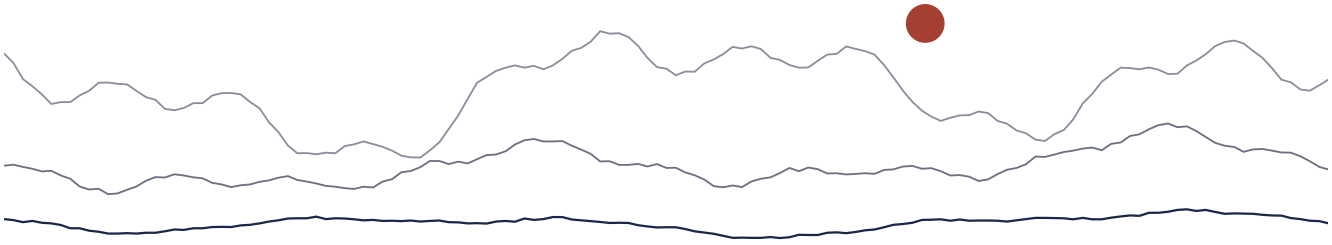
Motomeru Strategies

EQUITY RESEARCH | INITIATION REPORT

L E Lundbergföretagen AB

A Swedish family holding company with forest, hydro and Stockholm property, read as a long-term private stake



REVIEW TYPE	Initiation: first review of this company
SECURITIES	LUND B, Nasdaq Stockholm | LBGUF, US OTC
PREPARED BY	Motomeru Strategies Inc. | Jordan Hiebert, BBA, CFA, Principal
REPORT DATE	October 2026
INFORMATION AS AT	Share price October 20, 2026. Last published NAV August 25, 2026 (interim report January–June 2026, published August 27, 2026)
OUR VIEW	Fairly valued for patient capital. At SEK 568 our base case returns about 8.9% a year against an 8.7% required return, with asset value in reserve
CLASSIFICATION	Final. General information; not investment advice.

ABOUT THIS REPORT

Holdings, net debt, costs and cash flows are taken from the company's interim report for January–June 2026. Other figures come from public sources available on October 20, 2026. Figures marked EST are our estimates; the yellow inputs in the accompanying model are the assumptions to test.

INVESTMENT SUMMARY

Timber, hydro and Stockholm property at 14% below NAV, priced to earn about what its risks require

Lundbergs is a controlling owner of Swedish companies, run by the Lundberg family for three generations. About 35% of gross assets are real assets: forest, hydro and wind through Holmen, central Stockholm offices through Hufvudstaden, and the wholly owned Lundbergs Fastigheter property portfolio. The rest is listed Swedish industrials and a bank, held mostly through Industrivärden and Indutrade.

At SEK 568 (October 20, 2026) the shares trade 14% below the last published NAV of SEK 661 (August 25), near the widest discount in a decade. Our view: fairly valued for a long-term holder, with the look-through asset value as a margin of safety rather than a forecast.

What supports the value

- **Real assets priced below asset value.** Holmen's market value (SEK 45–49bn) is below the book value of its forest alone (SEK 56.9bn), and Hufvudstaden trades 37% below reinstatement value. At asset value, NAV is about SEK 720.
- **A wide discount.** A return to 5% gives SEK 628, 11% above the price, before NAV growth.
- **Self-funding compounding.** Dividends received and property income cover Lundbergs' dividend nearly four times, funding SEK 2bn a year of purchases while debt falls.
- **Return in line with the hurdle.** About 8.9% a year to 2029 (NAV SEK 810, 10% exit discount, plus dividends) against an 8.7% required return. The hurdle price is about SEK 571.

What tempers our view

- **Succession.** The CEO is in his mid-70s and no successor has been named, though family ownership succession is prepared.
- **Real assets are less than half.** Most of NAV moves with Swedish industrial share prices.
- **No forced catalyst.** The family holds over 70% of the votes and has no need to close the discount.
- **PFIC risk for US holders.** The structure may test as a passive foreign investment company in some years.

OUR VIEW

Fairly valued

Return ≈ required return; asset value in reserve

Share price (SEK)	**568**
Reported NAV, Aug 25 (SEK)	**661**
Discount to NAV	**−14%**
Look-through NAV EST	**~720**
Base value (SEK)	**628**
Expected return, % a year	**8.9%**
Required return	**8.7%**
Market cap (SEK bn)	**~141**
Dividend 2026 (SEK)	**4.90**
Family votes	**>70%**
Real assets, % gross	**~35%**
US OTC volume (sh/day)	**~850**

Price: Nasdaq Stockholm, October 20, 2026. NAV: Lundbergs, August 25, 2026. Market cap = price × 248.1m shares.

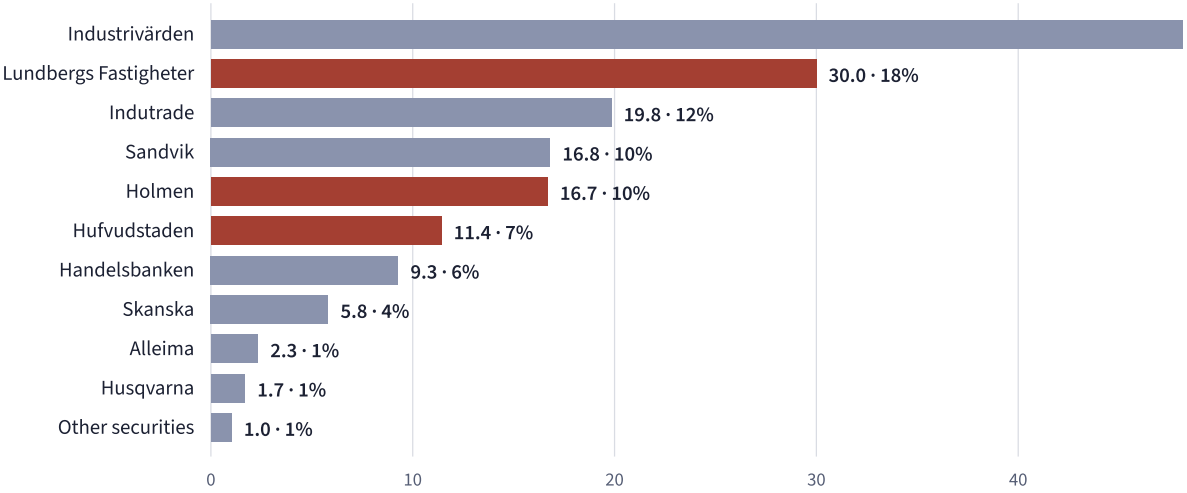
1 | WHAT YOU OWN

Ten holdings, three of them real assets

Lundbergs owns controlling or large minority stakes and almost never sells. Holmen and Hufvudstaden are consolidated subsidiaries because of voting control, even though Lundbergs owns well under half of Holmen's capital. Investors value the company on NAV, which marks the listed stakes at market price and Lundbergs Fastigheter at the company's own property valuation.

