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Investing with Insight

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INVESTING WITH INSIGHT

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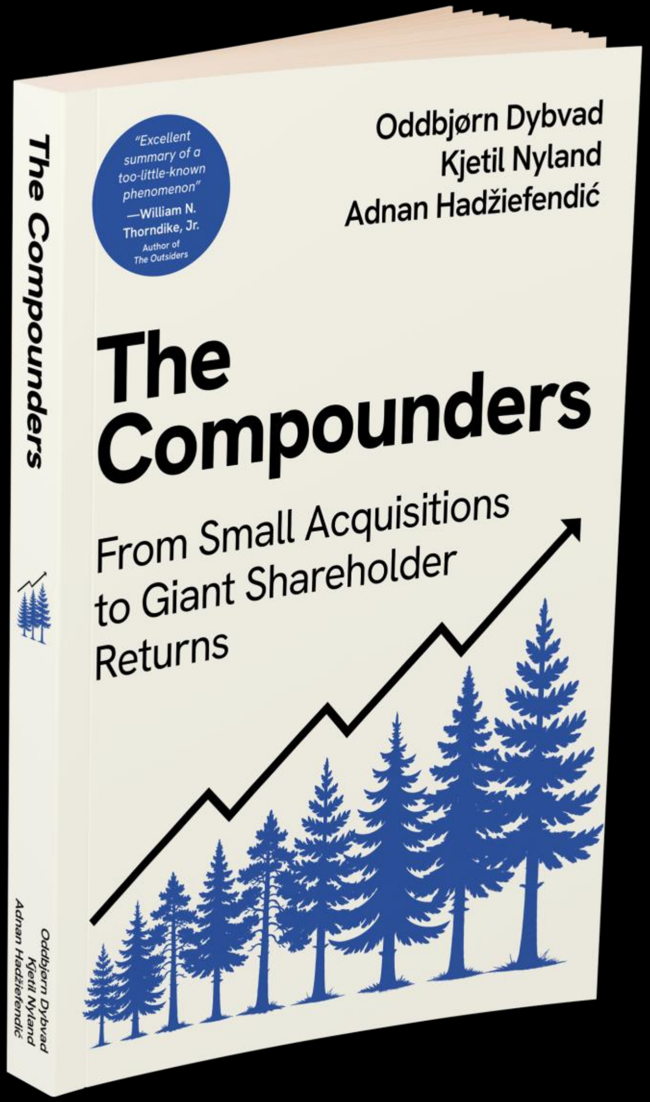
Agenda

- “The Compounders”
- REQ Global Compounders: Aggregated statistics
- REQ Global Compounders since launch in EUR
- Röko AB
- Vertical market software and Artificial Intelligence

The Compounders

From Small Acquisitions to Giant Shareholder Returns



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Warren Buffett

"If the conglomerate form is used judiciously, it is an ideal structure for maximizing long-term capital growth"

Returns That Speak for Themselves

The Story of 9 Acquisition-Driven Compounders from Around the World

Company	Total Return	CAGR	IPO Year
Bergman & Beving share price return (+ spin-offs)	7,500×	20%	1976
Addtech	210×	26%	2001
Lagercrantz	120×	23%	2001
Lifco	21×	33%	2014
Indutrade	50×	22%	2005
Constellation Software	375×	37%	2006
Ametek	175×	16%	1990
Heico	1,100×	22%	1990
Judges Scientific	115×	24%	2003

Average
27 years
25% CAGR

(414x)

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REQ Global Compounders (aggregated statistics)

	Sales	EBITA	# shares	FCF / share	ROIC*
2014	100	100	100	100	24 %
2015	104	116	100	105	31 %
2016	108	118	94	120	21 %
2017	125	140	100	133	22 %
2018	141	172	101	141	24 %
2019	152	199	101	239	22 %
2020	153	209	108	201	22 %
2021	179	255	108	249	21 %
2022	226	326	108	237	22 %
2023	265	394	109	401	21 %
2024	303	447	121	420	20 %
Q3 2025	327	470	122	446	19 %
CAGR	**11,6%**	**15,5%**	**1,9%**	**14,9%**	
10y CAGR	12,5%	15,4%	2,1%	15,9%	
5y CAGR	17,3%	18,6%	2,5%	18,3%	
3y CAGR	14,4%	14,2%	4,4%	25,9%	

* EBITA / (Net debt + Equity + added back accumulated amortization of intangible assets)

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Performance since launch (EUR)

Launch date 15th of June 2021

«A» class net of 100bps annual management fee.

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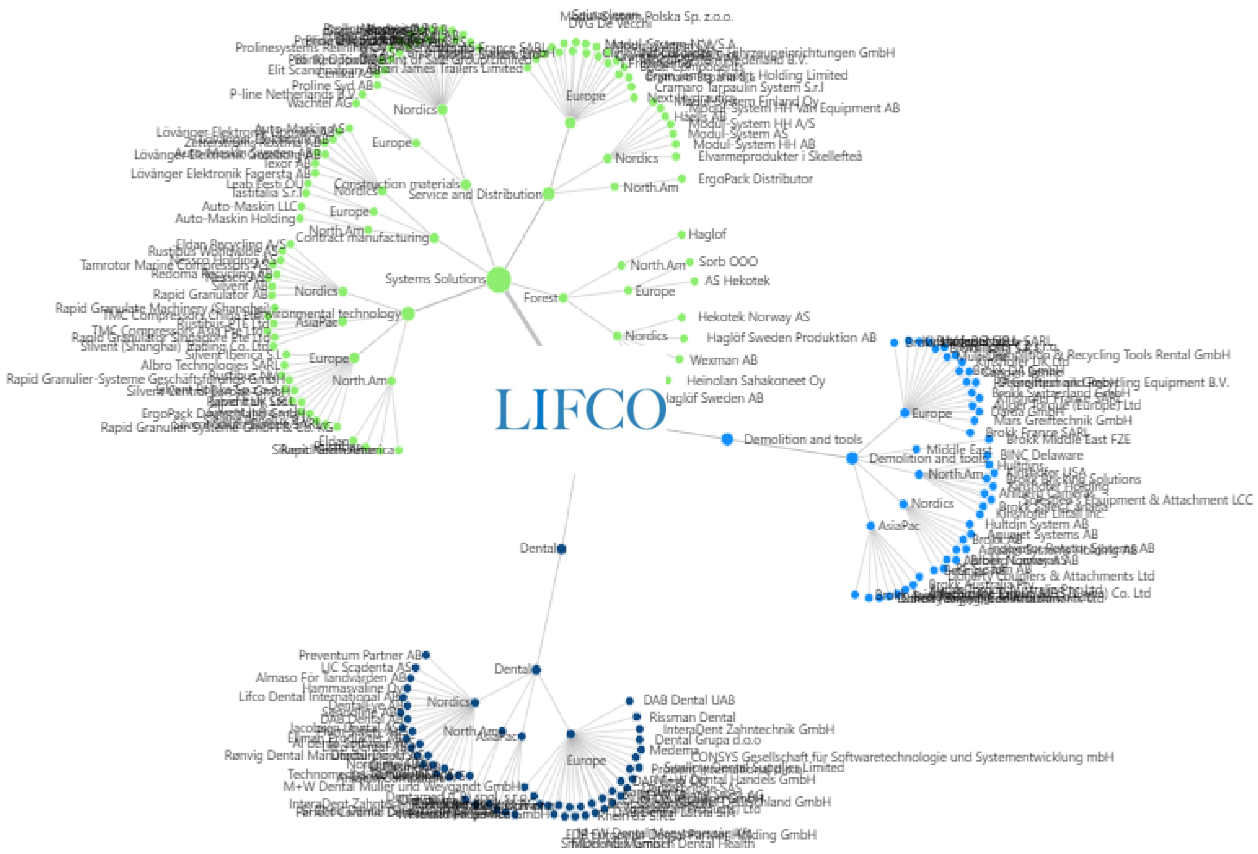
Case study: Lifco (IPO in 2014)

