
EV/Sales	4,8	3,3	2,7	2,6
EV/EBIT	36,7	68,7	14,8	12,1

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

Redeye rating and valuation	
Base Case	76
Fair value range	44-104
Current share price	66,0
Return to base	15%
EV/OE LTM	95,7

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	Martin Wahlström	No	No transaction (n/a)
CombinedX	Fredrik Nilsson	Yes	Buy (2024-12-06)
Enea	Rasmus Jacobsson	No	No transaction (n/a)
Formpipe	Fredrik Nilsson	Yes	Buy (2025-11-24)
Fractal Gaming	Jacob Benon	Yes	Buy (2025-11-24)
Genovis	Filip Einarsson	No	No transaction (n/a)
I-Tech	Oskar Vilhelmsson	No	Sell (2021-01-18)
Litium	Jacob Benon	Yes	Buy (2025-10-01)
Paxman	Gustaf Meyer	Yes	Buy (2025-05-21)
Safeture	Martin Wahlström	No	Sell (2025-05-20)
Sleep Cycle	Jessica Grunewald	Yes	Buy (2024-09-11)
Tradedoubler	Martin Wahlström	Yes	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 martin.wahlstrom@redeye.se / 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 authors of this report have voluntarily implemented supplementary trading rules to further minimise potential conflicts of interest. Specifically, the authors agree 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 authors will be prohibited to sell companies not currently under Redeye's coverage until 30 days after the report's publication.

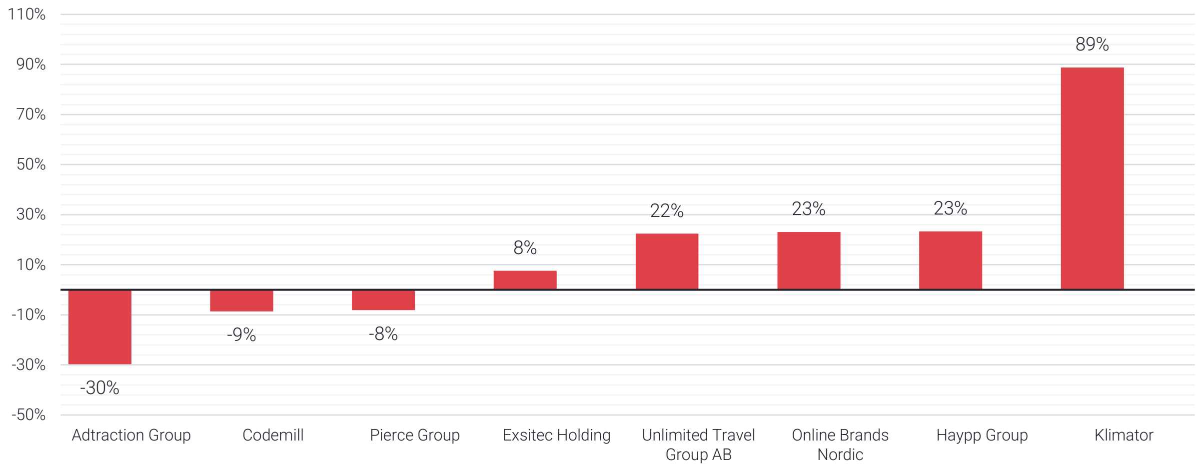
Nevertheless, one part of why this report has become reality is that we are allowed to cover companies where we are intrinsically interested in researching the names. As such, there will inevitably be situations where one or both authors own shares in the companies mentioned. The full list of holdings 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, we 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, not good enough, with average and median returns of 12% and 4%, 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.

Q3 2025 report constituents: Return since inclusion



Unlimited Travel Group – Profiled: Q2 2025 (link). Share price performance since inclusions: 22%

Unlimited Travel Group delivered a Q3 that we considered quite strong on all financial fronts. Sales grew by 13.3%, 12.5% of which was organic. The gross margin stood at 25.5%, against 22.3% for the same quarter last year (which is quite massive for a business with low single-digit margins). The increase is driven by the NEX acquisition, which has structurally higher gross margins due to accounting practices, as well as by overall optimised pricing. EBITA was up marginally y/y, albeit down organically, but this was driven by what seem to be relatively large investments in personnel and costs related to the NEX acquisition. These are generally good costs, as they are made to meet the solid demand that the company currently sees. So far, so good, and everything up to this point indicates a very strong end to the year, in a quarter where most profits are typically derived.[28]

However, then came the conference call. For Q4 last year, when the company delivered about SEK25m of its SEK27m in net profit for the whole of 2024, there was a quote saying the following (translated by us from Swedish):

"Revenue and earnings were affected by several major events and projects with unusually high profitability. Extraordinary events and projects are an integral part of our business model and are often booked well in advance."

We have not read too much into it, as it was one paragraph that essentially said "yes, there were some extraordinary events in the quarter, but this is a typical feature of our business model." We therefore asked for some clarification on the most recent call, essentially asking point blank how we should think about the one-offs in the comparable quarter, phrased as "are we talking about half of last year's earnings being of a one-off nature?" Management could not provide any more colour than what was stated in the Q4 2024 report and would not clarify this to any greater extent. This left us relatively confused. Our case in the previous report was built on incremental improvements against historical earnings, and suddenly we had no idea what those earnings were. If half of last Q4's earnings were removed from the full year cSEK27m figure, that would reduce it to cSEK14m.

[28] We also want to take the time to applaud the transparency in reporting, where it's basically possible to follow all key items in great detail.

When we forecast individual line items for Q4 this year, we see no reason why earnings would not be stronger than last year. The gross margins are much higher, bookings look strong, and it seems implausible that personnel expenses would increase enough to offset the positive effects of a higher gross margin and higher sales. Still, we think it is odd that a company that can apparently quantify a SEK0.5m impact from higher IT costs in the y/y EBITA bridge is unable to say whether half of last year's earnings (cSEK12.5m) is a one-off. Until there is some clarity on this matter, presumably after the Q4 release, we remain somewhat cautious.

Readers who think we are too short-term oriented may argue that we should look to 2026 rather than just the next quarter. They may say that the set-up looks good, with more sales personnel, more subsidiaries, and ripe opportunities for consolidation. Perhaps they would be correct, but if you look carefully at 2026, you will notice that the timing of vacation days over Christmas and New Year is worse in 26 than in 25, making for tough comparables. In short, the ideal set-up is for Christmas Eve to fall on a Wednesday, as the two following days are red days.

Thus, the question is where exactly we should look. To the three quarters that generated essentially no profit in 2025? Or to the next time Christmas Eve falls on a Wednesday? That would be in 2031. Perhaps we are simply not good enough to understand it, but we think the lack of clarification on the above matters has introduced a layer of uncertainty that makes it quite hard to have a view on where profitability should end up.

Pierce Group – Profiled: Q2 2025 (link). Share price performance since inclusions: -8%

Pierce delivered its strongest Q3 in a long while, with 17% revenue growth (+20% in local currencies) and adjusted EBIT climbing to SEK11m (from SEK0m last year), despite a -5.4pp drop in gross margin. Here, obsolescence effects had a 3 percentage points negative impact. Marketing efficiency improved notably, helping profit after variable costs rise from 22.5% to 19.7%, while overheads were cut by SEK5m despite strong top-line growth. This continued margin discipline reflects the real impact of the company's transformation. Headcount is down 35% from the 2023 peak, and sales per white-collar FTE have increased by a staggering ~80% (makes you wonder what all white-collars were doing before) as the organization has become flatter, faster, and more focused.

However, the gross margin drop remains a critical question mark. Obsolescence write-downs shaved ~3pp from gross margin in Q3, as Pierce had to clean up excess inventory built up to support assortment breadth. While this was a known risk, the actual financial impact is hard to forecast. Further write-downs could pressure near-term numbers, but nevertheless EBIT improved substantially despite these charges and the costs associated with the transformation of the groups IT stack. Pierce has nearly finished rebuilding its tech stack. The new PIM, CDP, and e-commerce platform are live in parts of the business, and by Q1 2026, the last major rollouts will be done. These investments have weighed on profitability, with SEK23m in cloud-related expenses YTD. But from Q2 2026, transformation costs will decline, and depreciation should ease. At that point, the company will operate on a more modern, scalable foundation across all functions.

Pierce is also preparing for future growth. Localizing the .eu site into 12 market-specific domains should realistically (although we are no e-commerce experts) boozt conversion and retention. Also, newer categories like mountain bikes and mopeds are gaining traction. These could unlock high-margin cross-selling opportunities over time, leveraging the group's existing logistics and marketing infrastructure. Finally, the company remains well-positioned should market consolidation begin in earnest. With a pan-European footprint, a fully digitalized platform and access to the capital market, Pierce should be able to emerge as a consolidator.

In the near term, the key variable remains inventory risk and its effect on margins. We're not yet confident we've seen the last of the obsolescence charges. But longer term, if Pierce can grow into its cost base, even with a structurally lower gross margin, we think the valuation is attractive. However, we feel the need to do some more research before we can grasp the short-term trajectory.

Online Brands Nordic – Profiled: Q1 2025 (link). Share price performance since inclusion: 23%

Last quarter, we were relatively critical of Online Brands, highlighting the removal of reporting for the individual subsidiaries in a quarter that was weaker than expected, partly due to integration costs related to the new acquisitions. This quarter, things took a step in the right direction. The reporting structure was revamped for the better (courtesy of our friends at Kalqyl, as we understand it), and the company hosted a report presentation and Q&A with Chairman David Rönnberg and CFO Mattias Haraldsson (watch it here). These are both steps in the right direction, and the interview in particular provided excellent insight into the company's strategy. Shifts like these in a company's communication with the market are always highly interesting, in our view. A lot can be inferred from what a company chooses to communicate, and it is especially notable when a company makes a full 180, moving from reduced communication to a far more open approach.

In terms of the numbers, the quarter was solid in our view. Net sales reached SEK122.6m, up 35.6% y/y, of which 7.7% was organic. Online sales grew 43.2% y/y, of which 7.3% was organic. Compared with last year, Reforma, Getcamping, and Tanrevel contributed to the inorganic growth. EBITA was SEK10.5m, representing a margin decline from 12.2% to 8.5% y/y. This was partly driven by the dilutive effect from the acquisitions, which had lower margins, but also by some costs of a one-off nature. As we understand it from the Q&A, there were significant integration costs in Q2, which continued partly into Q3 but should largely be cleared as we enter Q4.

