CEDAR CREEK PARTNERS, LLC

Managing Member – Tim Eriksen   Eriksen Capital Management, LLC   8695 Glendale Road, Custer, WA 98240

July 23, 2025

Subject: Cedar Creek Partners 2025 Second Quarter Results

Dear Partners and Friends:

The major indices made a strong recovery in the second quarter. The ones that suffered the most in the first quarter increased the most in the second quarter. The NASDAQ rose 17.7% in Q2 after declining 10.4% in Q1, while the S&P500 rose 10.8% in Q2 after falling 4.3% in Q1. Cedar Creek was up 5.8% in the second quarter, compared to a gain of 8.7% in the first quarter, net of fees and expenses. Year to date, Cedar Creek was up 15.1%.[1]

While Cedar Creek Partners focuses primarily on microcap stocks, and over-the-counter stocks in particular, we compare our returns against larger indices as well since we believe we need to outperform the most prominent passive benchmarks over time in order to justify our existence.

Cedar Creek's average annual return over our 19 ½ year history is 14.45%, net of fees and expenses, which compares favorably to all the indices we compare against. Cumulative returns since inception for Cedar Creek were 1,281.0%, net of fees and expenses.

	Q2 '25	Q1 '25	'25YTD	Inception	Ave. Annual
Cedar Creek	**5.8%**	**8.7%**	**15.1%**	**1,281.0%**	**14.4%**
NASDAQ	17.7%	-10.4%	5.5%	779.1%	11.8%
S&P 500 (SPY)	10.8%	-4.3%	6.1%	592.0%	10.4%
DJIA (DIA)	5.4%	-1.0%	4.4%	524.0%	9.9%
Russell 2000	8.5%	-9.5%	-1.8%	300.1%	7.4%
Russell Microcap	15.5%	-14.4%	-1.1%	214.4%	6.1%

* fund inception January 15, 2006. Index Returns as reported on Yahoo! Finance, Morningstar, Dow Jones and Russell.

$100,000 invested in the fund at inception in January 2006 would have grown to $1,380,992 as of June 30, 2025, net of fees and expenses, whereas $100,000 invested in the indices we compare against would have only grown to between $314,382 in the Russell MicroCap and $879,127 in the NASDAQ.

Fund Holdings are at Incredibly Attractive Prices

On the whole, as of the end of June 2025, the fund's holdings were trading at 8.4 times our estimate of earnings for the coming year, and 6.8 times expected earnings net of cash at the respective businesses.[2] Trailing earnings multiple was 10.7 times.

[1] While, no single index is directly comparable to Cedar Creek Partners, we believe that it is important to compare our performance to a passively managed approach. At the core of our investment philosophy is the belief that we can generate superior risk-adjusted returns by holding a more concentrated portfolio of under-valued securities, than an index holding a far greater number of securities. Index returns are calculated from information reported on Yahoo! Finance, Dow Jones, and Russell (see DISCLAIMER for more information).

[2] Ratio excludes cash held by the fund. We add back non-economic amortization in our earnings estimate. Due to the uncertainty of the situation, we did not attribute any earnings or book value for Pacific Coast Oil Trust (ROYTL). We did not include excess capital of our ECIP bank holdings as excess cash.

Weighted price-to-book was 1.6. Dividend yield was 2.5%. Weighted expected return on equity as of June 30, 2025, was 18.9%.

Cash Levels and Fund Repositioning

We started the quarter with cash levels at 7% and ended the quarter at 3% largely due to the investment in CBE LLC, which we will discuss later.

Expert Market Exposure

Our exposure to stocks trading in the expert market held steady at 35% of the fund. Expert market stocks are companies impacted by SEC Rule 15c2-11. For those unfamiliar, the rule prevents brokers from not only displaying quotes for non-reporting companies but also restricts transactions for retail customers to selling only. Institutional accounts, depending on the broker, are not subject to the buying restriction. Them's the rules.

There are a wide range of differences among "non-reporting" companies. Some are completely dark – meaning they do not communicate any financial results to shareholders (unless forced to under law). Others update quarterly or annually on their website, sometimes behind a password login. Others mail annual results out to shareholders, or just shareholders of record, but do not post them publicly.