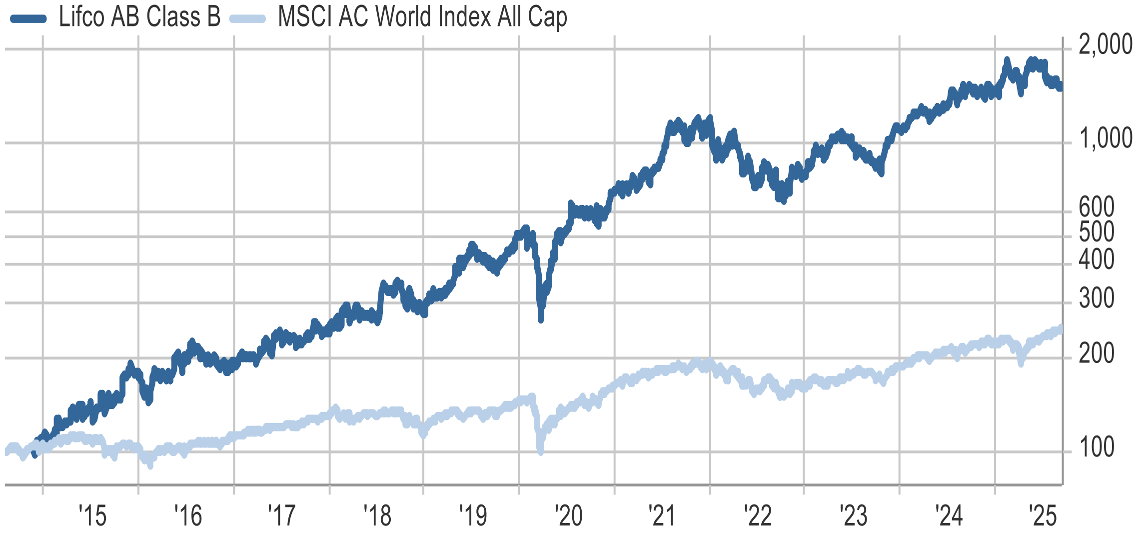


LIFCO
A SAFE HAVEN FOR YOUR BUSINESS

Lifco AB Class B

Indexed Price Performance

Price (Indexed to 100)



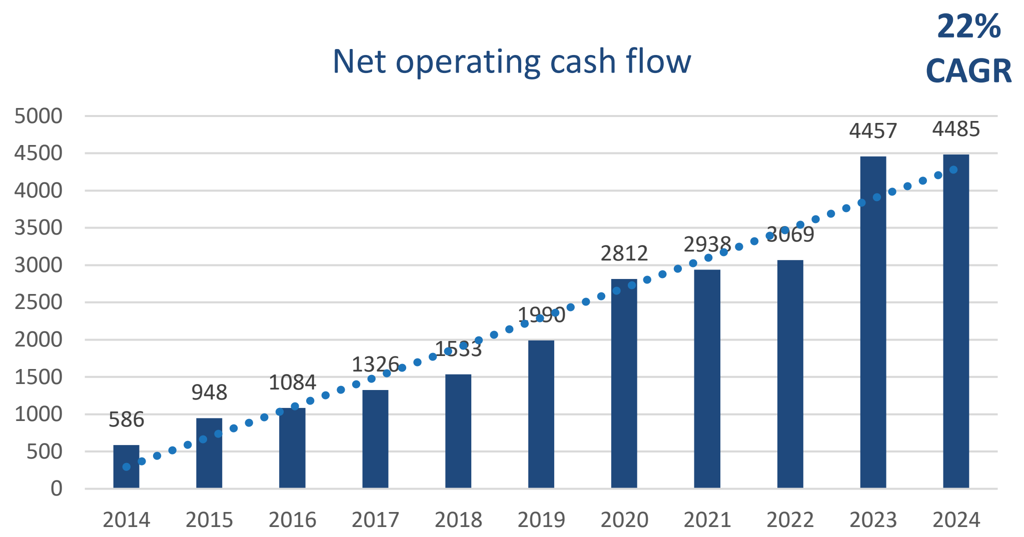
Lifco value creation

Reinvestment Rate

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Reinvestment rate	235 %	72 %	160 %	115 %	44 %	105 %	47 %	112 %	90 %	93 %	76 %
Average	**105%**										

Return on Invested Capital

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
ROIC	19 %	20 %	19 %	19 %	21 %	20 %	20 %	23 %	23 %	23 %	21 %
Average	**21%**										



