GREENHAVEN
ROAD CAPITAL

July 2025

Dear Fellow Investors,

The Fund[1] returned approximately +14%[2] during the second quarter, bringing our YTD returns to under +1%. Please check your individual statements as returns can vary by fund and investment class. As a point of reference, the Russell 2000 has returned -1.8% YTD.

YTD performance of under 1% is a lot of work for not a lot of return. The returns are better on a rolling 12-month basis as all last year's 27%+ net returns came in the back half of 2024. I don't know if we will have a repeat of last year where our returns are generated in the second half, but when I look across our holdings, I see several companies that I think will be worth significantly more in the future.

In the course of this letter, I will try to highlight both a range of expected values for holdings as well as the factors that I believe will influence the timing of the realization of our potential gains. I am using the term expected value as it applies to probabilistic thinking, meaning the average outcome if we could do many repetitions of an investment. Of course, with each reference to an expected value, their range of actual outcomes is very wide and it is an estimate.

I hope as you digest the letter, you will internalize the potential for large gains with idiosyncratic drivers. While our portfolio will always have exposure to external factors, our positions are not dependent on lower interest rates, higher commodity prices or any single variable to grow. Our long-term success or failure will be much more dependent on execution at the company level than GDP growth.

THE CHRISTMAS MORNING WAIT

Our portfolio reminds me of Christmas morning as a child - we could see the wrapped presents under the tree but had to wait to open them until my grandparents awoke, whenever that happened to be. Sometimes they woke up at 7AM and sometimes they slept in. We were not allowed to wake them up. Like a Miller Christmas, I believe our portfolio has a high expected value - timing uncertain.

One example of what I believe is a high expected value with uncertain timing investment is **Sable Offshore** (SOC), which I first wrote about in the Q3 2024 letter (link). I think there is a > 90% chance of a +150% outcome in the next year which implies an expected value of +135% (assuming a complete loss in the 10% scenario which I think is extremely conservative). Of course, there is a very wide range of potential outcomes including the loss of capital.

Sable is reopening an old oilfield in federal waters off the coast of California that had been operated by Exxon for decades but was shut down after oil leaked from a pipeline on land. We know the oil is in the ground. Environmentalists have used the court system to delay the reopening of the pipeline. When the pipeline opens, I believe the stock should re-rate over time as the company reports production and revenue.

1 Greenhaven Road Capital Fund 1, LP, Greenhaven Road Capital Fund 1 Offshore, Ltd., and Greenhaven Road Capital Fund 2, LP are referred to collectively herein as the "Fund" or the "Partnership."
2 See end notes for a description of this net performance.

I think the environmentalists are running out of Hail Mary's and litigation should be resolved before the end of the year, but the timing is clearly uncertain. It could be August, or it could be 2026. For me it is high expected value, uncertain timing.

Another holding that fits squarely in my high expected value, uncertain timing bucket is **Burford Capital (BUR)**, the litigation funder. Burford ended the quarter with a market capitalization of approximately $2.5B while having the rights to multiple $1B+ potential judgements including Sundance Resources, Sysco food price fixing claims, and most importantly the YPF Argentina case.

The aggrieved YPF shareholders (and Burford through their litigation funding) have a judgement against Argentina totaling more than $16B of which Burford would be entitled to more than $6B. On June 30th, a Federal Judge gave Argentina 2 weeks to place shares representing its 51% stake in YPF into an account at BNY Mellon in the U.S. as a partial settlement of the $16B judgement. Burford's portion would be worth approximately $2.5B (the entire quarter ending market cap).

Argentina has appealed this decision, as they are appealing the larger ruling. The YPF settlement accrues interest for Burford at over $300M per year. It is my expectation that the YPF case gets settled in 2026 for more than 50 cents on the dollar paid out over 5+ years. The combination of current business + YPF proceeds + additional progress in other cases gets us somewhere between a double and triple of the share price, which is impacted by individual cases and the discount, if any, applied to YPF.

