

AEye, Inc. (Nasdaq: LIDR)

Rating: Buy

Price Target: \$6.00

Share Price: \$1.83

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Company Data

Average Daily Volume (M)	2.71
52-Week Range	0.49-6.44
Shares Outstanding (M)	45.05
Market Cap (M)	82.45
Enterprise Value (M)	80.51
Total Cash (M), mrq	84.33
Total Debt (M)	0.82
Total Debt to Cap	0.001%

Estimates

FYE: Dec		2025A	2026E
EPS	Q1	(\$0.33)	(\$0.11)
	Q2	(\$0.35)	(\$0.12)
	Q3	(\$0.17)	(\$0.12)
	Q4	(\$0.15)	(\$0.11)
	FY	(\$1.01)	(\$0.46)
P/E		NA	NA
Rev (M)	Q1	\$0.1	\$0.275
	Q2	\$0.02	\$1.018
	Q3	\$0.045	\$1.628
	Q4	\$0.085	\$3.256
	FY	\$0.216	\$6.177
EV/Sales		NM	15.7x

One-Year Performance Chart



As of March 17, 2026. Source: E-Trade.

AEye, Inc. Revenue Pipeline Continues to Build as Customers Expand. Maintain BUY.

Maintaining \$6 price target

Summary

Adjusting estimates. We are updating our 2026 estimates, consistent with management's generally upbeat guidance after 4Q 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 again increased its customer base since the end of 3Q, to 16 customer contracts signed YTD, from 12 at the end of 3Q, with new activity in both automotive and non-automotive industries. These include customers in the defense sector, high-speed rail, commercial vehicles, smart infrastructure, and intelligent transportation systems.

New products driving growth. At CES 2026, AEye introduced STRATOS, a third-generation sensor featuring a 1.5-km detection range and resolution >2x of its flagship Apollo sensor, in a smartphone-sized form factor which, like Apollo, can fit behind a windshield, and which places AEye in a leadership position with its key verticals.

OpEx levels ticked up but remain reasonable. GAAP operating expenses were \$8.3 million, up from \$7.8 million in 3Q, primarily due to increased R&D spend and one-time payroll costs. Non-

GAAP operating expenses were \$7.5 million in 4Q, up by \$1.4 million compared to the prior quarter of \$6.1 million.

Cash burn for 2026 likely to remain just above \$30 million, in the range of \$30-\$35 million, reflecting increased investment in sales and marketing to support AEye's go-to-market efforts, scaling its operational capabilities, and executing on customer deployments as the company transitions from evaluation into commercial programs.

Balance sheet simplification. AEye fully repaid its 2025 convertible note and eliminated legacy warrants associated with its convertible notes. This leaves LIDR virtually debt-free, and with ~\$87 million of cash/cash equivalents on the balance sheet, AEye likely has at least two years of financing-free activities ahead of it (assuming the current cash burn rate).

We believe AEye shares remain attractively valued. The stock trades at ~13× our FY26 sales estimate, well below LiDAR peers that command substantially higher multiples, and slightly below book value. Our \$6 price target is based on a forward P/S multiple of ~30× 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.

2026 Guidance

Guidance: Management raised its expectation for FY26 cash burn to be at the higher end of the \$30-35 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 2026, 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 2026 as a foundational year leading to meaningful top-line contributions at YE2026 and 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	Q4	FY	Q1E	Q2E	Q3E	Q4E	FYE
Revenue:	202	64	22	50	97	233	275	1,018	1,628	3,256	6,177
Prototype sales	97					233	275	1,018	1,628	3,256	6,177
Development contracts	105	-	-	-	-	-	-	-	-	-	-
Revenue Growth (%):											
Year/Year	-86.2%	220.0%	-31.3%	-51.9%	110.9%	15.3%	329.7%	4525.0%	3156.0%	3256.7%	2550.9%
Quarter/Quarter	NA	39.1%	-65.6%	127.3%	94.0%	NA	183.5%	270.0%	60.0%	100.0%	NA
Cost of Revenue	778	96	108	103	247	554	400	1,000	1,400	2,500	5,300
Gross Income	(576)	(32)	(86)	(53)	(150)	(321)	(125)	18	228	756	877
Gross Margin:	-285.1%	-50.0%	-390.9%	-106.0%	-154.6%	-137.8%	-45.5%	1.7%	14.0%	23.2%	14.2%
OPERATING EXPENSES	35,252	6,768	8,619	7,772	8,251	31,410	8,553	9,001	9,453	9,928	36,935
Pct of Sales:											
Research and development	16,389	3,490	3,670	3,061	3,716	13,937	3,865	4,097	4,342	4,603	16,906
Sales and marketing	551	383	601	631	931	2,546	940	1,006	1,056	1,109	4,112
General and administrative	18,312	2,895	4,348	4,080	3,604	14,927	3,748	3,898	4,054	4,216	15,916
Impairment of long-lived assets	-	-	-	-	-	-	-	-	-	-	-
EBIT (Operational Income)	(35,828)	(6,800)	(8,705)	(7,825)	(8,401)	(31,731)	(8,678)	(8,983)	(9,225)	(9,172)	(36,058)
Other Income (Net)	366	(1,214)	(565)	(1,505)	1,068	(2,216)	800	800	800	800	3,200
Change in fair value of convertible note	-	680	(593)	(2,210)	228	(1,895)	-	-	-	-	-
Interest income and other	799	214	393	650	734	1,991	700	700	700	700	2,800
Interest expense and other	(433)	(2,108)	(365)	55	106	(2,312)	100	100	100	100	400
Pretax Income	(35,462)	(8,014)	(9,270)	(9,330)	(7,333)	(33,947)	(7,878)	(8,183)	(8,425)	(8,372)	(32,858)
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)	(7,333)	(33,949)	(7,878)	(8,183)	(8,425)	(8,372)	(32,858)
Non-GAAP Adjustments	9,680	2,231	2,600	3,898	564	9,293	2,600	2,700	2,700	2,800	10,800
Net Income (Non-GAAP)	(25,780)	(5,785)	(6,670)	(5,432)	(6,769)	(24,656)	(5,278)	(5,483)	(5,725)	(5,572)	(22,058)
Per Share											
EPS (GAAP)	(4.89)	(0.46)	(0.48)	(0.30)	(0.16)	(1.21)	(0.17)	(0.17)	(0.17)	(0.17)	(0.68)
EPS (Non-GAAP)	(3.55)	(0.33)	(0.35)	(0.17)	(0.15)	(1.01)	(0.11)	(0.12)	(0.12)	(0.11)	(0.46)
Diluted Shares Outstanding	7,253,683	17,448,617	19,125,970	31,262,997	44,454,223	28,072,952	45,954,223	47,454,223	48,954,223	50,454,223	48,204,223
Adjusted EBITDA	(25,696)	(5,947)	(6,891)	(6,118)	(7,569)	(31,731)	(4,728)	(4,933)	(5,175)	(5,022)	(36,058)

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'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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As of February 2026.

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 March 17, 2025



Source: E-Trade.

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