Reinvestment Rate

105%

X

Return on Invested Capital

21%

≈

Growth in cash flow

22%

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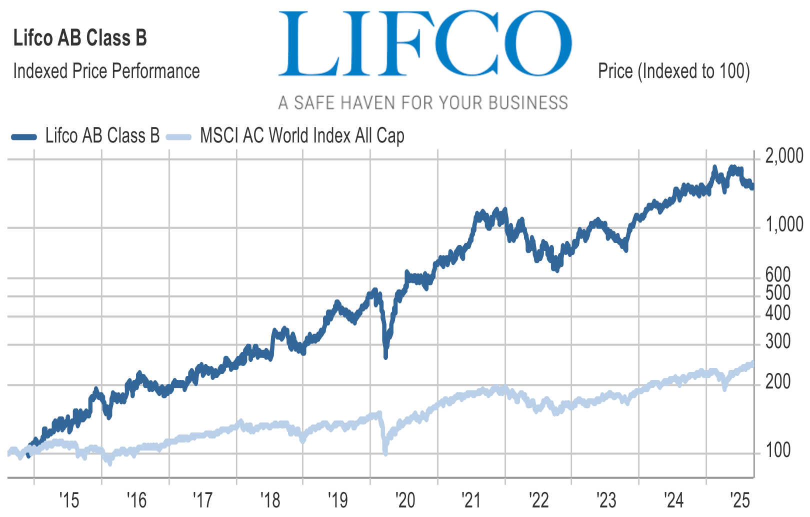
Röko – Our largest single investment in REQ since launch (9% of Global Compounders)

Founded in 2019 by Fredrik Karlsson (ex-Lifco) & Tomas Billing (ex-Nordstjärnan)

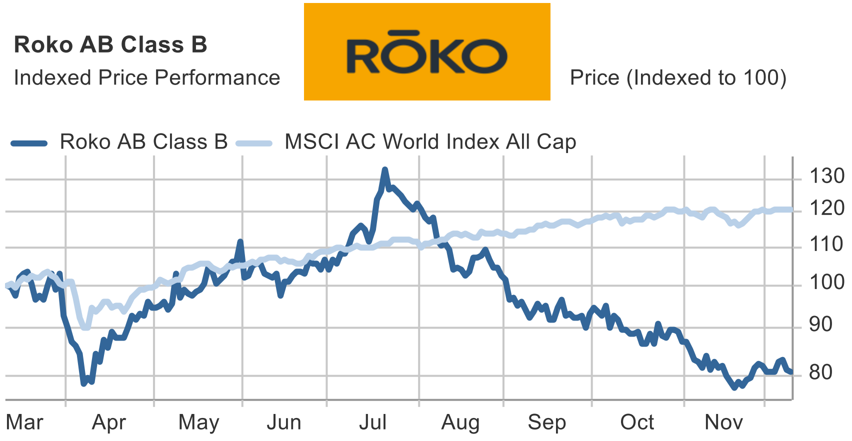
- Sector agnostic, "perpetual owner"
- 30 acquisitions in 6 years
- In total: 4.5bn SEK initial capital => LTM EBITA: 1.3bn
- IPO March 2025, Nasdaq Stockholm: Market cap: 30bn
- Interest-bearing net debt to EBITDA: 0.5x
- 20% EBITA margin, 11% EBITA growth in 2025 (first 9 months)
- REQ: Cornerstone investor



Fredrik Karlsson

Our conviction in Röko is closely tied to our long relationship with Fredrik Karlsson. We identify Karlsson as:

- Proven capital allocator (Lifco track record): 100x in Lifco from 1998 => 2019
- Knows the playbook and let the numbers do the talking
- Strong alignment: Insiders control 79% of A-shares. Insiders: 13b.7bn SEK



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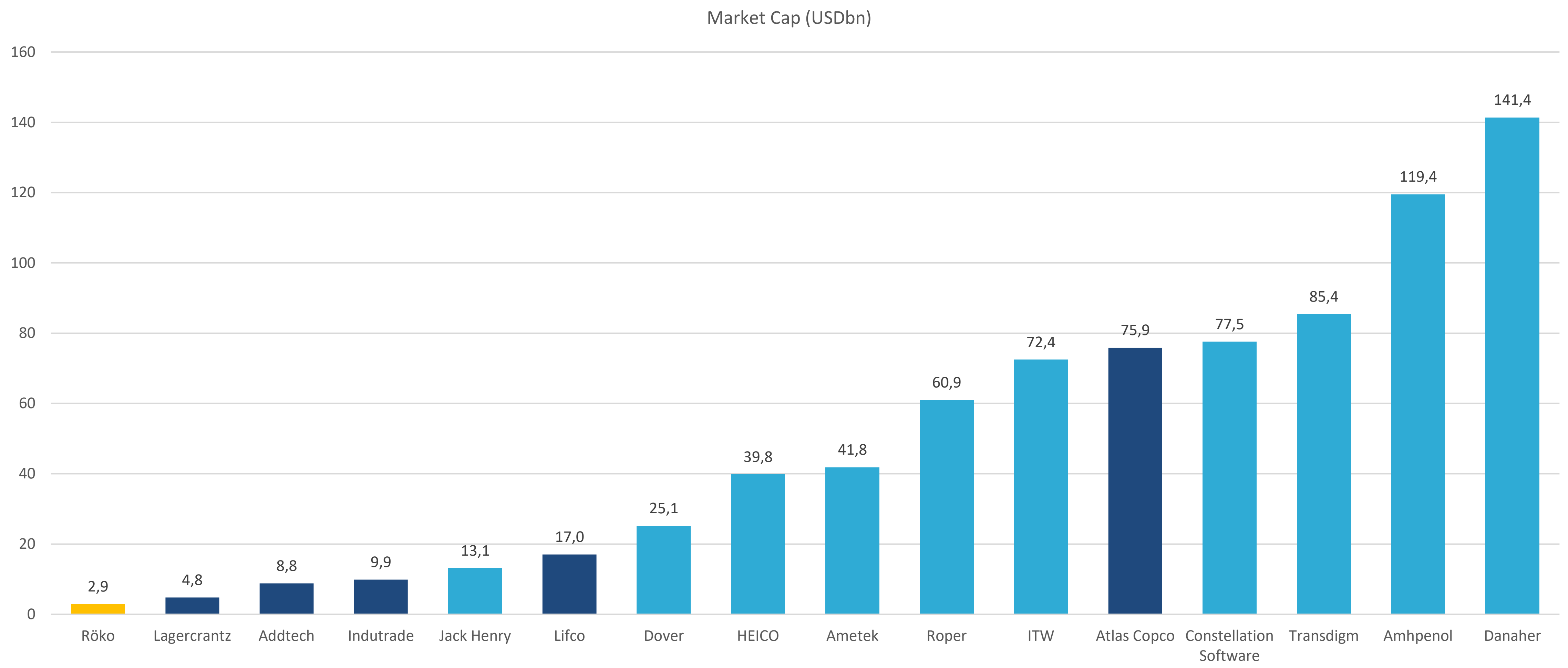
Röko and Swedish Acquisition-driven Compounders in an international context



