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

April 15, 2025

Subject: Cedar Creek Partners 2025 First Quarter Results

Dear Partners and Friends:

Most of the major indices were hit pretty hard in the first quarter as investors retreated from the major tech stocks. In the first quarter, the NASDAQ declined 10.4% and the S&P500 (SPY) fell 4.3% largely due to the major tech stocks that hurt the NASDAQ. Other indices we track declined comparably. Cedar Creek was up 8.7% on the quarter, net of fees and expenses.[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 year history is 14.3%, net of fees and expenses, which compares favorably to all the indices we compare against. Cumulative returns since inception for Cedar Creek were 1,204.5%, net of fees and expenses.

	Q1 '25	2024	Inception	Ave. Annual
Cedar Creek	**8.7%**	**5.2%**	**1,204.5%**	**14.3%**
NASDAQ	-10.4%	28.6%	646.6%	11.0%
S&P 500 (SPY)	-4.3%	24.9%	524.4%	10.0%
DJIA (DIA)	-1.0%	15.2%	492.2%	9.7%
Russell 2000	-9.5%	11.5%	268.8%	7.0%
Russell Microcap	-14.4%	13.7%	172.2%	5.4%

* 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 $1,304,476 as of March 31, 2025, net of fees and expenses, whereas $100,000 invested in the indices we compare against would have only grown to between $272,159 in the Russell MicroCap and $746,612 in the NASDAQ.

Fund Holdings are at Incredibly Attractive Prices

On the whole, as of the end of March 2025, the fund's holdings were trading at 8.0 times our estimate of earnings for the coming year, and 6.6 times expected earnings net of cash at the respective businesses.[2] Trailing earnings multiple was 9.8 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 1.5. Dividend yield was 3.4%. Weighted expected return on equity as of March 31, 2025, was 18.5%.

Cash Levels and Fund Repositioning

We started the quarter with cash levels at 8% and ended the quarter at 7% largely due to the addition of one meaningful investment along with additions to recent investment. There were no major sales in the quarter.

We continued to increase our position in in **Western Capital Resources** (expert: WCRS) which we discussed in our 2024 year end letter. Just before the end of the quarter Western Capital announced a tender offer for 666,667 shares or roughly 11% of the company at $15 per share, or a total price of $10 million. The tender price was at a meaningful premium to previous trades. Included in the tender documents were 2024 results. 2024 net income was $6.7 million or $1.12 per share based on yearend share count. If we add back intangible amortization, cash earnings were about $9.1 million, or $1.52 per share based on year end share count. Net cash was nearly $6 per share. The share price rose in the quarter from $9.00 to $15.00 per share. Earnings for 2024 were negatively impacted by their acquisition of Northern Brewer which accounting rules required them to consolidate for the full year. WCRS purchased the business and appears to have relocated it to one of their existing operations to reduce facility and potentially fulfillment costs.

In addition to WCRS, we added to **Evercel** (expert: EVRC) another position we mentioned in our last letter. We spent more time on the issue of whether the shares continue to trade with the rights to its minority investment in ZAGG, the maker of cell phone covers and screen protectors, which Evercel contributed to a liquidating trust. We are more convinced that the shares do trade with the rights to proceeds and that the company's position is incorrect. We expect a binary outcome. We are either wrong and the value will be near zero or we are right and the value will be based on the proceeds from the eventual sale of ZAGG.

Shares of Evercel are currently at $0.30 per share just a bit above our average cost basis. Evercel has 27.1 million shares for a market cap of just $7 million. ZAGG was purchased in 2021 for $200 million, $70 million of which was equity. Evercel paid $36 million for just over 50% equity ownership, which was later reduced to 40%. ZAGG was expected to generate about $500 million in sales. If ZAGG was still worth what Evercel paid in 2021 it would be worth $28 million or just over $1.00 per Evercel share, or four times the price we paid for shares. If sales have grown, and/or debt has been reduced, ZAGG's value could be higher, which would mean Evercel's value would be even higher.

Expert Market Exposure

Our exposure to stocks trading in the expert market increased to 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 to selling only. Institutional accounts, depending on the broker, are not subject to the buying restriction.

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. 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.

Most of the fund's outperformance in the first quarter was due to the increase in the valuation of our expert market holdings. Our expert market basket of stocks increased in value by 35% in the first quarter, while our "control" positions suffered a modest decline, and our generally undervalued securities increased modestly.