Four positions make up about 80% of the fund's expert market exposure – **Propel Media** (expert: PROM) is about 12% of the fund, **First IC** (expert: FIEB) is 9%, **PD-Rx Pharmaceuticals** (expert: PDRX) and **Pacific Coast Oil Trust** (expert: ROYTL) are each roughly 3% of the fund.

As we noted last quarter, First IC is being acquired by **MetroCity Bankshares** (MCBS) for cash and stock. As of July 15, the deal has received all necessary shareholder and regulatory approvals. According to MetroCity, the deal is expected to close early in the fourth quarter, a slight improvement from prior announcements which had said during the fourth quarter. There is still a large gap between expected proceeds and recent trades in First IC. Illiquidity seems to be the cause, not uncertainty on whether the deal will close.

Subsequent to quarter end we significantly increased our position in **PHI Group** (expert: PHIG). As of today, it is nearly a 7% position. We think it is worth two to three times the most recent trading price. PHI Group is a leading provider of helicopter flight services for the global oil and gas exploration and production industry and the air medical industry. The Company emerged from bankruptcy protection in September 2019. The bankruptcy was primarily due to excessive debt rather than poor financial performance. PHI has subsequently focused on improving its margins and prioritizing a conservative balance sheet. The Company had filed an S-1 registration statement but withdrew it in May of this year.

Performance Attribution

Last quarter we noted that we currently think of the fund as having three categories: expert market stocks, control positions (where the fund manager is on the board and can have greater influence over decision making), and generally undervalued securities.

Most of the fund's performance in the second quarter was due to the increase in the valuation of our control positions. They increased 14% in aggregate in the quarter. Our expert market basket of stocks increased in value by just over 1% in the second quarter, while our generally undervalued securities increased 8%.

Update on Propel Media

Propel Media (expert: PROM) – has not publicly reported financials since 2019. We are completely left on our own to figure out revenue and profitability. We do know that there are 252 million shares outstanding. We also know that in 2022 they had agreed to be acquired by **IQVIA Holdings** (nyse: IQV) for between $700 and $800 million ($2.75 to $3.15 per share); however, in early 2024 the deal was blocked by the FTC and both Propel and IQVIA decided to walk away rather than fight. In June 2023, prior to the deal being blocked, we were able to purchase shares for $0.24 per share after becoming aware of the deal in published reports. The fund's valuation increased from $0.85 per share to $0.90 per share in the quarter.

We purchased the stock in hopes of the deal going through. If it did, we expected a ridiculous 10-12x return. If it didn't, we believed we were still likely getting a bargain. We doubted that the next best liquidity event would value the company at 1/10 of the potential merger price with IQVIA. We still believe that and are willing to wait.

Unexpectedly, Propel began paying a quarterly dividend in August 2023. In April of this year we received a dividend of just over $0.01 per share, much earlier than the normal 90 day interval. In total we have received over $0.086 per share in dividends, or 35% of our purchase price in two years (see chart).[3] It has now been almost 100 days since the last dividend. Since Propel is a black box we do not know why the delay, but are not overly concerned about it.

Propel Dividend Payments			
days	Record Date	Amount	ttm
	8/7/2023	$ 0.013760	$ 0.0138
105	11/20/2023	$ 0.005290	$ 0.0191
81	2/9/2024	$ 0.011092	$ 0.0301
94	5/13/2024	$ 0.005090	$ 0.0352
93	8/14/2024	$ 0.010024	$ 0.0315
93	11/15/2024	$ 0.009978	$ 0.0362
95	2/18/2025	$ 0.020672	$ 0.0458
52	4/11/2025	$ 0.010363	$ 0.0510
	total	**$ 0.08627**	

Last quarter we included another interesting data point we track - Propel's level of borrowing and its loan capacity. Propel's main business, DeepIntent, has an asset-based loan (ABL) facility with a publicly reporting company, **SLR Investment Corp** (Nasdaq: SLRC). SLR lists all their loans each quarter and also their unfunded commitments. This allows us to track the level of debt owed by DeepIntent but also gives us a good idea of their current revenue run rate. It is our understanding that most lenders limit borrowing capacity to 85 to 90% of a company's accounts receivable. It seems reasonable to assume DeepIntent grants 60 to 75 day payment terms on its accounts receivables. Based on this we can estimate DeepIntent's revenue run rate. It would be the current ABL loan amount (borrowed column below) divided by 85 to 90% to give us total receivables, and then multiplied by six (to annualize the sixty days of receivables to 365 days) to give us approximate annualized revenue run rate (ranges shown in four columns of chart below).