About 35% of gross assets are forest and property

Value by holding, SEK bn, 31 Dec 2025 basis (gross assets SEK 166bn)



Market values and property value at June 30, 2026 from the company's NAV table (H1 2026 report). Red bars are real assets.

HOLDING	WHAT IT IS	STAKE (CAPITAL / VOTES)	WHY IT MATTERS
Holmen	About 1.3m ha of land (1.0m ha productive forest), ~2 TWh a year of hydro and wind, paper, board, wood products	36.7% / 63.6%	The core real asset; listed value is below forest book value alone
Hufvudstaden	Central Stockholm and Gothenburg offices and retail, SEK 48.7bn of property, net LTV 25%, vacancy 4.7%	49.1% / 88.9%	Trades about 37% below reinstatement value
Lundbergs Fastigheter	Unlisted Swedish residential and commercial property, SEK 30.0bn	100% / 100%	The only holding not marked to a market price
Industrivärden	Listed holdco: Sandvik, Volvo, Handelsbanken, Essity and others	21.8% / 26.5%; largest owner	About 31% of gross assets; trades near its own NAV
Indutrade	Listed industrial technology distributor	27.2% / 27.2%	The highest-quality compounder in the portfolio
Sandvik, Handelsbanken, Skanska, Alleima, Husqvarna	Listed industrials, a bank and a builder	Minority stakes	Liquid, but passive for US tax purposes

Stakes: Lundbergs H1 2026 report (capital / votes, June 30, 2026). Holmen: IR presentation June 2026 and Q1 2026 report. Hufvudstaden: half-year report 2026.

2 | THE REAL ASSETS, LOOKED THROUGH

The market is paying for Holmen's forest and getting the mills and power plants free

Holmen: forest and energy

Holmen books its forest at SEK 56.9bn (March 31, 2026), valued from about 970 local land transactions. That is about SEK 57,000 per productive hectare [EST]. The value fell 2% in 2025 after a change to the valuation model.

Lundbergs' 36.7% stake was worth SEK 16.7bn at June 30, which puts Holmen's whole market value near SEK 45bn: less than the forest alone. The market pays nothing for the board and paper mills, wood products, or roughly 2 TWh a year of hydro and wind, whose profit rose significantly in H1 2026. We value energy and industry at SEK 10bn each, less SEK 5bn of net debt [EST]. On that basis the stake is worth SEK 26.4bn against SEK 16.7bn in NAV.

Each SEK 10bn of Holmen value the market does not pay for is worth about SEK 3.7bn to Lundbergs, or about SEK 15 a share.

Hufvudstaden: Stockholm property

Properties were valued at SEK 48.7bn at June 30, 2026, giving net reinstatement value (NRV) of SEK 190 a share. Net loan-to-value is 25.0% and vacancy is 4.7%.

Lundbergs' 49.1% stake (95.5m shares) sits in NAV at SEK 11.4bn, about SEK 120 a share, 37% below NRV. At NRV the stake is worth SEK 18.1bn.

Lundbergs Fastigheter: unlisted property

Wholly owned, SEK 30.0bn of property at June 30, carried at the company's own internal valuation. The company attributes all SEK 4.7bn of its net debt here, 16% of property value. It is the one real asset not marked to market, which is why some analysts haircut it; Placera's example uses a 35% cut.

WHAT WOULD CHANGE OUR VIEW

A Holmen forest valuation well below transaction prices, a fall in Stockholm office values, or evidence that Lundbergs Fastigheter is carried well above what a buyer would pay would all erode the look-through case.

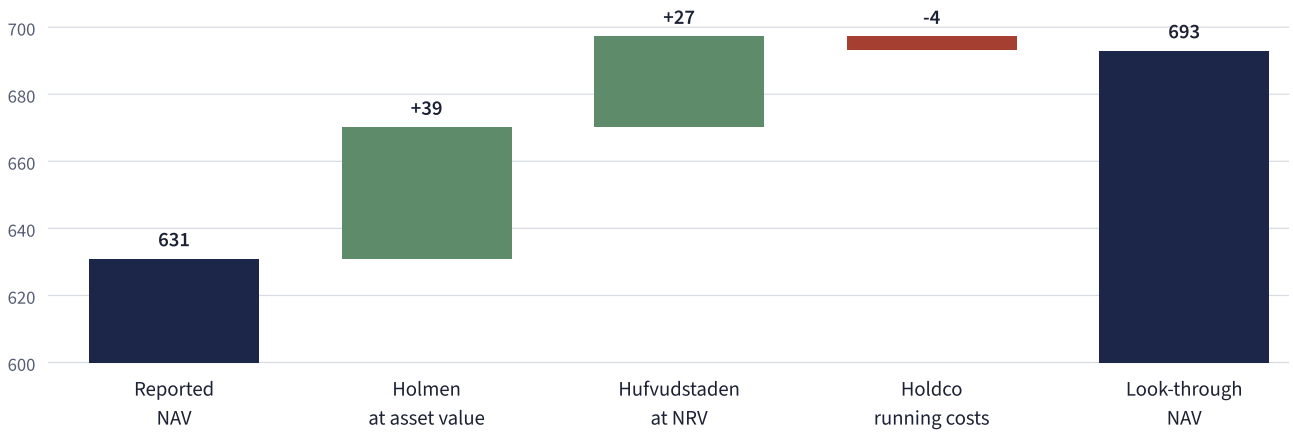
3 | SUM OF THE PARTS

Look-through NAV of SEK 693 at June 30, about SEK 720 today

HOLDING	REPORTED (SEK BN)	LOOK-THROUGH (SEK BN)	CHANGE	LOOK-THROUGH BASIS
Industrivärden	50.7	50.7	–	Market value
Lundbergs Fastigheter properties	30.0	30.0	–	Company property valuation
Indutrade	19.8	19.8	–	Market value
Sandvik	16.8	16.8	–	Market value
Holmen	16.7	26.4	+9.7	36.7% × (forest 56.9 + energy 10 + industry 10 − net debt 5)
Hufvudstaden	11.4	18.1	+6.7	95.5m shares × NRV SEK 190
Handelsbanken	9.3	9.3	–	Market value
Skanska, Alleima, Husqvarna, other	10.8	10.8	–	Market value
Holdco running costs	–	(1.0)	(1.0)	SEK 100m a year capitalised at 10%
Interest-bearing net debt	(4.7)	(4.7)	–	Company figure
Other net, including deferred tax	(4.3)	(4.3)	–	Company figure
NAV	**156.6**	**172.0**	**+15.4**	**SEK 631 vs SEK 693 a share**

Marking the real assets to asset value adds SEK 66 a share

NAV per share, SEK, June 30, 2026 basis. Axis starts at SEK 600.



