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Momentum Group
Q4 2025



Speakers



Niklas Enmark
VP and CFO | Momentum Group



Ulf Lilius
President and CEO | Momentum Group

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**Ulf Lilius**

President and CEO | Momentum Group

to the Presentation of Momentum Group's Year-End Report for 2025. I'm Ulf Lilius, CEO of Momentum Group, and I'm here with my colleague, Niklas Enmark, Vice President and CFO, and we will guide you through our report. Despite the challenging global environment and few acquisitions, our fourth quarter revenue and earnings grew. The market remains cautious, but we are seeing increasing positive signs across more customer segments. In the final quarter, our organic growth improved slightly over the previous quarter. Comparable unit sales fell by 2%, showing a minor recovery. The quarter had one fewer trading day than last year. Positive developments were observed across multiple sectors in Sweden, while the Finnish market is showing steady progress. Denmark was an exception, with stable demand primarily supported by the robust pharmaceutical and green energy industries. However, project transactions experienced a noticeable decline toward the end of the year.

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Danish companies are implementing strategies to address these challenges. Our decentralized organizational structure, which enables decisions to be made near customers and suppliers, has demonstrated significant value during this period. EBITA rose by 6%, with acquisitions contributing positively to the quarter's profit and margin, although their impact was less significant compared to prior quarters. The group's profitability, as indicated by the return on working capital, reached 58% over the past 12 months, resulting in a robust operational cash flow. In 2025, our EBITA increased by 5%. However, over the past four years, we achieved an annual growth rate of 18%, exceeding our five-year average goal of 15% per year over a business cycle. Our super efficiency goal, EBITA to working capital, remains above 45%, which is a straightforward measure of cash flow.

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President and CEO | Momentum Group

We reinvested about 94% of cash flow to acquire six companies with a combined annual revenue of SEK 300 million. With improving market conditions, strong cash flow, and stable financial foundation, we are well-positioned for both organic and acquisition-driven growth next year. The board proposes to raise the dividend to SEK 1.40, which is 37% of EPS, for the general meeting. The majority of the group's operations continue to demonstrate stability, and we have a robust financial standing, providing both resilience and potential for continued growth and strategic acquisitions.

**Ulf Lilius**

President and CEO | Momentum Group

I will now hand over to Niklas for the Q4 report, and I will return to discuss Momentum Group's outlook.

**Niklas Enmark**

VP and CFO | Momentum Group

Thank you, Ulf. Turning to the sales performance in the last quarter, in total, our revenue increased by 6% compared with a year earlier period and amounted to SEK 792 million, which acquisitions contributed with SEK 75 million. The quarter included one trading day less than the last year. The effect from foreign exchange, and then especially the stronger Swedish krona, has had a limited impact on the group, as most sales are domestic and in local currency. Sales for comparable units declined by 2% during the fourth quarter, thus showing a slight improvement from the previous quarter. Per business area, Industry decreased by 3%, whereas Infrastructure increased by 2%. The group's main Nordic markets continued to experience sluggish business conditions during the quarter, with customers focusing on cost control amidst uncertain demand.

**Niklas Enmark**

VP and CFO | Momentum Group

However, the negative trend observed earlier in the year stabilized towards year-end, with slightly more positive signals regarding customers' future demand. The exception was Denmark, where demand declined noticeably across both industrial and Infrastructure segments, which I will come back to. In Sweden, demand increased primarily within defense-related industries, the steel industry, and the electricity and heating segment. Demand in the automotive industry remained stable, but at a low level. The pulp and paper industry and the mining sector developed somewhat more weakly, in the latter case, partly due to the absence of major one-off transactions that we had last year. Service operations were affected by a seasonal decline in repair work and maintenance shutdowns, as well as customer holiday periods contributing to lower capacity utilization at the end of the quarter.



