

River Oak
Capital

2025 Letter to shareholders

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<i>Annual percentage change in</i>	Investment return (pretax)	Book value per share	OMXS30 incl. div. (pretax)
2017 (from Feb 7)	13.2	8.6	5.4
2018	0.0	(6.0)	(7.0)
2019	61.7	50.1	30.7
2020	104.0	74.3	7.4
2021	14.3	10.8	32.7
2022	(26.9)	(28.8)	(13.0)
2023	5.7	4.0	21.0
2024	20.1	17.5	6.8
2025	(13.4)	(15.1)	19.7
Total gain	242.8%	118.7%	145.9%
Compounded annual gain	14.9%	9.2%	10.6%

When evaluating investment results, it is my strong recommendation that you always look at the longest available time period as shorter periods with their inherent randomness won't tell you much of value. As always, I have included a full track record of the past thirteen years which includes my Zen Capital family office from 2013-2016 at the end of this letter.

Notes to table

¹ The change in Book value per share is net of taxes, general operating costs, and a dividend on the Class A shares according to the Company's Articles of Association. There is no dividend on the Class A shares unless the year-end book value per share is higher than all previously reported years and the net result after such a dividend is higher than the OMXS30 including dividends that year. For more details, see the Company's Articles of Association.

² The OMXS30 including dividends column does not include the standard annual tax payment which is due on Swedish investment accounts and which River Oak pays every year. It has amounted to between 0.3% to 1.1% of total capital per year. The real return achieved by a Swedish investor that invested in the index is thus between 0.3% to 1.1% lower per year than reported in the table.

³ Estimated currency effects on Investment return: 2017 -10%; 2018 +5%, 2019 +3%, 2020 -6%, 2024 +4%, 2025 -9%. In the other years, the currency effect was less than or equal to 2%. River Oak does not in any way strive to foresee or profit from currency movements. Our belief is that any impact from currency movements will be negligible over time.

⁴ Investment return and Book value per share between 2013-2021 have not been audited. The Company's AGM voted to retain an auditor in April 2021.

Fellow shareholder,

River Oak's book value per share decreased by 15.1% in 2025. Our book value on December 31, 2025, was SEK 89.5 million, equivalent to SEK 218.72 per share.

Our investment return in constant currencies was negative 4.4%. The strengthening of the Swedish krona (SEK) had a negative impact on our results by approximately 9%.

All discussions about our results in this letter will be in constant currencies unless otherwise noted. Currency fluctuations have little to do with stock picking, and they are unlikely to have a large impact on our portfolio's long-term results. I make no effort whatsoever to try to predict their moves. They can however have a material impact on our results in certain years, so I have included a short section on currency hedging.

We repurchased around 6% of River Oak's outstanding shares in June at a price of SEK 264.66 per share for a total of SEK 7.2 million. We also raised SEK 1.5 million in October at a price of SEK 242.07 per share. The repurchases and capital raises are not timing based on my part, but a result of demand. We repurchase shares at most two times per year in June and December, and only if we have shareholders who want to sell shares and there are no buyers at the time.

Annual review

Let's get the elephant in the room out of the way: This is not what any of us wanted to see. On the surface, these are ugly-looking results.

If I evaluate what actually happened during the year, most of our companies showed solid operating progress but some of them had a late-year earnings report on the weaker side (they all reported on the stronger side in early 2026) which had a meaningful impact on their year-end share price. Our winners didn't make up the difference and taken together it caused our portfolio to end up at negative 4.4%, which is nothing to write home about but was in line with Swedish small cap indices.

We entered 2025 with a cautious portfolio, as I thought valuations were high and sentiment frothy. However, the market generally rewarded highly valued stocks with even richer valuations, while lower valued stocks became cheaper.

When evaluating results, we do well to consider what risk was taken to achieve a certain result. Many of last year's highflying stocks – you had to own one or a few of them to do well compared to large cap benchmarks – were down 20% to 50% in the first months of 2026. Many companies in this group got hammered in the 2022 market drawdown, then recovered, and then got hammered once again early in 2025 only to reinflate just as quickly. It's difficult to argue that this group is cheap even after large drawdowns since their share prices have been largely disconnected from their reported earnings and seemingly have more to do with the stories surrounding them.