DeepIntent borrowings from SLR Investment				estimated annual revenue run rate			
				75 days	75 days	60 days	60 days
Date	Borrowed	Unfunded	Total	90%	85%	90%	85%
12/31/22	16,951	3,049	20,000	90,405	95,723	113,007	119,654
03/31/23	16,883	3,117	20,000	90,043	95,339	112,553	119,174
06/30/23	18,075	1,925	20,000	96,400	102,071	120,500	127,588
09/30/23	-	-	-	-	-	-	-
12/31/23	21,067	3,933	25,000	112,357	118,967	140,447	148,708
03/31/24	23,115	6,885	30,000	123,280	130,532	154,100	163,165

[3] We believe the dividends are due to net income since they are reported as dividends and not return of capital.

06/30/24	25,172	4,828	30,000	134,251	142,148	167,813	177,685
09/30/24	26,527	3,473	30,000	141,477	149,800	176,847	187,249
12/31/24	37,746	7,254	45,000	201,312	213,154	251,640	266,442
03/31/25	**43,102**	**1,898**	**45,000**	**229,877**	**243,400**	**287,347**	**304,249**

Numbers in 000's. DeepIntent either paid off the loan at 09/23 or there was a reporting error.

What we learn is that annualized revenue was likely between $90 and $120 million at the end of 2022 (first line of chart). That revenue appears to have risen to between $112 and $150 million as of the end of 2023, an increase of nearly 25%. By the end of 2024 the revenue run rate appears to have been between $200 and $266 million, or an increase of nearly 80% from a year earlier. In the first quarter, revenue run rate appears to be between $230 and $304 million, an increase of 14% in the first quarter alone (last line of the chart). To say we are eagerly waiting to read SLR's second quarter filing is an understatement.

Update on Our Control Positions

As we noted above, by control, we mean that the fund manager is on the Board or in a position to significantly influence decision making, not that he has total control and gets what he wants. Both Solitron and PharmChem have strong independent boards, which is the way it should be at all companies.

Solitron Devices (otc: SODI) - the bid price for shares increased from $14.28 per share to $15.75 per share during the second quarter. As a reminder, the fund manager is CEO and a board member of Solitron. The fund owns 11.6% of Solitron's outstanding shares and the fund manager owns 2.5% personally.

While reported earnings have been soft the last few quarters due to lower revenues owing to timing of receipt of orders, Solitron started seeing a material uptick in orders at the end of fiscal 2025. In the fiscal third quarter ending November 30, 2024, bookings were $8.0 million in the quarter, versus sales of $3.4 million. Bookings included a large two-year order for HIMARS (High Mobility Artillery Rocket System) components from L3Harris – Solitron's second largest defense customer. In the fiscal fourth quarter ending February 28, 2025, Solitron did even better. Bookings in the quarter were $8.9 million versus sales of $3.1 million. Bookings in the fiscal fourth quarter included over $5 million from Solitron's largest defense customer, RTX (formerly Raytheon) for AMRAAM (Advanced Medium-Range Air-to-Air Missile) components. The order is believed to include parts for two or three years of SM-6 missile production as well, which is reportedly used, or intended to be used, to shoot down hypersonic missiles.

In the first quarter ending May 31, 2025, bookings were $2.8 million versus sales of $2.7 million. We expect revenue to begin to reflect the higher backlog in the second quarter and fully reflect it in the third quarter. There continues to be strong domestic and foreign demand for both HIMARS and AMRAAM. The military has submitted an unfunded priorities list for a doubling in AMRAAM production by 2028 but any increase is up to Congress.

PharmChem (otc: PCHM) – the fund is the largest owner, at 33% of outstanding shares, and I serve as Chairman of the Board. The bid price for shares increased from $3.20 per share to $3.75 in the second quarter of 2025. PharmChem makes sweat patches used to detect drugs of abuse. It is an alternative to urine testing. On February 3, 2025 the Company announced the exploration of strategic alternatives (link). The release noted that PharmChem will consider various options, including acquisitions, potential sale of the Company, merger or a debt financed special dividend. In its May 9, 2025, earnings release the company noted it was in exclusive negotiations with a potential acquirer. The share price was $2.97 prior to that announcement. On July 21, 2025, PharmChem announced an agreement to sell the company for $3.75 per share with an expected close in early September.