The fourth quarter is the seasonally strongest, and we therefore believe that the end of the year can be quite strong. We do not have much to add other than recommending that everyone listen to the presentation above. It is interesting both for what is said and for the fact that it is being said at all.

It is also worth noting that the company's most recent acquisition, Tanrevel, announced a relatively large framework agreement with Matas Group a couple of days ago. The company will strengthen its presence in Sweden, going from 90 to 145 Kicks stores, and add 70 and 30 Kicks stores in Norway and Finland respectively (with no physical presence in these markets as of now), as well as 230 Matas stores in Denmark. Kicks is owned by Matas Group, and that brand is used, as we understand it, in the Nordic markets outside Denmark. It seems that the framework agreement covers all Matas' stores, and will also include the digital channels.

The extended agreement increases the total number of stores where Tanrevel has a presence (within Matas Group) from the current 90 in Sweden to a total of 475 across the Nordic region. It seems very hard for us to quantify what this might mean in terms of top line addition. However, we can say that it is a superb example of Online Brands' strategy: buy brands and scale them internationally. Although the preferred route is via the internet, an agreement like this should be a solid way to build brand recognition in a new country, which should enable improved ROI on marketing spend for the own e-commerce channel.

Furthermore, it seems sensible that Matas would not deepen the collaboration unless Tanrevel had been selling decently in existing stores. The framework agreement will start in February 2026, after the high season, when new items are added to the stores, we would guess.

On a similar note, we noted that the company had also partnered up with H&M Beauty (see post), which we think is a good thing. Although it is also hard to quantify. Beauty is not really our home turf, although we understand why readers might think it is.

Haypp Group – Profiled: Q1 2025 (link). Share price performance since inclusion: 23%

We realise this is going to be a rather dull quarterly update, as nothing material happened that altered our previous stance towards Haypp (at least that's our interpretation of the report). Haypp's Q3 report continued to show solid evidence that its long-term growth platform continues to strengthen. While reported net sales grew a modest 3% in constant currency, the like-for-like (LFL) growth excluding temporary US distortions came in at a solid 15%, underpinned by 21% LFL volume growth in nicotine pouches (the main growth driver). After a Zyn-less summer, the return of the US category leader to Haypp's platform in mid-September lifted volumes and signals brighter days ahead, just like we have hoped for. The gross margin improved sharply to an all-time high of 18.8% (14.3), helped by the Media & Insights segment and increased scale.

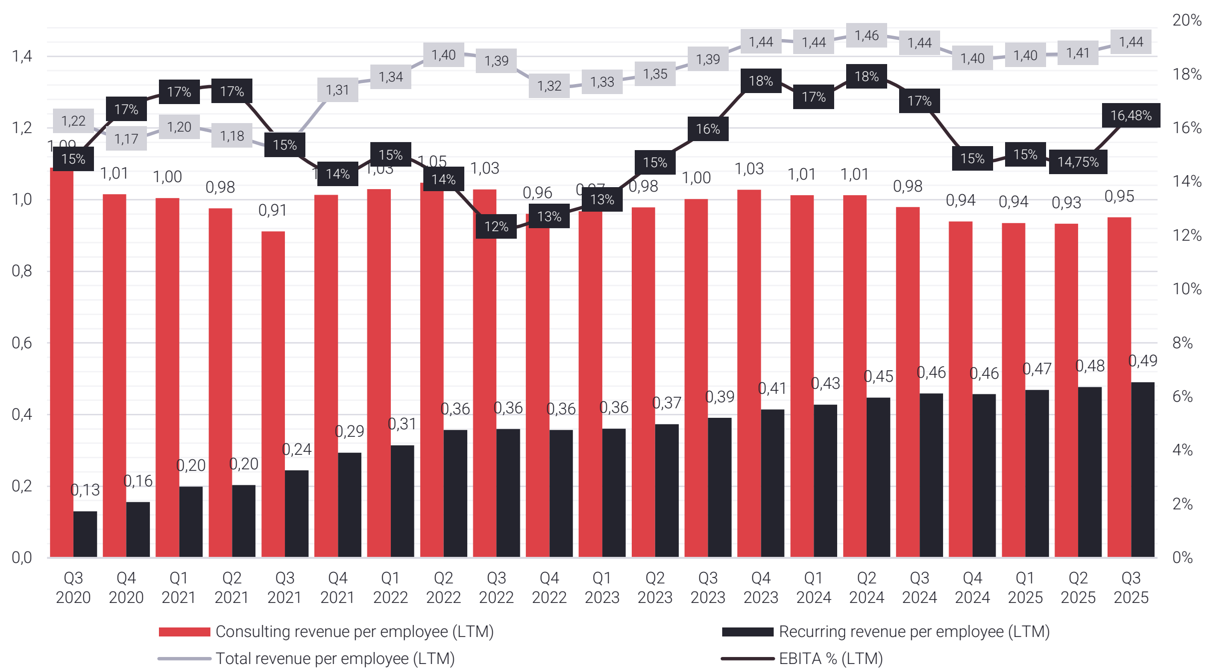
However, despite a solid increase in gross margin, the Group still delivered a flat y/y adjusted EBIT margin of 3.5%, mainly due to investing heavily in the US organization. All in all, the report shows a business moving steadily toward its finacial targets. The nicotine pouch category now accounts for 68% of volume, and the second half of Q3 saw growth accelerating. Meanwhile, Swedish snus (no longer core to Haypp) declined sharply (18% decline, wherof 6% due to a tax change) and had minimal gross profit impact.

Haypp now trades at ~10.4x EV/adj EBIT on the midpoint of its 2028 financial targets. A bit cheaper than the last time we commented, when the valuation was c12x. We continue to like the business model, and think the valuation is starting to creep near to being relatively attractive.

Exsitec – Profiled: Q3 2024 (link). Share price performance since inclusion: 8%

When discussing Exsitec, we think the case can be very well explained with this one chart:

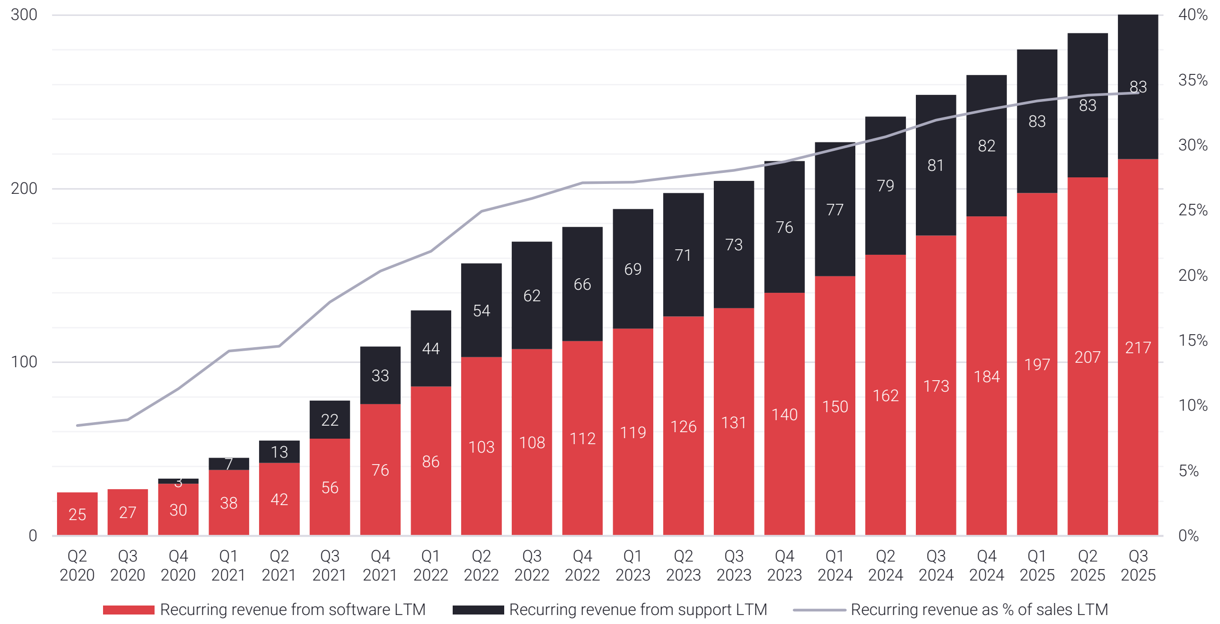
Exsitec: Revenue per employee (SEKm), LTM



Source: Redeye research (chart structuring and owner earnings definition), Company filings (underlying data).

But as this below chart is also soooo nice to look at, we'll show that as well.