Green adds value, red deducts value

Per-share effect of each look-through adjustment at June 30, 2026, on 248.1m shares. Applied to the August 25 NAV of SEK 661, with Holmen re-marked to its August value, the look-through NAV is about SEK 719.

At SEK 568 the shares trade 14% below reported NAV, 21% below look-through NAV, and 9% below a bear NAV that cuts Lundbergs Fastigheter by 35% after tax. The reported column is the company's NAV table at June 30, 2026 (SEK 156.6bn).

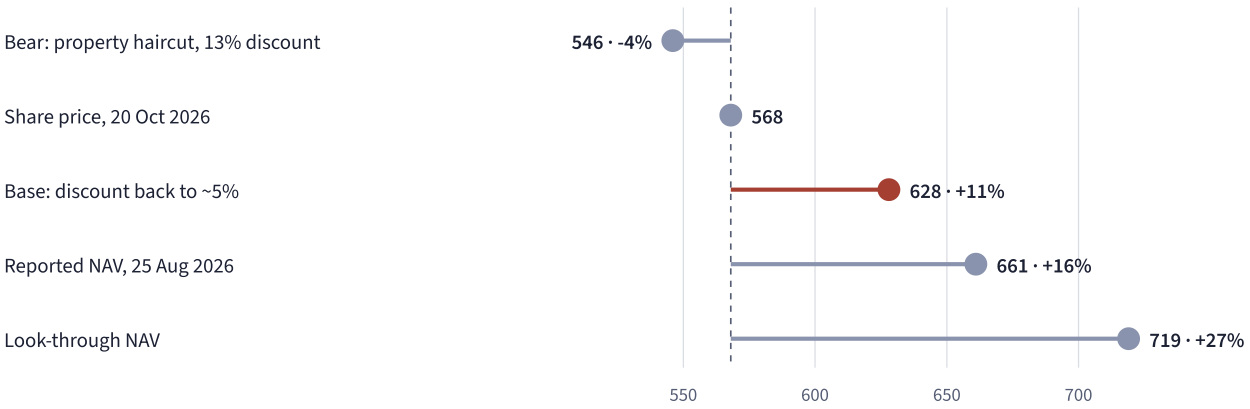
4 | VALUATION AND SCENARIOS

The discount is near the wide end of its range

Lundbergs has traded anywhere from about 20% below to 20% above NAV over the past decade (Affärsvärlden). Handelsbanken puts the ten-year average discount at about 10%, Placera at about 1%. The discount was 13% at year-end 2025, 11.5% in April 2026, 12–13% in late August and 14% on October 20 against the last published NAV. Excluding Industrivärden, which itself trades about 2% above its NAV, the rest of the portfolio sits about 16% below.

Base case is 11% above the price; look-through NAV is 27%

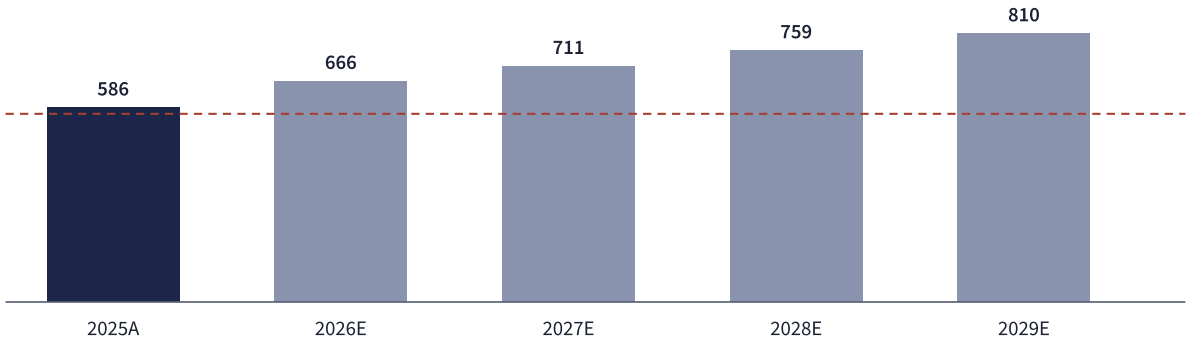
Value per Lundbergs B share, SEK



Bear: Lundbergs Fastigheter cut 35% after tax (NAV about SEK 627) at a 13% discount. Base: 5% discount, midpoint of the 1–10% averages. Look-through: sum of the parts at asset value. Source: Lundbergs NAV release (August 25, 2026) and Nasdaq Stockholm price (October 20, 2026); scenarios are our arithmetic.

NAV per share reaches about SEK 810 by 2029 in the base case

NAV per share at 31 Dec, SEK. Dashed line: share price SEK 568, October 20, 2026.



Base case from the pro forma model: listed holdings +13% in 2026 (matching portfolio growth to August) and +5% a year after; 3.0% dividend yield, as received in 2026; SEK 2bn a year of share purchases.

5 | RETURN VERSUS REQUIRED RETURN

At SEK 568 the expected return roughly matches what the risks require

We judge the price against the return a long-term owner should demand for these risks, not against a price target. The required return builds up from the Swedish risk-free rate; the expected return comes from the pro forma NAV in 2029, an assumed exit discount and the dividends collected along the way.

REQUIRED RETURN	%
Swedish 10-year government bond	3.0
Equity risk premium, Sweden	5.5
Beta EST	0.90
CAPM cost of equity	7.95
Company-specific premium EST	+0.75
Required return	**8.70**

EXPECTED RETURN, BASE CASE	SEK
Entry price, October 20, 2026	568
NAV per share, 2029E	810
Exit value at a 10% discount	729
Dividends, 2027–2029	16
Holding period	3.2 yrs
Expected return, % a year	**8.9%**

Risk-free rate: 2.98% on July 21, 2026 (Trading Economics). Risk premium: PwC's Swedish survey puts the required return on large listed companies at about 8.5% (2024 and 2025), about 5.5 points over the risk-free rate. The beta and the specific premium are our judgement: the specific premium covers a Sweden-only portfolio, CEO succession and the lack of a catalyst, partly offset by very low leverage.

