

AEye, Inc. (Nasdaq: LIDR)

Rating: Buy

Price Target: \$6.00

Share Price: \$2.31

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Company Data

Average Daily Volume (M)	19.32
52-Week Range	0.49-6.44
Shares Outstanding (M)	39.94
Market Cap (M)	96.66
Enterprise Value (M)	80.51
Total Cash (M), mrq	84.33
Total Debt (M)	0.55
Total Debt to Cap	0.001%

Estimates

		2025E	2026E
EPS	Q1	(\$0.33)A	(\$0.17)
	Q2	(\$0.35)A	(\$0.16)
	Q3	(\$0.17)A	(\$0.15)
	Q4	(\$0.18)	(\$0.14)
	FY	(\$1.04)	(\$0.62)
P/E		NA	NA
Rev (M)	Q1	\$0.064A	\$0.275
	Q2	\$0.022A	\$1.018
	Q3	\$0.050A	\$1.628
	Q4	\$0.085	\$3.256
	FY	\$0.216	\$6.177
EV/Sales		NM	15.7x

One-Year Performance Chart



As of September 12, 2025. Source: E-Trade.

Updating AEye, Inc. Estimates; Revenue Pipeline Building.

Maintaining Buy rating and \$6 price target

Summary

Adjusting estimates. We are updating our YE'25 and 2026 estimates, consistent with management's generally upbeat guidance after 3Q results. We believe that the company's customer funnel in the automotive vertical, together with its entry into adjacent verticals, are positioning the company for a stronger 2H'26. That said, we are increasing our YE'26 revenue assumptions from \$5.9 million to \$6.2 million, while fine-tuning our OpEx assumptions in light of management's strong operating discipline.

AEye doubled its customer base since the end of 2Q, to 12 customer contracts signed YTD. One of those wins came from a global defense contractor using Apollo UAVs to improve fire detection.

AEys's commercial pipeline continues to expand. The company's automotive funnel has grown 6x from less than 100 prospects earlier in 2025 to almost 600 currently. Quarter-over-quarter, technical engagements increased by almost 50%. Quotes issued tripled and signed contracts doubled to 12 since Q2.

Solid OpEx discipline. Excluding net financing proceeds, 3Q cash burn decreased by ~\$0.7 million to \$6.4 million. Third quarter non-GAAP operating expenses were \$6.1 million, a decrease of \$0.7 million compared to the prior quarter.

Cash burn for 2025 likely to remain close to \$29 million, at the high end of the guidance range previously provided. This is the result of planned investments to scale Apollo production and support commercial expansion into adjacent vertical markets, consistent with LIDR's expanding customer pipeline.

We believe AEye shares remain attractively valued. The stock trades at ~16x our FY26 sales estimate, well below LiDAR peers that command substantially higher multiples. Our \$6 price target is based on a forward P/S multiple of ~30x FY26E revenues, supported by AEye's differentiated IP, \$30M+ OEM contract visibility, and strategic partnerships, while still implying a discount to peers with multi-billion-dollar market capitalizations.

Company Overview

AEye, Inc. is a provider of high-performance, software-defined LiDAR solutions designed for autonomous vehicles, advanced driver-assistance systems (ADAS), and intelligent infrastructure. Founded in 2013 and headquartered in Dublin, California, the company has pioneered adaptive sensing technologies including its flagship 4Sight™ Intelligent Sensing Platform and intelligent Detection and Ranging (iDAR™), an active sensor fusion platform for autonomous vehicles, which integrate agile scanning, artificial intelligence, and advanced signal processing to deliver precise, real-time 3D vision. Operating through a capital-light model and partnering with Tier 1 automotive suppliers, AEye serves global automotive OEMs, industrial automation providers, logistics operators, and smart city developers. Its flexible, software-configurable LiDAR systems are deployed across automotive, trucking, rail, robotics, and infrastructure markets, enabling enhanced safety, efficiency, and situational awareness in dynamic environments. With strong R&D capabilities, a broad patent portfolio, and collaborations with technology leaders such as NVIDIA, AEye is positioned as a scalable, future-ready player driving adoption of next-generation LiDAR solutions worldwide.