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



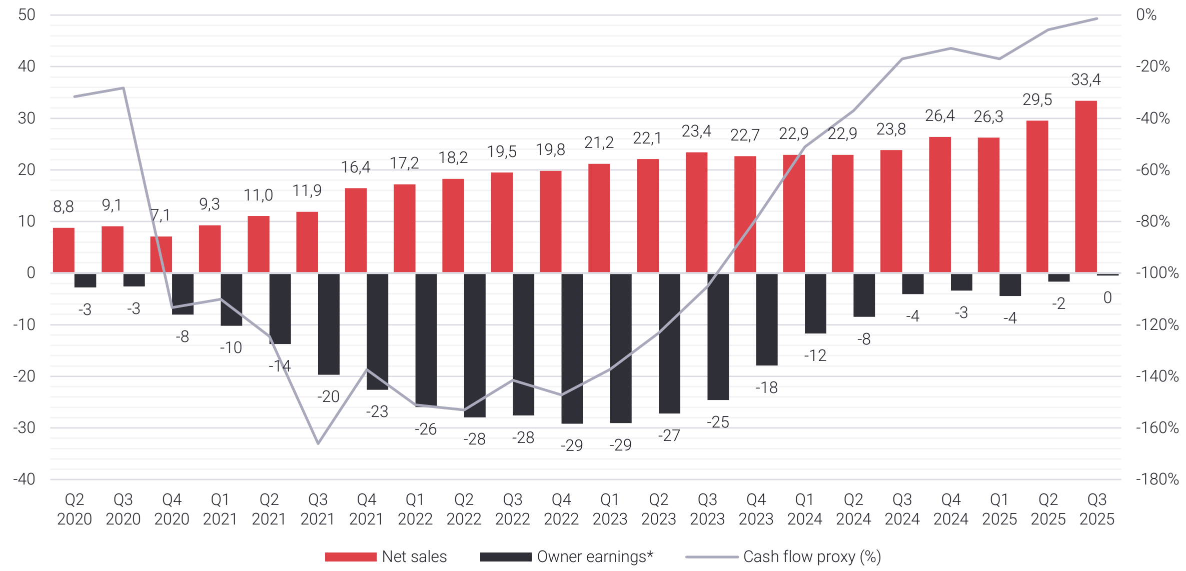
Source: Company filings (underlying data), Redeye Research (Chart structuring)

So the conclusion to be drawn from the first chart, is that consulting revenue on a per employee basis has been on a downward trend for at least the past 6 quarters (depending on how many data points you think is needed to draw a trend). At some stages, the growth in recurring revenue from software subscriptions has been able to compensate for the weak consulting market and mitigate margin pressure. However, that has not been the case since Q4 2024. But now, a change can be seen, with consulting revenue on a per employee basis is growing again for the first time in six quarters. This very small increase leads to substantial margin improvements, as you can see in the chart, where the EBITA margin on a LTM basis increased by almost two percentage points. This means that now when the company has doubled the subscription revenue per employee for the past four years, small upticks in consulting revenue per employee has a large impact on the company's EBITA margin. Q3 delivered 6% organic growth, and an EBITA improving from SEK6m last year to SEK25m this year, and a margin improvement from 4% to 14% y/y. Exsitec continues to outperform the general consulting market both in terms of growth and margins, and we find the current valuation of c13x EV/EBITA on 2025e attractive for a company that we believe is a mix of a consultant, a SaaS company and a serial acquirer.

Klimator – Profiled: Q3 2024 (link). Share price performance since inclusion: 89%

Klimator delivered another quarter with 70% growth y/y, the second in a row, although Q2's strong growth was partly a result of shifting revenues from Q1 to Q2 under the Banedanmark contract, which comprises an initial hardware component. Net sales reached SEK9.4m in the quarter, up from SEK5.5m last year. This was driven in part by hardware installations that arrived early and usually come in Q4, meaning that expectations for y/y growth in Q4 should most likely be more modest. The gross margin was 62% in the quarter, against 87% last year, reflecting the increased share of hardware installations. Nevertheless, the underlying base of recurring revenues is stated to grow solidly as well. Below is a chart depicting the LTM key financials, and although the sales development is naturally influenced by hardware installations, the development appears solid.

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



With an underlying base of revenue that has very high gross margins, we believe the recurring part could have gross margins as high as 90%. The incremental margin from this point could therefore be excellent. Still, the base is quite small in absolute amounts, meaning that the company's reinvestment pace in terms of new hires and similar will still have a large impact on the margin the company shows in the coming quarters. However, the company has been very good at scaling with minimal costs recently, as shown by the LTM sales figure per employee:

Klimator: LTM sales per employee, SEKm (left) and number of employees (right)

The order flow continued during the quarter, with Naestved Municipality and Icebug integrating Klimator's solutions. In addition, the first commercial integration of Adaptive Salting was made, where the salting is adapted in real time based on the actual conditions on the road. The company writes that it expects to start the commercial launch with more force in 2026, and that 2027 is when it will start to contribute meaningfully to the top line.

We continue to monitor Klimator closely, arguing that it has been doing many things right over the past years. In essence, it has successfully turned profitable, and we believe the seasonally strong period during Q4-Q1 will show distinct profitability. There are also many interesting initiatives, or optionalities if you like, in the case, such as Adaptive Salting, which might start to materialise gradually over the coming years. Although it is hard to say how much of the current revenue base is recurring and how much is due to hardware installations, the recurring part should be meaningful. It will also be interesting to see whether the company might start to report more on the recurring revenue base as it becomes increasingly large.

Adtraction – Profiled: Q2 2024 (link). Share price performance since inclusion: -30%

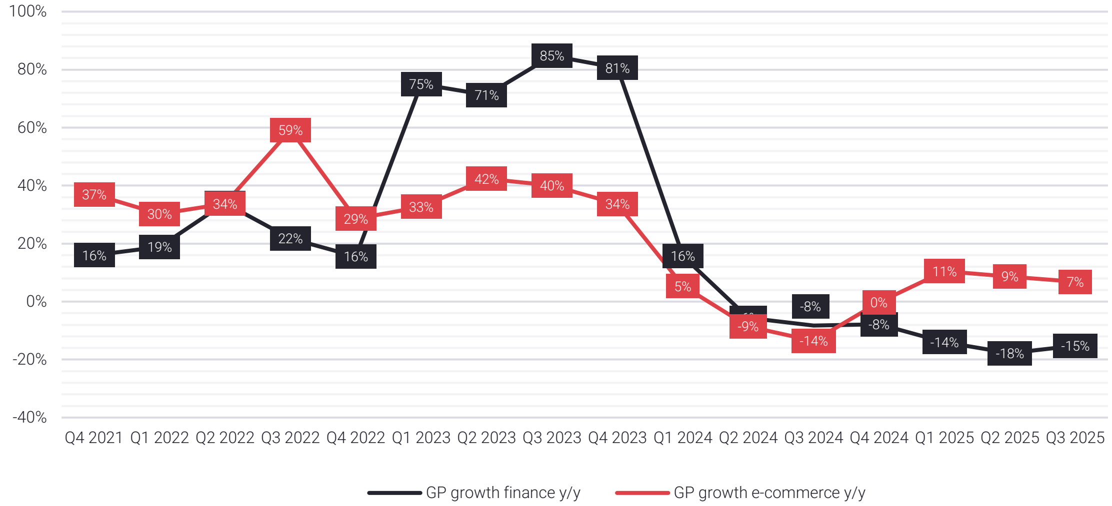
Adtraction delivered another quarter of solid profitability despite continued headwinds in its finance vertical. Group gross profit declined by 2.3% y/y, but the pressure was isolated to finance (down ~15%), while e-commerce continued to grow (+6.9% y/y including Adrecord). Encouragingly, the Swedish finance segment showed modest growth in September, a potential early signal that growth is not off the table even post-regulatory tightening. EBITA improved slightly y/y, with the margin ticking up to 4.2%, operating expenses were SEK0.9m lower than Q3 2024 and we are really impressed by Adtractions ability to slightly grow EBITA despite a decline in gross profit (even though we know last year's Q3 was slightly burdened by EO costs).

We remain confident in Adtraction's ability to defend margins through downturns, but to get the share price moving, growth must return. That makes the e-commerce growth rate interesting, as it is gaining a larger and larger share of Adtraction's gross profit, we think it is only a matter of time before the whole group starts posting positive growth rates again. Also, the recently announced acquisition of Affiliate Future in the UK is particularly interesting. With its 210 clients and 2,900 publishers on a legacy platform, the carve-out is not expected to impact EBIT meaningfully in the next twelve months. However, we see a clear path to cost synergies and network effects once clients are migrated to Adtraction's infrastructure, which is expected during Q1 2026. With no overlap in customer bases and limited integration risk, the deal looks well-structured and if synergies can be realised (read: if headcount can be lowered), the SEK19m price tag for SEK12m in gross profit does not sound too bad in our ears.

Meanwhile, Bundler continues to gain traction and may become a meaningful contributor sooner than many expect. Gross profit growth here could have near-100% operating leverage, and based on our Linked-In scouting, we believe the team is building relationships with major players in the subscription space. Specifically, we noted that one of the founders of Bundler is connected to a managing director of partnerships on Netflix. While it is far too obscure to call that a sealed deal, we think interesting times are ahead for Bundler, which is reported under the "other" category in Adtraction's reports.

Looking ahead, Q4 should provide seasonal tailwinds from Black Friday and Christmas campaigns. But longer-term, Adtraction's strategic projects, ranging from tracking upgrades and Salesforce implementation to a new influencer tool, signals a company investing for the long run. For now, growth is muted. But with solid margins, a growing e-commerce vertical, and many internal initiatives as optionality, we continue to like the case. Even more now, that sellers of some 20-22% of the company are finally done selling. Maybe we shouldn't call the bottom here for a company that we are not currently covering, but if we could, we would.

Adtraction: Growth per vertical (%), Quarterly



Source: Company filings (underlying data).

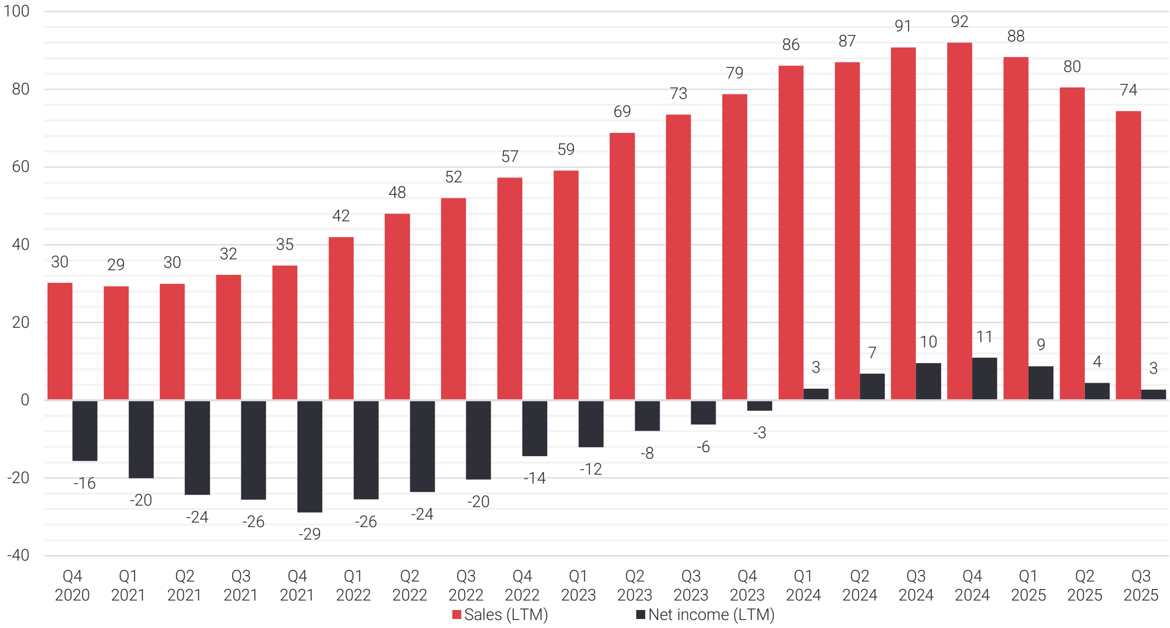
Codemill – Profiled: Q2 2024 (link). Share price performance since inclusion: -9%

