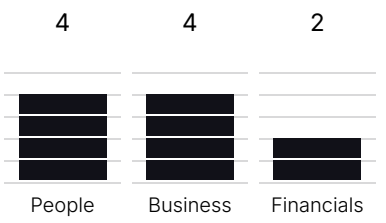
Redeye Quality Rating



Performance VS OMXS30



Share Information

Share Price SEK	**21.6**
Number of shares (M)	**30.2**
Marketplace	**First North Stockholm**
CEO	**Johan Henrikson**
Chairman	**Pär-Ola Gustavsson**

Key Stats

Market Cap	**651.7m SEK**
Entprs. Value (EV)	**634.9m SEK**
Net Debt (2026Q3)	**-16.8m SEK**
30 Day Avg Vol	**58 K**
Dividend Yield	**N/A**

Top Holders

Name	Ownership
Jörgen Persson med bolag	14.46%
Alcur Fonder	9.03%
Johan Henrikson	8.29%
Anders Henrikson	8.01%
Tony Buss	7.04%
Jakub Missuna	4.51%
Merlinum AB	3.57%
Pär-Ola Gustavsson	3.05%
Avanza Pension	2.61%
Dragoljub Nesic	2.46%

Redeye Equity Analysts



Fredrik Nilsson
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More research on Freja eID Group

Scan the QR code to access all Redeye publications and research tools regarding Freja eID Group.

redeye.se/company/freja-eid-group

Freja eID (Q3 Review): Second positive EBITDA-CAPEX quarter, Teracom holds the key to 2027

Redeye leaves its Base Case unchanged at SEK21 after marginal estimate changes. EBITDA-CAPEX beat our forecast in a second positive quarter, and the Teracom framework and new e-ID law support our positive view of 2027.

ARR 1% below our forecast, EBITDA-CAPEX well ahead

Annual Recurring Revenue (ARR) grew to SEK51.7m (38.9), up 33% (51) y/y and 1% below our SEK52.4m forecast, after a q/q increase of SEK1.8m. Q3 is seasonally the weakest quarter, yet this was the largest Q2-to-Q3 increase to date, with no single large deal. Adjusted EBITDA-CAPEX was SEK1.7m (0.2), a margin of 11% (2), against our SEK-0.4m forecast, driven by higher Freja eID sales, including SEK1.7m in Teracom revenue outside ARR, and a near-100% gross margin. Net Revenue Retention (NRR) was 122% (131), a very solid level despite the decline y/y.

Teracom framework widens the upside, legislation lifts inquiries

After the quarter, Freja signed an updated framework agreement with Teracom for the Swedish Armed Forces White Label solution, allowing call-offs of up to SEK27.9m in ARR until the end of 2028, although none are guaranteed. Production licences are still targeted for Q4 2026, but the ramp-up will likely be gradual, and NATO accreditation is now expected to run until Q2 or Q3 2027. The new e-ID law enters into force on 1 December 2026, and around 50 new subscription customers, including Doktor.se and Capio, have been attributed to it so far.

Base Case unchanged at SEK21

Our Base Case is unchanged at SEK21. We lower ARR by 1% for 2026 and by less than 1% for 2027–2028, a mechanical effect of the lower Q3 starting point, while our Teracom assumption of SEK17.5m in ARR by the end of 2027 is intact. Lower Fulfilment estimates are a legacy distortion with no bearing on the case. Freja trades at 9.8x EV/ARR 2026e and 7.3x 2027e, and at 9.5x EV/sales 2026e and 7.5x 2027e, at the upper end of the Nordic SaaS peer group. We view this as justified by 33% ARR growth, NRR well above 100%, positive EBITDA-CAPEX and a regulatory tailwind few peers can match, with full Teracom implementation as upside.

Key Financials

SEKm	2025	2026e	2027e	2028e	2029e
Net Sales	51.1	63.9	79.9	100.2	122.0
Sales Growth	16.4%	25.1%	25.1%	25.3%	21.8%
EV/Sales	7.9	9.5	7.5	5.8	4.6
ARR	41	62	83	104	128
ARR Growth	52%	49%	34%	25%	23%
EBITDA - CAPEX	-11	-3	8	19	31
EBITDA - CAPEX Margin	-21%	-5%	10%	19%	25%
EV/ARR	9.8	9.8	7.3	5.6	4.4
EV/EBITDA - CAPEX	-36.7	-174.0	77.5	30.0	18.1
Net Debt	(7.3)	(12.3)	(18.2)	(33.0)	(56.3)
NWC/R12mSales	-27.6%	-21.0%	-21.0%	-21.0%	-21.0%

Market Edge Scores

→ Freja eID Group is considered Fairly Priced compared to our estimated Fair Value of 18.4 SEK. For more details, refer to the Valuation section of this report. The stock currently has a Very strong Momentum, based on 7 indicators and ranked against the broader market.

Value Score: 3 - Fairly Priced

Fair Value: 18.4 SEK

Current price: 21.6 SEK (Upside -15%)

Momentum Score: 5 - Very strong

Current ranking: 91/100

Against all the market stocks

ⓘ This data is a static snapshot per 2026-11-09. To access real-time Market Edge scores and notifications read more and download our app here.