Sensitivity: annual return from SEK 568 to the end of 2029

LISTED GROWTH AFTER 2026	NAV 2029E	0% DISC.	5%	10%	15%	20%
3%	771	**10.8%**	**9.0%**	7.2%	5.4%	3.5%
5% (base)	810	**12.4%**	**10.7%**	**8.9%**	7.0%	5.0%
7%	851	**14.1%**	**12.4%**	**10.5%**	8.6%	6.6%

Shaded cells meet or beat the 8.7% required return. Returns in SEK, before investor taxes. Source: Motomeru Strategies model (Return sheet).

What this means

- **Fair value, not a bargain.** The base case clears the hurdle by about 0.2 points a year. The price that earns exactly 8.7% is about SEK 571, close to today's price.
- **The discount carries the result.** The hurdle is met if the discount narrows to about 10.5% by 2029. If today's 14% discount persists, the return falls to about 7.4% a year, below the hurdle.
- **The margin of safety is in the assets.** Look-through NAV of about SEK 720 is 27% above the price. We do not count on it being realised, but it limits the damage if the discount widens.
- **For a Canadian or US holder** the return also moves with the krona (section 10), and 15% treaty withholding on a 0.9% yield costs about 0.13 points a year where it cannot be credited, for example in a TFSA.

6 | PRO FORMA, 2026–2029

A holding-company model: dividends in, property income, costs, debt and dividends out

The consolidated accounts are dominated by Holmen's paper and board sales (group revenue SEK 28.8bn in 2025) with large minority interests, so we project the parent plus Lundbergs Fastigheter, with listed stakes at market value. The three statements tie and NAV rolls forward each year. SEK m unless stated.

	2025A	2026E	2027E	2028E	2029E
INCOME STATEMENT					
Dividends received		3,756	4,304	4,580	4,869
Property net operating income		1,200	1,236	1,273	1,311
Central administration		(100)	(100)	(100)	(100)
Net interest		(219)	(189)	(141)	(83)
Profit before value changes		**4,637**	**5,251**	**5,612**	**5,997**
Value change, listed holdings		16,277	7,174	7,633	8,114
Value change, property		296	303	310	317
Tax, current and deferred		(242)	(257)	(276)	(298)
Net profit		**20,967**	**12,471**	**13,278**	**14,131**
EPS before value changes (SEK)		17.96	20.38	21.76	23.23
CASH FLOW					
Operating cash flow		4,456	5,056	5,399	5,764
Property capex		(400)	(400)	(400)	(400)
Net purchases of listed shares		(2,000)	(2,000)	(2,000)	(2,000)
Dividend paid (SEK 4.90, rising ~5% a year)		(1,216)	(1,278)	(1,340)	(1,402)
Net cash flow		**840**	**1,378**	**1,659**	**1,963**
Dividend cover		3.7x	4.0x	4.0x	4.1x
BALANCE SHEET, DECEMBER 31					
Listed holdings at market value	125,205	143,482	152,656	162,289	172,403
Lundbergs Fastigheter property	29,582	30,278	30,981	31,690	32,407
Net interest-bearing debt	(6,251)	(5,411)	(4,033)	(2,373)	(411)
Deferred tax and other, net	(3,073)	(3,134)	(3,196)	(3,260)	(3,325)
NAV	**145,463**	**165,215**	**176,408**	**188,346**	**201,074**
NAV per share (SEK)	586	666	711	759	810
Net loan-to-value	4.0%	3.1%	2.2%	1.2%	0.2%

Source: Motomeru Strategies model (lundbergs-model.xlsx). Opening balances tie to reported NAV of SEK 145.5bn at December 31, 2025, with net debt and deferred tax from the company's accounts. 2026 dividends received match the SEK 3.7bn reported for H1. All projection rates are editable inputs.

7 | GOVERNANCE, LEADERSHIP AND SUCCESSION

Ownership succession is prepared; management succession is not yet named

Fredrik Lundberg has been CEO since the 1980s and also chairs Holmen. His daughters, Louise Lindh and Katarina Martinson, own about 13% and 12% of the capital and have been directors for more than 15 years. Placera reported in August 2026 that the handover of control has long been prepared, with the sisters positioned to take over. No CEO successor has been announced.

ROLE	WHO	ASSESSMENT
CEO	Fredrik Lundberg	Long, consistent record; key-person risk across Lundbergs, Holmen and Hufvudstaden
Chair	Bo Selling	Independent, non-family chair; re-elected April 20, 2026
Independent of company and owners	Bo Selling, Carl Bennet, Sofia Frändberg, Krister Mattsson, Lars Pettersson	5 of 9 seats, as classified by the company
Not independent	Fredrik Lundberg, Louise Lindh, Katarina Martinson, Sten Peterson	4 of 9: the CEO and controlling owner, his two daughters, and a long-time business associate

- **Independence: both Code tests are met.** The Swedish Code requires a majority of directors independent of the company and management, and at least two of those also independent of major shareholders. The company's board page lists five of nine as independent on both counts. Sten Peterson is classed as not independent; he has long-standing business ties to Fredrik Lundberg (historically as head of Byggnads AB Karlsson & Wingesjö, which Fredrik Lundberg chairs and controls). The family directors are major shareholders.
- **Outside expertise.** Carl Bennet is a major Swedish industrial owner and chair; Lars Pettersson is a former Sandvik CEO; Krister Mattsson led Ingka Investments, IKEA's investment arm; Sofia Frändberg, a lawyer, was a senior leader in the Volvo Group. That is operating, capital-allocation and legal depth independent of the family.
- **Chair.** Bo Selling, independent, has chaired Lundbergs since 2023. Reports that Louise Lindh became chair in 2024 refer to Lundbergs Fastigheter, where she had been CEO.
- **Pay and fees.** Board fees total SEK 4.0m: SEK 1.2m for the chair and SEK 0.4m for each other non-executive director.
- **Capital allocation.** Long holding periods, steady dividend increases (SEK 4.90 in 2026), purchases of SEK 2.72bn in 2025 and SEK 1.75bn in 2026 to August 25 (Industrivärden, Indutrade, Handelsbanken, Sandvik, Alleima). The 2026 AGM renewed authority to buy back up to 10% of shares; none have been bought.