As a contrast, I can see our portfolio be positively rerated by 20% to 50% and still not look expensive. We own a portfolio of companies with steadily increasing earnings of 10% or

more per year that are, as best as I can tell, largely insulated from the risks of AI rendering their goods and services less valuable.

All our companies are currently priced on the lower side of the scale – ranging from 10x to 15x operating earnings for 2026, in some cases combined with a healthy dividend yield to boot. We also own two so-called workouts which I have covered in the past. Workouts are by their nature often cheaply priced but given their problems lower valuations are warranted; we own these because I expect specific corporate actions will take place and remove some of the discount. Workouts are relatively uncorrelated to market sentiment and are generally smaller sized positions.

The hyped-up companies may keep getting reinflated every time market optimism returns as they have in the past few years, or they may not. Either way, I'm not comfortable owning companies because of their story or hype unless numbers back it up. I like earnings and cash flows, since I believe those give you a floor on the downside as a business owner.

It may well be that our more cautious approach accomplishes only that we lose less than others during a period – something that may not have you doing handstands or backflips, but something I would be pleased with. There are times to make big gains and there are times to focus on solid defense.

While we had a few disappointments, and I made the usual mistake or two – both things that are unfortunately present most years – I'm in all honesty somewhat surprised that the operating performance of our companies led to this overall result. It wasn't one of our best years decision-wise but certainly not one of our worst either. It is important to remember that I made some truly poor decisions in 2020 and 2021 when everyone was happy. When everything is going great, you tend to get some of the dumbest behavior. On the flipside, struggles are often a fertile ground for improvements.

On the bright side, in a year when it seemed like most things went against us, we were still only down 4.4%. Surviving with some scars in a year when few things work is as important in my book – if not more important – than making a boatload when everything works. I've been doing this for 13 years now and only two of those years have ended in the red, while the average annual investment return remains above 20%.

I will stick to companies whose products and valuations I can understand, and I will remain focused on fundamentals, which do matter in the long run. In the current environment, what Peter Lynch used to say half-jokingly may seem more fitting: value wins out often enough to believe in it.

Market tailwind?

Didn't we have a market tailwind given our benchmark's return? I would have to argue it was the opposite for us. In large caps there was surely a tailwind, with Sweden's four largest banks together with mining and defense-related companies being the main contributors to the benchmark's strong performance, but in Swedish small caps there was a headwind.

Our correlation to our benchmark has always been small, just as I said it would be when River Oak was started, and it seems to have become even less so in recent years. In the past couple of months, on days when we do poorly, the index is often up, and on days when we do well, the index is often down. I have generally not seen this being so pronounced in previous years. If you look at our historical results, since River Oak's start in 2017 or since my family office's start in 2013, our low correlation is blindingly obvious. I expect that to continue. We set out to be something different than the myriad options available out there who by design have to stay close to the indices.

There have now been two periods in history during which large caps had five straight years of outperformance over small caps: 1994-1998 and 2021-2025. We all know that history seldom repeats exactly but it rhymes, and it's hard to deny some of today's similarities with the late 1990s run-up culminating in the 2000 .com bubble.

It's worth noting that large caps also outperformed small caps during all three of our first years, 2017-2019, and we still did well in that period so last year's poor showing is clearly on me as well.

I have long been clear that I believe stocks are the best place to invest your *excess* capital over a lifetime. I highlight '*excess*' because investing in yourself should always be prioritized over investing in stocks. I have also generally been a proponent for small caps vs large caps, since they have outperformed looking back over the past 100 years. However, their outperformance is largely explained by one extraordinarily strong decade starting in 1975. If we remove it, performance is actually similar at around 10%. Many point to the fact that small caps must by their nature be more inefficiently priced but looking at the huge moves in large caps in recent years and considering the myriad sophisticated tools now available for evaluating small caps, it's not clear to me if that truth still holds. My core premise that stocks are the best place to invest your excess capital over time remains, but whether you should concentrate in large caps, small caps, or a combination can be debated.

Things to improve

The current environment notwithstanding, there are clearly things I need to improve. I have gotten much praise over the years due to our strong results, so some criticism now is no doubt well deserved.