Codemill delivered a solid Q3 2025 report, in our view, although it requires some untangling to understand properly. Net sales were down 28%, from SEK21m to SEK15m, and EBIT was SEK0.5m, down from SEK2m last year. However, the following should be noted:

- The consulting deal that was not extended last year (we speculate it was Google) had a significant impact on the comparable figures (c20% of sales). Excluding this effect, sales were down only 9%, which can probably be explained almost entirely by FX effects.
- As we understand it, the company is increasingly focusing its consultancy business on integrations of its own product, which may result in a short-term negative impact on the top line, although it should build a higher-quality revenue base going forward.
- There is also the dynamic that the company has a substantial net amortisation, meaning that cash earnings (EBITDA–Capex) are higher than reported net income.

Thus, the reported financials look as follows:

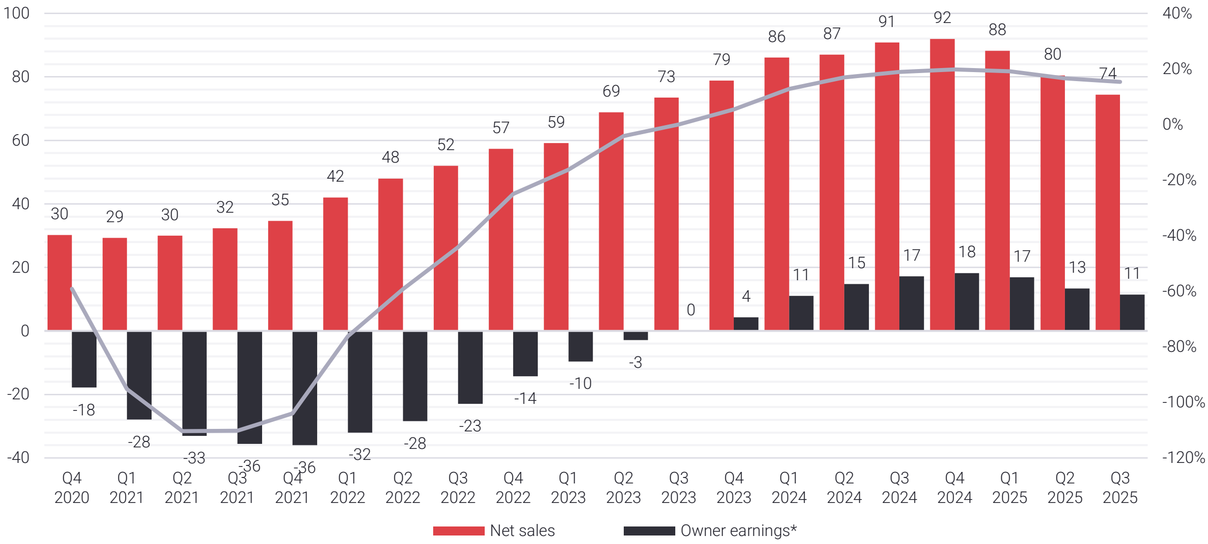
Codemill: Key financials (SEKm)



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

EBITDA–Capex LTM is SEK11m, which is markedly higher than reported net income and more representative of current cash-flow generation.

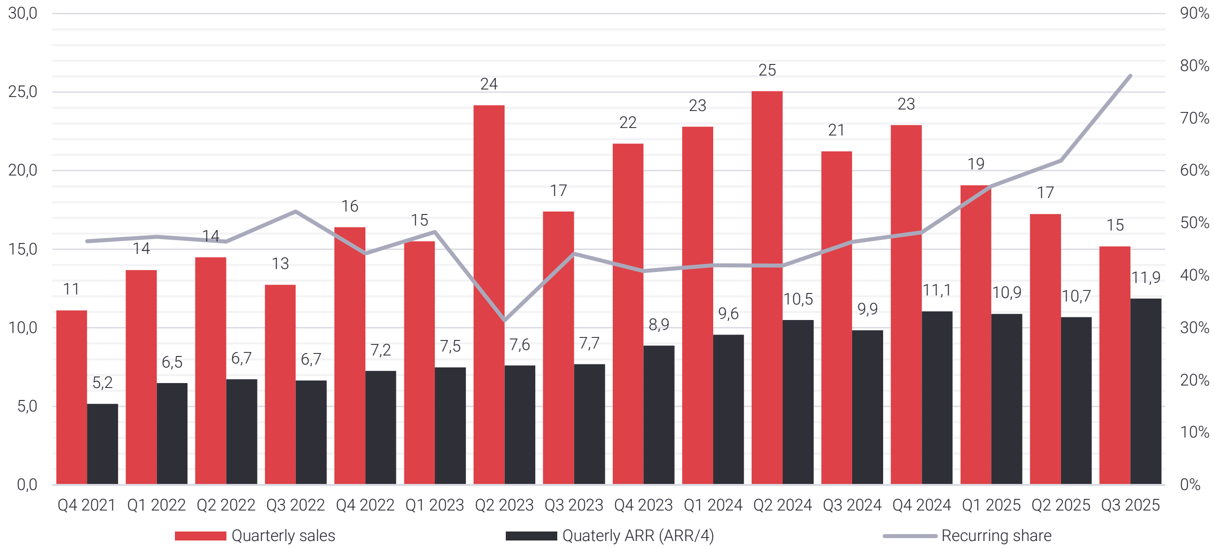
Codemill: Key financials (SEKm) and margin (%), LTM



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

The trend still does not look especially promising. However, there is also a shift in the underlying revenue base, with an increasingly larger portion of sales coming from the recurring base. The company began this transformation some time ago, but it was unwillingly accelerated by the termination of the Google contract last autumn. Below, we show the split between total net sales and recurring revenue, which is ARR divided by four. This aligns with the company's definition of ARR, as it is essentially the inverse of the above calculation.

Codemill: Quarterly net sales (SEKm) and ARR share (%)



Source: Redeye research (chart structuring and quarterly ARR calculation), Company filings (underlying data).

Here, it is clear that the underlying base is stable and growing. The 20% y/y increase in recurring revenue this quarter is highly solid, considering both the FX pressure and the current macroeconomic environment. The current delta between net sales and recurring revenue should, in our view, represent a baseline for consulting revenues, meaning that sales from this point forward should grow sequentially. The third quarter also tends to be slightly slower for net sales, presumably because consultants simply work less in the quarter due to vacations.

Just a few days ago, there was another, highly interesting piece of news. Codemill signed a three-year contract with a *"leading global streaming platform, specialising in Asian entertainment:"* It is further stated that:

"The streaming platform is a prominent American over-the-top (OTT) streaming service. It serves as the world's leading platform for Asian entertainment and culture, offering millions of viewers access to primetime shows and movies subtitled in over 200 languages."

Using a quick Google search, we think Rakuten Viki matches the description quite well:[29]

"Rakuten Viki is an American over-the-top subscription video on-demand streaming service. It streams videos similar to other services, but also allows users to subtitle content available in 200 languages as well as providing original programming."

The contract is worth SEK8.1m in recurring revenues over three years, implying an addition of more than 5% to the ARR base (SEK2.7m annually). The agreement will also generate some additional revenue from set-up work and other digital services. We view this agreement as an important part of the investment case. YTD, there are cSEK7m in our metric for owner earnings, which is very similar to EBITDA-Capex.[30] Let us be generous and assume the company can lift this figure to SEK10m for 2025 (for simplicity of calculations). Recurring revenue from this point is likely to fall straight to the bottom line, meaning that the SEK2.1m in new ARR will add c20% to normalised cash-flow generation. Let us also assume that the remaining base (cSEK50m) grows by 10% in 2026, which we view as relatively conservative, given that ARR has been significantly pressured by FX this year (and still grew 20% y/y in Q3). In that case, this would add another SEK4m to the EBITDA-Capex measure (assuming 80% falls through for "regular sales"), resulting in EBITDA-Capex of SEK16m for 2026e (SEK10m + SEK2m + SEK4m).[31] The current enterprise value is cSEK200m, resulting in an EV/EBITDA–Capex multiple of c13x. The EV/ARR multiple under these assumptions would

[29] https://en.wikipedia.org/wiki/Rakuten_Viki. In addition, Codemill's CRO has five connections with people from Rakuten Viki on LinkedIn.
[30] Adjusted for legal costs related to the Ateliere debacle.
[31] The SEK10m starting point might be a little high, but we think this is mitigated by the conservative growth assumptions and not modelling any of the additional revenue associated with the (we guess) Rakuten Viki contract.

be c3.7x. The EV/S multiple would be c2.5x.[32] All these metrics are below Nordic SaaS peers. Although Codemill is smaller than the median SaaS company, its current growth is stronger than most. With the announcement of the new contract and its implication for the PnL, we think the current share price is actually below fair. With the new American sales personnel seemingly gaining traction as per commentary in the report, growth excluding the Rakuten Viki contract could also exceed the 10% level used here, which could provide further upside.

[32] Assuming 10% growth against a 2025 base of SEK70m + the SEK2.1m from the announced contract.