Review of Q3 2026

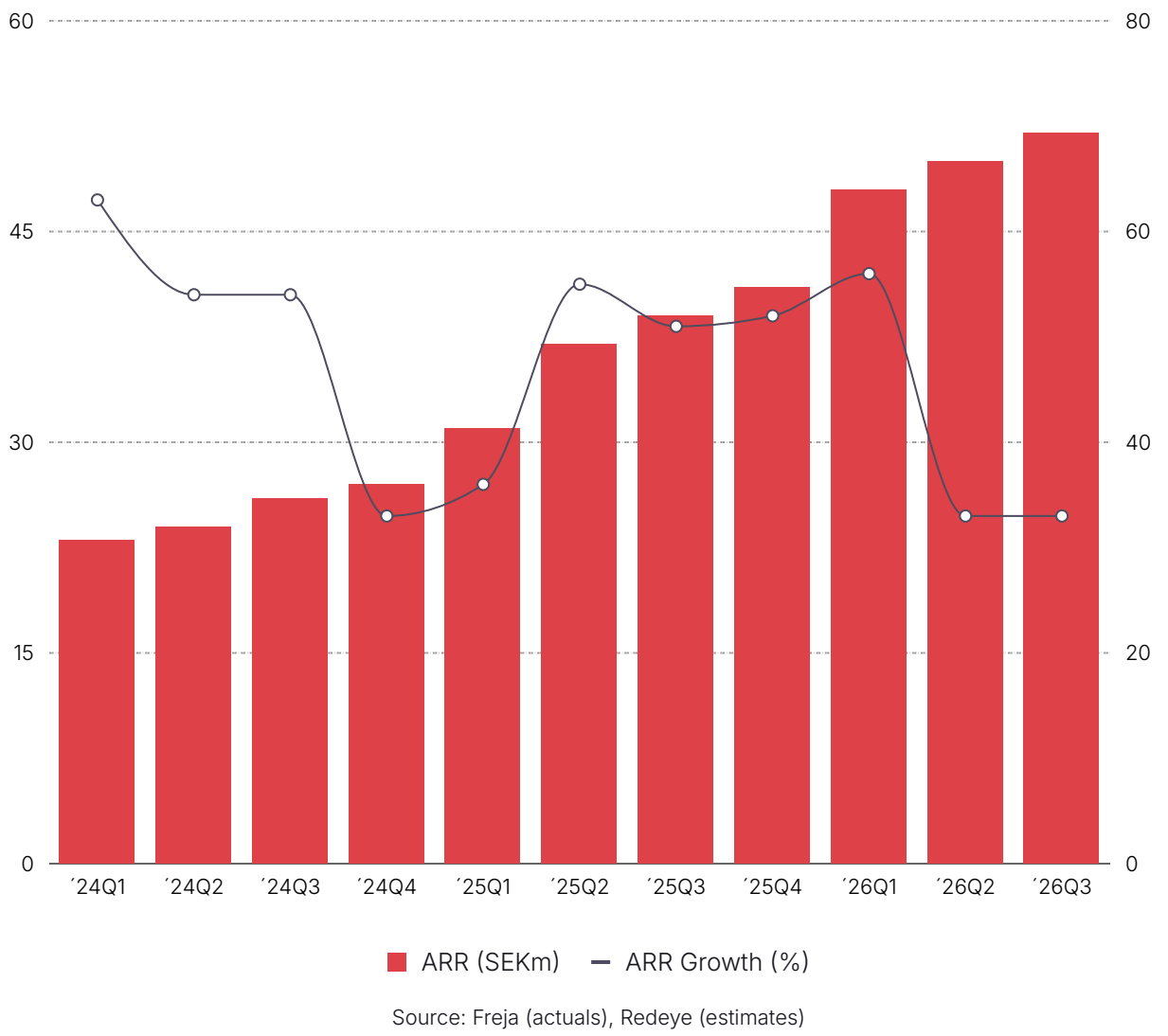
Freja eID Group: Deviation table Q3 2026

SEKm	Q3A 2025	Q4A 2025	Q1A 2026	Q2A 2026	Q3A 2026	Q3E 2026	dev. %	dev. abs
ARR	38.9	41.3	48.3	49.9	51.7	52.4	-1%	-0.7
Growth y/y (ARR)	*50.8%*	*51.8%*	*56.4%*	*33.3%*	*32.9%*	*34.6%*		
Growth q/q #	1.5	2.4	7.0	1.5	1.8	2.5		-0.7
Net sales	12.9	13.5	15.5	16.1	16.2	14.9	9%	1.3
Growth y/y	*15.0%*	*9.4%*	*23.4%*	*32.9%*	*25.7%*	*15.4%*		
Sales (Freja eID)	9.7	11.6	13.5	14.3	14.4	12.8	13%	1.6
Growth y/y (Freja eID)	*52.8%*	*62.5%*	*68.9%*	*69.9%*	*48.9%*	*32.2%*		
Sales (Fulfilment)	3.2	1.9	2.1	1.8	1.8	2.1	-14%	-0.3
Growth y/y (Fulfilment	*-34.1%*	*-63.1%*	*-54.9%*	*-51.7%*	*-44.0%*	*-35.0%*		
Gross profit	12.5	13.2	15.2	15.7	15.8	14.4	10%	1.4
Growth y/y (gross profit)	*14.3%*	*11.4%*	*22.8%*	*33.3%*	*26.1%*	*15.0%*		
Gross margin	*97.4%*	*97.9%*	*97.7%*	*97.5%*	*97.6%*	*97.0%*		
OPEX	-14.2	-16.2	-16.1	-16.3	-14.5	-14.1	3%	-0.4
Other external costs	-3.0	-3.6	-4.2	-3.8	-3.5	-3.4	3%	-0.1
Growth y/y (OE)	*-9.3%*	*-10.9%*	*20.9%*	*17.2%*	*14.9%*	*11.0%*		
Personnel expenses	-11.2	-12.6	-12.0	-12.5	-11.0	-10.7	3%	-0.3
Growth y/y (PE)	*17.2%*	*43.6%*	*16.5%*	*17.2%*	*-1.3%*	*-4.1%*		
EBITDA	0.7	-0.7	1.8	1.9	5.1	2.6	96%	2.5
EBITDA margin	*5.2%*	*-5.2%*	*11.3%*	*11.5%*	*31.4%*	*17.5%*		
EBITDA - CAPEX	-2.4	-3.7	-1.5	-1.4	1.7	-0.4	nmf	2.1
EBITDA - CAPEX margin	*-18.4%*	*-27.4%*	*-9.9%*	*-8.6%*	*10.7%*	*-2.7%*		
EBIT	-3.2	-4.7	-2.1	-2.0	1.1	-1.4	nmf	2.5
EBIT margin	*-24.8%*	*-34.4%*	*-13.2%*	*-12.6%*	*6.6%*	*-9.6%*		
Diluted EPS	-0.15	-0.17	-0.08	-0.09	-0.02	-0.04	nmf	0.0

Source: Redeye research (estimates), Freja eID Group (historical data) EBITDA, EBITDA-CAPEX, and EBIT conserns adjusted numbers for Q3 2026