Source: Factset

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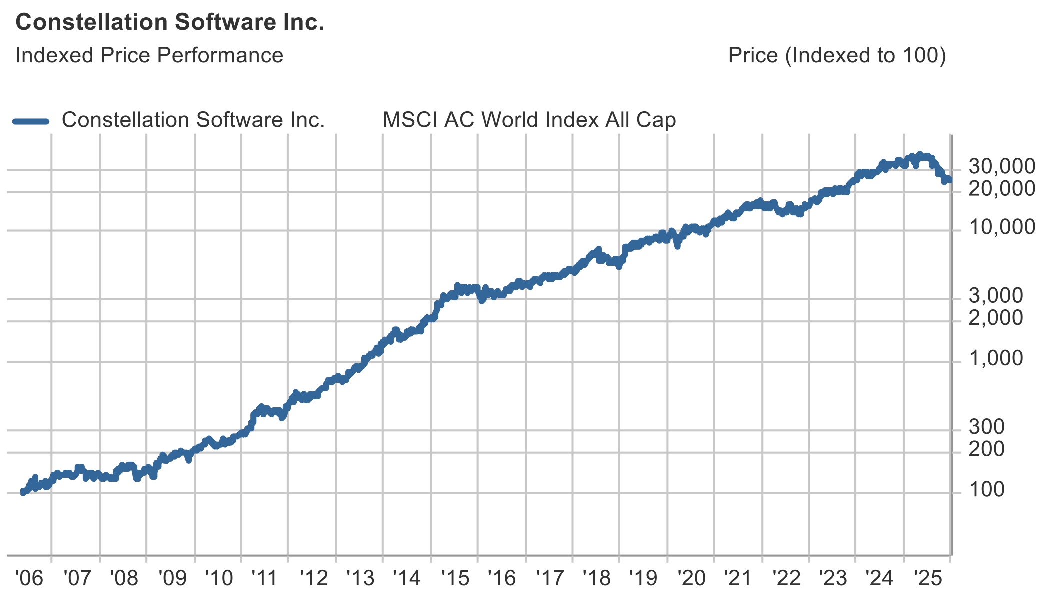
Reflections on AI and Vertical Market Software

Constellation Software since IPO and in 2025

Since IPO in 2006



2025

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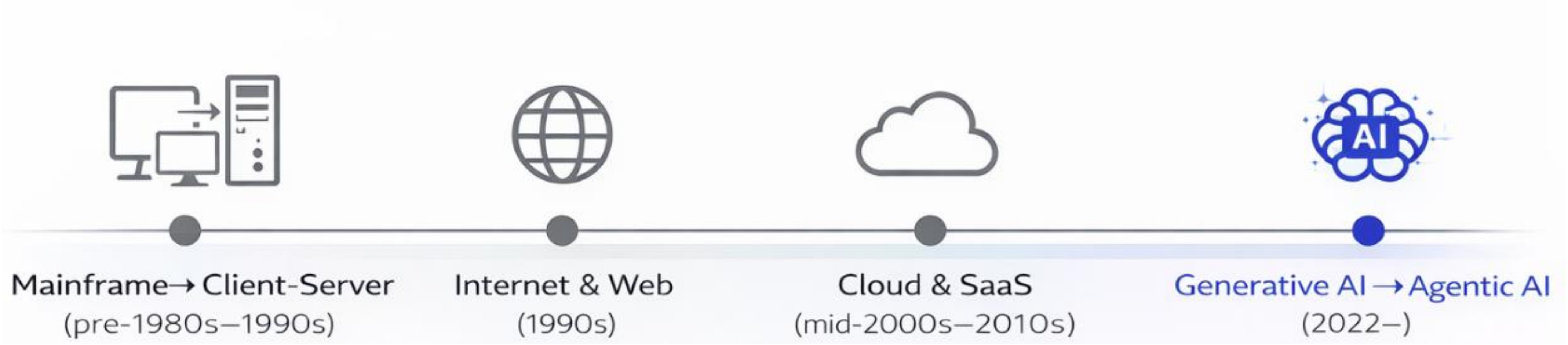
Four major enterprise computing waves

Every technical innovation has been an opportunity



"AI is going to eat all software"

"The notion that business applications exist — that's probably where they'll all collapse in the agent era... they're essentially CRUD databases with a bunch of business logic. The business logic is all going to these agents."
– Satya Nadella

A Japanese company, after selling its software business to Constellation Software, explained their belief that agentic AI would eventually disrupt *all* software, with no exceptions."

This pervasive view has driven a sharp, indiscriminate market reaction.

“AI is going to eat all software”

The "AI threat" narrative fails to distinguish between structurally different software markets. Vertical Market Software (VMS) operates under a completely different set of economic and operational rules.

Horizontal & Consumer Software	Mission-Critical VMS
Broad Markets: Large, generic use cases (e.g., CRM)	Niche Verticals: Deep, industry-specific workflows
Low Switching Costs: Easy to migrate data and retrain users	High Switching Costs: Deep integration, customization, compliance
Price & Feature Driven: Competition centers on being cheaper/faster	Reliability & Trust Driven: Uptime and accuracy are paramount
High Susceptibility to Disruption	**Structurally Insulated from Disruption**

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How to think about AI risks and opportunities

Market & Operational Factors	VMS Opportunity	VMS Upside (VMS + AI)	Generic Agentic AI
Switching cost (customizations & integrations)	High	High	Low
Market Opportunity & Business Impact	Low	High	High
Repetitive tasks	Low	High	High
Data accessibility	Low	High	High

This discussion and the accompanying chart are informed by many fruitful discussions with industry insiders, for which we are grateful.

Lumine Group: Going Deep Into the Back Office of Enterprise Clients

Lumine Group: Trusted buyer Serving Critical Infrastructure

Lumine Group, a core holding, operates in the telecom and media sectors, where software failure is not an option.

99.999%

Carrier-Grade Uptime

Systems are engineered for "five-nines" availability, translating to less than 5.26 minutes of downtime per year.

The 'Can't-Fail' Zone

Software is deeply embedded in mission-critical network functions, subject to stringent security requirements and continuous compliance audits.