The world is changing at a fast pace, and the markets are becoming more competitive every day. When I evaluated the year in November, it became clear that I need to focus even more exclusively on the few important things that move the needle for us and ignore most of everything else. If we are to remain competitive, I need to spend more uninterrupted time evaluating new opportunities, comparing them to our current holdings, and thinking about how the world's changes are affecting us.

Going forward, there will be fewer organized events, such as our quarterly trading windows, which were discontinued in December. I will be even more selective with stricter requirements for our investments, and less forgiving of mediocre performance. This will

minimize the risk that we get caught up in situations with difficult future decisions and leave more headspace available to focus on the biggest opportunities.

Don't expect this to bear fruit immediately – that's not how investing and markets work.

Net result

Let's move on to the second elephant present in our results, I prefer to get them all out of the way to make it easier to focus fully on the future. I never expected – and certainly never wanted – to be in a place where our investments have outperformed the benchmark by a meaningful margin but due to the costs of running our operation our net result has not done the same.

This is in part explained by the fact that we are currently under our all-time book value high. A fair assessment can be made by looking both at a point in time close to our highest point and one below it. But there are other reasons as well.

First, Avanza Zero. Most people in the industry select a benchmark reflecting the specific and often limited pond where they expect to fish and then go about trying to find the best fish within that pond. We went with OMXS30 not because we planned to invest in the 30 most actively traded companies in Sweden, but because Avanza through its zero-fee index fund Avanza Zero provided a brilliantly simple way for Swedish people to invest in Sweden's main index. To be clear, Avanza is losing a lot of money offering Avanza Zero for free, likely in the tens of millions – and you can't get the index return shown in our results table without paying taxes which are not included in the table. That said, it is available, and it is a good alternative.

Second, taxes. We started out paying 0.2% per year and last year we paid 1.0%. Our tax rate should come down along with Swedish interest rates with some lag, but it is still likely to end up higher than where we started.

Finally, our cost structure in the early years is the main reason. We started out with only the minimally necessary fixed costs and a fully performance-based salary allocating 25% of our net profits to a salary pool with the conditions that nothing would be allocated if we didn't have profits or if we ended a year under our previous high point. We lowered this allocation in two steps as it became possible, first to 20% and then most recently in March-2025 to 10% with an additional condition that we have to outperform our benchmark *after* this allocation or nothing will be allocated (you can find the press release [here](#)).

In the two tables below, the last column shows what our result would have looked like under our new lower cost structure. This column is also the relevant one going forward.

<i>Annual percentage change in</i>	Investment return (pretax)	Book value per share	OMXS30 incl. div. (pretax)	Book value per share New structure
2017 (from Feb 7)	13,2%	8,6%	5,4%	10,7%
2018	0,0%	-6,0%	-7,0%	-1,5%
2019	61,7%	50,1%	30,7%	53,6%
2020	104,0%	74,3%	7,4%	92,3%
2021	14,3%	10,8%	32,7%	12,9%
2022	-26,9%	-28,8%	-13,0%	-28,3%
2023	5,7%	4,0%	21,0%	3,7%
2024	20,1%	17,5%	6,8%	18,0%
2025	-13,4%	-15,1%	19,7%	-15,1%
Overall Gain	242,8%	118,7%	145,9%	171,1%
Compounded Annual Gain	14,9%	9,2%	10,6%	11,9%

Table 1: Results since River Oak start under the new structure implemented in March-2025

<i>Annual percentage change in</i>	Investment return (pretax)	Book value per share	OMXS30 incl. div. (pretax)	Book value per share New structure
2013	41,0%	30,8%	25,5%	35,6%
2014	45,0%	33,8%	14,0%	39,1%
2015	35,1%	26,3%	2,2%	29,9%
2016	20,5%	15,4%	9,4%	17,2%
2017	19,6%	14,0%	7,7%	16,5%
2018	0,0%	-6,0%	-7,0%	-1,5%
2019	61,7%	50,1%	30,7%	53,6%
2020	104,0%	74,3%	7,4%	92,3%
2021	14,3%	10,8%	32,7%	12,9%
2022	-26,9%	-28,8%	-13,0%	-28,3%
2023	5,7%	4,0%	21,0%	3,7%
2024	20,1%	17,5%	6,8%	18,0%
2025	-13,4%	-15,1%	19,7%	-15,1%
Overall Gain	1105,57%	485,24%	301,48%	718,4%
Compounded Annual Gain	21,1%	14,6%	11,3%	17,6%

Table 2: Results including River Oak and family office under the new structure implemented in March-2025

Do I have any regrets setting up River Oak the way we did at the start? The short answer is no. It was the only way I saw possible at the time. Coming from a background with more than a decade in the badminton national team – not a sport in Sweden known for the many financially independent retirees it graduates – I exhausted literally all my contacts and then some when finding our Day 1 investors. For those who don't know, our starting capital was SEK 4.4 million, of which SEK 0.5 million came from yours truly.