There are reasons for a settlement next year, including the Argentinian election cycle and Argentina's desire to tap the capital markets, but uncertain timing is an understatement.

Another holding that I believe has a high expected value is **LifeCore (LFCR)**, which I have written about extensively. Here is a link to a recent presentation (link) I did for the investing platform SumZero. Kyle and I visited the manufacturing facility in Minnesota during the quarter and spent time with management and the business development team. As a reminder, LifeCore is a contract drug manufacturer which has recently added significant manufacturing capacity. They are operating at approximately 20% of their capacity with 15% EBITDA margins.

Reasonable people can argue about the scale, scope, and implementation of President Trump's trade policy, but most people would prefer that their drugs be made in the US. This month, Trump has repeated a desire to impose a 200% tariff on drugs made outside of the US to be implemented in 1.5 years. While our investment thesis is not based on the imposition of additional tariffs, if imposed, it would be a gift to the business development team at LifeCore, which has a ton of capacity to sell. In fact, it would be hard to come up with a more helpful sales tool than that being advertised by the President of the United States.

At the company's investor day in 2024 (before the Trump administration), LifeCore management provided medium and long-term guidance. Their guidance implied that, with no additional capital, they could nearly quadruple EBITDA.

While the long-term guidance sounds ambitious, it may prove to be quite conservative considering the potential 200% tariffs. The company does not report revenues on a per unit basis and an unknown portion of their revenue and long-term guidance is development work for pre-FDA approved drugs, but even crude estimation indicates that management may have been very conservative in their long-term pricing projections. If we rerun their projections and make an estimate for their CDMO revenue not associated with batch work and subsequent EBITDA margins reflecting higher prices – the resulting EBITDA would be $129M or ~6.5X this year's estimated EBITDA.[3]

Long Term Revenue Guidance					GHR
			Company	Company	Hold Pricing
	2024	**2025 E**	**Mid-Term**	**Long-Term**	**Long -Term**
Fermentation	31,645	34,000	40,000	45,000	45,000
Batch/Development Revenue Est.	29,000	29,000	29,000	29,000	4,000
CDMO per fill	63,616	64,000	124,000	226,000	319,950
Total Revenue	**124,261**	**127,000**	**193,000**	**300,000**	**368,950**
Estimated EBITDA Margin	16%	15%	25%	25%	35%
Estimated EBITDA	20,000	19,050	48,250	75,000	129,133
Estimated Units	10,000	9,000	18,000	45,000	45,000
Implied Per Unit Revenues	**$ 6.36**	**$ 7.11**	**$ 6.89**	**$ 5.02**	**$ 7.11**

To drive revenue per unit to $5, which the company appeared to use in their long-term guidance, the company would need to sell the final incremental 27M units of capacity below $4 per unit.[4] I will take the over on $4 per unit if Trump enacts a 200% tariff on drugs not made in the US.

The implementation of large tariffs and the timing of customer wins and FDA approvals are uncertain, but there is a multiyear path to a *multi*-bagger with LifeCore if they sell incremental capacity at "Trump tariff" prices.

In the appendix of the letter is our investment thesis for **AST SpaceMobile (ASTS)**, which has significant risks as a pre-revenue company, but also has the potential for a dramatic revenue and earnings ramp fitting squarely in the theme of high expected value, timing uncertain.

TOP 5 HOLDINGS

The Fund's quarter ending top five holdings include Burford and LifeCore, which have already been covered in detail above. The other top five holdings include PAR, KKR, and Cellebrite, which were all significant detractors in the first half of the year.

> **Cellebrite (CLBT) -** Cellebrite has been our worst performing holding YTD. Investors are concerned that uncertainty around US federal budgets will lead to delayed purchases. Additionally, an acceleration of the

[3] Mid-Term and Long-Term guidance were presented by the company November 21st, 2024, and are contained in an investor presentation on their website.