Niklas Enmark

VP and CFO | Momentum Group

Now turning to our business areas, and we start with the industry business area. Revenue for the business area decreased by 3% to SEK 426 million, compared with the same quarter last year. Revenue for comparable units, measured in local currency and adjusted for the number of trading days, also decreased by 3% compared to the previous year. The decrease was, however, a slight improvement compared to Q3. EBITA decreased by 15% to SEK 46 million, corresponding to an EBITA margin of 10.8% versus 12.3% last year. The business area's profitability, measured as return on working capital, measured as EBITA over working capital, amounted to 66%.



Niklas Enmark

VP and CFO | Momentum Group

The business unit Power Transmission within this business area, for that business unit, sales fell slightly, but with a stable EBITA and gross margin, despite the continued strong cost pressure from the customers. Demand increased in defense-related and steel industries, as I mentioned, but declined somewhat in the pulp and paper and mining industries, in the latter case, then partly due to the lack of major one-off transactions that we had the previous year. The automotive industry showed stable demand, but with weak comparative figures for the previous year. In Specialist, both sales and EBITA margins dropped for comparable units. Manufacturing industry demand stayed soft, especially related to projects and systems, but strong demand from Sweden's defense sector and also a positive trend in Finland mitigated this to some extent.



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However, as we state in the report, the business unit generates a relatively large share of its revenue in Denmark. Here we saw noticeably lower sales than in the preceding year, mainly due to a few major projects, especially related to pharma and green tech, that have now been completed. Acquired operations contributed revenue of SEK 9 million, with a marginal impact on earnings for the quarter. And going on to the Infrastructure business area, revenue for that business area rose by 21% to SEK 376 million, compared with the last, the same quarter of last year. Revenue for comparable units, measured in local currency and adjusted for the number of traded days, increased by 2%. EBITA increased by 42% to SEK 37 million, corresponding to an EBITA margin of 9.8%, compared to 8.3% the previous quarter, year.



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The business area's pro-profitability, measured as a return on working capital, increased to 63%. Within Flow Technology, one of the business units, comparable sales and EBITA decreased slightly. Several operations in Sweden displayed a strong sales trend, which, however, could not fully offset slightly lower project deliveries in some companies compared with the previous year. Product sales to the power and heat generation industry increased in the Swedish market, but decreased in Finland and Denmark. Service capacity utilization in this customer segment declined slightly. Acquired operations contributed revenue of SEK 50 million during the quarter, with a positive impact on earnings. Within Technical Solutions, the other business unit, sales and EBITA margins for comparable units increased during the quarter.



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This development was driven both by favorable product sales and by good capacity utilization in the group's service operations, although capacity utilization declined towards the end of the quarter due to the fact that many customers were on holiday. The measurement technology operations continued to experience low sales during the quarter due to continued cautious customers. Acquired operations contributed revenue of SEK 40 million during the quarter, with a positive impact on earnings. Then turning towards the earnings performance in the last quarter, our EBITA for the group then, during the fourth quarter, increased by 6% to SEK 74 million, compared to SEK 70 million the previous year. The increase was aligned with the average for the full year, despite the fact that we had a relatively lower contribution from acquisitions this year.



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The EBITA margin reached 9.3%, where the EBITA margin in Business Area Infrastructure increased and then compensated for the lower margin in Business Area Industry. Business Area Infrastructure increased its EBITA by 42% during the quarter, whereas industry decreased by 15%. Besides the operational comments per business area mentioned, EBITA was also affected by higher depreciations than last year by SEK 6 million. Positive to note is that we continue to increase our gross margins in the group, despite the fact that there is a high degree of attention to costs and prices among our customers. Also, during the quarter, a relatively large portion of sales coming from services, especially in the Infrastructure business area, also contributed to the increase in gross margin. Operating profit increased to SEK 59 million, corresponding to an operating margin of 7.4%.