> **WHAT TO WATCH**
>
> A named CEO successor, whether a family member or an outside professional, and whether the next generation keeps the long-hold strategy or starts to address the discount with buybacks.

7 | GOVERNANCE, CONTINUED: A LITERARY LENS ON SUCCESSION

Not King Lear. The risk to watch is Buddenbrooks

An ageing patriarch, a large multi-generational holding and two daughters on the board invite the King Lear comparison. On the evidence, the Lundberg structure is close to its inverse. Lear is a story of partition, flattery and sudden abdication; Lundbergs is built for concentration, quiet stewardship and a long, visible handover.

LEAR'S ERROR	THE LUNDBERG REALITY	WHAT WE CAN CONFIRM
Partition. Lear splits a unified kingdom, which sets off conflict and collapse.	The holdings sit in one vehicle controlled through Class A super-voting shares, and that vehicle is the largest owner of Industrivärden. Nothing is divided among heirs; the structure is designed to outlive any one owner.	Family holds over 70% of the votes; ten-vote A shares; Industrivärden is about 31% of gross assets.
The flattery test. Lear rewards performed loyalty and punishes honest Cordelia.	A low-key, balance-sheet-first culture with little PR or public posturing. The internal measure is capital preserved and compounded, not praise.	Equity-management costs of about 0.06% of holdings a year. Culture itself is our judgement, not a measured fact.
Sudden abdication. Lear gives up power in one emotional act but keeps the title, leaving a vacuum.	A handover run in plain sight over two decades: Louise Lindh deputy CEO of the property company since 2008, Katarina Martinson on portfolio boards including Indutrade, both Lundbergs directors for 15+ years.	Stakes of about 13% and 12% of capital (Placera, Aug 2026; some write-ups say 14–15%). No CEO successor named yet.

The real threat model: Buddenbrooks

Thomas Mann's merchant dynasty fades over four generations through complacency, not betrayal. Lundbergs' design reads as a defence against that slow erosion:

- **Almost no debt.** Net debt is about 3% of gross assets, so no creditor can force sales during a transition.
- **Stewardship over ownership.** The next generation has been trained inside the businesses rather than above them.

Where the comparison could bite

One structural echo of Lear remains: control will pass to two heirs with near-equal stakes. Lear's tragedy began with two daughters sharing power. Nothing public suggests disagreement, and the sisters appear to work as complementary owners across different boards. But we have not seen a shareholder agreement or a stated plan for how joint control and the CEO role will work.

For investors the watch items are concrete: a named CEO successor, evidence the sisters vote as one block, and whether the next generation keeps compounding or lets the discount drift wider, which is how Buddenbrooks decline shows up in a share price.

OUR READ

There is no squabbling court here. Lundbergs is the Nordic principal-owner model at its most disciplined: quiet, methodical and dull by theatrical standards, which is why the compounding has worked. The risk is gradual, not dramatic, and it is the reason we hold a discount in our base case rather than assume it closes.

8 | OWNERSHIP MODEL AND TRACK RECORD

Patient, governance-active capital at the centre of a Swedish industrial sphere

Lundbergs is often described as a Swedish "mini-Berkshire". The comparison holds in temperament, not structure: it owns few businesses outright and does almost no M&A. Its influence runs through board seats and voting control across one of Sweden's main ownership spheres.

How it owns

- **The Industrivärden sphere.** As Industrivärden's largest owner, Lundbergs reaches Sandvik, Volvo, Handelsbanken, Essity and Skanska indirectly as well as directly. Fredrik Lundberg's influence extends well beyond the SEK 164bn NAV.
- **Active, not activist.** Control is exercised through board composition, CEO selection and capital discipline. We found no public campaigns, proxy fights or hostile bids.
- **An accumulator, not an acquirer.** It adds to existing positions over years (SEK 2.72bn in 2025, mostly Industrivärden and Sandvik) rather than buying private companies. The exceptions are the wholly owned property portfolio and control of Holmen.
- **Dual-class control.** Class A shares carry ten votes and Class B one, so strategy stays with the family while the B shares trade publicly.

What it costs and how it behaves

- **Very low overhead.** Equity-management costs were SEK 42m in H1 2026, about 0.06% of holdings a year (0.04% a year earlier); corporate overheads were SEK 41m in 2025. Our model allows SEK 100m a year.
- **Little leverage.** Interest-bearing net debt was SEK 4.7bn at June 30, about 3% of gross assets. The company attributes all of it to Lundbergs Fastigheter, 16% of property value, so the listed portfolio is in effect unleveraged.
- **Buying in drawdowns.** Commentators describe a habit of adding to core holdings in market sell-offs. We have not verified specific purchases by period.
- **Next generation already working in the group.** Louise Lindh has been deputy CEO of Fastighets AB L E Lundberg since 2008; both daughters sit on group boards.

LEGAL AND GOVERNANCE RECORD

We found no fraud, regulatory enforcement or shareholder litigation against Lundbergs. One episode is worth knowing: Fredrik Lundberg was among business leaders investigated over hunting trips arranged by Holmen in a Swedish bribery probe. The prosecutor dropped the case without charges, citing insufficient evidence that the benefits were improper. Lundberg said he had nothing to be ashamed of, and Holmen said no rules were broken. Day-to-day legal matters are the routine ones of a property and forest owner: zoning, permits, forestry regulation and leases.

TWO POPULAR CLAIMS THAT DO NOT HOLD UP

"It trades at a narrower discount than its peers." Investors often say this, but not today: Investor AB is near NAV and Industrivärden trades about 2% above, against Lundbergs' 14% discount. **"It is a broad inflation hedge."** Only about 35% of gross assets are forest and property; holdings such as Sandvik and Alleima are operating companies, not real assets.

8 | OWNERSHIP MODEL, CONTINUED: WHY IT IS OVERLOOKED

Built in a way that generates no fees, so almost no one in North America covers it

It is ironic that a well-capitalised company with a decades-long record of compounding receives almost no attention from Wall Street or Bay Street. In our view that is not a verdict on the business. It is the result of a structure that is the opposite of what pays for research.

