SEN Asset Management

Adtraction (ADTR)
Europe | Performance based affiliate marketing plattform | MCAP 526 MSEK

31 March 2026

Buy

Target Price: 61.5 SEK

Current price: 31.7 SEK

Upside: 94 %

Muted expectations, visible upside

Adtraction provides a performance marketing platform operating within affiliate marketing, connecting advertisers and partners through a scalable and asset-light platform. The company holds a strong market position in the Nordics and has an established presence across several European markets, supported by high cash conversion.

Following a period of weaker development, recent trends suggest that market conditions may be gradually improving. We believe Adtraction is well positioned ahead of a recovery in growth, supported by internal initiatives, a scalable cost base and clear operating leverage in the business model. Despite this, current valuation levels appear to reflect a relatively cautious scenario for both revenue growth and margin development. In our view, that creates an attractive setup relative to the company's earnings potential in a more normalised market environment.

Adtraction also benefits from exposure to marketing channels where advertisers continue to value measurable outcomes and clear ROI, which should support the long-term relevance of the business model. Combined with a strong Nordic position, financial flexibility and scope for continued expansion in Europe, we believe the company offers an attractive risk/reward profile at current levels. In our base case, a valuation of 9x EV/EBITA on our 2028 estimates implies an upside of approximately 94 percent from current levels.

Analysts

Viktor Söderberg — Equity Analyst

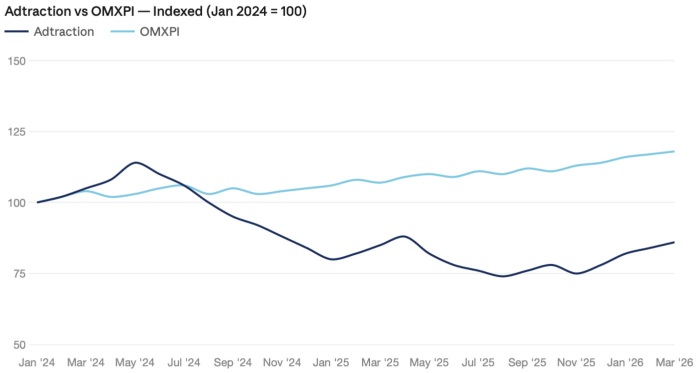
Market Data, SEK	
Exchange	Nasdaq First North Growth Market Stockholm
Shares (m)	16,6m
Market cap	526 msek
EV	402,5 msek

Metrics & Drivers	25A	26E	27E	28E
EV/Net revenue	0.34x	0.31x	0.28x	0.26x
EV/Gross profit	1.77x	1.63x	1.47x	1.38x
EV/EBITA	7.5x	6.29x	5.51x	4.63x
EV/Free cash flow	5.86x	6.99x	6.13x	5.14x
ND/EBITDA	-2.3x	-	-	-

Forecast. SEKm	25A	26E	27E	28E
Total Revenue	1187	1293.8	1423.2	1522.8
Rev. Growth y/y	-1.3%	9%	10%	7%
Gross Profit	228	247	273	292
Gross Margin	19.20%	19.09%	19.20%	19.20%
OPEX	183.3	186	200	205
EBITA	53.7	64	73	87
EBITA Margin	4.50%	5%	5.10%	5.60%

Major Shareholders	
Simon Gustafson (Founder & CEO)	14,95%
Markus Bjernvall (Head of Platform)	13,64%
North Port Invest AB	13,55%
Håkan Roos (RoosGruppen)	7,37%
Nea Partners	7,18%
Jacob Notlöv	5,23%
Avanza pension	5,07%
Göran Nordlund	4,22%

Adtraction vs OMXPI — Indexed (Jan 2024 = 100)



Source: Avanza, Nasdaq Stockholm. Indexed to 100 at 2 Jan 2024.

Business model

Adtraction operates within performance marketing, which means it offers its clients the ability to sell more at a predictable cost, as clients only pay for actual results. Simplified, Adtraction acts as an intermediary between partners and companies. In weaker economic conditions, marketing budgets tend to be allocated toward channels where outcomes are clearly measurable. Affiliate marketing is not immune to a weaker market environment, but is attractive since costs are directly linked to actual sales, which helps to dampen the decline in revenue.