ARR and sales: 33% ARR growth

Freja - ARR



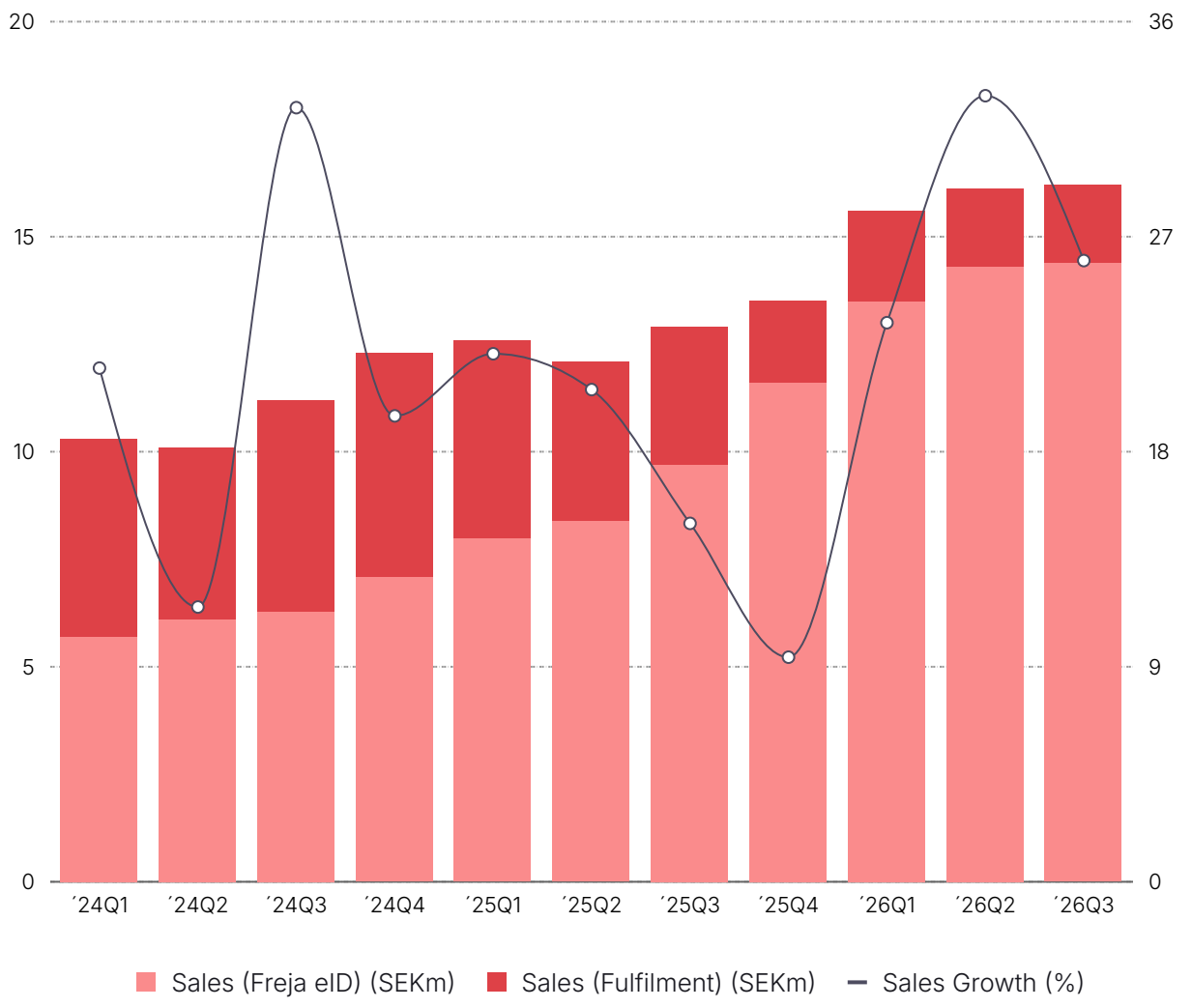
Source: Freja (actuals), Redeye (estimates)

ARR, the most important key figure, reached SEK51.7m (38.9) at the end of Q3 2026, up 33% (51) y/y. The sequential increase was SEK1.8m, corresponding to annualised organic q/q growth of 15%. All growth was organic.

ARR came in SEK0.7m, or 1%, below our SEK52.4m forecast, as the q/q addition of SEK1.8m fell short of our SEK2.5m estimate. The miss is small, and Q3 is seasonally the weakest quarter given the summer months. The SEK1.8m addition was nevertheless the largest Q2-to-Q3 increase since Freja started reporting the KPI, and exceeded the SEK1.5m added in Q2.

There was no single large deal behind the increase. Freja points to continued upselling of services outside the Authorisation System launched in Q1 and strong sales of the Freja OrgID organisational e-ID. Subscription customers increased by 15 in the quarter, and ARR per customer rose 1% q/q to SEK81k (78). Freja recognised SEK1.7m in revenue from the Teracom contract in Q3, but this is not included in ARR. Under the new framework agreement, Teracom call-offs of licences and operations will be included in ARR going forward, which makes the project the key swing factor for ARR in Q4 2026 and 2027.

Freja - Sales



Source: Freja (actuals), Redeye (estimates)

Group net sales amounted to SEK16.2m (12.9), up 26% y/y, all of which was organic. Sales were SEK1.3m, or 9%, above our SEK14.9m forecast.

Sales in the Freja eID segment, the growing core business, rose 49% y/y, all organically, to SEK14.4m (9.7), 13% above our SEK12.8m forecast. Growth outpaced ARR growth as Q3 included SEK1.7m in revenue from the Teracom contract, which is not classified as subscription revenue. Subscription revenue accounted for 88% (98) of segment sales. Excluding the Teracom revenue, segment sales were broadly in line with our forecast.

Sales in the legacy Fulfilment segment fell 44% y/y to SEK1.8m (3.2), 14% below our SEK2.1m forecast. The decline is in line with Freja's strategy to wind down Fulfilment gradually as demand for physical security logistics falls structurally. Management expects Fulfilment sales to remain at around the Q3 level in the coming quarters. Freja eID accounted for 89% (75) of group sales.