On Day 1, I paid the law firm who helped us get started nearly 1% of our starting capital. I was young and naive enough at the time to view it as a good solution with favorable odds. Had we not set it up the way we did at the start, I can assure you River Oak would not have gotten started until many years later if at all.

Going forward, with these changes, our current rather unflattering position is very unlikely to remain if our investments keep outperforming. For now, we are here. The best thing to do now – the only thing – is to get to work getting back to where I want us to be.

Our investments

As a result of the November evaluation, a few of our investments were sold or reduced, to enable focusing on fewer things with a clear mind. We also made two new investments late in the year, and I expect some further adjustments to our portfolio along these lines in the coming months.

When share prices are moving around on a daily basis, nowadays often in extreme magnitudes, it can be easy to forget that they all represent ownership in a company.

Our primary headwind in 2025 was the strong Swedish krona and the negative currency effects resulting from our exposure to USD, GBP, and EUR-based investments. Excluding currency effects, Wise was our largest negative contributor last year (and also one of our largest positive contributors in 2024), so I will start with Wise, and then briefly discuss a few of our other investments.

Wise is one of the leading cross-border payment platforms in the world. It provides the overall lowest pricing for cross-border transfers at 0.52% on average across all its transactions in the past twelve months. Contrast that with the 7-8% you pay at Forex counters, or the 1-2% you pay (perhaps unknowingly) when you use your Visa or Mastercard. In 2025, the global average cost of sending \$200 abroad was still 6.5% (including markups and fees). Much of this cost is not visible to customers as it is often hidden in the exchange rate banks give you.

Not only is it cheap to use Wise compared to most alternatives, but it is fast: almost 75% of all transactions now arrive in the recipient's account instantly and 95% arrive within 24 hours, while many other alternatives often take days.

It's easy to see why Wise has succeeded and why demand is likely to remain strong.

The correspondent banking model – through which most international payments today flow – goes back many decades and evolved in a time when most international payments were large and infrequent, which is not the case anymore. It relies on a chain of intermediary banks, each collecting fees along the way.

Wise had the big advantage of starting much later in 2011 without any legacy systems in place that earned them a lot of fee income. Over the past 15 years, Wise built infrastructure that minimizes cost and increases speed at every turn. By connecting local payment systems around the world and removing intermediaries wherever possible, they bypass the friction that typically holds up transfers and makes them more expensive. They maintain local bank accounts in different countries and net payment flows internally within their network rather than actually moving funds across borders.

Since their founding, they have spent enormous effort becoming regulatory compliant and efficient across jurisdictions. This is tedious work but has awarded them direct connections into the domestic payment infrastructure in some countries, which reduces cost and speeds up transactions even further. As volumes grow, more efficiencies accumulate in their network, and they are able to lower prices even further.

Since our initial investment in early 2024, Wise cross-border volumes are up 50% to £170 billion, their account platform holding customer deposits is up 65%, revenue is up 35%, and free cash flow is up 100% over these past two years. Furthermore, they have generated more than £1.1 billion in cash in these two years compared to their current enterprise value of around £7.5 billion.

I generally expect the share price to follow along such operating performance, but it has essentially remained flat. There are a few plausible reasons for this, a couple of which I didn't foresee at the time of our investment:

1) Difficult-to-understand financials

Management decided to change their reporting shortly after our initial investment, separating their core cross-border business earnings from any “excess” net interest income they earn to shift focus towards what they view as their core business. They still earn the same interest income, and without going into details, suffice it to say that unless you believe worldwide interest rates are going back to 1% anytime soon, they make a lot more money than what most investors would give them credit for after a glance at their reported financials.