3 Years

Typical Vendor Approval Time

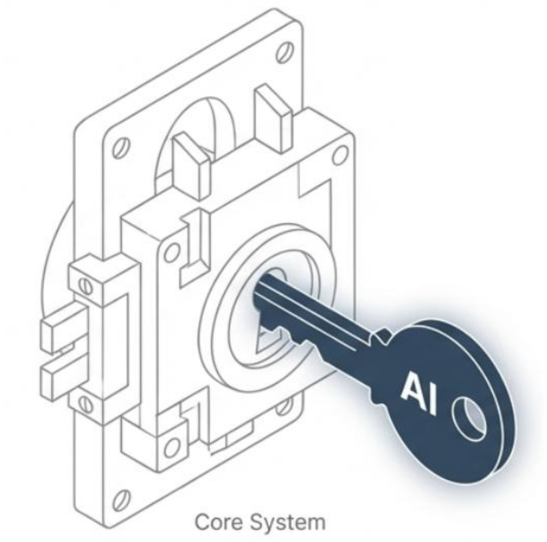
High barriers to entry mean clients are extremely cautious about onboarding new providers, prioritizing trust and stability.

The strategic question is clear: Who is the trusted partner to implement AI in this environment?

Security Requirements for Lumine Group

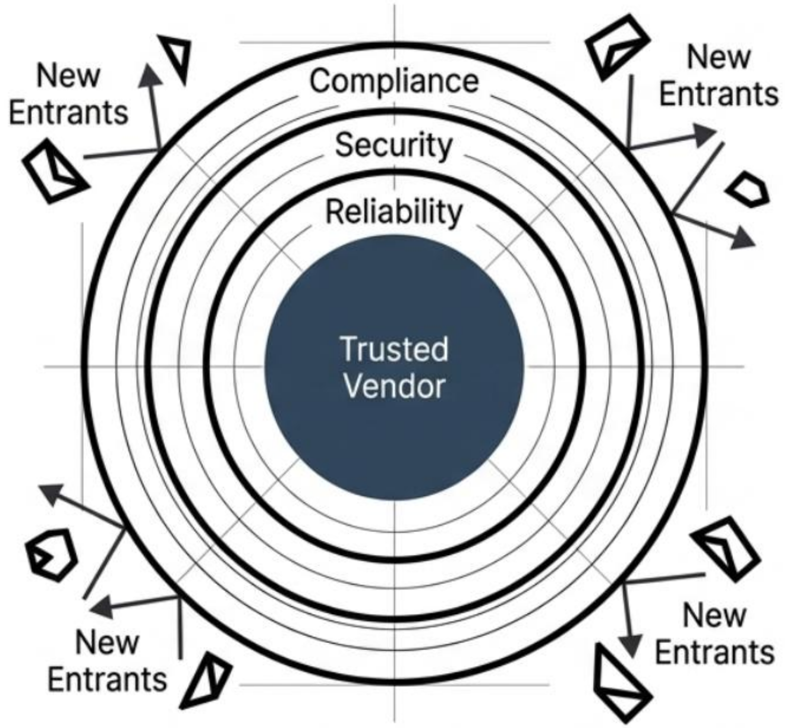
Reflections after speaking to David Nyland

- Vendors must meet and maintain industry-specific regulatory standards.
- Continuous compliance audits are expected, with evidence of robust security frameworks (e.g. ISO/IEC 27001, SOC 2, or sector-specific frameworks).
- Data handling, encryption, access control, and incident response capabilities must be well-documented and consistently tested.
- Avoid onboarding new vendors unless absolutely necessary.
- Enforce long evaluation and approval cycles, often spanning 24 months.
- Once approved, a vendor is often deeply embedded and remains for the long term—unless they fail operationally, ethically, or strategically.



The Result is a Powerful Moat

Reflections after speaking to David Nyland



Meeting "carrier-grade" reliability and stringent security requirements involves continuous compliance audits and deep integration. In practice, this creates two market realities:

1. **It is extremely difficult for a new vendor to win a logo** in these "can't-fail" environments.
2. **Once you are in, you tend to stay in**—unless you make a major mistake.

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Highlights from David Nyland (CEO, Lumine Group)

- Is it monetizable? “Is it cute and interesting, or is it monetizable? You have to monetize it, or else you die in the bubble”.
- When you have high interaction with consumers—the customer’s customer—there is much stronger reason to believe AI will act as an accelerator technology.
- Lumine will see many opportunities very soon, due to other companies’ failed approach to AI and the lack of monetization.
- Why would you replace that middleware at all—why not start with consumers or SMBs instead, and why go after the largest companies in the world by touching their back-office systems, when the business case is unclear?
- Middleware for telcos is the last layer telcos want anyone to mess with
- He has been in the industry for 40 years and is still unsure what people actually mean when they use the term “middleware.”
- “I’m not selling my Lumine shares for the next 10 years. The sun will come out eventually—people will wake up and realize what happened.”
- “Once you’re in the back office of a large enterprise with critical infrastructure, what is your business case here? Reduce opex? We’ve spent 40 years trying to reduce opex, and AI doesn’t give you a great solution to that—at least not yet.”
- “A strong business case for AI in this sector is reducing headcount in areas like call centers (e.g., reducing agents by 40%). This represents a well-defined, specific problem for AI”
- “Lots of AI functionality will become table stakes. From 3G to 4G, I paid the same.” Lots of capex, but it became table stakes, and none of the operators made any money.”
- “A higher interaction level with consumers (the customer's customer) provides more reason to believe that AI will act as an accelerator technology”

Presenting at CSI Perseus M&A Conference

- **On misconceptions about CSI**: "The market obviously reacted when Mark Leonard stepped down, but his learnings have been passed on through multiple generations of managers to the point that **there is no key man risk**; each of the operating groups truly is **its own kingdom; it is a culture of cultures**; every single operating group thinks about M&A slightly differently; it's not homogeneous through Constellation, and the market doesn't understand that."
- **On AI**: "AI represents an opportunity to **deepen relationships with our customers**. We benefit from close customer engagement, and many will likely prefer to partner with us rather than look elsewhere."

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How have we acted?

Our Thesis

The market is mispricing durable VMS businesses by applying consumer AI dynamics to specialized, high-switching-cost verticals.

We believe AI will primarily be an **upsell opportunity for trusted incumbents,** deepening customer relationships and expanding value, rather than an existential threat from new entrants.

Our Action

Grounded in this thesis, we have acted with conviction during the recent market dislocation.

We have been **net buyers of our core VMS holdings**—Constellation Software, Topicus, and Lumine Group—throughout this period.