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Operating profit is affected by higher level of amortization, with an effect of SEK 3 million compared to the previous year. However, last year's operating profit was charged with costs affecting comparability of minus SEK 5 million, which is then not present this year. Profit after financial items totaled SEK 54 million, with an improved financial net, and earnings per share was increased by 23% for the quarter. Now looking at the full year 2025, which is then the fourth year since we were listed as a company on the stock exchange. Our revenue increased by 8% in total to SEK 3.1 billion, where the organic development was -2%. The driver of net sales growth is thus acquisitions, which have added SEK 340 million or 11% to revenue.



Niklas Enmark

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Combined, currency effects and the number of trading days contributed about -1% to net sales. Per business area, net sales decreased by 1% in industry, where the organic change was -2%. In Infrastructure, net sales increased by 22%, where the organic development was flat. Our EBITA increased by 5% to SEK 337 million, with an EBITA margin of 10.9%. Included in the EBITA is a higher depreciations of SEK 50 million, as well as higher acquisition-related costs and FX effects, with a total of SEK 3 million compared to last year. Per business area, Infrastructure increased its EBITA with 22%, with stable EBITA margins, whereas industry saw its EBITA decreasing by 3%, with slightly lower EBITA margins.



Niklas Enmark

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Earnings per share rose to SEK 3.8 per share, and as Ulf mentioned before, the board has proposed a dividend of SEK 1.4 per share, compared to SEK 1.3 previously. Then from my side, some final words about our profitability, profitability, and financial position. Our key financial metric of working capital return on working capital remained relatively stable during the year at 58%. The slight decrease that we saw is due to the somewhat lower EBITA margin, whereas the working capital turnover has improved. This should then translate into a strong operational cash flow, which is also something we saw for the year and especially during the last quarter of Q4. During the quarter, cash flow from operating activities increased to SEK 90 million, and for the full year, cash flow from operations was SEK 346 million.



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During Q4, we'd also reduced our working capital by SEK 67 million, and for the full year, SEK 1 million. Including working capital changes, our cash flow was then SEK 157 million for the quarter and SEK 347 million for the full year. Operational cash flow also includes positive effects from IFRS 16 of accumulated SEK 93 million, which is then met by the same negative number in financing activities, making the net amount zero, of course. Cash flow from investing activities for the operating period amounted to SEK 256 million. This cash flow includes acquisitions of SEK 206 million, settlements of prior acquisitions, which is an earn-outs and call options of SEK 32 million. All in all, about 92%-94% of the operating cash flow before working capital changes was used for acquisitions during the year.



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In addition, net investments in non-current assets was net SEK 80 million. The level of net investment during the quarter was a bit higher than normal due to investments in production machinery in a couple of units. Our operational net loan liability amounted to SEK 344 million at the end of the year, down from SEK 472 million at the beginning of the quarter, but an increase then compared to where we started the year with on SEK 252 million. Our operational net debt to IFRS-adjusted EBITA ratio was around 1.0x at the end of the period. And at the end of the period, we secured new long-term financing in the form of a new revolving facility, where we also increased the facility to SEK 1 billion.



Niklas Enmark

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And with that, I hand back to you, Ulf.



Ulf Lilius

President and CEO | Momentum Group

Thank you, Niklas. Now I'll give you some input about our journey and priorities coming years. We have a long history from the start in 1906. The foundation of Momentum Group is when Bergman & Beving bought the company that I worked for, Momentum Industrial, in 2004. We are today six listed companies, whereof five work with the same financial goals and with extensive experience in acquiring and developing leading niche companies with a long-term ownership approach, which have made a great development from SEK 24 million in market cap to more than SEK 180 billion. In the five years following our spinoff from Bergman & Beving, we quadruple EBITA and double revenue through 19 acquisitions.



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Though our industrial components core business dropped to 15%, acquiring Swedol allowed us to form the Alligo Group, refocus entirely on industrial components and solutions, and pursue our key financial goal of maintaining EBITA to working capital above 45%. Our target is to increase EBITA by at least 15% annually over a business cycle, and our goal was to reach SEK 340 million by the end of fiscal year 2026, and that is doubling in five years, with 15% annually. The slide shows that we have reached an EBITA rate, SEK 340 million, after four years at the end of 2025. A very important factor in being able to reach this goal was to keep up a high acquisition pace. That is why it is important for us to generate good cash flow from our operations.