2) Price cuts of more than 20% in the span of one year

The average price for transactions was lowered from 0.67% to 0.52%. They do this because they believe that over time in cross-border payments, the overall lowest price wins – most likely a correct assumption. While the price cuts to some extent gave the impression of being late to the party, management explained that they had built up efficiencies in the system over a period of time and were now comfortable going ahead with their planned investment into price cuts.

To their credit it has worked exactly as they hoped: volume growth has accelerated meaningfully. B2B volumes went from 12% growth before the price cuts to 35% in the past twelve months, while consumer segment volumes went from 14% to 22% growth. Management has since acknowledged the step-change and have indicated that any further price cuts will be more measured, as they believe they are now in a much stronger place in terms of pricing. This means that revenue growth will now be more in line with volume growth, which is currently at around 25%.

3) The rise of stablecoin being potentially cheaper and faster than Wise's system

To evaluate its merits, we made a transfer from a US bank account to Sweden using the USDC stablecoin as the intermediary medium. The money arrived about one week later and ~20% was lost to fees. We are by no means experts in the field, and the process will surely improve, but the idea that stablecoins stand ready to take over anytime soon seems farfetched.

Stablecoins have limited reach today at less than 1% of global cross-border volumes. If they were to become more mainstream and well regulated, there is nothing stopping Wise from implementing support for stablecoins as one available intermediary medium between the customer endpoints in their current system. Management has cited the lack of clear regulation and the fact that it wouldn't improve speed and cost in their current system as reasons why they do not support it today.

One scenario where Wise's system would likely become obsolete is if the world's countries would agree on using one universal currency. Then the currency translations at the customer endpoints, where Wise shines, would not be necessary. The degree of collaboration required between countries for something like that to happen is hard to imagine given that even friendly countries today have a hard time agreeing on things like Greenland.

4) Competition

To be regulatory compliant across geographies is not a walk in the park. HSBC discovered this when they launched Zing two years ago, which was profiled as a direct competitor to Wise, with a team of 400 people. They threw in the towel after only a year having spent \$150 million on the project and attracted less than 50,000 customers (compared to Wise's 15 million). One of the main reasons cited in reports was the "*complex restructuring required in their compliance functions.*"

Revolut is the most capable competitor and an extraordinarily strong company. They are launching new services and features worldwide at an incredible rate. Their ambitions are higher and their focus is broader, while Wise is maniacally focused on being the best at cross-border. Revolut's cross-border business was initially built on Currencycloud (the same underlying solution Zing used) which would indicate an advantage for Wise, but it's not known to what extent they are still reliant on Currencycloud today. For the most common routes and transaction amounts, Wise is generally cheaper to use.

That said, Revolut is growing fast and doing it well. Revolut is private and recent reports suggest a valuation of £100 billion, which is more than 10x Wise's value while net income is only around 3x higher. They have co-existed well since Revolut's founding in 2015 and seem likely to continue doing so while they both keep taking market share from banks and other forex players.

Many payments platforms, for example N26 (~8 million customers) and Monzo (~15 million customers) already use Wise's infrastructure under the hood in their apps as a white-label solution, so their growth also becomes Wise growth.

5) It's possible that people don't know and understand Wise well enough

The planned dual listing in the US later this year should help, as should the planned increased marketing efforts. Wise has mainly been growing through word-of-mouth over the years with a total marketing budget of around £50 million in the last full fiscal year, which is now increasing.

Out of these five items, the one with the most direct impact on Wise results were the price cuts which caused margins to jump around a lot creating uncertainty. While management aims to reinvest efficiencies and return them to customers through lower prices and a better platform – as the numbers get larger, they have been struggling to increase spending in unison. The result is margin expansion, which is what I would generally expect in a business like this unless management elects to invest *all* accumulated efficiencies in consistent large price cuts.

When we've owned shares for 2-3 years and the company does pretty much what I expected it to do while the share price remains essentially flat, it goes into heightened scrutiny where I regularly re-examine all main thesis points. In these cases, I have often been the one missing something rather than the market. So far, however, Wise is passing all my tests. There are clearly a few moving parts to monitor, but the business is doing very well in an industry that's bound to grow for a long time to come while the market is pricing it for a relatively pessimistic and short-lived future.

Storytel is the leading audiobook provider in Europe and has been covered in previous letters. We initially invested in Storytel as a turnaround case. It has now turned – it went from debt and losses to net cash and generating significant free cash flow. Storytel plans an uplisting in 2026 which will, among other things, enable share repurchases. Given the current free cash flow yield of close to 10%, share repurchases will be an attractive option.