Adtraction brings companies and marketing partners together on one platform, making it easier and more cost-efficient for customers to work with many partners without building their own solutions or managing each relationship separately. For partners, the platform provides access to many companies in one place along with integrated tools for tracking and payments, allowing them to focus on driving traffic and revenue rather than administration. This creates value for all parties involved, as companies gain efficiency, partners gain scale, and Adtraction benefits from higher network activity and stickier relationships.

Below are a few examples of Adtraction's customers:

ginatricot jollyroom. LYKO telenor apotea.se

Source: Adtraction

Business model strengths

Network effects are an important moat in this industry, as the value of the platform increases for both companies and partners as the network grows. A larger partner base provides companies with greater reach and better outcomes, while a broader set of companies increases earning opportunities for partners. This creates a positive dynamic where larger networks become more attractive over time, making it less appealing for participants to leave the platform or manage partnerships independently.

Network effects are to some extent a double-edged sword for Adtraction. In its home market, it's a clear strength that protects the company's market position. The same mechanism also applies to local competitors in Europe, where Adtraction has not yet achieved the same level of network scale. There, established players benefit from their network effects, which makes organic expansion more difficult and makes acquisitions an important part of the company's growth strategy.

The performance marketing market is fragmented. Meta and Google account for around half of global marketing revenues, while the remaining share is spread across a large number of smaller players. This creates opportunities for acquisitions and consolidation, which is something competitors are not that interested in it seems.

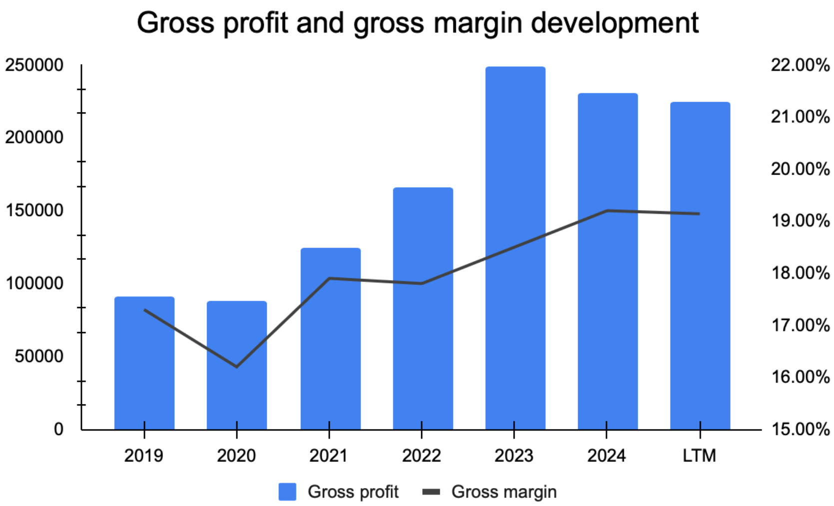
Apart from the network dynamics, Adtraction's business model is characterised by low capex requirements and a model that scales well. The cost base is largely relatively fixed, and the company has stated that the current workforce can handle significantly higher volumes. Growth is therefore expected to primarily impact margins and result in high cash conversion and strong free cash flow.

Financial profile

Understanding the earnings profile

First of all, it is important to note that Adtraction reports under K3, meaning that goodwill is amortised over a fixed period of time. As a result, the income statement does not always provide a fully accurate picture of underlying earnings. For example the earnings per share over the last twelve months is -1,4sek, while in the same period fcf per share is 2,1sek.

Adtraction's reported revenue can, in our view, be misleading to analyse, as it includes the full value of transactions made through the platform, even though large parts are passed on to partners or customers. Since these amounts do not belong to Adtraction, gross profit provides a more relevant picture of the company's revenue base and underlying earnings capacity.



