LAUGHING WATER CAPITAL

April 2024

Dear Partners,

Laughing Water Capital ("LWC") returned approximately 8.4% in the first quarter of 2023 after all fees and expenses.[i] As always, results will vary based on the timing of your investment, which fund you are in, and which class you are in, so please check your individual statements. The SP500TR and R2000 returned 10.6% and 5.2% during this period. As always, we are deliberately doing something different than the indexes, so there is no reason to expect that we will achieve index-like returns; at times we will outperform, and at times we will underperform. However, as a partnership we are doing everything possible to tilt the odds of outperforming over longer periods of time in our favor.

Perhaps chief among the tools at our disposal to favorably tilt the odds is a long-term view on our investments. We would all be hard-pressed to find a successful investor who does not credit "time" as one of their chief advantages. For the most part, at present none of our businesses is operating at full power. This is by design, and helps explain why they are available at attractive prices. Importantly, we are not invested in turnaround stories that require management teams to pull rabbits out of hats to succeed.

Rather, we are most often invested in businesses that are going through a transition that prevents the true economics of the business in question from being reflected in trailing GAAP earnings. The expectation is that over time, as our businesses march toward their normalized earnings power, we will benefit from the dual forces of earnings growth and multiple expansion. However, at a time when the market remains overly focused on short-term concerns around inflation and interest rates, the gap between what I consider to be the intrinsic value of our investments and their quoted prices remains wide.

Additionally, we continue to suffer from some unfortunate one-off events, that can best be thought of as "bad outcomes" rather than process failures. Most often these are mark to market events that will fade with time, but they can be painful and annoying nonetheless. Despite these often non-economic and always unpredictable setbacks, for the most part our businesses are executing well, and marching toward brighter futures that in many cases feel inevitable, although of course nothing is guaranteed. With time I continue to expect that we will be well rewarded for our patience. For this reason, almost the entirety of my and my family's wealth is invested right alongside yours. Our interests are aligned.

CDMO Review: Industry Cross Currents & Specific Events

As you know, a large portion of our portfolio is invested in Contract Drug Manufacturing Organizations (CDMOs) tied to biologic, or large molecule, pharmaceuticals; specifically, we own shares in Lifecore Biomedical (LFCR), a CDMO focused on fill-finish work for injectable drugs, and Avid Bioservices (CDMO), which is focused on disposable drug substance manufacturing. I am attracted to these investments because at scale, late stage and commercial business is relatively recession resistant (customers do not stop funding drugs that are close to approval, and patients do not stop taking their prescriptions during economic downturns), customers are extremely sticky (moving to a new manufacturer requires an FDA review), the industry is set to benefit from tremendous tailwinds (more than half of the drugs currently in

development are large molecule, large molecules are underpenetrated globally), and historically competition has been rational (capacity is rarely built on spec – rather, CDMOs add capacity when their customers ask them to).[ii]

Further, while at present both LFCR and CDMO are not generating much cash and thus "screen" poorly, both have available capacity at a time when capacity is scarce, and should benefit from tremendous operating leverage over the next few years as this new capacity is filled up. Importantly, industry dynamics as well as increasing amounts of detail on their respective pipelines suggest that for both companies filling their capacity is very much a "when" rather than an "if." The thesis for both names is thus that we are just a few years away from large amounts of relatively sticky free cash flow, that should deserve a high multiple.

Despite these positives, in recent quarters these investments have been caught in crosswinds caused by positive intermediate and longer-term industry developments, and negative short-term industry trends, as well as negative short-term company specific events. The net of those crosswinds has been a drag on our portfolio, which begs the question, "should we continue to own them?" and suggests that an overview of the investments is warranted.

Recent Industry Developments: Bad For Them is Good For Us

Starting with the recent positive industry developments, in early February it was announced that Novo Holdings would be purchasing Catalent Inc. (CTLT), a publicly traded CDMO, for $16.5B. Novo Holdings would then sell three fill-finish sites to Novo Nordisk for $11 billion. The fill-finish assets are the real prize here, as Novo Nordisk is the manufacturer of blockbuster weight loss drugs Ozempic and Wegovy, and there simply is not enough global fill-finish capacity to meet the demand for these drugs.

This transaction is (potentially) hugely beneficial to our investments in both LFCR and CDMO. First, Novo Nordisk has said that they would honor all *existing* fill-finish contracts with Catalent's customers. However, they have not said what would happen *after* those contracts run their course. The silence here is deafening for the industry because the presumption is that existing customers will be forced to find another provider for their fill-finish needs at a time that excess capacity is somewhere between nonexistent and hard to find. As Lifecore is one of the few players that has spare capacity, I suspect that the phone at Lifecore is ringing off the hook.