The main worry after the turnaround has been Spotify's entry into the audiobook market. Spotify has now been live in the Netherlands for more than two years and they launched in the Nordics in the fourth quarter last year. Storytel has been doing very well in the Netherlands for a long time. Importantly, churn has remained at all-time lows, even in the most recent quarter, which included more than one month of Spotify's service in Nordics, which is Storytel's main market. You would generally expect the biggest impact shortly after launch, so this was a sign of strength for Storytel. Preferences for one or the other seems to depend on who you ask, and they seem to attract different customer groups with Spotify skewing younger. There clearly seems to be room for both.

Furthermore, Storytel licenses content from their publishing business to Spotify. Few details are public, but it will at a minimum help mitigate subscribers who switch to Spotify, and it will expand Storytel's content to an audience it could never have reached by itself.

We are likely to see some consolidation in the Nordic audiobook market in the coming years, as there are simply too many different players now. Assuming reasonable deals can be made, they should improve the overall economics for Storytel in the Nordics and potentially also in some other European markets.

As a result of my November review, we exited our positions in Meta, Boozt, and our China basket.

Meta needs no introduction. The main reason for my sell decision was that the lowest-hanging fruits since our investment in early 2023 had been harvested, and I felt the capital would come to better use in other places. Founder and CEO Mark Zuckerberg is in my view one of the all-time business greats, but he has lately gotten back to his former spending habits that had us staying on the sidelines until he changed course in late 2022 and early 2023. This time, he is betting the house on AI. It may well work, but the competition is brutal, and so far, there is little noticeable progress in their public models.

Meta ended up as one of our best investments ever over our 3-year holding period, both in percentage returns and in absolute terms, trailing only Fortnox (our average purchase price was around \$221/share, and we sold our last shares early this year at around \$623/share).

Boozt is one of the leading Nordic e-commerce platforms for fashion, with additional offerings in categories such as Kids, Sport, and Home. We sold our last remaining shares during the year after starting to trim the position in 2024. I outlined my reasoning for our purchase in my 2023 letter which among other things included Boozt's impressive performance despite the tough Nordics economy at the time. That strong performance did not continue. The lowest-hanging fruits in terms of margin improvements had likely been taken, the economic environment in the Nordics has remained challenging, and importantly, their differentiation vs competitors was not as large as I initially assessed.

Furthermore, selling clothes online is just a tough business with instant price comparisons widely available, the constant challenge of managing inventory across different seasons, along with the sensitivity to both weather and the general economy. We owned it over a period of two years and ended up with an essentially break-even result – better than losses, but the alternative cost of tying up some of our capital here was real.

Our China basket was a good idea in theory, but a basket means following a handful of additional reports even if more shallowly, and it became too much of a distraction from our more important holdings. Things can change quickly in China, whether due to fierce competition or government involvement, and investing in China if you're a foreigner is in my view not a one-man job. I decided to realize a loss here, which primarily came from negative currency effects as these holdings were all denominated in USD.

We have also made a few new investments.

flatexDEGIRO is based in Germany and is one of the largest online brokers in Europe. I got to know about it around one year ago through our investment in Avanza. I initially passed on investing in it because we already had similar exposure and because I was more familiar with Avanza. After having gotten to know the company and its management better, I have remained impressed.

flatexDEGIRO is in many ways similar to Avanza but is operating in other European markets (which is good as you don't want to compete head-on with Avanza) with a total population close to 300 million. Avanza currently has more than two million customers in Sweden in a population of 10 million. flatexDEGIRO added almost half a million customers in 2025, reaching 3.5 million in total at year-end. Their addressable market is likely in the tens of millions, and while I don't expect penetration to reach Nordic levels, I do believe it's likely that younger generations will be more involved in wanting to secure their own financial future than previous generations, and it seems likely that penetration in Western and Central Europe will reach higher levels than it has in the past.

Interestingly, their margin profile is currently a few orders of magnitude lower than Avanza despite having a meaningfully larger customer base. Brokerages scale well and in 2025, earnings increased by almost 45% on the back of topline growth of around 15%.