[4] The per unit estimates are derived from dividing the CDMO per fill by the number of units. The implied pricing of incremental units is derived from the price that would need to be charged to bring the average of 45M units down to $5.02 from the mid-term guidance estimate of $6.89.

business is implied to meet 2025 guidance. Thus, while the company has not cut 2025 guidance yet, there is a real risk that it will. Fortunately, unlike the share price, the business is not falling off a cliff. In Q1, Annual Recurring Revenue (ARR) of $408.0 million was up 23% year-over-year.

In addition to concerns about federal spending, there is management turnover. The permanent CEO has not been named and a new CFO was appointed earlier this month. Management turnover is often a sign of a business in distress. In the case of Cellebrite, however, I believe that it is a sign of a business preparing to be sold. The outgoing CFO did a great job of growing Cellebrite in a capital efficient manner, but English was not her first language, and she has never sold a business.

Cellebrite's SPAC sponsor, True Wind, has an incremental 1.5M shares that will vest if Cellebrite's share price is above $30 by August 2026. The new CFO sold his last company, New Relic, and I don't think that the experience of running the sale process for a public company was just a nice to have for the CFO. Instead I suspect it was the primary reason for his hiring.

New management and True Wind are going to be very focused on getting to $30 within the next year which would be more than a double from today's price. I expect they get there. For Cellebrite, my expected value = $30 and timing = 2026.

KKR (KKR) – KKR shares were down more than 8% in the first half of the year, in line with most of the publicly traded "alternative asset managers". Explaining short-term share price declines is always a form of speculation, but investor pessimism seemed to be related to tariff impacts and institutional investor fatigue. Alternative asset managers have benefitted in recent years as university endowments steadily increased their allocations to "privates" with many endowments investing 40% or more in the asset class. The combination of lower fundraising, endowment taxes, and illiquidity of alternative assets has led both Harvard and Yale to borrow billions of dollars to fund their operations and investment obligations and have, or been rumored to have, sold some of their illiquid private holdings at a 10% or greater discount to their stated value.

Customers in distress selling assets at distressed prices is a coherent bear case for the alternative managers. Fortunately, university endowments represent less than 5% of KKR's assets under management (AUM). Universities are a customer, but they are not THE customer.

The growth engines for KKR are a continuation of the big getting bigger in alternative assets (gaining share) and broadening the product offering and customer base. The strength of the brand name for KKR, Blackstone, and others are likely to continue to be a magnet for assets – you don't get fired for recommending KKR.

KKR has continued to have success with the high-net-worth channel, raising $1.3B per month in the first quarter and they are still in the early days of building out the distribution channel. They are just launching products with Capital Group, which has relationships with 290,000 wealth advisors (nothing to see there).

The private equity industry has grown assets under management at over 10% per year for decades with the larger managers growing even faster. For the last 15 years, KKR has grown AUM by 18% per year and management fees by 25% per year.[5]

Private equity is seeping into every facet of life and investing in every corner of the economy. Raising capital is the life blood of the industry and, based on recent news reports, they are getting close to an Executive Order from Trump that would allow alternative asset managers to sell products to traditional 401K investors, which hold over $7 trillion in assets. If the executive order does not blow open the doors to 401Ks for alternative managers, they will find another way in.

KKR is the largest company we own, as measured by market capitalization. There is unlikely to be a sale of the company that we believe could yield a 100%+ return within a year (Cellebrite) or has the potential for a 6X+ of EBITDA (LifeCore), or a large legal settlement (Burford). That said, KKR has a clear path to compounding growth and earnings as AUM continues to rise, and they sell more products to a larger and larger base of potential customers. I believe that the march is long, and the trajectory is higher – just not in a straight line.

PAR Technology (PAR) – PAR is another difficult company to forecast earnings precisely. The company primarily adds new customers through RFP processes, the duration and outcome of which are not known. Even after winning an RFP, the implementation timeline is dictated by the customer. This past quarter saw a rollout implementation slowdown from Burger King, their largest customer, which halted implementation because they are adopting an additional module. This is a very "good" problem to have – your largest customer slowing down to buy more product. It is also worth noting that Burger King has several additional cross-sale opportunities including Popeye's, Tim Hortons, and Burger King International. Burger King buying more is an excellent data point even if it had a negative impact on last quarter's revenue.