OPEX: Roughly as expected

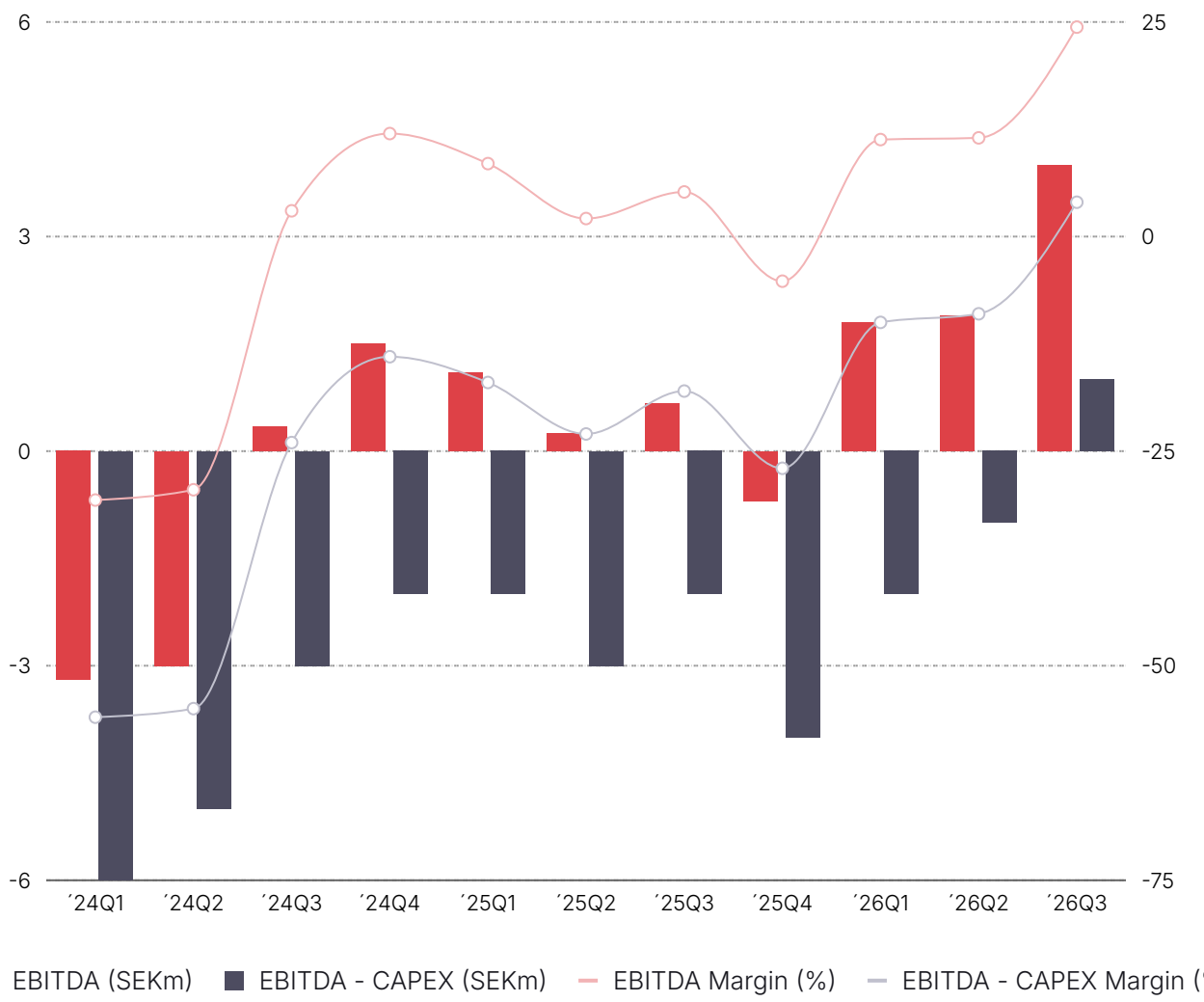
Total OPEX amounted to SEK-14.5m (-14.2), SEK0.4m, or 3%, above our SEK-14.1m forecast.

Personnel expenses were SEK-11.0m (-11.2), 3% above our SEK-10.7m forecast. The reported figure includes items affecting comparability (EO) of SEK-1.1m (-2.6) related to incentive programmes. Excluding EO, underlying personnel expenses rose 15% y/y to SEK-9.9m (-8.6). The increase follows recruitments in technical sales support and operations in line with the previously communicated plan, with the average workforce rising to 35 (33), three more than in Q2. Fulfilment personnel expenses fell to SEK-0.6m (-1.3) as staffing was adjusted to lower volumes. Capitalised development amounted to SEK2.6m (2.3).

Other external costs were SEK-3.5m (-3.0), up 15% y/y and 3% above our SEK-3.4m forecast. Freja cites higher IT costs, recruitment costs and work on internal processes to simplify the quote-to-cash flow. Fulfilment will move to new premises in November, which should lower rental costs from Q1 2027.

Profit and cash flow: Second consecutive quarter with positive adjusted EBITDA-CAPEX

Freja - EBITDA, EBITDA-CAPEX



Source: Freja (actuals), Redeye (estimates)

Adjusted EBITDA-CAPEX amounted to SEK1.7m (0.2), a margin of 11% (2), SEK2.1m above our SEK-0.4m forecast. It was the second consecutive positive quarter, up from SEK0.8m in Q2. On a reported basis, including EO items, EBITDA-CAPEX was SEK0.6m (-2.4). The beat was driven by higher-than-expected Freja eID sales and a near-100% gross margin, which more than offset slightly higher OPEX. Adjusted EBITDA was SEK5.1m (3.2), a 31% margin, compared with our SEK2.6m forecast.

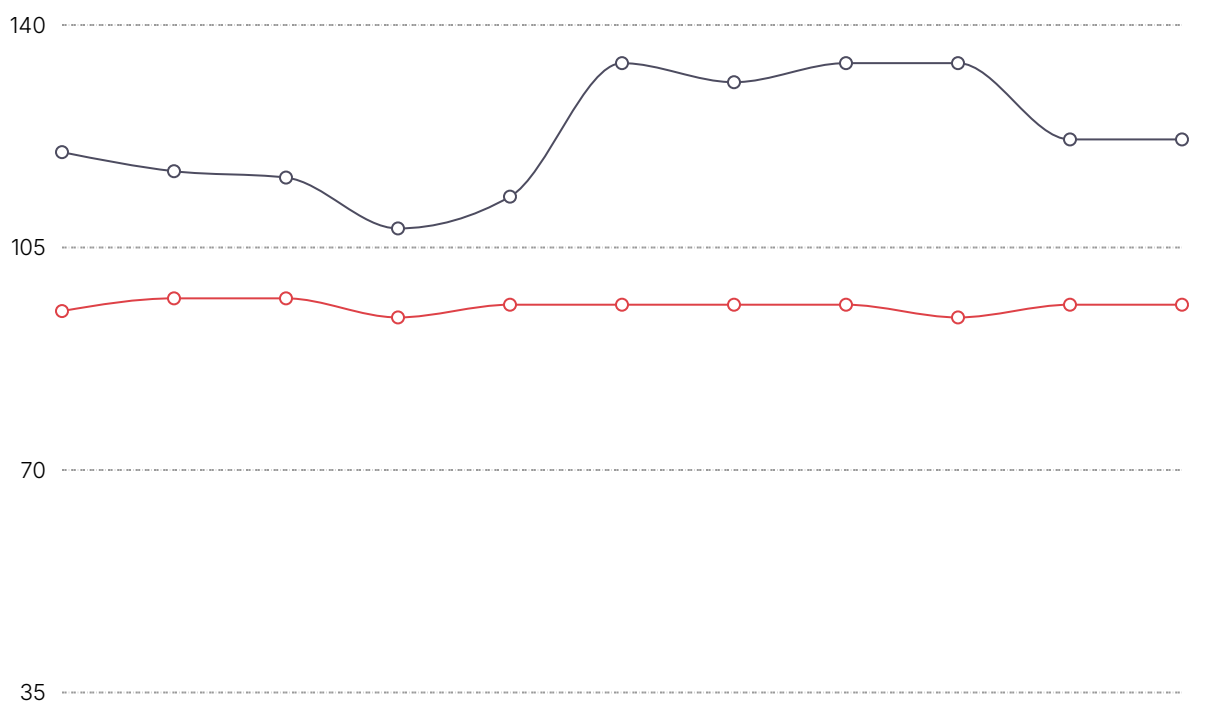
Free cash flow, defined as operating cash flow less investments, was SEK-0.9m (-5.4). Operating cash flow was SEK2.5m (-2.3), held back by a SEK-1.8m (-5.1) working capital outflow.

