CEDAR CREEK PARTNERS, LLC

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

November 6, 2021

Subject: Cedar Creek Partners Third Quarter 2021 Results

Dear Partners and Friends:

Markets cooled in September resulting in declines in all the major indices we compare against for both the month and the quarter, except the S&P500. September also included the implementation of an amendment to SEC Rule 15c-211 which limits public availability of quotations, and more importantly effectively prohibits purchases of non-reporting over-the-counter securities. While Rule 15c-211 was touted as a rule to improve disclosure and thereby prevent scams, it has not worked out the way the SEC expected. Scams and pump and dumps still abound. Yet many quality companies that do not provide quarterly results to the market were no longer eligible for quotes and only eligible for liquidating transactions.

Since Cedar Creek Partners focuses primarily on micro cap stocks, and over-the-counter stocks in particular, we hit a bit of a rough path late in September and had to mark a few stocks at unusually low prices, which we will discuss in more detail later. During the third quarter, the fund still rose by 0.5%, net of fees and expenses, and year to date has increased by 30.6%.[1] The S&P 500 rose by 0.6% in the quarter, while the NASDAQ declined 0.4%, and the Russell 2000 declined by 4.4%.

	Q3 '21	'21 YTD	Inception	Ave. Annual
Cedar Creek	**0.5%**	**30.6%**	**719.9%**	**14.3%**
NASDAQ	-0.4%	12.1%	523.6%	12.4%
S&P 500 (SPY)	0.6%	15.8%	355.5%	10.1%
DJIA (DIA)	-1.5%	12.0%	345.3%	10.0%
Russell 2000	-4.4%	12.4%	284.4%	9.0%
Russell Micro Cap	-5.0%	22.6%	236.6%	8.0%

* 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 $819,854 as of September 30, 2021, net of fees and expenses, whereas $100,000 invested in the indexes we compare against would have only grown to between $336,591 in the Russell Micro Cap and $623,579 in the NASDAQ.

[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).

Fund Holdings are at Incredibly Attractive Prices

On the whole, as of September 30 the fund's holdings were trading at 11 times our estimate of earnings for the coming year, and less than 7 times earnings net of cash at the respective businesses.[2] Weighted price to book was 1.5. Dividend yield was 1.3%. Weighted return on equity as of September 30 was 13.9%.

Cash Levels and Fund Repositioning

We started the quarter with cash levels at 10% and ended the quarter at just under 18%. We had a lot of activity in the quarter. We exited our positions in **Customers Bancorp** (CUBI), **Crossroads Systems** (CRSS), **National Stockyards** (NSYC), **Pendrell Corporation** (PCOA) and **Yellowstone Acquisition** (YSACU). We were unfortunately forced out of **Alloy Steel** (AYSI) due to what we believe was an unfair buyout by management. While we doubled our money in just over a year and a half, the buyout was priced at roughly four times earnings net of cash, which was probably one-third of what we believed fair value to be.

Pendrell had been one of our larger holdings. We made the decision in the quarter to raise funds in order to hopefully take advantage of the effects of Rule 15c-211 on some illiquid names. We chose to exit Pendrell due to weakness in the SPAC market, a decline in price for Pendrell's major holding, **Astra** (ASTR), and because it had the potential to be impacted by the rule change. These factors combined with a reasonable bid price led us to sell. We had purchased most of our shares for $75,000 per share in the second quarter of 2020 and exited at roughly $225,000 per share.

While we focus primarily on the long-term, we are always willing to take advantage of what we believe are short-term mispricings. It does result in short term gains, but short-term gains, and the associated tax consequences for investors, are better than no gains.

During the quarter we were able to purchase small positions in a number of stocks impacted by the upcoming rule change. In aggregate it amounts to just over 5% of the fund's assets. Without naming names since we are still looking to buy more, we added a few stocks that were profitable companies trading at a discount to their net cash, a few that were profitable and at a very modest premiums to net cash, and some companies with very low price to earnings ratios. We have ready cash should we see additional opportunities in these or a number of other stocks we are watching.