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. 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: -40%

Everysport Group – Profiled: Q4 2024 (link). Share price performance since inclusion: 59% [delisting on Sep 9][33]

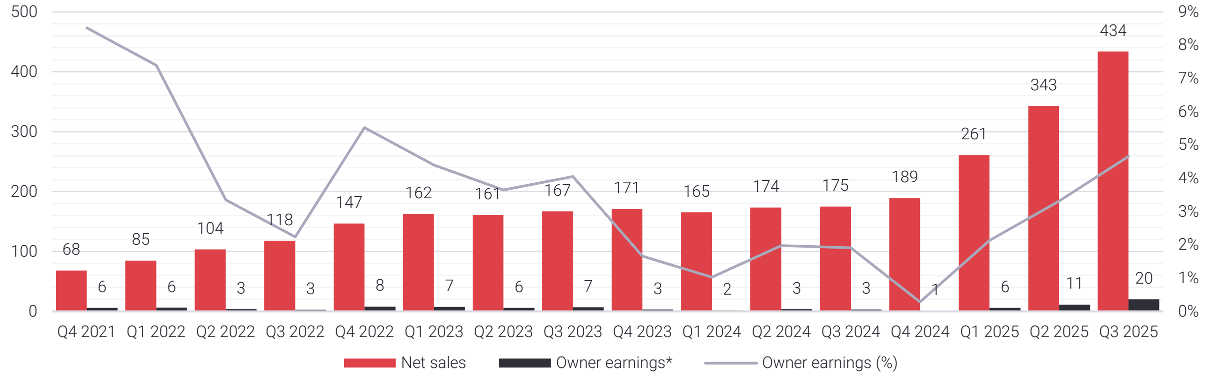
Söder Sportfiske – Profiled: Q3 2024 (link). Share price performance since inclusion: -24%

[33] 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.

Sustainion: Flying under the radar on 100% renewable M&A

Sustainion is an industrial group that owns companies with a tilt towards sustainable technologies. The company is, in our opinion, flying under the radar, and conducts its operations through six subsidiaries. Without getting too nitty gritty, we are going to briefly explain what the subsidiaries do, and how large share of sales they would have constituted if they were all owned during 2024.

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



*Owner earnings defined as EBITDA - investments in tangibles and intangibles - tax - interest paid - leasing.
Source: Redeye research (chart structuring and owner earnings definition), Company filings (underlying data).

EHC Teknik (4% of sales): Develops, manufactures, and sells diesel particulate filters and other exhaust-purification equipment for vehicles, logistics machinery, and construction equipment.

EnviroClean Sweden (4%): Produces exhaust-gas analysis instruments for vehicle workshops and inspection stations.

Elpro i Allingsås (15%): Provides advanced automation and electrical control solutions, serving industrial customers from its modern facility outside Alingsås.

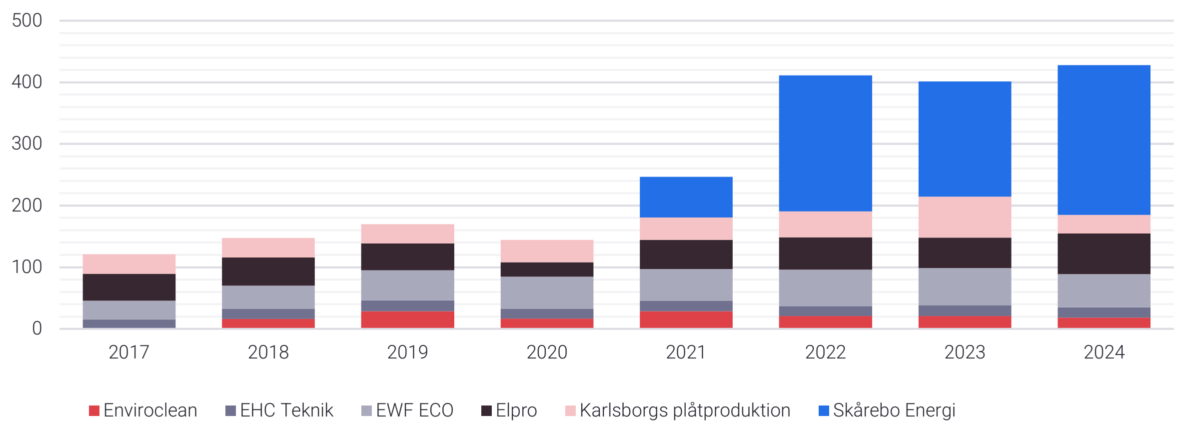
EWF Eco (13%): Leads the Nordic market in smart waste management such as solar-powered, connected trash bins, and also public-space lighting solutions.

Karlsborgs Plåtproduktion (7%): A highly automated manufacturer of sheet-metal and tube components, serving a broad base of Swedish and international industrial customers.

Skårebo Energi (57%): A leading Nordic wholesaler of EV chargers and accessories, offering both third-party products and its own developed charging equipment.

Below is a chart of the subsidiaries sales, note that Sustainion has not owned all companies during this time frame.

Subsidiaries - Sales



Subsidiaries - Financial history

As can be seen in the blow tables, the subsidiaries has had varying development, and as many product businesses led by an entrepreneur, they see fluctuations between the years. When reading through the annual reports of the subsidiaries, it is evident that some years are better than others, and that many were affected by the pandemic and the component shortage in 2021, as well as raw material price hikes in 2022 and beyond. In our opinion, this is not unique for Sustainion, a company should be able to solve problems to the best of their ability when they arise and considering that most companies have been profitable for the vast majority of years, we think they have managed relatively well.

Subsidiaries - SALES	2017	2018	2019	2020	2021	2022	2023	2024
Enviroclean		16	28	17	29	21	21	18
EHC Teknik	15	16	18	16	17	16	17	17
EWF ECO	31	37	49	52	51	59	60	54
Elpro	44	46	44	23	47	52	49	66
Karlsborgs plåtproduktion	32	32	31	37	37	42	67	30
Skårebo Energi					66	221	187	243
TOTAL SALES	**121**	**147**	**170**	**145**	**246**	**411**	**401**	**428**

Subsidiaries - EBITDA	2017	2018	2019	2020	2021	2022	2023	2024
Enviroclean		2	2	2	5	3	2	2
EHC Teknik	1	3	4	3	3	4	2	0
EWF ECO	3	2	4	4	3	-5	-5	1
Elpro	5	3	-1	-6	0	3	-1	4
Karlsborgs plåtproduktion	3	2	1	6	3	6	13	3
Skårebo Energi					5	14	6	15
TOTAL EBITDA	**13**	**12**	**10**	**8**	**19**	**25**	**17**	**25**

Subsidiaries - Growth	2017	2018	2019	2020	2021	2022	2023	2024
Enviroclean			75%	-42%	73%	-28%	1%	-13%
EHC Teknik		7%	9%	-8%	5%	-5%	7%	-5%
EWF ECO		22%	30%	6%	-1%	15%	2%	-11%
Elpro		5%	-4%	-47%	103%	10%	-6%	34%
Karlsborgs plåtproduktion		1%	-3%	19%	-1%	16%	57%	-55%
Skårebo Energi						236%	-15%	30%
TOTAL Growth		**8%**	**15%**	**-15%**	**25%**	**67%**	**-2%**	**7%**

Subsidiaries - EBITDA margin	2017	2018	2019	2020	2021	2022	2023	2024
Enviroclean		11%	8%	12%	17%	16%	12%	9%
EHC Teknik	9%	21%	25%	19%	17%	22%	11%	1%
EWF ECO	10%	5%	8%	7%	5%	-8%	-8%	2%
Elpro	12%	6%	-3%	-27%	0%	6%	-1%	6%
Karlsborgs plåtproduktion	11%	7%	4%	15%	9%	13%	19%	10%
Skårebo Energi					8%	7%	3%	6%
TOTAL EBITDA	**11%**	**8%**	**6%**	**6%**	**8%**	**6%**	**4%**	**6%**

As most of these subsidiaries have zero or very low levels of debt, does not report according to IFRS16, and is very capex-light (capex to sales is just 1% on a group level), we use EBITDA as a profitability measure, as it is very close to EBIT and one subsidiary had a one-off write down of goodwill due to a fusion between the mother company and the subsidiary. Hence, EBITDA in this context works good enough.

M&A overview

So our take on the subsidiaries, is maybe not that they are the finest selection of companies with stable recurring revenues or the next unicorn. However, Sustainion does not pay for that kind of quality either. Rather, we think Sustainion has acquired these companies at attractive multiples, especially the two latest, which accounts for some 2/3 of the group's total sales.

M&A	Sales	EBIT	EBIT %	Consideration	+ Earnout	EV/EBIT	Inc earnout
Enviroclean	20	1	7%	12	0	9,2	9,2
EHC Teknik	25	7	28%	38	0	5,4	5,4
EWF ECO	57	6	11%	25	0	4,2	4,2
Leading Light (add-on for EWF)	13	1	8%	7	10	6,9	16,7
Elpro	52	3	6%	13	0	4,2	4,2
Karlsborgs plåtproduktion	47	9	19%	27	30	3,0	6,3
Skårebo Energi	225	15	7%	40	40	2,7	5,3
Average	**63**	**6**	**12%**	**23**	**11**	**5,1**	**7,3**
Median	**47**	**6**	**8%**	**25**	**0**	**4,2**	**5,4**

So, what's the case?

Now that you have had an introduction to the company, the subsidiaries, and the M&A history, let's talk about the case, and we'll try to be brief here as well.

Do we think Sustainion is the best company in the world, with market leading products, way ahead of competition, with a financial history that makes your eyes tear up? Well, maybe not. Do we think it is an absolutely okay company trading at a "this business is going to get disrupted by AI" multiple? Yes we do.

Sustainion's two most recent acquisitions were made at the end of 2024 and in mid-September. These two acquisitions are already paid for (except the earnouts that are based on the company's performance and is due for payment between 2025-2028). So the assets are on Sustainion's balance sheet as of today, but far from 100% of the profit these companies are making are seen in Sustainion's PnL. At the same time, the recent acquisition Skårebo, is growing rapidly due to a European expansion that is just starting. Skårebo is a distributor of electric vehicle charging equipment, has a 60% market share in the Nordics, and is now expanding to Europe. This is having a large impact on Sustainion's reported organic growth, which amounted to 31% in Q3.