3Q25 and 2025 Guidance

Guidance: Management reiterated its expectation for FY25 cash burn to be at the higher end of the \$27–29 million range as the company continues to invest in product development and scaling deployments. Revenue growth is expected to accelerate in the second half of 2025, supported by the recently secured OEM contract and expanding adoption of OPTIS™ across non-automotive verticals. The NVIDIA integration and GM initiative are anticipated to provide additional long-term growth avenues, while disciplined cash management and a capital-light model give AEye the flexibility to execute on its pipeline. Management emphasized sequential revenue expansion through the year and positioned 2025 as a foundational year leading to meaningful top-line contributions in 2026–2027.

All figures in thousands of U.S. Dollars except % and per share items

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AEYE, INC. (LIDR-NASDAQ)	Dec'24	Mar'25	Jun'25	Sep'25	Dec'25	Dec'25	Mar'26	Jun'26	Sep'26	Dec'26	Dec'26
	FY	Q1	Q2	Q3	Q4E	FYE	Q1E	Q2E	Q3E	Q4E	FYE
Revenue:	202	64	22	50	85	221	275	1,018	1,628	3,256	6,177
Prototype sales	97	64	22	50	85	221	275	1,018	1,628	3,256	6,177
Development contracts	105	-	-	-	-	-	-	-	-	-	-
Revenue Growth (%):											
Year/Year	-86.2%	220.0%	-31.3%	-51.9%	84.8%	9.4%	329.7%	4525.0%	3156.0%	3730.6%	2694.8%
Quarter/Quarter	NA	39.1%	-65.6%	127.3%	70.0%	NA	223.5%	270.0%	60.0%	100.0%	NA
Cost of Revenue	778	96	108	103	130	437	300	1,000	1,400	2,500	5,200
Gross Income	(576)	(32)	(86)	(53)	(45)	(216)	(25)	18	228	756	977
Gross Margin:	-285.1%	-50.0%	-390.9%	-106.0%	-52.9%	-97.7%	-9.1%	1.7%	14.0%	23.2%	15.8%
OPERATING EXPENSES	35,252	6,768	8,619	7,772	8,032	31,191	8,108	8,355	8,617	8,892	33,971
Pct of Sales:	-	-	-	-	-	-	-	-	-	-	-
Research and development	16,389	3,490	3,670	3,061	3,214	13,435	3,246	3,409	3,579	3,758	13,991
Sales and marketing	551	383	601	631	656	2,271	663	709	759	812	2,943
General and administrative	18,312	2,895	4,348	4,080	4,162	15,485	4,199	4,237	4,279	4,322	17,037
Impairment of long-lived assets	-	-	-	-	-	-	-	-	-	-	-
EBIT (Operational Income)	(35,828)	(6,800)	(8,705)	(7,825)	(8,077)	(31,407)	(8,133)	(8,337)	(8,389)	(8,136)	(32,995)
Other Income (Net)	366	(1,214)	(565)	(1,505)	(470)	(3,754)	(270)	(70)	(70)	(70)	(480)
Change in fair value of convertible note	-	680	(593)	(2,210)	(600)	(2,723)	(400)	(200)	(200)	(200)	(1,000)
Interest income and other	799	214	393	650	400	1,657	400	400	400	400	1,600
Interest expense and other	(433)	(2,108)	(365)	55	(270)	(2,688)	(270)	(270)	(270)	(270)	(1,080)
Pretax Income	(35,462)	(8,014)	(9,270)	(9,330)	(8,547)	(35,161)	(8,403)	(8,407)	(8,459)	(8,206)	(33,475)
Income Taxes	(2)	2	-	-	-	2	-	-	-	-	-
Tax %	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net Income (GAAP)	(35,460)	(8,016)	(9,270)	(9,330)	(8,547)	(35,163)	(8,403)	(8,407)	(8,459)	(8,206)	(33,475)
Non-GAAP Adjustments	9,680	2,231	2,600	3,898	2,500	11,229	2,600	2,700	2,700	2,800	10,800
Net Income (Non-GAAP)	(25,780)	(5,785)	(6,670)	(5,432)	(6,047)	(23,934)	(5,803)	(5,707)	(5,759)	(5,406)	(22,675)
Per Share											
EPS (GAAP)	(4.89)	(0.46)	(0.48)	(0.30)	(0.26)	(1.40)	(0.25)	(0.24)	(0.23)	(0.21)	(0.92)
EPS (Non-GAAP)	(3.55)	(0.33)	(0.35)	(0.17)	(0.18)	(1.04)	(0.17)	(0.16)	(0.15)	(0.14)	(0.62)
Diluted Shares Outstanding	7,253,683	17,448,617	19,125,970	31,262,997	32,762,997	25,150,145	34,262,997	35,762,997	37,262,997	38,762,997	36,512,997
Adjusted EBITDA	(25,696)	(5,947)	(6,891)	(6,118)	(5,597)	(31,407)	(5,353)	(5,257)	(5,309)	(4,956)	(32,995)