At the beginning of the year, Propel, which does not report financial results to shareholders, was valued at $0.603 per share, based on the fund manager's decision to use a 6% dividend discount model. At quarter end, it was valued at $0.85 per share. That valuation matched the last sales price, as well as management's 6% dividend discount model based on their April 2 dividend announcement. The most recent bid price was $0.85 per share while ask was $1.00 per share.

PD-Rx was valued at last sale of $3.05 per share at the beginning of the year and $2.62 per share at the end of the quarter. Pacific Coast Oil Trust was valued at last sale, which was $0.26 per unit at year-end and at the end of the first quarter.

Fund performance in the quarter also benefitted from **MetroCity Bankshares** (Nasdaq: MCBS) announcing a merger with First IC. Both are Korean focused banks headquartered in Doraville, Georgia. Under the agreement, First IC shareholders will receive approximately 0.3734 shares of MetroCity and cash of approximately $12.35 per share, or an approximate total value of $22.58 per share. The value First IC shareholders will receive will fluctuate based on changes in MetroCity's share price. The merger is expected to close in the fourth quarter of 2025. First IC was valued at last trade to start the year, which was $9.30 per share. We received a $1 per share dividend in the quarter. At quarter end it was valued at a 20% discount to the expected proceeds, or $20.00 per share.[3] Last trade was $17.25 per share. The current bid as of quarter end was $18.45 per share and ask was $20.55 per share. Half of the fund's gains in the quarter were due to the increase in First IC.

We continue to allocate a meaningful portion of the fund's portfolio to expert market stocks based on the belief that they will generate satisfactory returns for the fund over time.

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.

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.

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[3] ($22.58 expected proceeds divided by 20% discount to the power of 0.67 to capture the time element remaining until expected close, or $22.58/((1+20%)^0.67). We chose this model due to the lack of liquidity in the shares preventing typical arbitrage from taking place.

Unexpectedly, Propel began paying a quarterly dividend in August 2023. In February of this year we received a dividend of just over $0.02 per share, nearly double the dividend of the year ago quarter and the previous quarter. In total we have received nearly $0.076 per share in dividends, or 33% of our purchase price in just over 20 months, and will receive another $0.01 per share in April (see chart below).[4]

The April 2025 dividend is very interesting. The per share amount is twice the May 2024 dividend ($0.01 versus $0.005) yet covers only 52 days versus 94 days. It seems reasonable to assume the improvement in the business as reflected in the increased dividend in February is continuing. Why Propel shortened the timeframe between dividends is a mystery to us.

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**	

Another interesting data point we track is 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			
				60 days	60 days	75 days	75 days
Date	Borrowed	Unfunded	Total	85%	90%	85%	90%
12/31/22	16,951	3,049	20,000	119,654	113,007	95,723	90,405
03/31/23	16,883	3,117	20,000	119,174	112,553	95,339	90,043
06/30/23	18,075	1,925	20,000	127,588	120,500	102,071	96,400
09/30/23	-	-	-	-	-	-	-
12/31/23	21,067	3,933	25,000	148,708	140,447	118,967	112,357
03/31/24	23,115	6,885	30,000	163,165	154,100	130,532	123,280
06/30/24	25,172	4,828	30,000	177,685	167,813	142,148	134,251
09/30/24	26,527	3,473	30,000	187,249	176,847	149,800	141,477
12/31/24	37,746	7,254	45,000	266,442	251,640	213,154	201,312

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 (last line of the chart). This would be consistent with the increased dividend (the trailing twelve month dividend has risen 45% in the last year). To say we are eagerly waiting to read SLR's first quarter filing is an understatement.

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

Update on Our Control Positions

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 decreased from $15.85 per share to $14.28 per share during the first 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. We announced fiscal third quarter results in January. Earnings were $266,000, or $0.13 per share.

In the fiscal third quarter, Solitron had its largest quarterly bookings (orders) in at least twenty years. 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, Solitron did even better. Bookings in the quarter were $8.9 million versus $2.2 million the prior year fiscal fourth quarter. Total bookings for the fiscal year were $20.8 million versus $12.8 million in the prior fiscal year. Sales in the fiscal fourth quarter were $3.1 million versus $4.0 million in the prior year quarter. For the 2025 fiscal year sales were $13.9 million versus $12.8 million in fiscal 2024. 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.

