River Oak Capital

2026 H1 Letter to shareholders

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Annual percentage change in	**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
2026 H1	12.3	**11.1**	13.5
Total gain	285.0%	**142.9%**	179.0%
Compounded annual gain	15.4%	**9.9%**	11.5%

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 fourteen 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 ≤ 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 increased by 11.1% in the first half of 2026. Our book value on June 30, 2026, was SEK 98.2 million, equivalent to SEK 242.91 per share.

The OMXS30 index continued its remarkable run over the past five years, increasing 13.5% in the period while the MSCI Sweden Small Cap index, the more relevant benchmark in terms of the type of Swedish companies we invest in, increased an estimated 1.5%. Both figures are pretax and include dividends.

In 2027, we will pay a lower tax rate. Our operating costs are taxed in a different category than our investments, and we now have an accumulated tax loss carryforward we can utilize by moving some of our investments to a different account. I currently expect that we will pay 40% less than our standard tax rate in 2027.

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First half review: Never waste a good crisis

When you stand ready to go out for a run and the rain starts pouring down, it can be hard to decide if you go back home and put on long-sleeves and an extra layer of clothes risking an uncomfortable run with too warm clothes, or if you keep going in your preferred clothes and hope that the weather improves during the run. Before you know it, you can find yourself with no rain and before you've finished running even some sun.

This describes our first half pretty well. The year started with further annihilation of Nordic small and mid-caps while large cap indices were making new victory laps[1]. With little fundamental change, and in my view no specific trigger, the rain stopped and as the first half came to an end, some rays of sun were definitely visible for us.

Our gains were broad-based: Six different holdings contributed 1% or more to our returns in the first half. At the time of this writing, seven holdings had contributed 1.5% or more to our returns this year. With the possible exception of 2020 (which is largely irrelevant since if you simply owned *a* stock in 2020, *any* stock, it was most likely up significantly), I believe these are as broad-based returns as we have ever had.

At the same time, only one holding contributed 1% or more on the negative side. There were also a few well-timed purchases and sales which helped us. These were not intended to be timing-based but happened as a result of Operation Focus & Tighten Up the Ship described in my most recent annual letter and elaborated below.

It's amazing what a subpar year can do to one's focus. Dolly Parton's wisdom seems like an appropriate way to describe it: "*The way I see it, if you want the rainbow you have to put up with the rain.*" A good friend of mine told me in January that last year may end up being the best thing that could have happened to River Oak and our future. I hope he will be proven right. The first half was a good start, and we have a lot of exciting work ahead.

[1] I've seen numbers from early August saying that 80% to 90% of all Swedish companies with a market cap below SEK 20 billion have negative returns over the past five years while a majority of those larger than SEK 20 billion have positive returns. The source quoted was Börsdata and I haven't seen the numbers verified myself.

Operation "Focus & Tighten Up the Ship"

I've been asked what this increased focus means in practice. While it's hard to explain to people who don't invest for a living, I will try to give you the essentials. They will not make sense to everyone, but they have worked for us.

I outlined the main business characteristics I look for in my 2021 Letter (page 3), which I believe are table stakes for good investments. Leaving those out and focusing on the soft factors that I have found make a real difference over the years in terms of maximizing returns and minimizing mistakes:

Purchase criteria

i. Only invest in companies where you want to have a large starting position size (in our case at least 7%[2])
ii. The best ideas are often right in front of you in the products you use daily
iii. Your thesis must be simple – explaining it should take a minute, not an afternoon
iv. Overall high-quality company where product strength is crystal clear
v. Profitable growth with stable or expanding margins
vi. Weak or limited competition
vii. Macro and government independent to the highest degree possible

Sell criteria

i. If a stock is down a lot and I don't feel a strong urge to increase our position, the company is automatically a sell candidate
ii. Management doesn't have a sense of urgency and obsessiveness about the business
iii. All companies encounter unexpected problems, but when new unrelated issues keep surfacing in one company, it's often a sign of poor management or a poor business
iv. Don't chase the last few percent – it's ok to leave some gains on the table

Maintaining the right level of focus

i. Focus on having a clear mind above all else
ii. Avoid complicated opportunities that require much time and energy to follow
iii. Only spend time on companies where you can see yourself investing 7% or more
iv. Don't force it – let it come to you – then be decisive
v. Act before it is obvious to everyone
vi. If you make cash available when you *don't* need it, you'll have cash available when you *do* need it
vii. Don't be afraid of having 30% cash – being right is more important than being early
viii. Always know the 2-3 holdings you would add to if you had more cash
ix. Always know the 2-3 holdings you would sell first if you needed cash

It's easy to become lazy and explain every negative surprise in your companies by reminding yourself that you have a long-term view. The above principles keep me on my toes, help me prioritize my time, and think about our companies with the right level of focus.

[2] The only exceptions to the 7% hurdle are stocks with low liquidity or workout situations, but since those rarely move the needle for us, such situations need to have exceptionally favorable odds to be considered.

Our investments

Our winners were some of the investments outlined in previous letters such as Avanza, flatexDEGIRO, Storytel, and Theon, along with a couple of new investments.