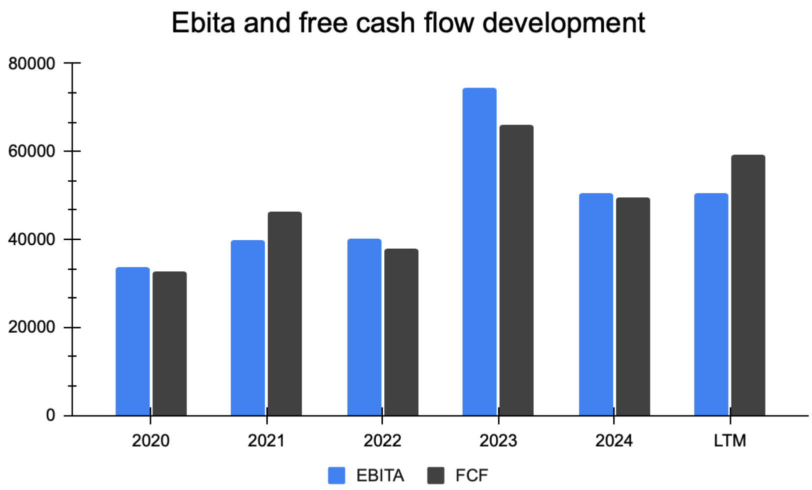
Development in recent years

The strong growth observed during the Covid years should be viewed in the context of temporarily elevated demand within e-commerce, as well as a financial vertical that benefited from low interest rates. Within e-commerce, both advertiser budgets and transaction volumes were positively affected by favourable market conditions, while low interest rates simultaneously supported demand for consumer loans within the financial segment. When interest rates subsequently increased and demand within e-commerce normalised from an unusually high level, Adtraction experienced negative growth. The board has said that this period has been the toughest market they've ever operated in.

The third quarter (2025) however, showed a broadly flat year-on-year development when adjusted for currency effects, while the most recent quarter indicated signs of improvement, with revenue increasing by 4.7 percent and EBITA rising by 18.2 percent due to operating leverage. Taken together, this may suggest that the negative growth trend is approaching a bottom, while also highlighting the operating leverage inherent in the business model. In this context, it is also relevant to note the company's own assessment that its operations tend to be impacted late in the economic cycle. Against this backdrop, initial interest rate cuts, together with signs of an improving e-commerce environment in Sweden, may gradually create more favourable demand conditions going forward.

At the same time, the observed normalisation should not be interpreted as a break in long-term growth. The structural shift from physical retail to e-commerce remains intact and continues to form the foundation for the market's long-term development.

Beyond gross profit, EBITA and free cash flow are key metrics for assessing profitability, cash generation and capital allocation capacity. Supported by an asset-light and scalable business model, Adtraction has historically demonstrated strong conversion of EBITA into free cash flow, providing financial flexibility to pursue acquisitions and create shareholder value.



Strong balance sheet and cash conversion

Adtraction has a strong balance sheet characterised by a net cash position and low financial leverage, with net debt to EBITDA of approximately –2.2x and cash of around SEK 123m. Cash and cash equivalents have consistently remained within a SEK 90–130m range over the past ten quarters, reflecting a strong and stable liquidity position. This provides financial flexibility to pursue acquisitions, support growth initiatives and maintain high dividends. The balance sheet strength is primarily driven by sustained cash flow generation rather than temporary effects, resulting in a resilient financial foundation even in a more challenging market environment.

The cash flow generated by the business is primarily used for dividends and acquisitions. Even during the past two years, which have been the most challenging from a growth perspective in the company's history, cash flow has been sufficient to support these uses without risking the balance sheet. The strength and resilience of cash generation across the business cycle is supported by consistently strong gross margins. In line with the company's dividend policy to distribute 30–60 percent of adjusted net profit over time, the current dividend level corresponds to a dividend yield of approximately 6.9 percent based on the current share price.

Risks and uncertainties

Google and Meta

Google and Meta are dominant players in digital marketing and can, in practice, be regarded as close to monopolies. At the same time, performance-based marketing represents only a limited share of customers total marketing budgets, as the majority is in many cases allocated to Meta and Google. A frequently cited structural risk is therefore that the dominance of Google and Meta could crowd out smaller players. In practice, however, it is neither rational nor desirable for companies to rely entirely on one or two platforms for their entire marketing budget, as this would result in limited risk diversification and increased vulnerability. Instead, advertisers seek complementary channels alongside the large ecosystems. Performance-based affiliate networks, such as Adtraction, thus play an important role by offering alternative traffic sources and a model where payment is made only upon verified results, thereby complementing rather than replacing the dominant platforms role in the marketing mix.

AI

The affiliate industry has historically adapted to structural changes such as GDPR and cookie regulations. AI represents another shift, where a potential risk is that content is consumed via AI-generated summaries without generating underlying traffic or compensation, which over time could affect the incentives to create content. This would risk the broader ecosystem, which benefits no participant.