BM Technologies

We meaningfully increased one position – **BM Technologies** (BMTX). While we may not like the company's name, we do like the business it is in. The BM actually refers to its prior name BankMobile, we unfortunately cannot help but think of the abbreviation for bowel movement. We will use the ticker symbol when referring to the company. BMTX was originally created as a subsidiary of Customers Bancorp (CUBI). The original plan was to spin it off to shareholders but that later changed to selling it to Megalith Financial Acquisition Corp, a SPAC. BMTX has developed a fintech banking platform which provides digital banking and disbursement services to consumers and students in the United States. It facilitates deposits and banking products and services between customers and partner banks. The company provides access to a suite of banking products, including checking, savings, personal loans, credit cards, and student refinancing. They are not a traditional bank. It is a white label platform for other companies such as T-Mobile.

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[2] Ratio excludes cash held by the fund.

We received some shares due to our ownership of Customers Bancorp. They were under a nine-month lockup. We didn't spend much time analyzing the company. As the lock up was ending, the share price started dropping a bit after Google started winding down its Google Plex program, effectively ending a potential partnership. We looked more closely to see if we wanted to sell. Turns out, we really liked what we saw. We are attracted to inexpensive companies that are growing rapidly and exhibit excellent operating leverage. In the June quarter revenue increased by $7.46 million or almost 50%. Operating income increased from a loss of ($3.7) million to a gain of $2.2 million. That is an increase of $5.9 million on a nearly $7.5 million increase in revenue, or a nearly 75% incremental margin.

We also are attracted to high current cash flow. BMTX has high amortization charges due to amortizing developed software. Charges were $2.8 million in the second quarter and $5.6 million for the first six months of 2021. Meanwhile, purchased development software was only $26,000 in the second quarter and $143,000 in the first six months. That means cash flow was significantly higher than reported earnings. Operating income in the quarter was $2.2 million or $0.18 per share. If we add back the software amortization, cash flow is $5.0 million $0.42 per share in the quarter. While true earnings power is somewhere between those two figures, we didn't have to spend time being precise. The stock was selling for just over $8 per share. Even at the low end $0.18 per share quarterly figure, we were only paying eleven times annualized operating income for a fintech startup. At the high end figure of $0.42 per share, it was under five times annualized cash flow.

We were also comfortable that the quarter was fairly representative of what expected full year results were at the time. In the second quarter, core EBITDA was $5.2 million. At the time of BMTX's Q2 earnings release 2021 target EBITDA was for between $20 and $22 million. On October 13, the target EBITDA figure for 2021 was subsequently upped to approximately $24 million. Q3 core EBITDA expectation was increased to at least $6.0 million. Additionally, the company said expected revenues for Q3 would be approximately $22 million, a 20% increase from the prior year period, although flat compared to Q2. There is some seasonality for BMTX so the Q3 vs. Q2 comparison is not too important to us.

We understand that eventually the company will have to spend more on developmental software, but it will likely be for new clients, or at worst for clients who extend their contracts. It is our belief that we are paying a very attractive price to be part of a potentially much larger company.

Having said that there is one important caveat. Due to merging with a SPAC there are a large number of warrants outstanding which limits some of the upside potential. While there are 12.2 million common shares outstanding there are 16.93 million public warrants and 6.95 million private warrants. Each warrant gives the warrant holder the right to purchase one share of common stock for $11.50 per share. Basically, there are two warrants for every common share outstanding which means the common shareholder will essentially only realize one-third of the potential upside beyond $11.50 per share (ignoring the balance sheet benefit of the cash from warrant conversion which is still meaningful). In the end, we chose to buy both the common shares and the warrants.

Due to this unusual capital structure it makes sense for the company to either begin repurchasing warrants or to offer a warrant conversion into common stock. It would also eliminate the accounting issue of having to book the change in fair value of the warrants each quarter on the income statement which we think distorts reality. Hopefully management recognizes that they should do it when the common share price is low since the warrants decline more percentage wise than the common. We think the company could reduce warrants if they offered something near one common for every five warrants. In the meantime, we are excited about the future of the company and the ability to buy in at current prices. BMTX has become our fifth largest position as we write this letter.