Our only holding that detracted 1% or more in the period, a Nordic microcap, was sold together with Boozt, Lindex, Meta, and our China basket in the past year as part of the aforementioned Operation Focus & Tighten Up the Ship. This holding is undisclosed since it's illiquid, and I want to keep the door open for us to potentially re-invest as the company matures.

Some of our investments will be kept off these letters if I see any potential disadvantages for us by my writing about them. There can be a few reasons why I keep certain holdings undisclosed: the most obvious being that I stay completely unaffected in my judgment and decisions about them. Other reasons include low liquidity in the shares, highly debated companies, or investments made recently. Things happen mentally when you start owning something; it's only then that your conviction is truly tested. Sometimes the early weeks of an investment cause me to conclude I should sell it, while our best investments are almost always increased in the weeks and months following our initial commitment.

Owner earnings growth for our companies in 2026 will likely be around 30% on average excluding two outliers, of which one is going through a significant inflection point resulting in abnormally high growth and one is going through a strategy transition resulting in lower growth. Combined with relatively low multiples at an average of 16x operating earnings for 2026 and 13x for 2027, I am cautiously optimistic that our current promising momentum can continue.

Our portfolio is starting to look more and more like it did during the best periods in the past 14 years, with little slack, good protection on the downside, and a few positions that could drive meaningful upside.

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Providing something different

To outperform the average, you need to:

1. Be different,
2. Be right more often than you are wrong or generate higher returns when you're right than when you're wrong, and
3. Be different – and right – in size.

To summarize: It is not easy.

We also need to be different to justify our existence. If we are too similar to the indices or everyone else, it's simply not worth the risk for anyone to invest in a small private investment company like River Oak.

A large part of the financial industry sit glued to their screens most of the day and have active notifications on their phones "so they don't miss anything important". By contrast, I occasionally see news relevant to one of our companies a couple of days later. While such an event would cause significant stress for many people in the industry, my view is that if I've done the work well, that really shouldn't matter.

I believe we remain meaningfully different from most things out there, as I'm sure anyone who has visited our office for a day would attest.

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AI

I've seen quite a few portfolio managers explain many different performance issues this year with the same thing: the AI CapEx boom. I don't believe it explains every underperforming stock to the extent that many portfolio managers would have you believe, although the gains in the AI CapEx stock universe have been extreme. To me, when I research these companies, I often find myself oscillating between either a clear long or a clear short – rarely a good sign. The best investments tend to fall in two camps during the research phase: 1) Clear longs, or 2) Great companies that seem too richly priced.

One thing is clear: The technology is the most powerful I've seen in my lifetime.

Last week I added content and refreshed the design of our homepage (and for any coders reading this: I also cleaned up unnecessary code and fixed all NuGet package inconsistencies that had accumulated over the years). In the past, a project of this magnitude was never worth my time since it would have required weeks with a designer followed by weeks of coding and bug fixing. Now, it took five (!) prompts to Claude Code and less than two hours of total time not counting some minor polishing touches a few days later. It was like magic seeing how everything Claude produced worked straight out of the box. Just as impressive was how it explained its workflow and reasoning in immaculate detail at every step; and if my instructions could be implemented in different ways, it asked for my input. The best part: I was working on other things during these two hours, and I didn't write a single line of code myself.

You can see the result at www.riveroakcapital.se (the old version is here so you can see the difference for yourself). Yes, I know there is still room for improvement to the design. My peak in Visual Arts came at 14 when I was awarded the grade "Pass" in my junior high class. Thanks to AI, there is still hope of new highs.

The efficiency gains in my daily work are equally astounding. I can now cover 10x to 20x more companies in the early filtering stage in a year than I could before Claude Cowork came along. The limiting factor used to be my time but is now my brain's processing power.

Despite the amazing benefits AI already gives us, I am well aware that I'm not using even 1% of its capabilities. I expect further meaningful efficiency gains for us in the coming years.

With these kinds of powers, it's easy to see a lot of potential dangers as well. It's a difficult tradeoff and I'm glad I don't have to make the decisions on how to regulate AI.

The final investment decisions, however – those that determine our results – still need to be kept far away from the LLMs. Given their other skills, LLMs are still remarkably poor at being "street smart" and spotting true mispricings in the investment world. To the extent any reader is concerned about my job security, let's hope it stays that way.

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Looking ahead

Where you're going is more important than where you are. If you have a great relationship with the girlfriend you met this summer, but you know she is going to Ibiza in one month to "find herself", you'd probably prefer the more stable relationship where you're currently ironing out a few issues.

For good and for bad, I have literally 100% exposure to River Oak both financially and professionally. If it doesn't turn out well, I will be both poor and without a job. I will also have a few disappointed friends some of whom will offer the "*I know you're doing your absolute best…*" consolation, which is as big a motivation for me to avoid as anything. In other words, I have no flight booked to Ibiza.

I'm optimistic about the future, and I hope this letter has given you reason to be as well.

September 13, 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 – Jun 30, 2026: River Oak Capital AB
Jan 1, 2013 – Feb 6, 2017: Zen Capital Family office

Annual percentage change in	**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
2026 H1	12.3	**11.1**	13.5
Total gain	1253.9%	**550.0%**	355.5%
Compounded annual gain	21.3%	**14.9%**	11.9%

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.

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