Cash amounted to SEK18.6m (19.3) at the end of the period, supported by SEK8.3m in net proceeds from the sale of warrants to external investors in September. Net cash excluding lease liabilities was SEK16.8m (10.1).

As for any SaaS business capitalizing R&D, EBITDA and EBITDA margin are unsuitable metrics for Freja. *We believe EBITDA-CAPEX is the most relevant earnings metric for Lime See "Earnings Metrics" under "Learn More" in the "SaaS Theme" section at Redeye.se for further discussion.*

SaaS Metrics: Standing strong at solid levels

Freja - NRR, GRR



Source: Freja (actuals), Redeye (estimates)

NRR was 122% (131), unchanged from Q2. The y/y decline is a base effect from a large Migration Agency (Migrationsverket) contract that was part of the comparison base from Q2 2025, rather than a deterioration in upselling. Gross Revenue Retention (GRR) was 96% (96), implying churn of 4% over the last 12 months.

The number of users reached 1,880,000 (1,502,000), up 25% y/y and 6% q/q, with growth entirely organic and without marketing spend towards end users. Election workers are one example of a recently added user group. Subscription customers grew 29% y/y and 2% q/q to 641 (496), and ARR per customer rose 3% y/y to SEK81k (78). Freja notes that only a few customers remain on the old fixed-fee-plus-transaction model, and renewals on pure subscription terms continue to lift average ARR.

Estimate revisions: Minor changes

We lower our ARR estimates by 1% to SEK61.7m (62.4) for 2026, and by less than 1% to SEK82.7m (82.9) for 2027 and SEK103.7m (103.9) for 2028. The change is mechanical, following the slightly lower Q3 starting point, and our Teracom assumptions are unchanged.

We raise our 2026 net sales estimate by 2% to SEK63.9m (62.8), as higher Freja eID sales (+3% to SEK56.4m) from the Teracom revenue more than offset a 5% cut to Fulfilment. For 2027 and 2028, we lower net sales by 1% to SEK79.9m (80.9) and by less than 1% to SEK100.2m (100.7). We lower our Fulfilment estimates by 5% for all years, a legacy distortion with no bearing on the investment case.

EBITDA-CAPEX for 2026 improves to SEK-3.5m (-4.2) on the Q3 beat. For 2027, we lower it by 5% to SEK7.7m (8.1) on the slightly lower ARR base, while we raise 2028 by 5% to SEK19.5m (18.5) as we lower personnel expenses by 3%. A faster Teracom ramp-up or stronger intake from the new legislation would be positive offsets.

Freja eID Group: Estimate changes

	FYE 2026			FYE 2027			FYE 2028		
SEKm	**Updated**	**Previous**	***Chg. %***	**Updated**	**Previous**	***Chg. %***	**Updated**	**Previous**	***Chg. %***
ARR	62	62	*-1%*	83	83	*0%*	104	104	*0%*
Growth y/y (ARR)	*49.4%*	*51.0%*		*34.0%*	*32.9%*		*25.4%*	*25.3%*	
Growth q/q #	20	21	*-3%*	21	21	*2%*	21	21	*0%*
Net sales	64	63	*2%*	80	81	*-1%*	100	101	*-1%*
Growth y/y	*25.1%*	*22.9%*		*25.1%*	*28.8%*		*25.3%*	*24.5%*	
Sales (Freja eID)	56	55	*3%*	73	73	*-1%*	93	93	*0%*
Growth y/y (Freja eID)	*49.7%*	*45.8%*		*28.8%*	*33.4%*		*28.4%*	*27.6%*	
Sales (Fulfilment)	8	8	*-5%*	7	8	*-5%*	7	7	*-5%*
Growth y/y (Fulfilment	*-43.8%*	*-41.1%*		*-2.5%*	*-2.5%*		*-5.0%*	*-5.0%*	
Gross profit	62	61	*2%*	78	78	*-1%*	97	98	*-1%*
Growth y/y (gross profit)	*24.8%*	*22.4%*		*24.5%*	*28.4%*		*25.3%*	*24.5%*	
Gross margin	*97.4%*	*97.3%*		*97.0%*	*97.0%*		*97.0%*	*97.0%*	
OPEX	-63	-62	*1%*	-66	-67	*-1%*	-74	-75	*-2%*
Other external costs	-16	-16	*1%*	-16	-16	*1%*	-17	-17	*1%*
Growth y/y (OE)	*17.0%*	*16.1%*		*2.0%*	*2.0%*		*8.9%*	*8.6%*	
Personnel expenses	-47	-47	*1%*	-50	-51	*-1%*	-57	-58	*-3%*
Growth y/y (PE)	*5.7%*	*5.1%*		*5.9%*	*8.0%*		*13.0%*	*14.8%*	
EBITDA	10	8	*14%*	23	23	*-2%*	34	34	*3%*
EBITDA margin	*15.0%*	*13.4%*		*28.6%*	*28.8%*		*34.4%*	*33.4%*	
EBITDA - CAPEX	-3	-4	*nmf*	8	8	*-5%*	19	19	*5%*
EBITDA - CAPEX margin	*-5.4%*	*-6.7%*		*9.7%*	*10.1%*		*19.4%*	*18.4%*	
EBIT	-6	-7	*nmf*	7	7	*-9%*	18	17	*5%*
EBIT margin	*-9.6%*	*-11.6%*		*8.3%*	*8.9%*		*17.5%*	*16.6%*	
Diluted EPS	-0.25	-0.26	*nmf*	0.18	0.20	*-8%*	0.48	0.46	*5%*