Meanwhile, margins expanded from 23% to 29%, which is still far shy of Avanza's 59%. While customer activity can vary significantly, and I don't expect margins to reach Avanza's levels in the near term, the stable customer inflow should support solid topline growth and there should be plenty of room for continued margin improvement and earnings growth for many years to come.

Theon is based in Greece and is the European market leader in night-vision goggles with around 50% market share. It also has products in adjacent areas such as thermal imaging and other vision technologies.

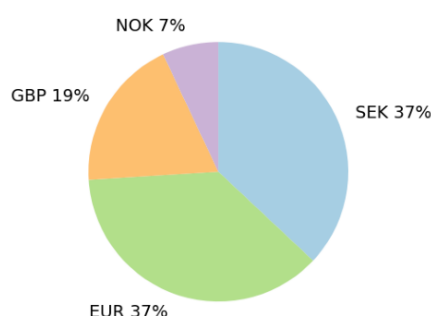
The key component in night-vision goggles is something called Image Intensifier Tubes (IITs). It takes any light source that is available like for example a distant streetlight and magnifies it tens of thousands of times, which enables the person who wears the goggles to see better even in near-total darkness.

There are only four IIT manufacturers globally today, two in the US and two in Europe. Given the current lay of the land, European countries do not want to be dependent on American manufacturers coming through and prioritizing their orders over domestic ones. Christian Hadjiminias, Theon's founder and CEO, recognized this early. In 2024, Theon acquired Harder Digital, one of the two European manufacturers. Then at the end of last year, Theon acquired a 10% strategic stake in Exosens, the other European manufacturer, and signed a long-term collaboration agreement, leaving Theon well-positioned to meet increasing demand as Europe rearms its defense capabilities after a long period of underspending.

Theon is well-managed and fits well with our preferred profile of stable topline growth, solid margins at 20% or higher, and the founder still being actively involved. There are risks here such as customer concentration and potential government involvement, but the unique niche product and limited European supply should help mitigate them.

Currency hedging

The Swedish krona was the second strongest currency in the world in 2025, trailing only the Russian ruble. While the move was likely an anomaly, it caused me to re-examine our options to hedge our foreign currency exposure. After some thinking and a lot of work, we now have a viable hedging solution at a low cost available. It is currently being discussed on our board. If we decide to go ahead and hedge our foreign currency exposure, it will be announced. Our exposure at the time of this writing is as follows:



AI

There has been no shortage of AI developments in the past few months, too much for anyone to cover, even a capable AI, so I will just highlight a few remarkable things I've seen.

At Anthropic, around 90% of the code is now being written by Claude with engineers providing only guidelines and directives. For many senior developers, for example Claude Code's creator, Boris Cherny, the number is already 100%.

Furthermore, there is no code in Claude which is more than a few months old – Claude just constantly rebuilds and improves itself.

With regards to software and AI, I recently had an interesting experience trialing a good financial software product. They offered me a discounted deal, and we still ended up about 20x higher than where I would start considering subscribing. It wasn't that the product was bad – quite the opposite – it's just that the LLMs I use can do essentially the same things for a mere fraction of the cost. This leads me to the conclusion that either LLMs have tremendous pricing power or software subscription prices will have to come down. Both are probably true.

One direct impact for us is that I can now work 10x to 20x faster in my daily research, mainly by building my own models within Claude and ChatGPT that get me company basics according to certain directives and exactly in the format I want them while I get the morning coffee. I'm still early in this process and there is much room for improvement here, so it is exciting.

In closing

I recently had the honor of giving a presentation to a small group of businessmen and impressive founders here in Uppsala. It served as a good reminder for me of River Oak's early days and why we started; it may do the same for you. You can view the presentation here: [\[ENG\]](#) [\[SWE\]](#)

Since the end of the year, a few shareholders have asked – with nothing but good intentions: Do I still enjoy doing this? Should we consider investing in the index at least “until things clear up”? Would buying some gold and silver make sense?

Let me be clear: I'm having as much fun as I've ever had. I'd prefer not to have subpar years if I could help it, but now that we are here, I'm as motivated and determined as ever. If you know me well, you know that nothing gets me excited like a challenge. The stage is now perfectly set as I see it.

The work has never been better than during these past few months. I have more interest in making this work well than probably anyone else. Essentially everyone I care about is invested in River Oak or our family office. It's simply not an option for me to leave people dissatisfied with their investment here over time.