Backlog at Solitron was $18.1 million as of the end of the fiscal 2025 year (February 28, 2025) versus $11.2 million at the end of the 2024 fiscal year (February 29, 2024). Please see our 2024 yearend letter, for an overview of Solitron's annual meeting held in January.

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 $3.07 per share to $3.20 in the first quarter of 2025. PharmChem makes sweat patches used to detect drugs of abuse. It is an alternative to urine testing. Fourth quarter earnings were $0.065 per share versus $0.066 per share in the prior year quarter, although it should be noted that the prior year had minimal income taxes unlike the current year. Pre-tax income increased from $319,000 in the 2023 fourth quarter to $402,000 in the 2024 fourth quarter. The company is debt free and had $1.6 million in cash, or $0.35 per share.

In January 2025 we 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. PharmChem has no meaningful tariff exposure.

Update on Other Fund Holdings

Citizens Bancshares (otc: CZBS) - is an Atlanta, Georgia based bank that received $95.7 million of additional capital via the US Treasury's Emergency Capital Investment Program (ECIP) at the end of June 2022. The bid price decreased from $51.15 per share at the beginning of the year to $51.00 per share at the end of the first quarter. During the quarter, they paid a $1.10 per share dividend. Citizens has reduced its share count by 10% over the last two years, from 2.0 million shares to 1.8 million shares. Earnings for the first nine months of 2024 were $4.55 per share versus $4.23 per share in the first nine months of

2023. Results in both years were negatively impacted by $3 million loan loss provisions on the same loan that has now been fully reserved. Citizens has not officially released 2024 results although call reports show Q4 2024 results were in line with the prior year.

Due to the ECIP funds Citizens is one of the most over capitalized banks in the US. Annualized earnings run rate after preferred stock expense is roughly $7.50 per share. The stock is an incredible bargain at seven times earnings for a massively overcapitalized bank that is shareholder friendly. We expect them to either make an acquisition or increase organic growth, all the while continuing to return capital to shareholders via dividends and share repurchases.

ENDI Corp (otc: ENDI) – we profiled ENDI in our 2024 first quarter letter. The share price rose during the first quarter from $11.43 per share to $12.00 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 March 2025, AUM was $3.8 billion, an increase of 10% in the first quarter alone. We think the current interest rate environment is attractive for short term bonds.

ENDI's third and fourth quarter operating margins 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 47 to 48%. Fourth quarter cash earnings were $0.35 per share, or $1.40 per share annualized.[5] Net cash and investments at the end of 2024 were approximately $2.50 per share, meaning the stock was trading at just seven 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 $19.30 and $23.50 per share.[6]

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, 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.

New Position in the Fund

During the quarter we built up a new position in the fund, **Skyline Bankshares** (otc: SLBK), a community bank in rural Virgina and Tennessee. The bank has 5,557,000 shares outstanding at roughly $12.50 per share for a market cap of $70 million. The bank earned

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[5] 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.

[6] A slight discount might be needed to account for outstanding warrants.

$1.34 per share in 2024 down from $1.74 in 2023. At first glance, things appear to be moving in the wrong direction. That is a big decrease in earnings. In 2024 Skyline acquired a bank in Tennessee. That resulted in merger related expenses, and amortization of core deposit intangibles.

In 2023 Skyline earned $12 million before taxes, and $9.7 million after tax. In 2024 it earned $9.3 million before tax and $7.4 million after tax. Skyline incurred $2.5 million in merger related expenses and increased core deposit intangibles. Absent those expenses earnings would have been nearly flat. If we look just at the fourth quarter of 2024, the first full quarter after the acquisition, adjusted pre-tax earnings would have been $4.26 million or $3.41 million after tax, which would be $0.61 per share. Annualized that would come to $2.45 per share. We also think additional cost savings may be possible that did not show up in the first full quarter since the merger. We were able to purchase shares at $12.50 per share, or just over five times earnings. Current dividend yield is a solid 4%. We believe that Skyline should trade closer to ten times earnings, or $25 per share.

Change in Fund Administrator

The fund was recently notified by Unkar that they planned to close operations as of the end of 2024. We have changed our administrator to Fleming Fund Services as of January 2025. If anyone is not receiving their monthly statements, please let us know.

Tax Information and K-1's

Investor K-1's were issued electronically on April 1. The fund's annual audit report was sent out on April 15. If any of the fund's investors did not receive either, please contact us.

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.