Source: Redeye research (estimates), Freja eID Group (historical data)

Freja eID Group: Forecasts

SEKm	**Q3A 2026**	**Q4E 2026**	**Q1E 2027**	**Q2E 2027**	**FYE 2026**	**FYE 2027**	**FYE 2028**	**FYE 2029**
ARR	51.7	61.7	64.7	72.2	61.7	82.7	103.7	127.7
Growth y/y (ARR)	*32.9%*	*49.4%*	*33.8%*	*44.7%*	*49.4%*	*34.0%*	*25.4%*	*23.1%*
Growth q/q #	1.8	10.0	3.0	7.5	20.4	21.0	21.0	24.0
Net sales	16.2	16.1	18.2	18.8	63.9	79.9	100.2	122.0
Growth y/y	*26.0%*	*18.8%*	*16.8%*	*16.9%*	*25.1%*	*25.1%*	*25.3%*	*21.8%*
Sales (Freja eID)	14.4	14.2	16.2	17.1	56.4	72.6	93.2	115.7
Growth y/y (Freja eID)	*49.2%*	*22.3%*	*20.2%*	*19.6%*	*49.7%*	*28.8%*	*28.4%*	*24.1%*
Sales (Fulfilment)	1.8	1.9	2.0	1.7	7.6	7.4	7.0	6.3
Growth y/y (Fulfilment	*-43.9%*	*-2.0%*	*-5.0%*	*-5.0%*	*-43.8%*	*-2.5%*	*-5.0%*	*-10.0%*
Gross profit	15.8	15.6	17.6	18.2	62.3	77.5	97.2	118.3
Growth y/y (gross profit)	*26.3%*	*17.7%*	*16.0%*	*16.3%*	*24.8%*	*24.5%*	*25.3%*	*21.8%*
Gross margin	*97.6%*	*97.0%*	*97.0%*	*97.0%*	*97.4%*	*97.0%*	*97.0%*	*97.0%*
OPEX	-14.5	-15.9	-16.4	-16.7	-62.9	-66.0	-74.0	-83.1
Other external costs	-3.5	-4.2	-4.2	-3.9	-15.6	-15.9	-17.3	-18.7
Growth y/y (OE)	*14.9%*	*15.0%*	*2.0%*	*2.0%*	*17.0%*	*2.0%*	*8.9%*	*7.6%*
Personnel expenses	-11.0	-11.8	-12.1	-12.8	-47.3	-50.1	-56.6	-64.4
Growth y/y (PE)	*-1.3%*	*-6.5%*	*1.2%*	*2.4%*	*5.7%*	*5.9%*	*13.0%*	*13.8%*
EBITDA	4.0	2.0	4.0	4.4	9.6	22.9	34.5	47.6
EBITDA margin	*24.4%*	*12.7%*	*22.0%*	*23.4%*	*15.0%*	*28.6%*	*34.4%*	*39.0%*

EBITDA - CAPEX	0.6	-1.2	0.3	0.6	-3.5	7.7	19.5	31.1
EBITDA - CAPEX margin	*3.7%*	*-7.2%*	*1.8%*	*3.1%*	*-5.4%*	*9.7%*	*19.4%*	*25.5%*
EBIT	-0.1	-2.0	0.0	0.4	-6.2	6.6	17.5	28.6
EBIT margin	*-0.4%*	*-12.4%*	*0.0%*	*1.9%*	*-9.6%*	*8.3%*	*17.5%*	*23.4%*
Diluted EPS	0.0	-0.1	0.0	0.0	-0.2	0.2	0.5	0.8

Source: Redeye research (estimates), Freja eID Group (historical data)

Valuation: Base Case unchanged at SEK21

Fair Value
Weighted average
18.4 SEK

=

Fundamental Value (Base Case)
75% Weight
21 SEK

+

Relative Value (Base case)
25% Weight
10.5 SEK

ⓘ Above Valuation data is a static snapshot per 2026-11-09.

Our valuation consists of two parts: Fundamental Value and Relative Value. Those two parts are aggregated into a Fair Value, based on a weighting defined by the analyst.

Fundamental Value: Based on our analyst's forecasts and normally a cash flow based valuation method such as DCF (Discounted Cash Flow) or SoTP (Sum of the Parts). Prepared in 3 scenarios - Pessimistic, Base and Optimistic - to highlight potential outcomes and margin of safety.

Relative Value: Based on a set of peer companies and relevant comparison multiples selected by our analysts. A fair multiple is calculated based on premiums or discounts for growth and profitability.

Uncertainty Range: The analyst also sets an Uncertainty Range to the Fair Value, affecting the Value Score and what we define as “Fairly Priced” (Value Score = 3). The wider the range - The bigger upside is required to move the score into a 4 or 5.

We classifiy Freja eID as a Growth/Tech Stock resulting in a 75/25% weight between Fundamental value and Relative value.

Fundamental value (Base Case)

Our Base Case is SEK21. The estimate changes in this update are marginal and do not alter the long-term case: 2027 and 2028 ARR are virtually unchanged, our Teracom assumptions of SEK17.5m in ARR by the end of 2027 (about 63% of the SEK27.9m maximum) remain intact, and the Q3 profitability supports our view of a highly scalable model with a gross margin near 98%. Full implementation of the Teracom agreement would add another SEK~10m to our ARR forecast and represents upside to the Base Case.

Freja trades at 9.8x EV/ARR 2026e and 7.3x EV/ARR 2027e, and at 9.5x EV/sales 2026e and 7.5x EV/sales 2027e. This is at the upper end of the Nordic SaaS peer group, which we view as justified by 33% ARR growth, NRR well above 100%, positive EBITDA-CAPEX and a regulatory tailwind few peers can match.

Relative value

Based on EV/Sales multiples on other Nordic listed SaaS companies, Freja looks overvalued. Peers are currently trading at 3.1 EV/sales NTM, which implies a share price of SEK10.5 for Freja eID.

Fair value

We believe the relative valuation fails to capture Freja's unique strengths, as highlighted above , that most Nordic listed SaaS companies lacks.