The timing and size of any additional Burger King wins is uncertain. At a recent JP Morgan investor conference, CEO Savneet Singh said, "our weighted pipeline is stronger than it has ever been. And I would say that's sort of in part driven by this new cross sell motion where we are finding just tremendous growth in kind of upselling to our existing base." At the same conference, for the first time, to my knowledge, in a public setting he talked about McDonalds in the context of their sales pipeline.

While the timing of customer wins or the timing of their implementations is uncertain, what has remained constant at PAR is the CEO. This is also a jockey bet that the CEO and team will continue to make attractive acquisitions (three last year), develop new products, and improve their cross sell upsell motion – while holding operating expenses down. PAR is inflecting to profitability and over the next 3 years it should be nearly double in size with far greater profitability. The path and sequence may not be linear, but their Table Service POS product just had their first big win, POS for convenience stores is coming, the pipeline is strong. My expected value is high, the timing uncertain, but with a good jockey, time is our friend.

[5] KKR investor presentation May 2025

SHORTS

We ended the quarter short two companies facing significant litigation with the potential for treble damages (i.e., 3X the actual amount) for their actions and potential liabilities far in excess of their market capitalizations. We are also short three major indices, a consumer products company that has a significantly above-market multiple while growth has stalled, and a mature and expensive food-related business.

POTENTIAL CO-INVESTMENT OPPORTUNITY (SPV)

We may have an opportunity to invest in a company that we believe could generate very high rates of return over the next four years. The company has high insider ownership, recurring revenue, operating leverage, and historical earnings that are artificially depressed. By our math, earnings can 5X over the next four years. While there will likely be some multiple compression, the return profile is compelling to us.

You will have exposure to the company through the fund, but the fund investment will be limited by how much capital we want invested in a single company at cost. It will be a 10%+ position, not a 20%+ position.

This is a developing situation, but we may set up a single-stock SPV allowing LPs to invest additional capital alongside the fund if they desire. In the 10+ years of the fund, we have not created an SPV. Details to follow. This may not come to be, but if the stars align, we will be prepared.

OUTLOOK

We seem to be one tweet / Truth Social post away from a 5% up or 5% down movement in the market. Ultimately the drum beat of headlines is background noise for our portfolio. If LifeCore can sell capacity at attractive prices, we will get paid. If KKR continues to raise AUM, we will get paid. If Cellebrite gets sold, we and their SPAC sponsors will get paid. If Argentina settles with Burford, we get paid. If PAR signs up McDonald's, we get paid. If Sable navigates the legal roadblocks, we get paid. My expected values are high and the timing is uncertain, but ultimately with bumps along the way, I think we get paid.

Sincerely,

Scott

(Appendix on the next page.)

APPENDIX - NEW INVESTMENT – AST SpaceMobile (ASTS)

Among the companies in our portfolio, AST SpaceMobile ("AST") presents the widest range of potential outcomes. AST is developing a space-based cellular broadband network using a constellation of satellites that will communicate directly with unmodified smartphones using the same cellular bands as terrestrial towers. If successful, users will never be out of cellular range. Their network will provide coverage in areas where traditional cell towers cannot reach, enabling users to stream Netflix in the middle of the ocean using their unmodified iPhone.

Market Opportunity The market AST is addressing is enormous, encompassing military applications, first responder services, primary mobile internet access, and wireless coverage for areas not currently served by land-based cell towers. The company plans to launch 248 satellites into low Earth orbit. Each satellite unfolds like an origami creation to reach 700 square feet in size (half a basketball court). The combination of low Earth orbit proximity, satellite size, and hundreds of patents enables high-speed voice and data connectivity from unmodified smartphones.