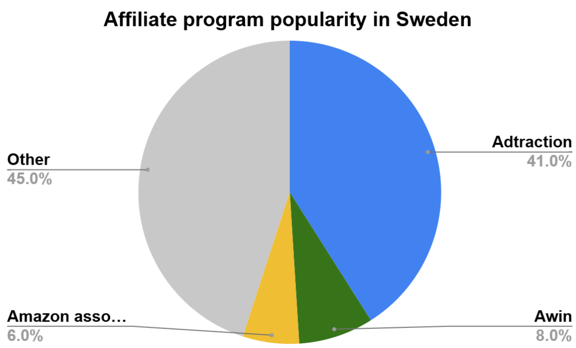
So far, however, the company has continued to demonstrate stable growth in clicks and conversions despite the emergence of AI. The business model is diversified, and partners appear in AI-generated summaries too, indicating that visibility is partly maintained in new interfaces.

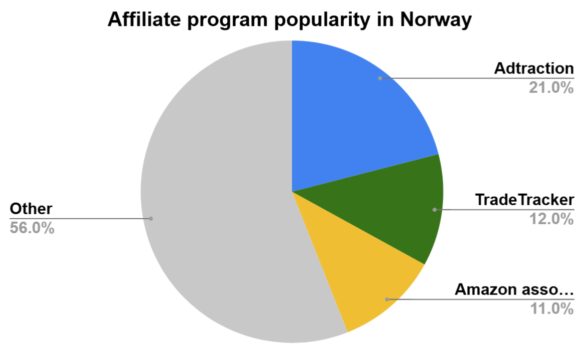
The recent weaker performance is, according to the company, primarily related to softer consumer demand, in line with broader e-commerce trends, rather than structural AI impact. The current valuation indicates that the market is already pricing in significant uncertainty related to the long-term structural development.

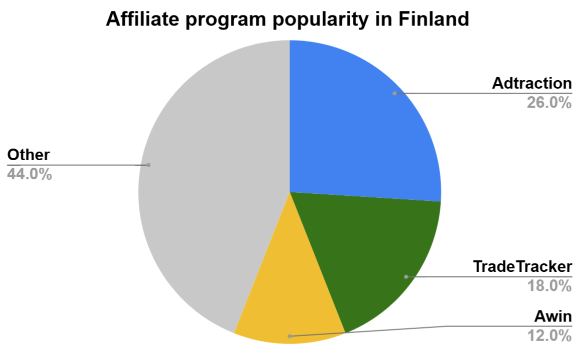
Positioning

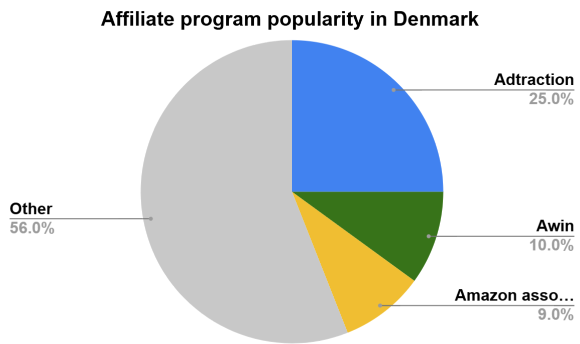
Based on statistics from BuiltWith, we estimate that Adtraction holds a Nordic market share of around 30–40 percent within affiliate marketing, which appears reasonable given the company's size and the stability of its operations. BuiltWith also states that Adtraction is the most popular affiliate program in each Nordic country. In an industry where network effects play an important role, this local scale represents a clear competitive advantage. The company's revenue mix also illustrates this positioning, with approximately 75 percent of group revenue generated in the Nordic region and the remaining 25 percent in the rest of Europe. At the same time, network effects are a double-edged sword, as they also strengthen already established players in other European markets and thereby make organic expansion more difficult. In this context, acquisitions represent a complementary path for geographic expansion in a still fragmented market, creating opportunities for players with financial capacity. At the same time, Adtraction has a local presence with offices in 12 countries across Europe, giving the company a broader platform for continued expansion, with a clear ambition to continue growing in Europe through, for example, acquisitions, an area where interest from other players so far appears to have been more limited.

It is also common for advertisers to use multiple partner marketing platforms simultaneously in order to diversify their traffic sources and reduce dependence on a single channel. As a result, competition between affiliate networks is not determined solely by network size, but also by factors such as platform functionality, account management, and service quality, areas that Adtraction appears to prioritize and where the company has received positive customer feedback.