REASON	HOW IT WORKS	OUR CHECK
No fee pool	Sell-side research is paid for by advisory, underwriting and trading. Lundbergs does no leveraged deals, raises no capital in North America and trades thinly.	Consistent with the filings: purchases are funded from dividends received, and net debt is about 3% of gross assets.
Holding-company math	Analysts already cover the underlying companies (Sandvik, Handelsbanken, Indutrade and, through Industrivärden, Volvo and Ericsson) and see little reason to add a layer. A persistent discount reads as a value trap without a catalyst.	Volvo is held through Industrivärden, not directly. The discount has ranged from about 20% below to 20% above NAV, not a fixed 10–20%.
Control and float	The family's A shares (10 votes each) give it over 70% of the votes; outside owners cannot force a breakup or board change. Long-term owners rarely sell, so a large North American institution could not build a position without moving the price.	Confirmed. US OTC volume is a few hundred to a few thousand shares a day.
Home bias and no ADR	Nordic investors treat holding companies (Investor, Industrivärden, Lundbergs) as low-cost asset managers. North American investors rarely look beyond the S&P 500 and TSX unless a company courts them with a sponsored ADR.	Confirmed. LBGUF is an unsponsored OTC quote; the company does no North American investor marketing.

Why we see this as an advantage

- **Outside the influence of investment banks.** Most published research is not truly independent: coverage follows the fee pool, and a company that never pays for deals is rarely written about. That leaves the analysis to owners who have no transaction to sell.
- **Largely outside the passive-flow machine.** Index flows have done much to lift US large caps, and they can reverse. Lundbergs is not in Sweden's OMXS30 and carries only a tiny float-adjusted weight in broad indices such as MSCI World and STOXX Europe 600 (about 0.003% of a global index), so passive buying or selling barely touches it. Its price is set mostly by owners who know it.
- **Inefficiency is the opportunity.** A business that is hard to buy at scale and rarely analysed is where a patient, independent investor can still find fair value without competing against an army of analysts.

> **THE OTHER SIDE**
> Neglect cuts both ways. With no marginal North American buyer and no catalyst, the discount can stay wide for years, which is why our base case does not assume it closes to its average. Thin coverage also means less scrutiny, so the primary filings matter more. Being outside passive flows protects against a reversal, but it also means missing the lift those flows give.

Sources: Lundbergs H1 2026 report (net debt, purchases); MarketBeat (LBGUF volume); Nasdaq OMXS30 constituents (February 2026); GuruFocus and MarketVector (index membership and weight). Index membership is from third-party profiles and should be confirmed with the index providers.

9 | OWNING IT: TRADING, LIQUIDITY AND TAX

Owned like a private stake, ideally through Stockholm

The family holds over 70% of the votes and the other large owners rarely sell, so the free float is small. Outside Stockholm, trading is thin. The US OTC quote is often stale and the bid-ask spread wide, so the ticker says little about value from week to week. Investors who buy when the spread is tight and hold for years get something that behaves much like a private-market investment, rewarded by NAV growth rather than by trading.

	US OTC (LBGUF)	NASDAQ STOCKHOLM (LUND B)
What it is	The same Swedish B share quoted in USD; not an ADR	Primary listing, in SEK
Liquidity	Average about 850 shares a day; many days with no trades	Two-sided market every trading day
Price signal	Often stale; wide spread	Continuous, tracks NAV news
Best use	Limit orders near the Stockholm price in USD, then hold	Building or exiting a position at size

How the dividend reaches the holder

- **Swedish withholding tax.** Sweden withholds 30% on dividends to non-residents. The US and Canadian treaties reduce this to 15%. Where the custodian does not apply the treaty rate at source, which is common for OTC holdings through DTC, the holder reclaims the excess from Skatteverket on form SKV 3740 with a certificate of residence.
- **US holders.** The 15% Swedish tax is normally creditable against US tax on the same dividend. Dividends can be qualified under the treaty, but only if Lundbergs is not a PFIC.
- **Canadian holders.** The 15% is creditable in a taxable account. In an RRSP or TFSA it is a permanent cost, because Canada's treaty relief for retirement accounts covers US dividends, not Swedish ones.
- **Capital gains.** Sweden generally does not tax non-residents on gains from listed Swedish shares, so a sale is taxed only in the holder's home country.

> **PFIC RISK FOR US HOLDERS**
>
> A foreign company is a PFIC if 75% of its income is passive or 50% of its assets produce passive income, with stakes of 25% or more looked through. Holmen, Hufvudstaden and Lundbergs Fastigheter clear 25%; the minority stakes do not, and rental income can count as passive. Lundbergs could therefore test as a PFIC in some years. We found no PFIC statement from the company. If it is one, gains are taxed as ordinary income with an interest charge unless a QEF or mark-to-market election is made. Canadian holders should check the separate offshore investment fund rules. This is general information, not tax advice.

10 | CURRENCY: WHAT CANADIAN AND US HOLDERS SHOULD EXPECT

A krona asset whichever line you buy, with a currency swing larger than the margin over the hurdle

Buying LBGUF in US dollars does not remove the exposure: the OTC quote is the Stockholm price converted at the day's rate, and the dividend is paid in kronor and converted. A home-currency return is (1 + SEK return) × (1 + change in SEK) − 1.

AT OCTOBER 2026 RATES	CAD	USD
SEK per unit	7.01	9.95
Share price (SEK 568)	81.0	57.1
Last published NAV (SEK 661)	94.3	66.4
2026 dividend (SEK 4.90)	0.70	0.49

KRONA MOVE TO END-2029	RETURN, % A YEAR
SEK weakens 20%	1.5%
SEK weakens 10%	5.4%
No change (SEK base case)	**8.9%**
SEK strengthens 10%	12.2%
SEK strengthens 20%	15.3%

Rates: exchange-rates.org and moneyexchangerate.org, October 16, 2026 (implied USD/CAD about 1.42). Returns apply the base case (8.9% a year in SEK) and the move in the krona against CAD or USD over the 3.2-year holding period.

What to expect

- **We make no currency forecast.** The base case assumes the krona ends 2029 where it is today. Forecasters disagree: Rabobank and Societe Generale expected a stronger krona on growth and a likely Riksbank hike; ING expected some weakness on low inflation.
- **The swing is large relative to the margin.** The krona typically moves about 8–10% a year against CAD and USD [EST], so a 15% move over three years is ordinary. That is worth about ±5 points a year here, far more than the 0.2-point margin over our hurdle.
- **The exposure is partly offset in the holdings.** Property, forest, hydro and Handelsbanken, about 40% of gross assets [EST], earn in Sweden. Sandvik, Indutrade, Holmen's board and paper, and most of Industrivärden's companies sell mainly abroad, so a weaker krona tends to lift their SEK earnings. The economic exposure is less than the listing currency suggests.
- **The krona falls in crises.** It weakened sharply in 2008, 2020 and 2022, when equities also fell. For a North American holder it adds to drawdowns rather than cushioning them, which is part of why we include a specific premium in the required return.