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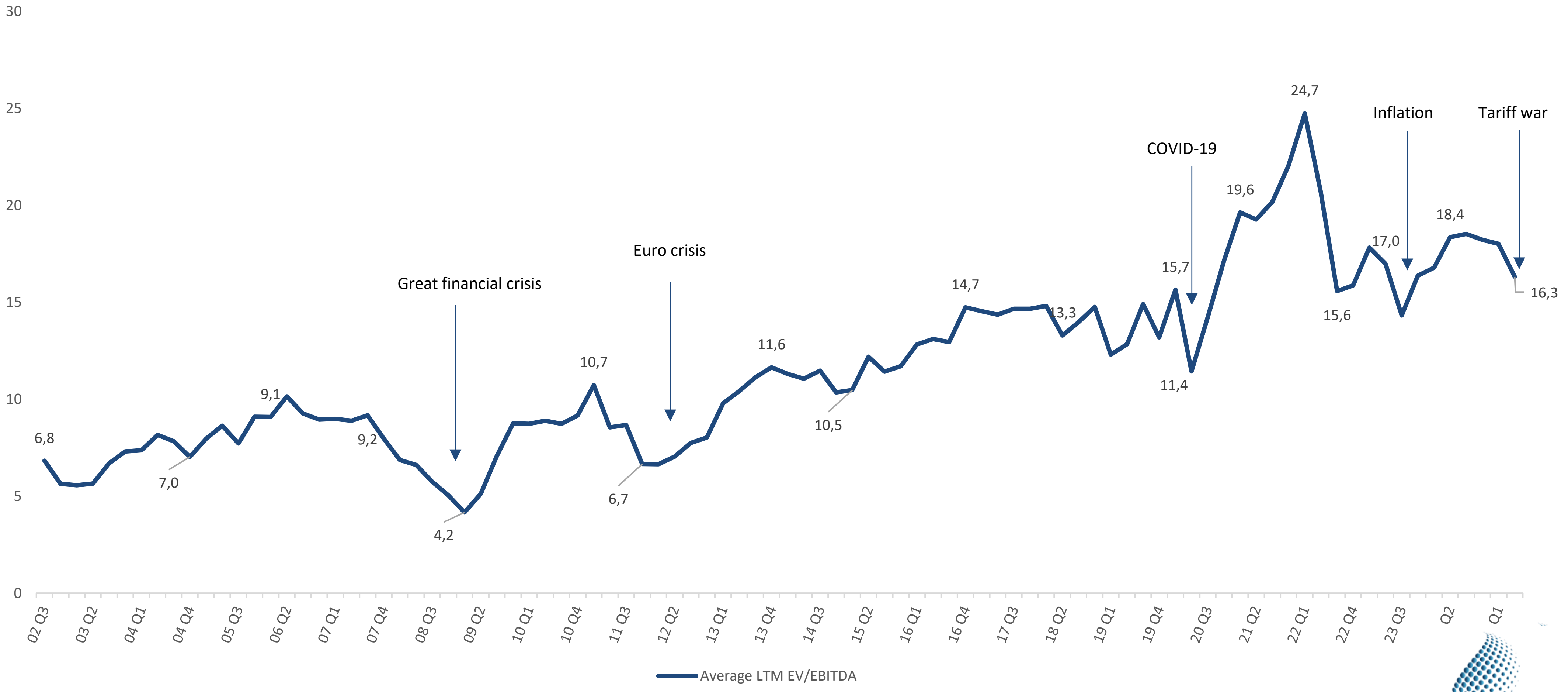
Pricing From a Historical Perspective

LTM EV/EBITDA - unweighted average for selected companies (2002-06-30 -> 2025-04-09)*



AQ Group, Beijer Alma, Ependion, Bergman&Beving, Medcap, OEM, Xano
Addnode, Addtech, Beijer Ref, Indutrade, Lagercrantz, Lifco, Vitec

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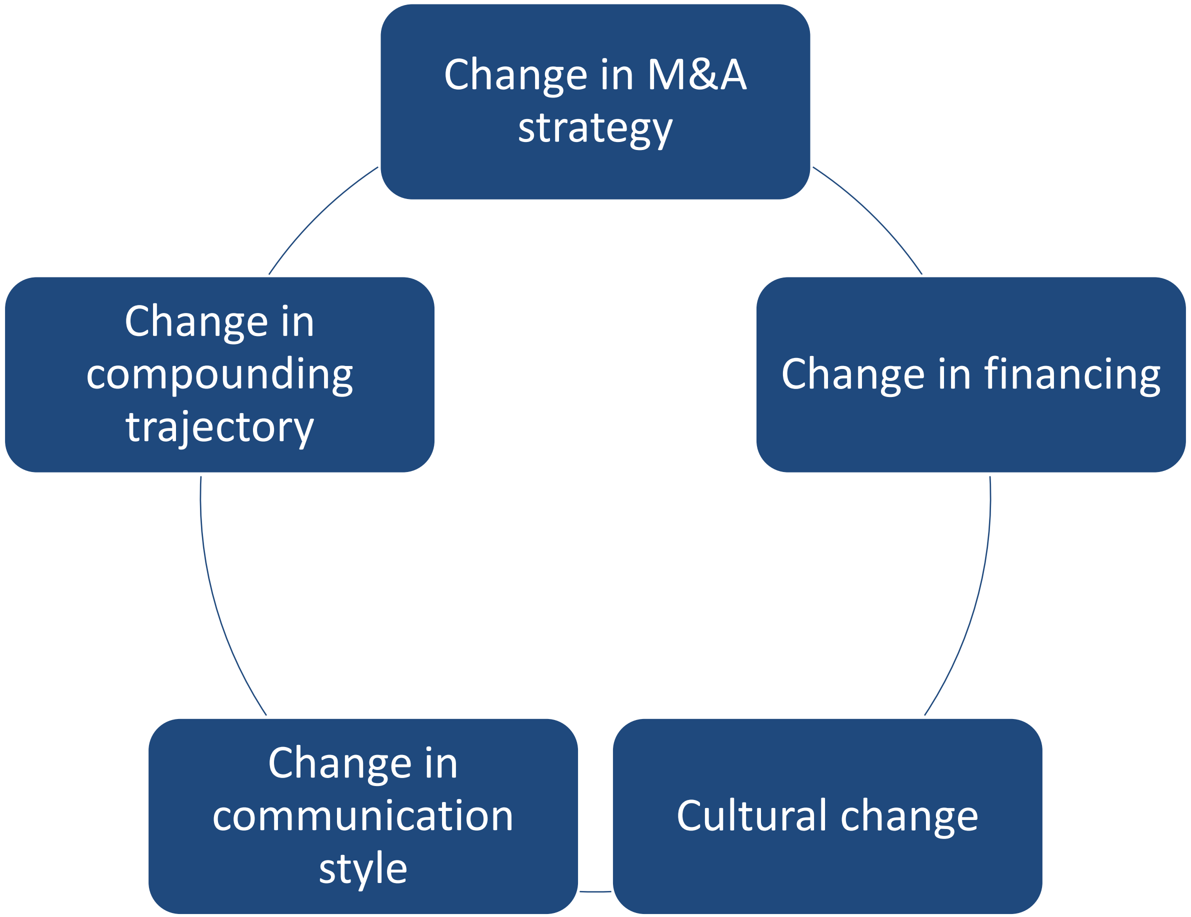
Recognizing Common Red Flags