Update on Rest of Our Top Five Portfolio Holdings as of October 2021

Solitron Devices (SODI), where I am the CEO, the bid price for shares declined by 3% in the quarter from $8.51 per share to $8.25. On July 20 we reported fiscal first quarter net income of just over $1 million, or $0.49 per share, versus $369,000 or $0.18 per share in the prior year fiscal first quarter. Subsequent to quarter end, on October 11 we filed fiscal second quarter results. Net sales in the quarter of $4.2 million versus $3.2 million in the prior year quarter and net income of $2.45 million, or $1.18 per share versus $0.64 million or $0.31 per share in the prior year quarter. The quarter included other income from PPP loan forgiveness and scrap income. Revenue was higher in part due to accelerated production and shipping knowing that we would have a soft period during our upcoming facility relocation.

PharmChem (PCHM) bid price declined from $4.85 to $4.70 in the third quarter. The company underwent a board change in the quarter. We had submitted a nomination to the board in order to improve corporate governance and subsequently discovered that another large shareholder had nominated two people to the three person board. We decided to join together and successfully defeated the three nominees of management.

Similar to Solitron, we are limited to only noting what has been disclosed publicly. PharmChem has increased sales staff in hopes of increasing growth. The company also announced a tender offer for up to $3 million in value of common shares at a price not less than $4.50 per share nor greater than $5.00 per share.

Nocopi Technologies (NNUP) was profiled in our previous quarterly letter. We will repeat much of what we wrote. The fund owns 9% of Nocopi. The bid priced declined from $0.195 to $0.19 per share in the quarter. Nocopi markets specialty reactive inks in the educational and toy markets. Their Rub-it & Color technology can be used for coloring books, activity kits, play sheets, greeting cards, or any paper-based application. Nocopi's largest customer appears to be Bendon under their Imagine Ink line of products. Nocopi is a very small company. It has four full-time and two part-time employees. In other words, it is almost a royalty company, although they do mix and sell their specialty ink.

Currently there are just over 67 million shares outstanding at a price of $0.19 per share, resulting in a market cap of $12.8 million. The company has no debt and cash of just over $1.7 million. Earnings are better than they appear due to revenue recognition rules. When they signed a four year contract, they booked all the guaranteed revenue in the quarter the deal was signed even though most of it would be paid over the life of the contract. The result is quarterly earnings are about $100,000 more than what is reported. Normalized annual cash flow is roughly $1 million and growing, except due to apparent cost pressures in 2020, and we think the number could be improved.

The problem with the company is the board and the CEO. The CEO ran an activist campaign to gain control of the board in 1999. The last shareholder's meeting was … you guessed it 1999. The guy running an activist campaign basically did all the things he promised not to do. In fact, many of the same people who supported him later filed a 13D against him asking the Board to hold an annual meeting. That was in 2018. He still did nothing. Actually, he and the Board changed the bylaws to make it near impossible for shareholders to add a board member and he did get a 50% raise. So, we can't say he did nothing.

On August 26, 2021 Cedar Creek delivered to Nocopi a written request to call a special meeting of the shareholders of Nocopi. The request was signed by shareholders representing in excess of 25% of the outstanding shares. The board rejected the request as failing to comply with company bylaws. We firmly believe the request was valid and are reviewing our legal options. As if the rejection of our special meeting request wasn't enough, the board made the unilateral decision to classify itself and limit or strip shareholder power to remove directors, change the size of the board, and fill board vacancies. In other words, they prevented some directors from being voted on by shareholders for another two plus years.

While we would prefer a peaceful solution, it seems clear to us that the Board is committed to preventing or delaying shareholders from having a voice over who is on the Board. As you know, we have successfully been down this path before with Solitron and PharmChem, and with TSR as a board candidate. We have no problem doing it again if necessary. We believe our threat of going to court in Maryland in order to force the company to hold an annual meeting, led to the company saying it intends to hold an annual meeting in the spring of 2022. Based on the Board's historical disregard for shareholders we expect only one of the four seats to be up for election. While it means change may take a few years, the annual meeting will give shareholders an opportunity to voice their displeasure with the CEO and the Board. We are looking forward to it. Stay tuned to see how it turns out.