Core drivers of the thesis

Return to growth unlocks margin expansion

A key part of the investment thesis is that Adtraction appears to be approaching a return to growth after a period of unusually weak market conditions. The most recent quarters point to improving momentum, with the finance segment beginning to stabilize while e-commerce and the other segments are showing better trends. This matters not only for revenue growth itself, but also because higher volumes allow the scalable business model to demonstrate clearer operating leverage. This was already visible in the latest report, where revenue increased by 4.7 percent while EBITA rose by 18.2 percent. With a relatively fixed cost base, and with management stating that the current organisation can handle meaningfully higher volumes, we believe that a return to growth can drive further margin expansion over the coming years. Additional support comes from internal initiatives such as improved tracking and a new pricing model, which may gradually strengthen both conversion and take rate.

Strong cash generation supports resilience, M&A and dividends

Adtraction's asset-light business model, limited investment requirements, and low working capital intensity support continued high cash conversion and strong free cash flow generation. This strengthens the company's financial flexibility and enables both an attractive dividend and selective acquisitions over time. Cash generation has also remained robust during weaker market conditions, suggesting that the strength of the balance sheet is structural rather than temporary. With a strong net cash position, a dividend policy of 30–60 percent of adjusted net profit, and a still fragmented market, we believe Adtraction is well positioned to combine ongoing shareholder returns with acquisition-driven growth.

Strong Nordic positioning supports European expansion

Adtraction's strong Nordic platform provides the company with solid conditions to continue expanding in Europe. Its established presence in the home market creates both financial strength and operational experience, while its local organisation across several European markets provides a broader base for continued growth. As the affiliate market remains fragmented, we believe the company is well positioned to combine organic expansion with selective acquisitions. The fact that other peers so far appear to have been less active in M&A may also suggest that Adtraction is well positioned to take a leading role in a future market consolidation.

Structural tailwinds support long-term growth

The long-term outlook for performance-based marketing remains favourable as advertisers continue to shift marketing budgets toward digital channels with clear and measurable returns. At the same time, demand is supported by ongoing digitalisation in key verticals such as e-commerce and financial services, where consumers increasingly adopt digital purchasing and service solutions. In recent years, the industry has also become more complex due to stricter privacy regulations, evolving tracking requirements, and higher technical standards. These rising requirements favour established platforms with developed technology, relevant expertise, and strong relationships with both advertisers and partners, which in our view should strengthen the market position of well-positioned players over time.

Financial outlook

Recent quarters suggest that Adtraction is emerging from a period of weak market conditions. In the latest quarter, revenue grew by 4.7 percent while EBITA increased by 18.2 percent, indicating improving momentum and highlighting the operating leverage in the model. Management has also indicated that the positive trend seen in the latest quarter has continued, which supports our view that market conditions are gradually normalising.

Revenue outlook

We expect revenue growth to improve during the forecast period, supported by improving trends in e-commerce, stabilisation in finance, continued improvement in Bundler, and by impact of internal initiatives such as improved tracking and pricing.

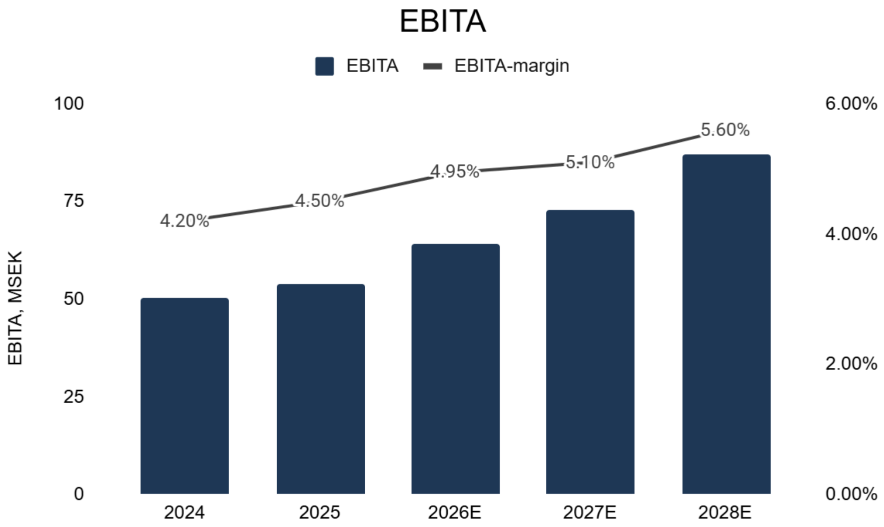
For 2026E, we estimate revenue growth of 9 percent. This is primarily driven by improving trends in the e-commerce segment, continued growth in the "other" segment and impact of pricing and tracking initiatives. Part of the expected growth in 2026E is supported by easy comparables following a weak period in 2025. For 2027E and 2028E, we expect growth to remain supported by a more normalised market environment and growth in Europe with example acquisitions as a potential driver. Our estimates for this time period assume that the finance segment returns to growth as demand normalises in regions such as Spain, while e-commerce continues to benefit from structural digitalisation trends and advertisers continue to value marketing channels with clear ROI and measurable outcomes.