In our framework: Often related to M&A strategy and management



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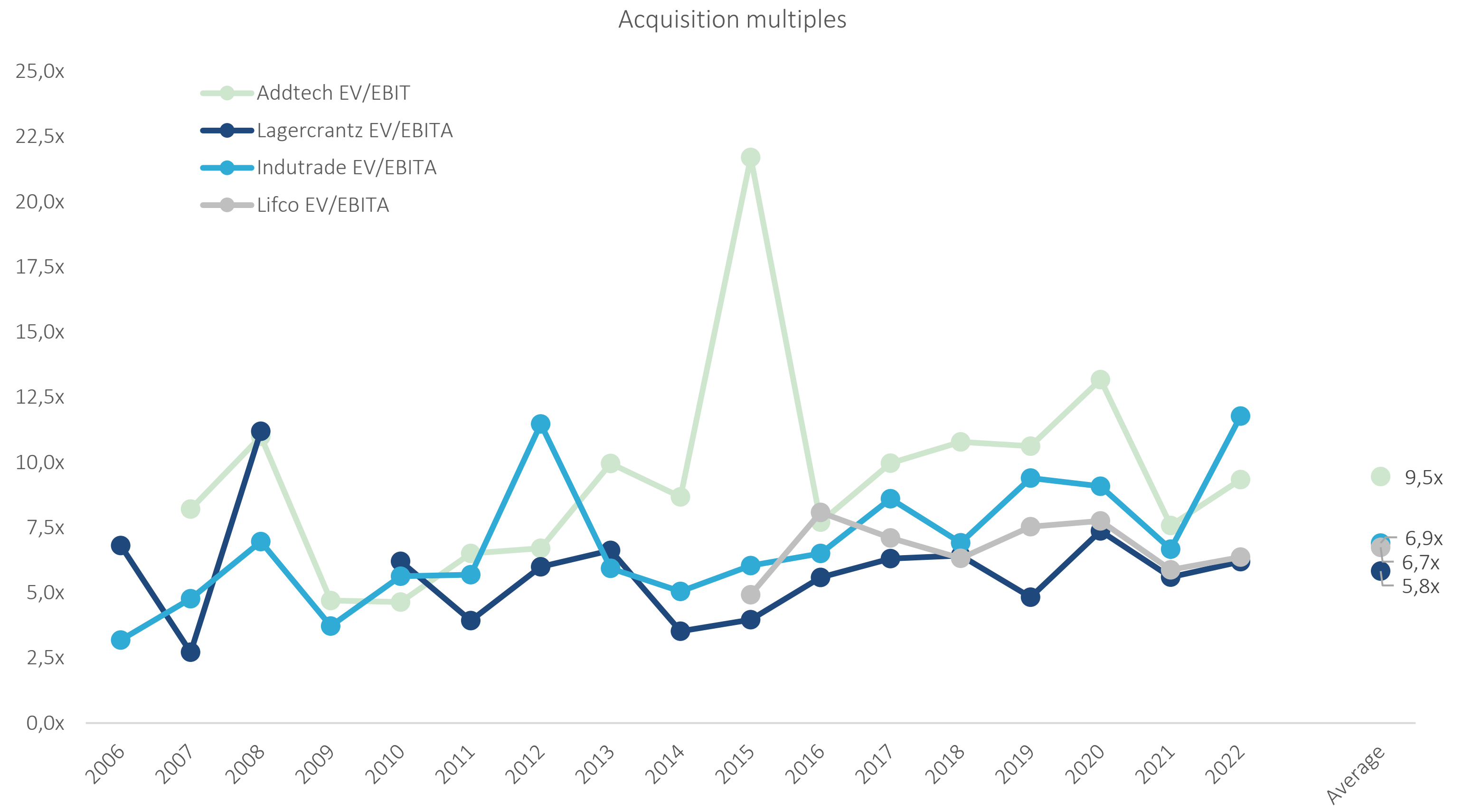
Acquisition multiples

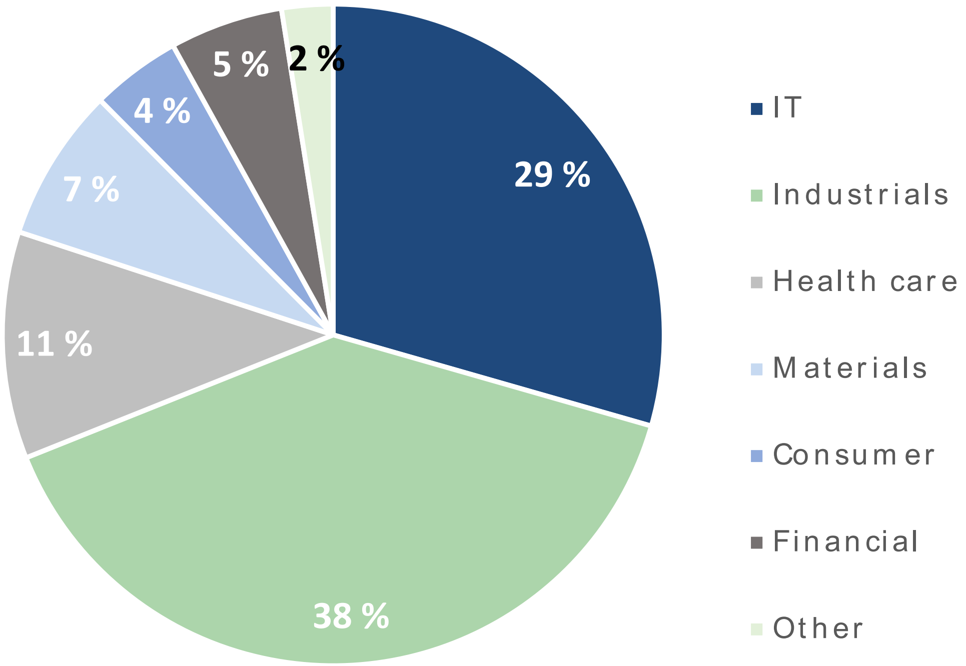
Acquisition multiples for Addtech, Lagercrantz, Lifco & Indutrade