DBM Global (DBMG) bid price decreased from $63 per share to $56 per share in the quarter. DBM is 92% owned by **Innovate Corp** (VATE), formerly HC2 Holdings (HCHC). DBM Global completed its acquisition of Banker Steel. SEC filings note that the acquisition was for $145 million. DBM's market cap is roughly $260 million, so it was a significant acquisition. In the five years we have owned DBM we have collected almost $27 per share in total dividends, which is not too far below our $32.50 average cost. DBM does not regularly report financial results other than as an operating unit of Innovate, and thus falls under the impact of SEC Rule 15c-211.

DBM has improved its capital structure in the Banker Steel acquisition. It paid $25 million in cash, issued a seller note for $49.6 million and borrowed the rest of the purchase price under a new term loan at a 3.25% interest rate and credit facility at prime minus 1.1%. The company should benefit from the infrastructure bill that has been passed by both the House and Senate. Another development is the management change and restructuring at Innovate. Philip Falcone was removed as CEO last year and improvements to Innovate's balance sheet should allow for DBM to be managed better. In the past it was a needed source of income for the parent company to the point that it was not only paying generous dividends, but also advancing expected tax payments to the tune of $20 million. The less the operating income of DBM is needed at the parent the better. It increases the likelihood of a sale or public listing of the company in the future.

On November 4, Innovate released Q3 results. The construction segment, which is DBM, earned $6.9 million after tax, which would be $1.80 per DBM share on $383 million of revenue. True earnings are stronger than what was reported due to three items: 1) $0.8 million of acquisition costs in the quarter, 2) Innovate reports earnings based on their 90% ownership of DBM so non-controlling interest of $0.9 million should be added back to get to DBM's earnings, and 3) the impact of intangible amortization due to purchase accounting. Note 5 in their 10-Q details the intangibles and their lives but not the quarterly impact. We believe it to be approximately $2.8 million:

Intangible	**Amount**	**Life**	**Amort / Yr**	**Amort / Qtr**
Customer Relationships	$ 34,100,000	18	$ 1,894,444	$ 473,611
Trade Names	$ 7,400,000	15	$ 493,333	$ 123,333
Customer Contracts	$ 17,900,000	2	$ 8,950,000	$ 2,237,500
Leasehold interests	$ 2,000,000	vary	NM	NM
TOTAL	**$ 61,400,000**		**$ 11,337,778**	**$ 2,834,444**

The end result is that we believe true DBM earnings in the quarter were an additional $4.5 million more on a pre-tax basis and $3.1 million proforma for taxes than reported. Thus the $6.9 million reported number is closer to $10.0 million or $2.60 per share. If they can continue that each quarter, it puts earnings power in excess of $10 per share on an annual basis. If we assume a sale of the company could conservatively be priced between ten and fifteen times earnings, it would result in between $100 and $150 per share, versus a last sale price of $67.40. Our patience has been rewarded so far, so we are content to wait.

Treatment of Stocks Impacted by SEC Rule 15c-211

The fund has always valued unlisted stocks at the current bid price. SEC Rule 15c-211 prevents the public quotation of bid prices for companies that are not providing current financials. We believe this distorts market pricing. This puts us into a bid of a conundrum. Current bid prices are not available, nor reflective of a normal functioning market, last sale price can be distorted due to lack of bid prices and by someone placing a small market sale order. We prefer to avoid any independent valuations that require a great deal of effort and assumptions. Due to the lack of publicly available quotes, we currently intend to use most recent sales price to value these stocks.[3]

Currently, it will impact the valuation method on about 20% of the fund's assets. We expect the net effect to be minimal but recognize that it will likely mean more volatility in valuation and could result in a position being priced at a ridiculously low price for a period of time. For example, we have a small position in **Dyna Group** (DGIX) which has no debt, roughly $0.47 per share in cash and securities, trailing twelve month earnings of $0.19 per share ($0.13 per share net of PPP forgiveness) yet the share price dropped from $0.51 to just $0.02 per share on a 600 share trade on September 29 before bouncing back to $0.40 on October 7. A $12 trade temporarily dropped the price by 95%.

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,

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[3] Management reserves the right to adjust the valuation if we believe an unusual trade results in a meaningful impact to overall fund valuation that would be unfair toward incoming or exiting investors.

DISCLAIMERS

Fund Performance

The financial performance figures for 2021 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.