Valuation

On a back-of-the-envelope basis, if we just take the average quarterly run rate for the past three quarters in terms of owner earnings, where Skårebo has been consolidated for the entire time, and add our estimated owner earnings for the recently acquired Karlsborgs Plåtproduktion, we end up with a P/OE of 7.1x.[34] Looking into 2026, assuming that the 31% organic growth that the company is currently printing will not fade to zero directly, the figures start to look even more attractive. For example, assuming 7% organic growth in 2026, the same gross margin (c30%), and that personnel expenses increase organically by 7% as well, Sustainion trades at 6.2x P/OE, 5.1x EV/EBITDA-Capex-Leasing or 6.1x the same metric but including earnouts in the EV calculation. With an estimated ND/EBITDA of 0.0x in 2026 and 0.8x including earnouts, giving room for more acquisitions to be executed, we find the opportunity very interesting.

[34] *We define OE for Sustainion as EBITDA - investments in tangibles and intangibles - tax - interest paid - leasing. The company currently ties some 9% of NWC to LTM sales which is not included into our OE calculation as it distorts historical figures due to recent acquisitions, but keep in mind that some capital is needed to grow.*

Premium Snacks Nordics: From local to leading

This write-up was written by Adam Sommensjö, who has been doing his internship with us at Redeye during the fall. Feel free to follow him on Twitter/X (@sommensjo2001). And know that any praise for this text would be misplaced if aimed at Martin or Jacob.

Premium Snacks Nordic AB is a Swedish producer of premium chips and natural snacks under the brands Gårdschips and Exotic Snacks. Founded as Rootfruit Scandinavia AB, the company listed on Nasdaq First North Growth Market in 2014 and adopted its current name following the 2019 merger with Exotic Snacks. Over time, it has evolved from a niche crisp maker into a vertically integrated snack group, encompassing the entire value chain from sourcing and importing raw materials to seasoning, frying, and packaging finished products in-house. This integration allows the company to maintain high quality control, strengthen margins, and ensure traceability across its production process. The strategic focus is on profitable, sustainable growth driven by operational efficiency and strong brands. As of Q3 2025, Premium Snacks reported LTM net sales of cSEK530m, of which 92% came from Sweden and 8% from exports, with an LTM EBITDA margin of 8.07%. A 600%+ run in the share price since late 2023 begs the question if this company still has more to give.

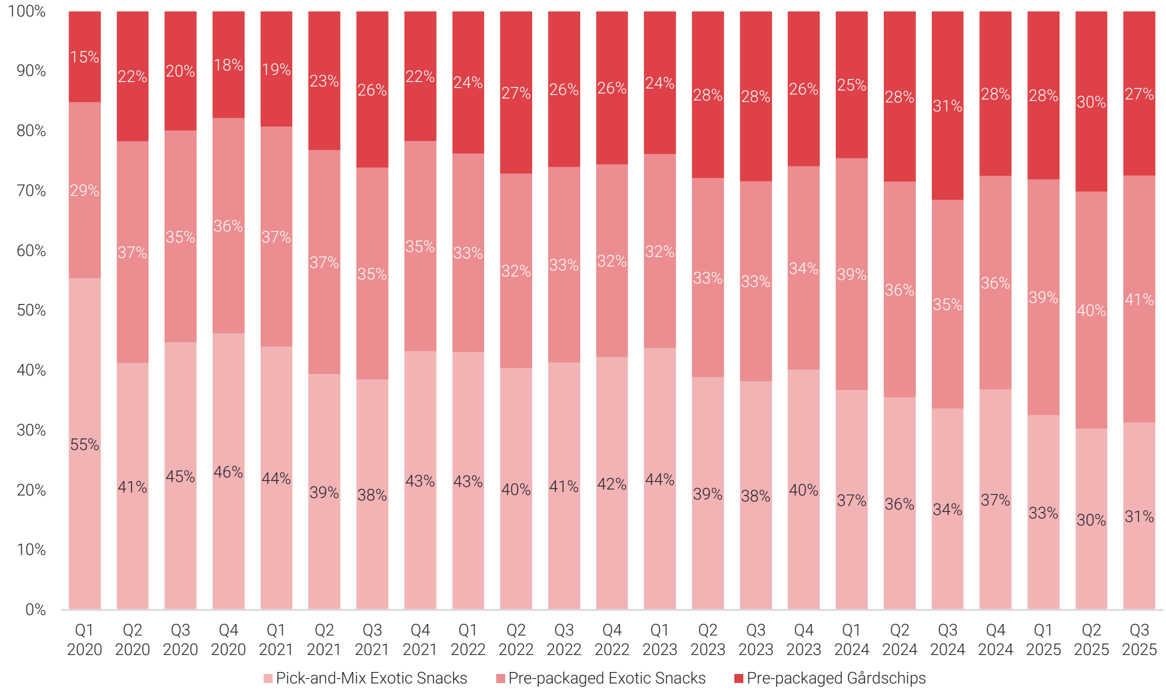
Exotic Snacks

Founded in 1985 in Länna, Exotic Snacks offers a broad assortment of nuts, muesli, chocolate dragées, liquorice, rice snacks, and dried fruits in both pre-packaged and pick-and-mix formats. As a market leader in both segments, it benefits from direct sourcing and in-house trading, meaning that the company imports and allocates raw materials internally rather than through external intermediaries, improving cost efficiency and gross margins. The brand distributes to c450 retail stores in Sweden and Europe, representing 72% of the group's net sales in 2024, which was distributed c50% between each segment. Since 2020, revenue has grown at a CAGR of 6.2%, driven by 10.9% growth in pre-packaged products.

Gårdschips

Established in 1994 in Laholm, Gårdschips is a leading brand in the Swedish premium potato-chips segment, with additional products such as root fruit-chips. It operates a fully integrated production model, sourcing local potatoes and Swedish rapeseed oil while managing the entire production chain in-house. This enhances efficiency and quality, while its focus on traceability, by including the chips master, potato variety, and farm coordinates on the bags, is its premium positioning. In 2024, Gårdschips accounted for 28% of group sales. They achieved a CAGR of 21.3% since 2020, reaching a 21.2% market share in Sweden’s premium-chips segment, competing with the likes of Lantchips (private label), Västkustchips (Estrella), and Delichips (OLW).

Premium Snacks Nordic: Sales by segment

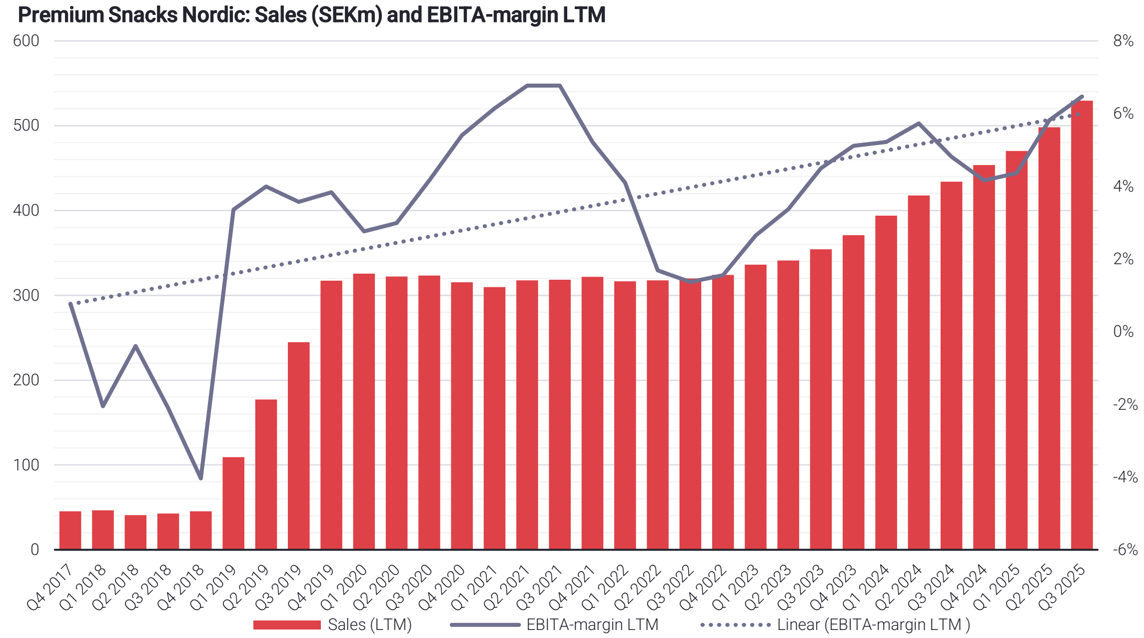


Source: Redeye research (chart structuring), Company filings (underlying data)

Sales, Sales, Sales

Since Henrik Strinning took over the company in 2022, it has adopted a more sales-driven approach. In various interviews and public appearances, Strinning has emphasised the importance of sales and the idea that every employee should be involved in the sales process because with great sales comes great responsibility. Okay, maybe not exactly, but Strinning's core belief is that strong sales growth unlocks opportunities to improve other business areas, such as margins and workforce development. One concept he has highlighted is the push-pull effect: initially, the company pushes products onto the market, generating a natural pull from customers as demand builds.

Premium Snacks Nordic: Sales (SEKm) and EBITA-margin LTM



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

The Company´s current margin goals are set at an annual EBITA margin of 6%, which reflects an EBITDA margin of 9%. In Q3 2025, it reported an EBITA margin of 8% with the corresponding LTM figure amounting to 6.5%, which is 0.5pp over the long-term goal. Additionally, the LTM EBITDA margin in Q3 2025 was 8.07% which is a bit under the long-term goal of 9%. As a comparison, Orkla Snacks reported an Adj. EBIT margin of 13.1% for FY2024, and Estrella (Intersnack) has an EBIT margin of 11.5%. This appears to be a valid comparison, as the difference between EBITA and EBIT for Premium Snacks remains modest. With continued growth and operational leverage, we believe the company can gradually lift its margins toward higher levels. While certain margin improvements may stem from a more integrated value chain, we do not consider this the primary driver. In our view, higher volumes represent the main opportunity for margin expansion. That said, the pick-and-mix segment, which accounts for roughly 31% of revenues, does have an impact, as it operates with structurally lower margins.