Most of the shares held by the fund were from a contribution-in-kind in August 2023 with a basis of $2.85 per share. The fund received a $0.25 per share dividend in October 2024. Based on a $3.75 per share buyout price, total gross return over two years will be approximately 40%.

Update on Other Fund Holdings

ENDI Corp (otc: ENDI) – we profiled ENDI in our 2024 first quarter letter when the share price was around $6.50 per share. The share price rose during the second quarter from $12.00 per share to $15.65 per share. ENDI owns CrossingBridge Advisors which manages fixed income mutual funds and a few managed accounts. Assets under management (AUM) for CrossingBridge grew over 30% in 2024, from $2.6 billion at the beginning of 2024, adjusted for the acquisition of the RiverPark Short Term High Yield Fund, to $3.4 billion at the end of 2024. According to their website, as of the end of June 2025, AUM was in excess of $4.0 billion, an increase of over 16% in the first half alone. We think the current interest rate environment is attractive for short term bonds.

ENDI's operating margins in each of the last three quarters were 32% but that is misleading. ENDI incurs significant amortization charges related to its acquisition of CrossingBridge and other investment management contracts. Adjusted operating margin was 46 to 48%. First quarter cash earnings were $0.39 per share, or $1.56 per share annualized.[4] Net cash and investments at the end of the first quarter of 2025 were approximately $3.00 per share, meaning the stock was trading at roughly eight times earnings, net of cash, at quarter end.

Our fair value estimate just keeps rising as the company continues to execute. We wrote in our 2024 yearend letter that, based on their recent growth, a valuation of 12 to 15 times cash earnings plus net cash seems more reasonable. Using 12 to 15 times the current run rate of cash earnings plus net cash would result in a value between $21.85 and $26.50 per share versus the current $16 share price.[5]

Subsequent to quarter end, ENDI announced a cash investment in CrossingBridge in exchange for 25% membership interest. The price was $25.9 million. The fund, and other entities affiliated with the fund manager, including Solitron, participated in the transaction. We think it is a win-win deal. It shows the value of CrossingBridge and provides additional capital to good capital allocators to grow assets under management.

Investment in CBE LLC (private)

CBE LLC is the entity that purchased 25% of CrossingBridge Advisors. Let's first understand why ENDI sold 25% of CrossingBridge. There were two reasons as we saw it. First, what it allowed them to do. CrossingBridge sub-advises the RiverPark Short Term High Yield Fund.

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[4] Accounting Note: We ignore the impact of warrant liability change on reported earnings. While we understand the intent, it is one of our least favorite accounting rules. If the stock price goes up during the quarter the company is hit with a non-cash expense since the "cost" of the previously issued warrants is now higher. Conversely, if the stock declines in the quarter the company reports a credit to expense. The actual pricing of the warrants remains unchanged under both scenarios. The end result is the better the business does the worse reported results are and vice versa. That makes no sense to us. We prefer the impact be captured in diluted earnings per share.

[5] A slight discount might be needed to account for outstanding warrants. Analysis excludes impact of partial sale of CrossingBridge, which will significantly increase cash.

The fund has approximately $750 million in assets. Due to the sub-advisory relationship there is a 50/50 split of revenue. If there is a change in control of CrossingBridge, defined as a sale of 25% or more, then CrossingBridge has the right to purchase RiverPark's interest for three years worth of revenue payments. The buyout price is basically three times earnings since the additional revenue would have no operating cost associated with it.

Second, the deal would show the true value of CrossingBridge, and ENDI in turn. By selling 25% of Crossing Bridge for $25.9 million, it implied a value for all of CrossingBridge of roughly $105 million. At the beginning of the year when the deal was being put together, ENDI's market cap was around $65 million. The sale would show that the market was undervaluing ENDI. Those are the two main reasons why CrossingBridge wanted to sell 25% of itself.

The next piece is at what price did 25% of CrossingBridge sell for. The deal was structured at 8.5 times EBITDA which is a bit on the high side for asset managers, although CrossingBridge runs higher operating margins than most managers, has a more impressive growth rate, as we noted above, and we think is run by a great CEO. Further, the deal was structured so that the $25.9 million for the 25% stake was staying *inside* CrossingBridge. Thus the valuation, net of cash in CrossingBridge was closer to six and a half times EBITDA, net of cash. Just as we thought ENDI was attractive at its growth rate, we thought the same was true for CrossingBridge.