This transaction also has the potential to be hugely positive for Avid Bioservices, but in a different way. Avid's largest customer is Halozyme (HALO), who has traditionally split their business between Avid and Catalent. While this business is not likely to be *forced* to leave the Novo-Catalent facilities as is the case with the fill-finish business, Novo Holdings and Novo Nordisk are both involved with products that are seen as competition for HALO's products, and industry whispers are that HALO is not pleased with the idea of outsourcing the production of their drug substance to their competition. As such, HALO may seek to take their business away from Novo-Catalent. HALO is thus presented with a choice. They can either a) choose a new CDMO and go through an FDA review to move their production or b) they can move more

production to Avid Bioservices, which would not require FDA approval. There are of course sole source risks to be considered, but it seems likely that Avid could pick up meaningful incremental business.

The second major industry change is legislative in nature. In late January the BIOSECURE act was unveiled, which is a bill that targets Chinese CDMOs WuXi AppTec and WuXi Bio and others that are alleged to be connected with China's military, internal security forces, or intelligence agencies. U.S. intelligence officials have alleged that these companies have wrongfully transferred U.S. intellectual property to China, and there are concerns about China having access to the genetic information of American citizens. If passed, the BIOSECURE Act would effectively limit the ability of any drugmaker that participates in Medicare and Medicaid from working with these Chinese CDMOs.

Since Covid, there has already been a move toward reshoring CDMO work to the United States. This trend seems likely to accelerate in the wake of this bill, and it is at least possible – if not likely – that Lifecore and Avid could benefit. The U.S. Biotechnology Innovation Organization (BIO), one of the largest industry organizations in the U.S., has already announced they severed ties with WuXi Apptec.

In sum, Catalent and WuXi are the third and fourth largest CDMO players globally, and it seems as if both of them are likely to be bleeding customers in the very near future, if they are not already. The fact that Lifecore and Avid are both domestic companies with long and impressive regulatory track records, as well as brand new facilities with spare capacity, seemingly positions them very well to benefit from these events. If Lifecore and Avid can win customers as a result of these events, these customers are likely to be very sticky, and they will accelerate the move toward long term earnings power.

Near-Term Industry Trends: Signs of Light

Moving to negative industry trends, I mentioned above that late-stage and commercial business for CDMOs is relatively immune to economic cycles. However, the same cannot be said for early-stage business, and over the last ~2 years as interest rates began to rise, the cost of capital for biotech companies also rose, causing them to pull back on early-stage business in order to focus their resources more acutely on their products that were closer to generating revenue. This decline in early-stage business came just as Lifecore and Avid were spending heavily on adding capacity. A decline in revenue that coincides with an increase in expenses is not good for margins, and shares have been punished as a result. In retrospect, it seems obvious that I should have been more nimble and attempted to sidestep this decline. However, given the above mentioned industry trends, the specific competitive advantages of these two companies, and a resultant high level of confidence in future earnings power, I chose to stay focused on that future earnings power, and suffer the bumps along the way. In recent months there have been signs that early phase spending has already began to reaccelerate, and with time we will move past this cyclical downturn that is taking place against a secular upswing.

Lastly, for the company specific pieces:

Lifecore Biomedical (LFCR) - Lifecore, discussed above, is our fill-finish CDMO that also has a dominant position in pharmaceutical grade hyaluronic acid production. The company is presently bringing on

additional capacity that was planned for ~4 years ago. You likely recall that over the last year, Lifecore had been running a strategic review of their business, which I believed would result in a sale, likely to a private equity buyer. While I would have been very happy to pull forward value realization at Lifecore through a sale, at no point was our investment entirely dependent on a sale being realized, and in late March the strategic review ended without a sale.

As is typical when this happens, shares sold off hard on the news as some portion of the shareholder base was made up of "event driven" investors who were only interested in a potential sale. When it became clear a sale would not happen, these investors headed for the exits.

From my perspective, a sale only made sense if prospective buyers were willing to pay a full price for Lifecore's future earnings power. I believe that a sale was not consummated because the bid x ask spread between buyers and sellers was simply too wide. Importantly, board members own 40+% of the equity, and they have an inside view of how customer demand is developing, and are thus better able to probability weight the likeliness of future earnings power developing than the market. Additionally, when Lifecore first announced capacity additions a few years ago, they believed that the new equipment they were purchasing would take capacity from 22M units to 45M units. This estimate was deliberately conservative as Lifecore deals with a lot of high viscosity product, and they could not be certain how quickly the machines could process this highly viscous material. Now that the machines have been installed and tested, they have realized that their initial estimates were far too low, and actual updated capacity is 70M units. Clearly this additional unexpected capacity has some value.