Source: Compsny reports and Kingswood Capital Partners estimates.

All figures in millions of U.S. Dollars except % and per share items

Source: Company Reports, Kingswood Capital Partners estimates.

Risks to Price Target

AEye may continue to incur significant losses and require additional capital to fund operations. The company remains unprofitable and expects to incur losses for the foreseeable future, underscoring ongoing pressure on liquidity and margins. As of June 30, 2025, the company held ~\$19.2 million in cash, cash equivalents, and marketable securities, but continues to burn cash through operations and relies heavily on external financing to sustain growth. The need to raise capital on acceptable terms creates execution risk should market conditions deteriorate or investor appetite weaken.

AEye's reliance on Tier 1 suppliers and design wins creates execution risk. The company's strategy hinges on securing and converting design wins through Tier 1 automotive suppliers into OEM-level engagements. Its limited operational history further compounds the challenge of scaling adoption and reliably forecasting growth. Consequently, any delays or breakdowns in partner relationships could materially impair its revenue trajectory.

AEye faces intense competition and uncertain market adoption in LiDAR. The broader LiDAR market is intensely competitive, threatened not only by peer LiDAR providers but also by alternative sensing modalities such as radar and cameras. Adoption of autonomous driving and ADAS technologies remains nascent, meaning slower-than-anticipated integration could delay revenue generation and depress long-term growth assumptions. Macroeconomic factors like trade tensions, geopolitical risks, and potential regulatory changes further cloud the demand outlook.

AEye's dependence on limited suppliers exposes it to supply chain and operational vulnerabilities. It depends on a limited number of or single source suppliers for key components and raw materials, which exposes it to supply disruptions, cost volatility, and potential delays in product delivery. Inventory impairments highlight execution complexity during its strategic pivot toward the Apollo platform. Moreover, restructuring efforts, including office lease termination settlements, indicate ongoing cost-management initiatives that may still leave residual operational risks.

AEye's complex technology and reliance on software integration create product and cybersecurity risks. The integration of advanced AI-driven hardware and software introduces risks of undetected defects, reliability issues, or delays in product rollouts, all of which could impact adoption rates, brand reputation, and expose the company to liability. Cybersecurity threats and system vulnerabilities, especially those affecting operational systems and data processing, pose a tangible risk. Although AEye has strong governance structures in place, persistent cyber threat exposure could disrupt operations or erode stakeholder trust.

AEye may be adversely affected by litigation, shareholder activism, and regulatory uncertainty. Litigation and legal claims demonstrate ongoing contingent liabilities that could be costly or distracting. Shareholder activism or proxy challenges may increase public scrutiny, impose financial costs, and divert management focus. Furthermore, evolving regulatory and economic headwinds, ranging from tariffs to industry-specific regulation, add layers of uncertainty that could interfere with execution across sectors.