Hedging and tax

- **Hedging.** A hedge earns or costs roughly the gap between short rates. With the Riksbank at 1.75%, below US and at or below Canadian rates, hedging to USD picks up a small carry and to CAD roughly breaks even. For a long-term holder of one stock, rolling hedges is rarely worth the effort; in our view unhedged ownership suits this holding, with position size reflecting the currency risk.
- **Tax.** Cost and proceeds are recorded in home currency at each date's rate, so currency moves become part of the capital gain or loss; dividends convert at the payment-date rate.

10 | CURRENCY, CONTINUED: HOW THE KRONA BEHAVES

A cyclical currency that falls fast in crises and recovers over a few years

Sweden is a small, open, export-heavy economy, and the krona trades like it. It tends to strengthen when global growth and trade pick up and to weaken when investors retreat to the dollar. The Riksbank itself notes that in periods of financial uncertainty the currencies of small open economies like Sweden's tend to depreciate. The krona is also used as a funding currency in carry trades, which adds to the selling when markets turn.

EPISODE	WHAT THE KRONA DID	WHAT FOLLOWED
1992 currency crisis	The fixed rate collapsed despite a 500% overnight rate; the krona was floated in November and fell sharply	The start of today's floating regime and inflation target
2008–09 financial crisis	From about 6 per US dollar in 2008 to above 9 by early 2009	Recovered most of the fall by 2011 as Sweden outgrew Europe
March 2020	A sharp spike weaker against the dollar in the first weeks of the pandemic	Fully reversed within about a year
2022–23	A record low of about 11.4 per dollar (September 2022) and the weakest against the euro since 2009 (2023), as rates rose and Swedish housing weakened	A strong recovery through 2025–26, to about 9.95 per dollar in October 2026

Sources: Riksbank, "Why has the krona weakened this year?" (Monetary Policy Report, November 2022); The Local (2022, 2023); Bloomberg (2020, 2023). Episode descriptions are summarised; levels are approximate.

Patterns worth knowing

- **No long-run trend since the float.** Since 1992 the krona has ranged from about 6 to about 11.4 per US dollar without a lasting direction. The large long-run decline often quoted (the krona has roughly halved since the 1970s) comes mostly from devaluations under the old fixed-rate regime.
- **Down fast, back slowly.** The big moves weaker have come in weeks or months; the recoveries have taken one to three years. Over five years or more, currency has mostly added noise rather than a persistent drag.
- **Against CAD the swings are usually smaller than against USD** [EST]. Both are cyclical, trade-exposed currencies that often weaken together when the US dollar rallies, so a Canadian holder carries less krona risk than a US holder.
- **Rates matter most in the short run.** Low Swedish inflation has kept the Riksbank's rate below US rates for most of the past decade, which has weighed on the krona. Markets were pricing a Riksbank hike in late 2026; a narrowing rate gap has historically supported the krona.

> **WHAT IT MEANS FOR A PATIENT HOLDER**
>
> Krona weakness and equity sell-offs have tended to coincide (2008, 2020, 2022), so the moments Lundbergs' shares are cheapest in SEK are likely to be the moments the krona is also weak. For a Canadian or US investor buying over time, that doubles the advantage of adding during stress, and the later krona recovery has historically added to the return. The cost is that a holder forced to sell in a crisis takes both hits at once. This fits our view of the shares as a long-term, private-style holding rather than a trading position.

11 | REARMAMENT, RESHORING AND RESOURCES

Indirect but real exposure to Europe's rebuild, through hard assets and the industrial supply chain

Europe is rearming, shortening supply chains and placing a higher value on secure domestic resources. Lundbergs is not a defence stock: it owns no Saab, which sits in the Wallenberg sphere. Its exposure is second-order, through the industrial companies that supply the rebuild and the forest, hydro and land that become more strategic when security matters more than cost.

THEME	WHERE LUNDBERGS IS EXPOSED	STRENGTH
Rearmament	Volvo (heavy and military trucks) and Ericsson (secure communications) through Industrivärden; Skanska (defence and infrastructure construction); Sandvik tools used in metal-cutting and munitions production	Modest; no pure defence holding
Reshoring and industrial capex	Indutrade (components and service for European industry); Sandvik (machining and mining); Alleima (specialty steel for energy, nuclear and aerospace)	Meaningful; about a quarter of gross assets
Natural resources and energy security	Holmen's 1.0m ha of productive forest and about 2 TWh a year of hydro and wind; domestic, fossil-free and not importable	Strong for asset value; weak for 2026 earnings
German fiscal expansion	Germany is among Sweden's largest export markets; Volvo, Sandvik, Indutrade and Skanska sell into German infrastructure and industry	Indirect; via portfolio companies' order books

Industrivärden's portfolio (2025 annual report): Volvo, Sandvik, Handelsbanken, Essity, SCA, Skanska, Ericsson, Alleima. Strength ratings are our judgement.

Does Sweden offer safety?

- **Yes, on balance-sheet terms.** Sweden joined NATO in March 2024, has low public debt, a AAA rating and a largely fossil-free power system of hydro and nuclear. It is raising defence spending by 18% in 2026, to about 2.8% of GDP, on a path toward NATO's 3.5% core target.
- **Less so on geography.** Sweden sits on the Baltic, close to Russia, and has faced hybrid threats such as undersea cable damage. Safety here means institutional and fiscal strength, not distance from risk.
- **German rearmament helps, with a lag.** Germany's 2025 reform exempts defence above 1% of GDP from the debt brake, and its plans take defence toward 3.5% of GDP by 2029 alongside a large infrastructure fund. Swedish industrial suppliers benefit through orders, but German industry has been weak since 2023 and that demand is only now turning.

> **HOW THIS FITS OUR NUMBERS**
>
> These themes support our base case of 5% a year growth in the listed holdings; we have not added a premium for them. Two cautions. Near term, Holmen's 2026 results were held back by weak European construction demand and lower electricity prices, so the resource value shows up in the asset base before it shows up in earnings. And reshoring narratives do not guarantee returns: Northvolt's 2025 collapse is a reminder. In our view, the attraction is that Lundbergs gives exposure to these trends at a 14% discount to NAV, while European defence stocks have already been re-rated.