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Our financial target for profitability to working capital is a simplified measurement of cash flow, meaning that if we can derive good after-tax profits from our businesses and be stringent in our working capital measurement, we should generate a good flat cash flow, which is fundamental to reach the earning growth target of 15% per annum over a business cycle. Momentum Group's favorable development since its listing in 2022 has been driven by the consistent application of our business culture and work methods. We want to acquire leading small and medium-sized specialist companies and help them to grow and develop in a positive direction. We consistently invest the cash flow we generate in new, well-functioning, and profitable businesses, and thereby finance our growth ourselves.



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We benefit from our two growth engines, development of existing operations and acquisitions to grow our earnings by 15% in average over a business cycle. Operationally, our organization model based on decentralization, clear management by objectives, continuous improvement, and simplicity is therefore well established. We apply our capital allocation model in a disciplined manner, which with each subsidiary working towards earnings and working capital targets, supported by the Momentum Group in its capacity as an active and committed owner. The model fosters a sense of responsibility and challenges our companies to identify growth and development opportunities at all levels. Our acquisition strategy is another important factor in our success. In recent years, we have given our business units greater responsibility for acquisitions and strengthened the organization. This has had the desired effect and is reflected in the number and quality of acquisition opportunities that we evaluate...



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We have also seen that a way of developing companies attracts entrepreneurs, which instills confidence in our ownership concept, with Momentum Group acting as a permanent owner. The framework for achieving our five-year EBITA target was set at listing. We have expanded into attractive product verticals through targeted acquisitions and improved customer application knowledge. Valves and measurement technology have become major businesses, with valves and bearings leading as top product categories by the end of 2025. We have expanded and developed our value chain role, progressing from distributor to solution partner, focused on proprietary products, local manufacturer, and system solutions in selected niches, offering customer value plus services and refurbishment. While the after market is still central, OEM customers now represent a larger share of our revenue since listing due to those selected acquisitions.



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We have expanded our geographic focus. We are involving more employees in our acquisition activities and are now present in all Nordic countries. We are growing within our existing product verticals with selective and disciplined expansion, with the same business logic, culture, and profitability focus. The group structure that we implemented in 2024 for continued growth, profitability, and development has been vital for being able to reach an EBITA of SEK 340 million. The change strengthened the conditions for organic and acquired growth in each business area by making us use the breadth and expertise that has been built up within the group since the listing. We met our goal a year early, with an average of 18% annual growth in profit, driven by organic development and acquisitions.



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Since our spin-off in March 2022, we have increased revenue by about SEK 1.5 billion and completed 28 acquisitions, six in 2025, and nine of them being bolt-ons, while maintaining strong cash flow and capital discipline. As I mentioned before, at our 2022 listing, the group's EBITA was around SEK 170 million. To reach our first fundamental goal of increase the EBITA by 15% annually over five years, we would double the earnings to SEK 340 million by the end of 2026. We achieved this in four years. This autumn, we started the transition for the next stage, fostering organic growth within our current businesses by enhancing both value and efficiency, strengthening our position across the value chain and product verticals, and evaluating opportunities to expand our geographical footprint.



Ulf Lilius

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The objective for the next phase is to achieve further doubling of the EBITA, targeting around SEK 680 million by the end of 2030. This aligns with our goal of expanding profits by 15% annually over a business cycle. I would like to take this opportunity to thank all of our employees, whose commitment is a crucial factor. The contribution that each company employee makes to the group is significant, and I'm very grateful for all the hard work, outstanding efforts, and initiatives taking place in the group, in the group's approximately 35 businesses, as well as on the business unit level and group level.



Ulf Lilius

President and CEO | Momentum Group

Thank you for the time and interest listening to our Q4 presentation, which are available with the report on our website. If you have any question or specific request, do not hesitate to contact us through our IR mail or by phone. Thank you once again.