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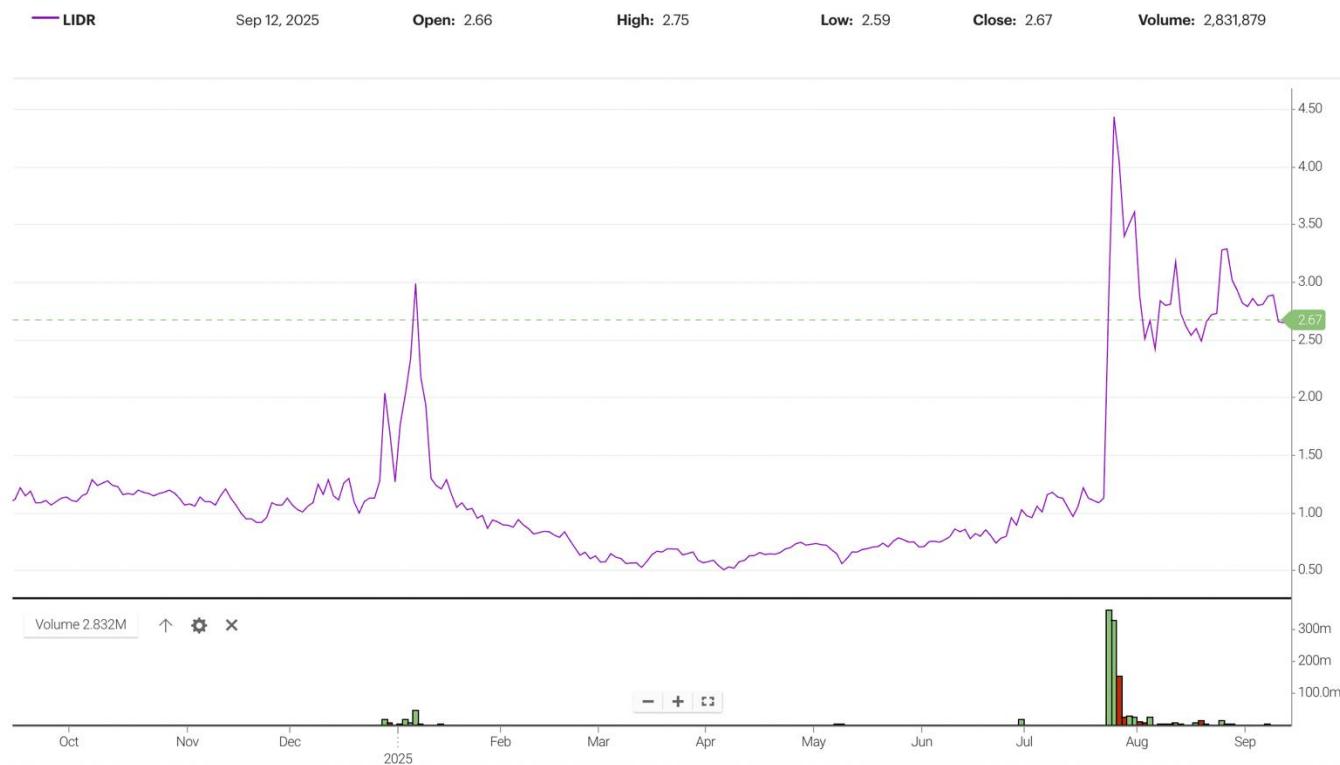
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Rating	Count	Percent	Count	Percent	
BUY	10	83.33	2	20.00	
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SELL	0	0.00	0	0.00	
NOT RATED	1	8.33	0	100.00	

As of August 2025.

Kingswood Capital Partners has not received compensation from AEye, Inc. during the past 12 months. Kingswood is not currently engaged by AEye to provide investment banking or advisory services.

AEye, Inc. Rating History as of September 12, 2025



Source: E-Trade.

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