Margin outlook

Adtraction's business model is characterised by a relatively fixed cost base, with personnel representing the largest operating expense. Management has stated that the current organisation can handle meaningfully higher volumes, which supports the case for operating leverage as growth returns. As revenue and gross profit recover, we expect profitability to improve, as the cost base should grow at a slower pace than gross profit over the forecast period. As shown in our opex estimates below, we expect cost growth to remain relatively moderate, supporting a gradual decline in opex as a share of gross profit over time.

Msek	2024	2025	2026E	2027E	2028E
OPEX	187.2	183.3	186	200	205
% of gross profit	81%	80%	75.3%	73.2%	70.2%
Growth year on year (%)	1%	-2%	1.5%	7%	2.5%

This should allow a larger share of incremental gross profit to fall through to EBITA, which in turn supports our expectation of continued margin expansion over the forecast period. Below, we illustrate how we estimate EBITA to develop over the forecast period.



Cash flow and capital allocation

Given the asset-light nature of the business, we expect cash conversion to remain strong over the forecast period. Capital expenditure requirements are limited, and working capital intensity is low, which supports free cash flow generation even in a softer market environment. We therefore expect the company to maintain an attractive dividend while also retaining the flexibility to pursue selective acquisitions when attractive opportunities arise. Although acquisitions are inherently difficult to forecast, we see a reasonable likelihood of M&A during the forecast period based on management commentary. In the near term, acquisition activity may remain somewhat limited, as lower valuations have reduced sellers' willingness to sell. Over time, however, we view acquisitions as an attractive use of capital given the company's strong balance sheet, the fragmented market structure, and the strategic value of greater scale in a business shaped by network effects.

Valuation

Current valuation

Based on current market data, Adtraction is valued at a market capitalisation of SEK 526m and an enterprise value of SEK 402.5m, supported by a net cash position of SEK 123.5m. Based on our estimates, the company is trading at 6.3x EV/EBITA on 2026E and 4.6x EV/EBITA on 2028E, while also trading at modest multiples on gross profit and free cash flow. In our view, these levels appear low for a scalable and cash-generative business with a strong balance sheet.

Current market data	
Stock price	31.7 sek
NOSH	16 607 143
Market cap	526 msek
Net cash position	123.5 msek
Enterprise value (EV)	402.5 msek

Current multiples appear to reflect a scenario of continued weak development in both revenue and margins. Given our assumptions of improved revenue growth, supported by internal initiatives and gradually improving market conditions, the operating leverage in the business model should be able to drive a more meaningful effect on EBITA over time. Against that background, the current valuation appears conservative relative to our base case.

Valuation based on our estimates	2025A	2026E	2027E	2028E
EV/Net revenue	0.34	0.31	0.28	0.26
EV/Gross profit	1.77	1.63	1.47	1.38
EV/EBITA	7.50	6.29	5.51	4.63
EV/Free cash flow	5.86	6.99	6.13	5.14

Valuation approach

We apply EV/EBITA as our primary valuation method, as we believe this best captures Adtraction's underlying earnings power while excluding the distortive effects of goodwill amortisation under K3. We also view EV/gross profit and EV/free cash flow as relevant supplementary metrics and as reasonableness checks to the main valuation.