Peer Valuation

SaaS	EV	EV/SALES			EV/EBIT			Sales growth			EBIT margin			EV/EBITDA-CAPEX			EBITDA-CAPEX MarginR40					
Company	(SEKm)	26e	27e	28e	26e	27e	28e	26e	27e	28e	26e	27e	28e	26e	27e	28e	26e	27e	28e	26e	27e	28e
Addnode	10,789	1.8	1.6	1.5	18	13	12	4%	4%	3%	10%	12%	13%	12.6	10.4	8.9	14%	16%	17%	18%	19%	20%
Admicom	1,388	3.2	2.8	2.3	17	12	9	3%	7%	9%	18%	23%	26%	11.0	8.8	6.8	29%	32%	34%	32%	38%	43%
AVTECH	135	3.0	2.7	1.9	11	20	9	-4%	4%	25%	26%	13%	22%	12.5	10.5	4.8	24%	26%	40%	19%	30%	65%
Carasent	1,745	4.2	3.2	2.7	94	20	12	21%	24%	11%	4%	16%	22%	32.6	15.6	11.5	13%	21%	24%	34%	45%	35%
OMDA	1,382	2.7	2.0	1.7	18	11	8	2%	30%	5%	15%	18%	22%									
Enea	1,233	1.4	1.2	1.0	12	8	6	0%	7%	7%	11%	16%	17%	6.9	5.1	4.0	20%	24%	26%	20%	30%	33%
Freja eID	605	9.5	7.5	5.8	neg	90	33	25%	25%	25%	-10%	8%	17%	neg	77.4	30.0	-5%	10%	19%	20%	35%	45%
Lemonsoft	986	3.0	2.8	2.4	12	10	9	2%	3%	5%	24%	27%	28%	14.7	10.1	8.9	20%	27%	27%	22%	30%	32%
Lime	3,615	4.5	4.0	3.5	21	18	15	10%	9%	9%	21%	22%	24%	18.1	15.4	13.3	25%	26%	26%	34%	35%	36%
Litium	169	1.7	1.4	1.1	426	14	6	21%	15%	19%	0%	10%	19%	neg	16.0	5.9	-2%	9%	18%	19%	24%	37%
Modelon	138	2.0	1.6	1.2	neg	neg	22	-6%	31%	23%	-23%	-9%	6%	neg	neg	17.2	-22%	-8%	7%	-28%	23%	30%
Nordtech	3,623	4.6	4.0	3.4	29	20	16	n/a	11%	12%	16%	20%	22%	16.3	13.1	11.1	30%	31%	31%	64%	42%	43%
Oneflow	470	2.4	2.0	1.6	neg	49	25	18%	17%	17%	-2%	4%	6%									
Opter	521	5.2	4.7	4.4	18	15	13	9%	10%	8%	29%	32%	35%	17.8	14.9	12.7	29%	32%	35%	38%	42%	43%
Pexip	6,502	4.7	4.1	3.6	16	13	11	19%	13%	14%	29%	31%	34%									
Physitrack	209	1.4	1.2	0.7	19	15	8	10%	14%	14%	7%	8%	9%	12.2	7.1	4.4	12%	17%	16%	21%	31%	31%
Safeture	104	1.6	1.2	0.8	20	9	4	11%	15%	14%	8%	14%	19%	23.2	9.5	4.7	7%	13%	18%	18%	28%	32%
Vertiseit	2,469	3.0	2.5	2.2	48	14	11	20%	15%	6%	6%	18%	21%	22.0	11.2	9.1	14%	23%	24%	34%	37%	30%
Vitec	15,213	4.1	3.7	3.4	18	15	13	3%	6%	5%	23%	24%	26%	14.8	13.0	11.8	28%	28%	29%	30%	35%	34%

SSH	894	3.5	2.8	2.1	neg	285	10	7%	21%	29%	-12%	1%	20%		neg	94.9	10.3	-9%	3%	20%	-2%	24%	49%
Average	**2,609**	**3.4**	**2.9**	**2.4**	**50**	**34**	**13**	**9%**	**14%**	**13%**	**10%**	**15%**	**20%**		**17**	**21**	**10**	**13%**	**19%**	**24%**	**23%**	**32%**	**37%**
Median	**1,109**	**3.0**	**2.7**	**2.1**	**18**	**15**	**11**	**9%**	**14%**	**12%**	**11%**	**16%**	**21%**		**15**	**12**	**9**	**14%**	**23%**	**24%**	**21%**	**31%**	**35%**

Investment Thesis

Case

Comprehensive platform with many shots for growth

While sometimes misunderstood as just a simple BankID alternative, the Freja eID platform is a comprehensive solution that enables citizens from ~170 countries to access civil services and serves public and private entities with organisational e-IDs. The platform is also scalable globally, serving SEB in several European countries, with prospects of adding white-label customers. The market is driven by a greater awareness of security and redundancy, along with a regulatory tailwind. With its reliable and highly scalable platform and a wide range of growth opportunities, both in Sweden and internationally, we believe Freja eID is set for solid growth and expanding margins from here.

Evidence

Proven product-market-fit and scalability

After several years of modest sales growth for the Freja eID platform, it began to gain traction in 2023 and has since further accelerated ARR growth, even with a slight reduction in OPEX. The strong ARR growth has been driven mainly by authorities and municipalities, and we believe the solid development confirms the product-market fit. Looking forward, international and domestic white-label deals, as well as further large deals in the Swedish market, are the most likely catalysts. Considering the regulatory tailwind, we believe such deals will come. Freja eID has already highlighted its strong scalability, which, combined with a gross margin of over 95%, sets the company up for rapid margin expansion as long as it manages to find growth.

Challenge

Slow-moving customers

While Freja's e-ID solution offers substantial value to potential customers by enhancing customer efficiency in various ways, some customer segments, particularly the public sector, tend to move at a slower pace. We believe that has been a significant issue for Freja over the years. However, the solid inflow of new deals, particularly over the last year, suggests that more are willing to adopt the new technology that Freja offers.

International sales

While Freja eID is a modern and proven platform suitable for any geographical market, potential buyers outside of Sweden might prefer domestic alternatives, for patriotic or security reasons, for example. Although Freja has multiple growth opportunities in Sweden as well, international sales might be more challenging than we assume. On the other hand, Freja already serves customers in several European markets and has several active dialogues regarding international white-label deals.

Valuation

Scalable SaaS solution targeting the global market

Considering the scalable characteristics of its business and a product ready for the global market, we believe Freja eID deserves a high valuation relative to its sales growth and margins, i.e. a high EV/sales relative to its R40.