Strategic Partnerships AST will work with existing telecom companies, leveraging their broad reach, spectrum, billing systems, and customer support infrastructure. Current partnerships include AT&T, Verizon, Google, Samsung, Vodafone, Rakuten, and dozens of cellular network operators that collectively reach more than 3 billion people.

Current Status The company currently has five satellites in orbit that are effectively proof of concept and for testing. Their plan is to launch an additional 60 satellites by the end of Q1 2026. Management projects they will reach cash flow breakeven (excluding growth capex) by the end of 2025, when they have 25 satellites in orbit. The revenue ramp should be steep in the back half of 2025 as satellites come online. The company has approximately $1.5 billion in cash to fund their next growth phase.

Competitive Landscape Starlink is often cited as a competitor and has a partnership with T-Mobile. However, Starlink entered the direct-to-consumer space via acquisition, and their current T-Mobile service is limited to texting. Similarly, Apple offers a satellite service with very limited capability that remains free to users. The market is large enough to support multiple players. AST's primary differentiation is their satellite size, which provides both higher capacity and broadband capability on unmodified phones.

Defense Opportunities There is potentially a very large government business opportunity. One of Trump's executive orders called for creation of a "Golden Dome," directing the Department of Defense to "develop a next generation missile shield." Trump's recently passed "Big Beautiful Bill" provided $25 billion in funding for the Golden Dome, with AST and Starlink cited as potential vendors.

AST's role in the "Golden Dome" is not yet formalized, but there have been indicators suggesting it could be significant. The company can also provide GPS alternatives valuable to the military, where GPS is susceptible to jamming.

First Responder Market AST is also partnering with both AT&T and Verizon on their first responder offerings. This partnership will provide full coverage in national parks and other areas with limited cell tower coverage. While commercial details are not public, defense and first responder applications are expected to provide the best monetization of limited capacity during the initial years when capacity constraints exist.

Market Sizing and Economics Given the early-stage nature of the business, pricing and adoption rates remain speculative. Carriers will likely segment their markets with tiered usage at different price points, catering to off-grid residents and outdoor enthusiasts at the high end, and peace-of-mind subscribers at the low end. Demand will also vary by geography, with some regions like continental Europe having better existing cell coverage than others.

Through current partnerships, AST has reach to nearly 3 billion subscribers globally. Many are in markets that will be difficult to monetize at high rates, but focusing on the US, Canada, Japan, Australia, and Europe yields over 1 billion cell phone subscribers. Accounting for duplicate subscribers, the numbers become compelling with greater than 2% penetration in these markets, before considering defense and first responder opportunities.

The economics become very attractive assuming higher adoption rates, pricing, margins, and valuation multiples. Given the market size, various scenarios can generate substantial free cash flow projections. I am confident that if the technology works and achieves modest adoption, the financial model will be successful. However, given the wide range of possible adoption rates, potential pricing, margins, and investor multiples, presenting a single scenario would imply a level of precision and confidence I do not possess.

Investment Rationale Many scenarios support significantly higher valuations. This business has attributes conducive to fast growth, leveraging existing mobile network operators' customer bases (AT&T, Verizon, etc.) as well as their billing and customer support infrastructure. The company will also leverage existing hardware, requiring no specialized hardware purchases from consumers.

AST's share price has more than doubled since our initial purchase, which began as a smaller starter position that has grown through appreciation and additional purchases. While AST carries more regulatory and execution risk than our typical investments, it also possesses several attributes we seek: high insider ownership (CEO owns over 30%), recurring revenue potential, and operating leverage due to very low variable costs. Additionally, the outcome is potentially very asymmetric, with substantially more upside than downside—I believe that it has a high expected value albeit with a very wide range of outcomes and uncertain timing (but multi-year runway).

Acknowledgment The AST investment would not have occurred without Ryan O'Connor of Crossroads Capital, who flagged this opportunity for me in Omaha at the Berkshire Hathaway meeting. Here is a link (Link) to a podcast where Ryan discusses the opportunity.

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