Premium Snacks Nordic: Margins

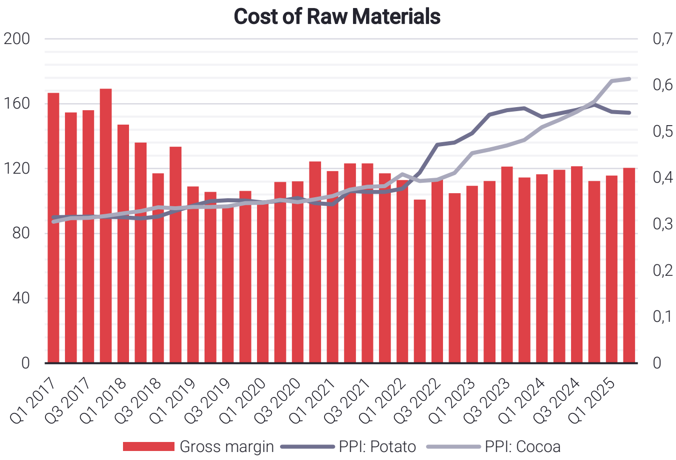
SEKm	2017	2018	2019*	2020	2021	2022	2023	2024	Q1 2025	Q2 2025	Q3 2025
Net sales	45,5	45,5	317,2	315,4	321,8	324,1	371,0	453,7	122,7	142,1	145,1
Gross profit	25,5	21,1	116,1	123,3	135,9	122,1	148,9	186,4	49,7	59,9	59,9
EBITDA	0,4	-1,8	12,2	17,1	16,8	5,0	19,0	28,9	8,3	15,5	14,2
EBITDA-margin	1%	-4%	4%	5%	5%	2%	5%	6%	7%	11%	10%
EBITA	0,4	-1,8	12,2	17,1	16,8	5,0	19,0	18,9	6,0	13,2	11,6
EBITA-margin	1%	-4%	4%	5%	5%	2%	5%	4%	5%	9%	8%

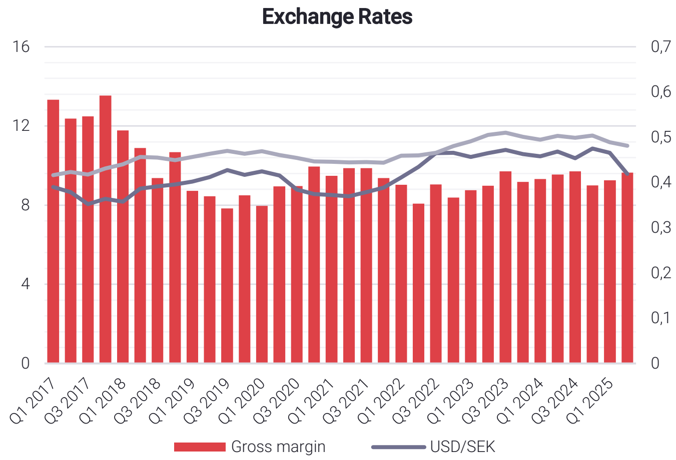
**Exotic Snacks acquired in 2019. Source: Redeye research (chart structuring), Company filings (underlying data).*

The company's recent margin improvements can largely be attributed to structural and operational factors linked to scale and integration. One of the most significant drivers is the company's growing size. As revenue and production volumes have increased, opportunities have emerged to integrate a larger share of the value chain. Gårdschips operates a fully integrated production process, except for externally sourced potatoes and rapeseed oil. This means they control core production steps such as frying, seasoning, and packaging internally, enhancing margins, quality assurance, and brand integrity. This high degree of integration allows for greater cost control, reduced marginal costs, and ultimately improved profitability. Gårdschips is currently the group's best product in terms of margins. As its share of total revenue continues to rise alongside sustained market share gains, it provides positive momentum for overall margin expansion.

While somewhat different in structure, Exotic Snacks is also moving toward greater integration, with a growing share of production now handled in-house. However, due to the nature of its product portfolio, where most raw materials are imported from across the world, the business is more exposed to external factors such as input costs and currency fluctuations. The company's increased scale enables it to purchase raw materials directly from the countries of origin and to conduct internal raw material trading, reducing intermediary costs. Meaning that instead of using external intermediaries or importers, the company handles the import and distribution of raw materials. This leads to capturing the trading margin that would generally go to a middleman, having better control over pricing and logistics, and optimising purchasing across the group. Recent investments in the Länna facility have further enhanced efficiency, allowing approximately 90% of products to be packaged in-house. The pre-packaged segment carries higher margins than the pick-and-mix segment, which is more store-dependent and thus associated with higher distribution and handling costs.

Although current margins remain stable, short-term profitability is sensitive to fluctuations in raw material prices and exchange rates. Historical examples include price increases in key inputs such as potatoes, cocoa, and various nuts. The company employs portfolio adjustments and localised production strategies to mitigate these effects. By offering more affordable nut mixes and peanuts, the company can offset temporary increases in raw material costs while simultaneously broadening its customer base and reinforcing market share. Exotic Snacks sources a large share of its raw materials from abroad, so the brand is naturally more exposed to exchange rate fluctuations. While this may put short-term pressure on margins, such effects tend to even out over longer time horizons.





Source: Exchange rates from Investing.com, PPI from SCB
Redeye research (chart structuring), Company filings (underlying data)

All in all, we think investors should keep in mind that more sales, and what it enables the company to do, will be a driver of margins.

Are the chips really crispier on the other side?

Despite strong sales and margin improvements, recent insider events have raised some questions. On 13 May 2025, the company announced that 350,000 warrants under the 2022/25 program were fully exercised at SEK10.75. Initially issued to Exotic Snacks AB, the warrants were later transferred to CEO Henrik Strinning and CFO Peter Näslund Svartling. Shortly after, on 30 May, both executives sold 120,000 and 20,000 shares, respectively, in off-market transactions. These sales were explained as covering warrant-related costs, an explanation that appears reasonable.

However, subsequent developments added uncertainty. CFO Näslund Svartling later resigned without providing an official reason and sold his remaining 30,000 shares at the end of September. In August 2025, Strinning sold 173,000 shares at a VWAP of SEK37.20, retaining 89,969 shares. At the same time, Board Member Per Ekstrand, the company's second-largest shareholder, sold 329,929 shares between May and August at a VWAP of SEK29.96, but still holds c1.7 million shares. No official explanations have been provided, naturally inviting speculation. Insider selling can reflect various motives, not necessarily negative, and we think the issue is not so much the individual transactions, but that everything happened simultaneously. In this case, Ekstrand's sale seems reasonable given his continued significant stake. However, Strinning's smaller remaining position and timing raise more questions, though it is hard to draw any firm conclusions.

The drama continues further. After Näslund Svartling resigned, it took a few months before Rebecca Nilsson was appointed CFO on 17 October. Just a few weeks later, on 7 November, it was announced that she would not be appointed CFO as per her own choice. While such changes can prompt speculation, we do not view this as a sign of internal issues. Given the circumstances and timing, the most plausible explanation is simply that her current employer counteroffered. Any other conclusions would be premature and speculative. On 24 November, it was instead announced that Martin Ekman would take on the role instead.

In essence, we see a combination of yellow flags:

- CEO selling a large part of his holdings.
- CFO selling a large share of his holdings, then selling more while resigning.
- A new CFO resigning before starting the position.
- A majority owner and board member selling about 3% of the company over the market.

Although all of these can be motivated quite easily in isolation, it is always a bit trickier to explain a cluster of these events at the same time. Despite this, although following a strong Q3 report (more commentary below), the share remains at roughly the same levels since the release of the Q2 report in August.

Continuing on the right path

Delivering record sales in the Q2 report, with each month reaching all-time highs, highlights the company´s strong mid-year performance. The launch of new products such as dried fruit under Exotic Snacks and Gårdsnötter, a new brand offering nut mixes, has been well received by the market. Altogether, this suggests that the company has had a solid quarter, further supported by favourable currency movements. With this momentum, Premium Snacks Nordic appears well-positioned to reach its financial targets for FY2025. However, looking at a longer time perspective raises an important question: can the company maintain this trajectory, and what indicators support or challenge such an outlook?

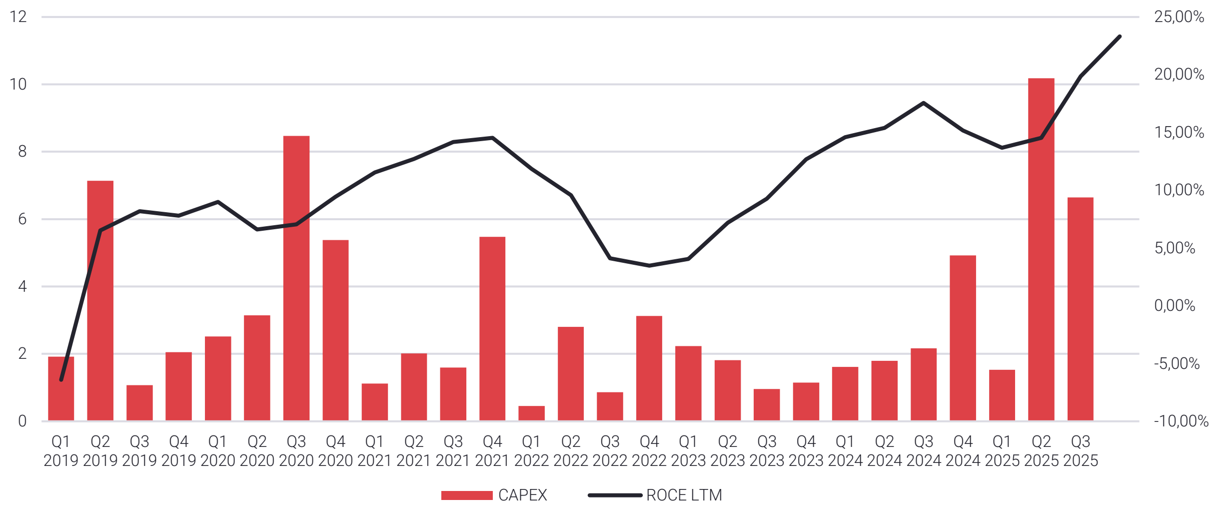
First and foremost, continued growth within its already strong brands will be crucial. Exotic Snacks currently holds 7.3% and 6.0% of the market for pre-packaged and pick-and-mix snacks, respectively, while Gårdschips accounts for 21.2% of the FMCG retail market. Both subsidiaries are showing clear signs of progress. Exotic Snacks recently signed a five-year contract with Coop, which is expected to generate cSEK50m annually from 2027, with rollout beginning at the end of 2025 (representing roughly 10% against LTM sales). Meanwhile, Gårdschips continues to expand its footprint in Denmark, Germany, and a contract with SAS expected to generate cSEK10m annually. Although sales in Germany have been somewhat weaker, the market remains attractive. The company's partnership with a German retail chain representing 4-5% of the FMCG market, equivalent to roughly 400 stores, provides a strong foundation for further growth.