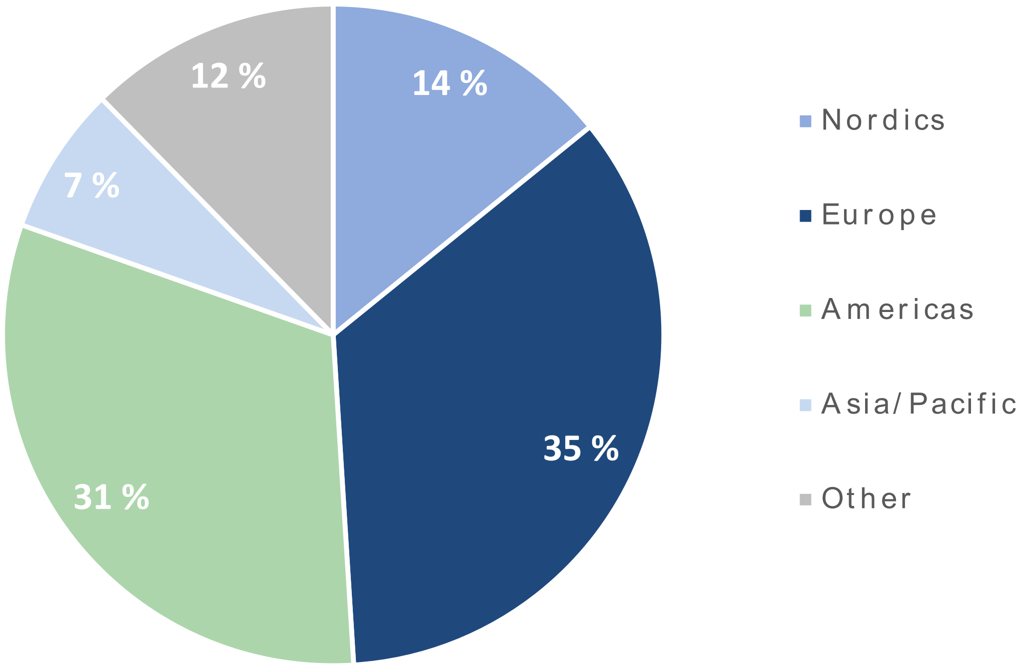
Source: Company reports

REQ Global Compounders – Sector and geographic distribution

Revenue distribution by sector



Revenue distribution by geography



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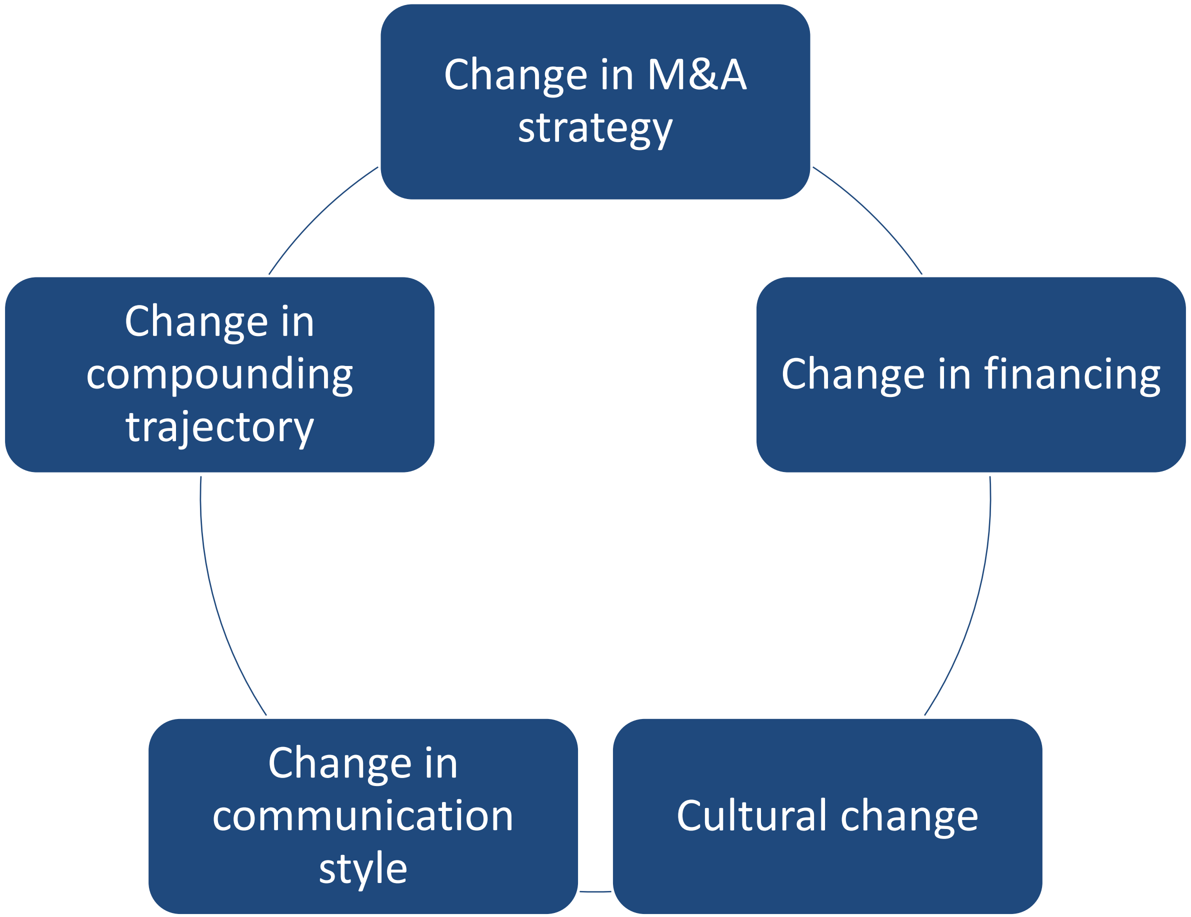
Recognizing Common Red Flags

In our framework: Often related to M&A strategy and management



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