Redeye Quality Rating

Company Quality

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

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

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

People

4

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

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

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

Positives

- Strong founder mentality with CEO Johan Henrikson demonstrating visionary leadership, deep industry knowledge, and commitment to long-term value creation through innovative digital identity solutions.
- Lean organization promoting self-direction and accountability, with a strategic focus on capital-efficient international expansion and a well-defined plan for value creation.
- Consistent commitment to innovation, evidenced by pioneering features and proactive embrace of emerging technologies.
- Transparent and candid investor communication, focusing on long-term business value and providing timely, comprehensive updates on strategic shifts and operational challenges.
- Significant insider ownership (>20%) and management stake, aligning interests with shareholders and demonstrating confidence in the company's future.

Negatives

- Historical challenges in delivering attractive returns on capital, though recent growth and cost reduction efforts show promise for future profitability.
- Increased share count without corresponding EPS growth, indicating potential dilution concerns for shareholders.
- Relatively high potential dilution from stock options, although mitigated by strong annual growth rates.

Business

4

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

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

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

Positives

- Strong recurring SaaS revenue model with high gross margins and scalable platform, positioning Freja eID for substantial growth opportunities in Sweden and internationally.
- Benefits from secular tailwinds in digital security and identification, with a competitive advantage rooted in regulatory approvals and high switching costs for customers.
- Customer-centric innovation approach, leading to market-first features and adaptability to evolving needs, while contributing positively to social sustainability and IT infrastructure robustness.
- Diversified and stable business model, largely independent of commodity prices and economic cycles, with sticky recurring revenue even during market downturns.
- Proactive approach to sustainability, both environmental and social, with a focus on employee satisfaction and delivering value to customers.

Negatives

- Not yet profitable, generating negative cash flow, which may require additional funding and potentially dilute shareholder value in the short term.
- Operates in a regulated industry, which, while currently beneficial, exposes the company to potential future regulatory risks and changes.
- Limited track record of successful international expansion, with ongoing discussions but no significant white-label deals outside of Sweden yet.

Redeye Quality Rating

Financials

2

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

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

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

Positives

- High gross profit margin (>40%) indicates strong pricing power and potential for accelerated profits with sales growth.
- Operating margin (EBIT) has increased for three consecutive years, suggesting improved cost management and operational efficiency.
- Net debt is less than two times operating cash flow, indicating good debt management and repayment capacity.

Negatives

- Operating margin (EBIT) is below 20%, indicating potential challenges in maintaining profitability.
- Return on Equity (ROE) has not consistently reached 20% over the last five years, suggesting inefficient use of shareholder capital.
- Revenue and earnings growth have not consistently outperformed industry averages or historical rates, indicating potential market share loss or competitive pressures.
- Free Cash Flow (FCF) and Operating Cash Flow (OCF) conversion rates below 80% over the past five years suggest challenges in converting profits to cash.

Rating Distribution

Redeye Covered Companies			
Rating	**People**	**Business**	**Financials**
5	7	7	0
3-4	126	108	51
0-2	7	25	89
Companies	140	140	140

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Financials

Income Statement					
SEKm	2025	2026e	2027e	2028e	2029e
Net Sales	51.1	63.9	79.9	100.2	122.0
Other Income	0.18	0.18	0.0	0.0	0.0
Total Revenue	51.3	64.1	79.9	100.2	122.0
Cost of Sales	-1.2	-1.6	-2.4	-3.0	-3.7
Gross Profit	49.9	62.3	77.5	97.2	118.3
Operating Expenses	-58.1	-62.9	-66.0	-74.0	-83.1
EBITDA	1.3	9.6	22.9	34.5	47.6
Depreciation and Amortization	-15.4	-15.8	-16.3	-17.0	-19.0
EBIT	-14.1	-6.2	6.6	17.5	28.6
Net Financial Items	-0.93	-1.2	-0.11	-0.11	-0.11
EBT	-15.1	-7.3	6.5	17.4	28.4
Income Tax Expenses	-0.25	0.24	-1.3	-3.6	-5.9
Net Income	-15.3	-7.1	5.2	13.8	22.6
Balance Sheet					
SEKm	2025	2026e	2027e	2028e	2029e
Assets					
Non-current assets					
Property, Plant and Equipment (Net)	0.57	0.65	0.72	0.97	1.2
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible Assets	30.1	31.1	33.8	35.7	38.3
Right-of-Use Assets	3.1	3.4	3.3	4.4	5.4
Other Non-Current Assets	1.2	0.35	0.35	0.35	0.35
Total Non-Current Assets	35.0	35.6	38.2	41.5	45.3
Current assets					
Inventories	0.0	0.0	0.0	0.0	0.0
Accounts Receivable	12.4	15.3	19.2	24.0	29.3
Other Current Assets	7.1	9.6	12.0	15.0	18.3
Cash Equivalents	14.9	14.1	20.0	34.8	58.1
Total Current Assets	34.4	39.0	51.1	73.8	105.7
Total Assets	69.4	74.5	89.3	115.3	151.0
Equity and Liabilities					
Non-current liabilities					
Long Term Debt	1.3	0.10	0.10	0.10	0.10
Long Term Lease Liabilities	1.6	2.1	2.1	2.1	2.1
Other Non-Current Lease Liabilities	2.9	1.4	1.4	1.4	1.4
Total Non-Current Liabilities	5.8	3.6	3.6	3.6	3.6
Current liabilities					
Short Term Debt	6.3	1.7	1.7	1.7	1.7
Short Term Lease Liabilities	1.7	1.8	1.8	1.8	1.8
Accounts Payable	4.7	9.6	12.0	15.0	18.3
Other Current Liabilities	28.9	28.8	36.0	45.1	54.9
Total Current Liabilities	41.6	41.8	51.4	63.6	76.7
Equity	22.0	29.1	34.3	48.1	70.7
Total Liabilities and Equity	69.4	74.5	89.3	115.3	151.0
Cash Flow					
SEKm	2025	2026e	2027e	2028e	2029e
Operating Cash Flow	7.1	13.4	24.8	35.1	46.2
Investing Cash Flow	-12.5	-13.4	-15.7	-15.8	-17.4
Financing Cash Flow	11.8	-0.78	-3.2	-4.4	-5.4
Cash Flow For The Period	6.4	-0.81	5.9	14.8	23.4

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

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- The date and time of completion of the recommendation and any prices of financial instruments mentioned therein.
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