Sources: Swedish 2026 budget (Army Technology, Breaking Defense, September 2025); OSW and AIM Congress on Germany's 2026 budget and debt-brake reform; Holmen Q1 and Q2 2026 reports; Industrivärden annual report 2025.

12 | KEY RISKS

RISK	WHAT COULD HAPPEN	EFFECT ON THE CASE
Succession	An unclear handover from a long-serving CEO in his mid-70s	Discount widens; a clear plan would likely narrow it
Sweden only	Almost all holdings are Swedish-listed and priced in SEK; property, forest and the bank earn in Sweden	Currency and country risk for foreign holders
Industrivärden premium	About 31% of gross assets trades about 2% above its own NAV	A return to a small discount cuts NAV about 1–3%
Stockholm offices	Higher rates or weaker demand lower office values	Hufvudstaden and Lundbergs Fastigheter marks fall
Forest valuation	Further model changes or weaker land prices at Holmen	The main real asset is worth less
No catalyst	The family has no need to close the discount	Returns depend on NAV growth alone
Liquidity	Thin OTC trading and a wide spread	Costly to enter or exit outside Stockholm

SOURCES

1. Lundbergs interim report January–June 2026 (published August 27, 2026): NAV composition, shareholdings, cash flow, net debt, costs and board. Primary source for this report.
2. Lundbergs Annual Report 2025 and year-end report 2025: NAV SEK 145.5bn, nine listed holdings SEK 121.7bn, purchases, group revenue; Lundbergs year-end report 2024: stakes in Holmen and Hufvudstaden; Lundbergs AGM release, April 20, 2026: board, chair, fees and SEK 4.90 dividend; Lundbergs board of directors page (independence classification per director) and AGM 2026 invitation (proposed board).
3. Nasdaq Stockholm, October 20, 2026: share price. Marketmate, August 27, 2026; Placera/Finwire, August 31, 2026: discount, Industrivärden weight, succession.
4. Holmen IR presentation June 2026 and Q1 2026 report: forest area, book value, energy output; Hufvudstaden half-year report 2026: property value, NRV, LTV and vacancy; Industrivärden interim report to September 30, 2026: premium to NAV; Placera, November 2025, April 2026 and December 2025; Affärsvärlden: holdings values and discount history.
5. Trading Economics: Swedish 10-year government bond yield (2.98%, July 21, 2026). PwC Riskpremiestudien 2024–2026: Swedish equity required return and risk premium; Exchange-rates.org and moneyexchangerate.org (CAD/SEK and USD/SEK, October 16, 2026); FXStreet summaries of Rabobank (January 2026) and Societe Generale (September 2026) krona views; ING Think (Riksbank preview, 2026); Riksbank, "Why has the krona weakened this year?" (November 2022); The Local and Bloomberg on krona episodes (2020–2023).
6. Army Technology and Breaking Defense (Swedish defence budget 2026); OSW, AIM Congress and Il Sole 24 Ore (German budget and debt-brake reform); Industrivärden annual report 2025 (portfolio).
7. MarketBeat (LBGUF volume); Skatteverket (withholding tax and SKV 3740); Ecovis (PFIC rules).
8. Lundbergs interim reports (equity-management costs); Dagens PS (Holmen hunting-trip probe and prosecutor's decision); Fastighetstidningen and Affärsvärlden (family roles).

DISCLOSURES

Prepared by Motomeru Strategies Inc. with AI-assisted research from public sources available on October 20, 2026. The H1 2026 interim report was reviewed directly; other figures come from public summaries. Figures marked EST are estimates and every assumption is listed in the accompanying model. As of October 20, 2026, neither Jordan Hiebert nor Motomeru Strategies Inc. holds a position in L E Lundbergföretagen (LUND B or LBGUF), and neither receives compensation from the company. It sets out our view as general information and is not tailored to any reader's circumstances. It is not investment, tax or legal advice and is not an offer to buy or sell any security.

13 | CONCLUSION: OUR CASE

A fair price for real assets, independent governance and self-funded compounding, with the margin of safety in the assets

Lundbergs is a quiet, family-controlled owner of Swedish forest, hydro, Stockholm property and industrial companies, run at almost no cost and with almost no debt. At SEK 568 it is priced to deliver roughly what its risks require. Beyond that it offers asset value the market does not pay for and compounding that needs no outside capital.

Our case in six points

1. **Durable assets, cheaply run.** About 35% of gross assets are forest, hydro and property, the rest quality Swedish industrials and a bank. Costs are about 0.06% of holdings a year; net debt about 3% of gross assets.
2. **Asset value the market ignores.** Holmen's market value is below the book value of its forest alone, and Hufvudstaden trades 37% below reinstatement value. Marked to asset value, NAV is about SEK 720, 27% above the price.
3. **The price roughly meets the hurdle.** Our base case returns about 8.9% a year to 2029 against an 8.7% required return. The price that earns exactly the hurdle is about SEK 571. A narrower discount adds return; a persistent 14% discount cuts it to about 7.4%.
4. **Compounding that funds itself.** Dividends received and property income cover Lundbergs' own dividend nearly four times, funding about SEK 2bn a year of purchases while debt falls. NAV reaches about SEK 810 a share by 2029 in our base case.
5. **Governance that holds up.** Five of nine directors are independent of both the company and its owners, and ownership succession has been prepared for two decades. The risk to watch is gradual drift, not a dramatic break.
6. **Structurally overlooked.** No fee pool, a small float and no ADR keep North American research and index money away, leaving indirect exposure to Europe's rebuild available at a discount.

WHAT COULD MAKE US WRONG

The discount stays wide for years; the krona weakens (worth about ±5 points a year in CAD or USD); the CEO handover is unclear; or Swedish office and forest values fall.

WHAT WOULD CHANGE OUR VIEW

More positive: a named successor, use of the 10% buyback authority, or a wider gap between Hufvudstaden's price and its NRV. More negative: a discount near 5% with no change in the underlying assets, which would remove most of the base-case return.

BOTTOM LINE

In our view Lundbergs is fairly valued for patient capital: about 9% a year expected in SEK, in line with what its risks require, with the margin of safety in the assets rather than the price. It suits a long-term, private-style holding. Because the discount and the krona tend to be widest at the same time, investors who can add during periods of stress have the best chance of beating the hurdle.