This development also translates into a broader product portfolio. Two new products were launched during Q2, muesli has just reached store shelves, and an additional two are set to be released during H2. One of these products appears to be a nutbar, which is seen on a slide in the Q3 2025 presentation. As these products are newly introduced, no financial data have been presented yet. What is known, however, is that the dried fruit category carries high margins but also a high level of capital tie-up, mainly due to long transportation times from the countries of origin. Gårdsnötter, on the other hand, has lower capital tie-up but correspondingly lower margins.

Secondly, and perhaps more evidently, it would be nice to see the company continue to make well-considered investment decisions in its production facilities. The installation of the new wrap-around machine in Laholm was a crucial step in accommodating increasing demand and improving production efficiency. Looking ahead, two smaller investments in the Laholm plant have been announced, which, based on current growth levels, should sustain production needs until the summer of 2026. However, the company must carefully balance its investment pace. While maintaining modern and efficient production facilities is essential to support growth, there is always a risk of overinvestment, creating excess capacity relative to actual production volumes.

With an LTM ROCE of approximately 23%, the company is currently utilising its capital effectively. However, we do not view this as a sustainable level in the long term. That said, if Premium Snacks Nordic can maintain elevated returns and continue executing on its current trajectory, recent and future investments could yield substantial value for the company.

CapEx in relation to ROCE



Note: CapEx is adjusted from Q1 2019 due to the acquisition of Exotic Snacks, which amounted to SEK60m.
ROCE = EBITA / (Total non-current liabilites - Accounts payable - Other current liabilites), average numbers
Source: Redeye research (chart structuring)

Lastly, from a more speculative perspective, the company has signalled interest in pursuing acquisitions. Management has stated that Premium Snacks Nordic has reached a point where it can consider acquiring and developing other businesses. Although acquisitions may accelerate growth, they also introduce risks related to integration, valuation, and execution. Although management has not announced such plans, we view M&A as a potential long-term optionality rather than a near-term expectation.

Q3 2025 Update

Premium Snacks delivered a Q3 report broadly in line with both market expectations and our own assumptions. Net sales amounted to cSEK145m, with EBITDA and EBITA margins of 9.8% and 8.0%, respectively. This corresponds to a 27.5% y/y increase in net sales and an 82% improvement in EBITA, highlighting solid operational leverage as volumes scale.

The company also raised its FY2025 financial targets, guiding for SEK550m in net sales and an EBITA margin of 7%, signalling continued confidence in its growth trajectory. While earlier insider sales have raised some questions, the updated targets and performance suggest firm internal conviction about the company's direction.

A significant contributor to the quarter was the performance of pre-packaged Exotic Snacks, which grew 50.8% y/y, underscoring the strength of the brand and the effectiveness of recent commercial initiatives. September also marked another record month, with net sales reaching SEK54.2m, representing c37% of quarterly sales. Operationally, the rollout of pick-and-mix Exotic Snacks to c180 Coop stores progressed during Q3 and is expected to be completed by the beginning of November. The company also continued investing in capacity by installing a new palletiser at the Laholm facility, an investment aimed at supporting rising demand and improving packaging efficiency.

Will the future be as tasty as their snacks?

Current growth metrics are strong, which is reflected in the stock's valuation, which trades at around 13.9x EV/EBITDA and 19x EV/EBIT[35] based on LTM figures. Whether this is justified depends on the company's ability to sustain its current growth and margin expansion, as comparable listed peers are limited. Most publicly traded companies in the segment, such as PepsiCo Inc. and The Hershey Co., are global conglomerates with diversified portfolios, making them poor benchmarks for a niche producer like Premium Snacks. Closer peers such as Orkla and Cloetta offer some reference points but operate at lower growth rates (low single digits), trade at EBITDA multiples of around 9-10x, and

[35] Here we have chosen to report the EV/EBIT multiple instead of EV/EBITA, although EBITA is the primary reporting form for the company. We decided to use this approach to match with their peers, the equivalent EV/EBITA is 17.4x.

11-13x EV/EBIT (both based on LTM numbers), reflecting more mature business models. Another relevant comparison is the newly listed Dellia Group, which operates in the dried fruit segment. The company went public on 29 September 2025 and has since released its first quarterly report as a public entity. Its shares are currently trading at an EV/EBITDA multiple of 22.5x, significantly above those of Premium Snacks and the other peers discussed in this section. While backward-looking figures are a poor benchmark in Dellia's case, given 156% and 472% y/y growth in sales and adj EBIT, respectively, Dellia Group remains an interesting case given its exposure to product categories like those of Premium Snacks.

Given this, Premium Snacks' higher multiple against established peers likely reflects the market's expectations on continued margin improvements and an increasing top line. The company's fundamentals, including rising ROCE, strong brand-driven growth, and increasing integration, support this to some extent. However, at the current valuation, expectations are relatively demanding. The stock could face multiple contraction if volume growth, efficiency gains, or export expansion slow. Although the company has faced some recent insider turmoil, which makes us a bit cautious, we do not view it as a complete game-changer. The Q4 report being released in the beginning of 2026, should be in line with what the company has communicated, which would result in a successful year for them. Additionally, a well-integrated value chain, expanding product portfolio, and economies of scale as key fundamental drivers makes this case very interesting to follow in the future.

Other orders of business – Unstructured reflections

As Jacob has written about previously, this is my (Martin's) last microcap report before moving on to new adventures outside Redeye. This has been an incredibly fun project to have at my desk, and I would therefore like to end by rambling on about some investment-related thoughts that have crossed my mind recently. I suspect this section might be a bit cringey, so if that is not for you feel free to skip it. On the other hand, if you have made it to the last section of this report, your tolerance for cringey content should be quite high. Proceed with caution.

The issue

I have increasingly been thinking about the two main ways to motivate a stock purchase. The first is if you think the present value of all future cash flows, distributable to you as an owner of the stock, will generate an attractive IRR. The second is if you think the price that someone else will pay for your shares is high enough, and realisable within a short enough timespan for you to meet your hurdle rate. Most people would call the first investing and the second speculation. However, for the process most people actually use, and for all practical purposes, I think the line is blurred, if there even is one. Let me concretise.

A lot of people invest with a very clear thesis, often following the following outline:

1) Identify what the business generates in profit now. "Generates" can refer to whatever metric really. Often it is something that makes the business look better than it is.[36]
2) Identify the multiple at which the company is currently trading at in relation to your chosen profit metric.
3) Paint a scenario as to why the profitability will increase (or decrease or stay flat). This often includes a time horizon.
4) Motivate a fair multiple based on the new profit. This gives your new motivated share price.
5) Take point 3 and 4 together, and you have your IRR for owning the stock.

Is this investing? Not per the dichotomy above. Why? Because as Stephen Penman puts it so eloquently: when you challenge the prevailing price, do not put price in the calculation. All you have done is change the wording from "other people will pay this price" to "other people will pay this multiple". You can attempt to get around this by replacing the word multiple with terminal growth rate, discount rate, and long-term margin assumptions. You are still just switching words though. And the real danger starts when you mistake your linguistic ability for investing savviness.

One may rightfully object that a multiple is a short way of expressing the assumptions going into a discounted cash flow analysis. Sure, but your IRR, using the process above, is still based on the timing of when these assumptions will be (in your view) correctly priced by the market. In other words, other people's willingness to pay is an input in your IRR output.

The solution…

One way to avoid this is to disregard the pricing aspect entirely and instead hold the asset to absolute maturity, or liquidation. For all practical purposes however, this is unplausible. In theory, companies have an infinite life. And as most of our readers presumably do have a finite life, there is a duration mismatch in that you own something permanent and will have to sell it at some point.[37]

Even if you invest with a liquidation thesis, you become dependent on what other people will do, unless you hold a majority stake and can decide on your own what to do with the assets. However, this does not solve the problem either, as the speculative component simply moves from the stock price to the price at which assets can be liquidated.

[36] Interestingly enough, it seems the utilised "profitability" metric often start before costs even begin.
[37] In addition, what if you own something that you suddenly think becomes overvalued? Then you would have to challenge the notion that someone in the future would pay less for it if you want to sell.

…doesn't exist

This brings me to the conclusion. There is no way of escaping the fact that investing always includes a speculative component. The person viewing himself as a pure "investor", in the dichotomy above, is likely fooling himself. If he has a few thousand Twitter followers and a three-year track record of good returns, he is probably fooling others too.

To leave readers with something of value, instead of just quasi-philosophical ramblings, here are some tips to mitigate the issue of blurry lines. For most readers these might be rudimentary.

- Identify situations where the market's perception is not being reflected at all due to external factors. An excellent example would be forced sellers.
- Acknowledge that people drive prices, i.e. investing is partly speculation, and try to find instances where perceptions might change.
- Be aware that investing and speculation are often intertwined. Think about how much of each is embedded in your current ideas.
- If investing is partly speculation, it means "investors" can learn from "speculators" and vice versa. Be careful not to disregard an idea just because the process behind it differs from your own.

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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Redeye Rating (2025-11-27)

Rating	People	Business	Financials
5p	5	7	1
3p - 4p	132	118	37
0p - 2p	17	29	116
Company N	154	154	154

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CONFLICT OF INTERESTS

Martin Wahlström owns shares in: Martin Wahlström owns shares in: Adtraction, Online Brands Nordic, OurLiving, Codemill, Tellusgruppen Tradedoubler, Berkshire Hathaway, Cash (34%).

Jacob Benon owns shares in: Adtraction, Exsitec, Catella, Vertiseit, Fractal Gaming, Litium, Qualisys, Smart Eye, Berkshire Hathaway, Catella, Söder Sportfiske, Cash (6%).

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