It's gratifying that we have had no net selling after a subpar year like this – something almost certain to happen in most operations similar to ours. I'm sure that some of you decided to hold on simply because you realize that now is an ill-advised time to sell but many of you also understand well that a year like this can happen over a long enough time span.

If you do decide to sell (or buy) at some point, especially while we're in a downturn, I encourage you to write down your reasons on the day you make the decision, so you have no regrets in the future.

It's no easy task to decide where to invest your excess capital. I don't have the answer, but I have naturally spent much time over the years thinking about the subject. If I were to summarize how I think about it in one sentence, it would be: Ask yourself who you want in your corner if sh*t really hits the fan.

Søren Kierkegaard, a Danish philosopher who lived in the 1800s, once said, "*Life can only be understood backwards; but it must be lived forwards.*" The way up is seldom as straight as one would like. Most things in life rarely are. How do you handle a year like this from my perspective? You deal with it and move on. Instead of getting stuck trying to draw too many conclusions from it, I concentrate on productive things that will give us good years in the future.

You may feel it's a long road getting up that hill now. I will venture that it may not be as long as you think when things get moving. I assure you we'll get there. As long as there is fair play in the markets, we'll get there. And it will be much sweeter to succeed now after we've been through some tough times together. My full focus is on making that happen.

Thank you for bringing your long-term mindset to this partnership which allows me to focus on the job at hand. It is a great joy for me to work for you. As always, I look forward to the future.

April 2, 2026



Daniel Glaser
Chief Executive Officer

Founding principles

Our basic idea is simple:

1. Make a bet on human progress.

Human progress is the reason stock markets have historically produced average annual returns of 6% to 10% over the past 200 years.

2. Invest in companies that are better than average or available at lower prices.

The objective here is to add some additional returns on top of the 6%+ average annual returns the general market has provided and is likely to keep providing investors over time.

Goals

1. Don't lose money.

We always think about the downside first. While we will inevitably lose money on some investments, this goal is about not losing money overall.

2. Earn an average annual investment return of 15% over time (pretax in SEK).

This will result in an average annual pretax increase in book value per share of ~12.5% after operating costs and a dividend on Class A shares according to the Company's Articles of Association.

Historical returns

Feb 7, 2017 – Dec 31, 2025: River Oak Capital AB

Jan 1, 2013 – Feb 6, 2017: Zen Capital Family office

<i>Annual percentage change in</i>	Investment return (pretax)	Book value per share	OMXS30 incl. div. (pretax)
2013	41.0	30.8	25.5
2014	45.0	33.8	14.0
2015	35.1	26.3	2.2
2016	20.5	15.4	9.4
2017	19.6	14.0	7.7
2018	0.0	(6.0)	(7.0)
2019	61.7	50.1	30.7
2020	104.0	74.3	7.4
2021	14.3	10.8	32.7
2022	(26.9)	(28.8)	(13.0)
2023	5.7	4.0	21.0
2024	20.1	17.5	6.8
2025	(13.4)	(15.1)	19.7
Total gain	1105.6%	485.2%	301.5%
Compounded annual gain	21.1%	14.6%	11.3%

Notes to table

¹ The change in Book value per share is net of taxes, general operating costs, and a dividend on the Class A shares according to the Company's Articles of Association. There is no dividend on the Class A shares unless the year-end book value per share is higher than all previously reported years. For more details, see the Company's Articles of Association.

² The OMXS30 incl. div. column does not include the standard annual tax payment which is due on Swedish investment accounts and which River Oak pays every year. It has amounted to between 0.3% to 1.1% of total capital per year. The real return achieved by a Swedish investor that invested in the index is thus between 0.3% to 1.1% lower per year than reported in the table,

³ Estimated currency effects on Investment return: 2014 +7%, 2016 +2%, 2017 -10%; 2018 +5%, 2019 +3%, 2020 -6%, 2024 +4%, 2025 -9%. In the other years, the currency effect was less than or equal to 2%. River Oak does not in any way strive to foresee or profit from currency movements. Our belief is that any impact from currency movements will be negligible over time.

⁴ Investment return and Book value per share between 2013-2021 have not been audited. The Company's AGM voted to retain an auditor in April 2021.