Justified multiple

In our view, a valuation of 9x EV/EBITA is justified. This reflects the company's strong cash generation, scalable business model, and solid market position in the Nordics, which creates good conditions for continued expansion in Europe. Adtraction also benefits from exposure to marketing channels where advertisers continue to value measurable outcomes and clear ROI, which in our view supports the long-term relevance of the business and strengthens the investment case. The company also benefits from a strong balance sheet and selective acquisition opportunities in a fragmented market. At the same time, we believe it is appropriate to apply a discount relative to larger and more mature platform businesses, given the remaining uncertainty related to AI and the company's platform dependency. Overall, we believe 9x EV/EBITA represents a reasonable valuation that balances the company's quality and growth potential against its risk profile.

Another intangible factor we value highly is the high insider ownership, with management collectively owning around one-third of the company. CEO and founder Simon Gustafson is the largest shareholder, followed by Head of Platform Markus Bjernvall as the second-largest shareholder.

Triggers

In our view, the most important trigger for the company is to prove that it can return to sustainable growth after a period of weaker development. If Adtraction demonstrates that growth is recovering, this should strengthen confidence that the recent weakness has been cyclical rather than structural, which in turn could pave the way for multiple expansion. This will also activate the operating leverage as a side effect.

Another important factor is the company's ability to continue to execute on its European expansion ambitions, both organically and through selective acquisitions. Progress on this front could strengthen the investment case further by demonstrating that Adtraction is able to build on its strong Nordic position and broaden its earnings base over time.

Another factor is that the overhang from former major shareholder Casper Grud now appears to have disappeared, following his gradual sell-down of the shares he received in connection with the acquisition of Adservice. This may have created technical pressure on the stock, and with this pressure now gone, trading in the shares could normalise. Before the sell-off Casper owned approximately 10% of the company.

Base case

Based on our 2028 estimates, a valuation of 9x EV/EBITA would imply an upside of approximately 94 percent from current levels and a target price at 61,5 SEK. This corresponds to a CAGR of around 31 percent over the three forecast years.

A sensitivity analysis and more detailed estimates is provided in the appendix.

Conclusion

Adtraction operates a scalable and cash-generative business with a strong position in the Nordics, solid cash conversion, and a balance sheet that provides both resilience and strategic flexibility. While the company has faced a period of weaker development, recent trends suggest that conditions may be gradually improving, supported by internal initiatives and a more normalised market environment. In that context, the current valuation appears to reflect a cautious scenario.

Our investment case is primarily based on the view that a return to more normalised growth should allow the operating leverage in the business model to become more visible over time, supporting improved EBITA and cash generation. Combined with continued financial discipline, selective M&A potential, and further progress in Europe, this creates scope for a stronger earnings profile than what current multiples appear to discount.

In our base case, a valuation of 9x EV/EBITA on our 2028 estimates implies an upside of approximately 94 percent from current levels. Overall, we believe Adtraction offers an attractive combination of balance sheet strength, earnings potential, and valuation support, which makes the risk/reward attractive at current levels.

Appendix

Key performance indicators, Msek	2024	2025	2026E	2027E	2028E
Net revenue	1202.6	1187	1293.83	1423.213	1522.83791
Gross profit e-com	130.9	141.6	156	170	181.9
Gross profit finance	95.8	83.1	87	98	104.86
Gross profit other	4.1	3.4	4	5	6
Gross profit nordics (%)	74%	75%	72%	69%	67%
Gross profit europe (%)	26%	25%	28%	31%	33%
Gross profit	**230.8**	228	247	273	292
Gross margin	**19.20%**	19.20%	19.09%	19.20%	19.20%
OPEX	176.2	183	186	200	205
EBITA	**50.5**	53.7	64	73	87
EBITA-margin	**4.20%**	4.50%	5%	5.10%	5.60%

Free cash flow, Msek	2024	2025	2026E	2027E	2028E
Free cash flow	**49.6**	68.7	57.60	65.70	78.30
Free cash flow adjusted for acquisition	23.7	54.4	-	-	-
Fcf conversion (fcf /ebita)	98.20%	127.90%	90%	90%	90%
Dividends	33.9	33.3	34	35	40

Sensitivity analysis, 2028E			
EV/EBITA multiple	Implied EV	Return to implied EV	Share price
5	435	8%	34.2
6	522	29%	40.8
7	609	51%	47.8
8	696	72%	54
9	**783**	**94%**	**61.5**
10	870	116%	68.4
11	957	137%	75
12	1044	159%	82

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