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Preliminary 2025 Results (unaudited)

- Investment return pretax -13.4%
  *- Investment return pretax in constant currencies was approximately -4.4% **
  - Our benchmark OMXS30 including dividends return pretax: +19.7%
  *- MSCI Sweden Small Cap including dividends return pretax: -1.0% ***

- Book value per share decreased by 15.1% to SEK 218.72 per share

- Taxes paid 1.0% of our starting year capital base

- OpEx 1.0% of our starting year capital base

  ** Our result would have been approximately SEK 9.2 million higher in constant currencies, which would have resulted in a Book value of SEK 241.13 per share.*

  *** MSCI Sweden Small Cap is a much more relevant benchmark in terms of the type of Swedish companies we invest in. Its return in 2025, excluding dividends, was -2.5%. Its return, including dividends, is appoximated to -1.0% as there are no publicly available sources for this metric.*

Daniel Glaser comments:

2025 ended up as a less good year for us.

Our primary headwind was the strong Swedish krona and the negative currency effects resulting from our exposure to USD, GBP, and EUR-based investments. Our returns from Meta, Amazon, and our China basket were all positive, but currency effects brought them all into negative territory.

However, even after adjusting for currency effects, our investment return was slightly negative. This was mainly due to our investment in Wise and a few small Nordic companies, which each contributed a small negative return. Combined, they cancelled out our gains in Avanza and Storytel.

We entered 2025 with a cautious portfolio, as I felt valuations were high and sentiment frothy early in the year. However, the market generally rewarded highly valued stocks with even richer valuations, while lower valued stocks became cheaper. We didn't invest in any companies that provide AI infrastructure, and the enthusiasm about stablecoins – warranted or not – certainly hurt our Wise investment.

Despite this, we were on track for a result broadly in line with what one could hope for from a cautious portfolio, with a modest positive return of +5% to +10% in constant currencies. However, several unrelated developments in a few of our holdings during the fourth quarter erased the gains we had built up during the year. They all occurred within a short span of two weeks, giving me a handful of difficult decisions at the same time. This made them more challenging to deal with optimally. The key, of course, is not to get into such situations in the first place.

Some of you may wonder how our benchmark can be so strong while we did poorly in comparison. Sweden's four largest banks, together with mining companies and defense-related SAAB, were the main contributors to the benchmark's strong performance. We have always had little in common with our benchmark, and that will continue.

There are hundreds of excuses I could go to, but I'm not going to make any. The reality is that a few of our holdings still need to prove themselves as they failed to deliver solid earnings power growth during the year, which is ultimately what drives a company's value and its share price.

When I evaluated the year in November, it became clear that we need to make some changes. The world is changing at a fast pace. The markets have become even more competitive, and mispricings tend to be fewer and corrected more quickly than in the past. If we are to stay competitive, I need to spend more uninterrupted time evaluating new opportunities, comparing them to our current holdings, and make this an overall more consistent focus of my workdays.

Moving forward, I will be even more selective with stricter requirements for our investments, and I will also be less forgiving of mediocre performance. As a result of the November review and the subsequent weeks' work, a few of our investments were sold or reduced, and we made two new investments late in the year, with two more currently under late-stage evaluation.

My annual letter to shareholders will be sent out towards the end of the first quarter. I will be in Engelberg next week for Rob Vinall's Annual gathering. If you are going there and want to meet up, let me know.

I understand if you are disappointed as a shareholder. I can assure you that I'm more disappointed than you are.

We cannot change the past year, but we can regroup and look ahead. The recent quarter was tough, but make no mistake: we will come out better and stronger from the treading-water period we've been through over the past few years.

I'm already fully focused on the coming years, and I hope you will be there to see the results as we embark on this next phase.

Daniel Glaser

CEO

River Oak Capital

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