What is interesting for the investor in CBE is how the deal was structured. It is structured such that CBE earns a revenue royalty on all CrossingBridge revenue. When the deal was being put together CrossingBridge had a revenue run rate of roughly $17.5 million. RiverPark was earning $2.5 million on its 50% share of RiverPark Short Term High Yield fund. Doing the deal would increase CrossingBridge's revenue by $2.5 million or roughly 14.5%. The deal was structured so that CBE investors earn roughly that percentage of CrossingBridge revenue as a royalty, which works out to an approximately 11% yield.

We found the investment attractive due to the high yield and the fact that investors in CBE also participate in any growth in the coming years via the royalty increasing as revenue increases and having the ability to convert into straight equity if there was any eventual sale of the business. The fund has three percent of its assts in CBE.

Room for New Members and/or Additional Funds

We continue to have more attractive ideas than capital. Thus, there is plenty of room for existing partners to increase their investment and for others to join. Please consider referring friends of yours who may be potential new investors. The basic requirements are 1) that each invests a minimum of $100,000 and 2) that new members are accredited (high net worth) individuals. Subsequent investments must be for a minimum of $10,000.

If this letter was passed on to you and you would like to be added to our monthly distribution list, please email me at the email address below. You can find more letters at eriksencapitalmgmt.com/investor-letters. Should you have any questions regarding the fund, please don't hesitate to call or email.

Sincerely,

Tim Eriksen
Manager
Cedar Creek Partners LLC
tim@eriksencapitalmgmt.com (please note this is a new email address)
(360) 354-3331

DISCLAIMERS

Fund Performance

The financial performance figures for 2025 presented in this report are un-audited estimates based on the best information available at the time of the letter and are subject to subsequent revision by the Fund's auditors. Past performance may not be indicative of future results and no representation is made that an investor will or is likely to achieve results similar to those shown. All investments involve risk including the loss of principal.

Net Return reflects the experience of an investor who came into the Fund on inception and did not add to or withdraw from the Fund through the end of the most recently reported period. The reported net return figures will therefore include the impact of high water marks in the cumulative return. Individual investor returns will vary depending upon the timing of their investment, the effects of additions and withdrawals from their capital account, and each individual's high water mark figure, if any.

Index Returns

The S&P500 Index returns are reported using the S&P500 Depository Receipt Trust (SPDR) which trades under the ticker symbol SPY. Reinvested dividends are included in these figures. A spreadsheet showing the SPY performance versus the fund since inception is available upon request.

Nasdaq performance excludes dividends, which historically have been immaterial to the total return of that index. In recent years more technology stocks have begun paying dividends thus the inclusion of dividends would increase the reported figures.

Russell 2000 performance is from data reported on Russell's website and includes reinvested dividends.

DJIA returns are reported using the SPDR Dow Jones Industrial Average which trades under the ticker symbol DIA. Reinvested dividends are included in these figures. A spreadsheet showing the DIA performance versus the fund since inception is available upon request.

While reported returns for SPY and DIA will likely be a few tenths of a percentage lower than the representative index annually, we believe they are a better reflection of what a non-institutional investor would earn following a passive investment approach.

Index returns are provided as a convenience to the reader only. The Fund's returns are likely to differ substantially from that of any index, and there can be no assurance that the Fund will achieve results that are superior to such indices.

Share Prices

Share price figures for listed stocks are from Yahoo! Finance and unless specified otherwise are the closing price as of the previous month end. Share price figures for unlisted stocks are closing bid prices as reported on otcmarkets.com, except for unlisted stocks classified as expert market, which do not have public availability of quotes, and are marked to last sale.

Forward Looking Statements

This letter and the accompanying discussion include forward-looking statements. All statements that are not historical facts are forward-looking statements, including any statements that relate to future market conditions, results, operations, strategies or other future conditions or developments and any statements regarding objectives, opportunities, positioning or prospects. Forward-looking statements are necessarily based upon speculation, expectations, estimates and assumptions that are inherently unreliable and subject to significant business, economic and competitive uncertainties and contingencies. Forward-looking statements are not a promise or guaranty about future events.