At the same time, my research suggests that several of the most likely private equity buyers have been in digestion mode following past acquisitions, and with an uncertain interest rate environment, it seems as if they took a "show me" approach to Lifecore's earnings power, rather than giving credit for business which is still in the mixing bowl rather than fully baked. They were thus unwilling to pay the seller's number. Again, when possible I always prefer to pull future value to the present, but what matters now is how our investment in Lifecore appears today... and I think it looks very attractive.

First, we know that shares have been under pressure from noneconomic selling tied to event-driven investors aggressively exiting. Second, while I cannot say for certain, I believe that Lifecore received bids at prices higher than where shares are currently trading, but chose not to accept them. I believe that barring some total disaster, these buyers would gladly own this asset, suggesting that we have a put of sorts, which theoretically protects any downside. Third, a new CEO, Paul Josephs, has been named and will be starting in May. I am still doing channel checks on him, but based on what I have heard thus far, I think we can expect a real upgrade in management quality.

Importantly, this new CEO is strongly incentivized to focus on share price. As part of his employment, he was granted 1,500,000 Performance Stock Units that vest in tranches based on share price. The highest tranche is $40, and if Mr. Josephs is able to steer the Company anywhere near those levels, he has the opportunity to make generational wealth. We are along for the ride.

Fourth, there has been an information vacuum around Lifecore in recent quarters as the company has been restating its financials. I suspect that within a few months of Mr. Joseph's arrival he will host an

investor day, and give the world a view toward the internal developments that have not yet been revealed, and perhaps have been deliberately concealed. For example, Lifecore has been run-rating at 10-11M units on an existing ~20M unit capacity, and capacity has gone to 70M units. Yet, recent commentary from the company has been limited to suggesting that "revenue generating capacity" has "tripled." This is true, but drawing one's attention to what *has happened to capacity* rather than what *can happen to revenue* seems like clear misdirection.

If revenue capacity has tripled, but the company has been run-rating around 50% of capacity, then surely current revenue has the potential to more than triple. I believe that these numbers are being deliberately sandbagged in advance of a new CEO starting in order to smooth his path. Fifth, Lifecore is primed to be shortly added to the R2000, and based on JP Morgan's preliminary estimates, the indexes will be forced to buy ~20 days of volume.

In sum, I was wrong in my belief that Lifecore would be sold and we would pull forward our returns; timing is always the hardest part of investing. But I do not think I am wrong about the value here, and at present the bar for LFCR stock to succeed appears very low, while at the same time industry developments, management developments, and capacity developments are all very favorable. The company has not issued guidance for the coming year claiming (and I agree) that it would be inappropriate for them to set targets and then hand those targets to a CEO who has not yet started. However, they had previously indicated that they expected to ~double their run rate unit count over the next 2+ years, more recently they have indicated that the business is clearly inflecting from temporary problems faced in fiscal 2023, and they have noted that approximately one third of the later stage conversations they are having with prospective customers are with larger pharmaceutical companies that could quickly soak up capacity.[iii] This has been a frustrating investment to date with wild ups and downs, but we are getting closer to massive improvements in earnings power.

Avid Biosciences (CDMO) - Avid is our disposable biologic drug substance CDMO. Like Lifecore, Avid is set to benefit from tremendous operating leverage tied to filling recently installed capacity. However, Avid recently experienced one of the worst "own goals" that I have ever seen in public markets. Despite this blunder and resultant stock pullback, the long-term thesis is very much intact.

As for the details of this own goal, in March of 2021 Avid issued a ~$144M 1.25% convertible bond under SEC Rule 144A, which restricted the sale of these privately placed securities to qualified institutional investors until such time as the company removed the restrictive 144A legend that governed the bonds. The company agreed to remove this legend by March 17, 2022. There was nothing unusual about this arrangement at all – many securities come to market under 144A restrictions, and removing the legend is typically as easy as the company sending an email to the transfer agent and asking that the 144A legend be removed.

However, in the case of Avid, they forgot to send that email, and the legend was not removed.

The market, the company's CFO, the company's banker, the company's legal advisor, and unfortunately yours truly were all blissfully unaware of this oversight until early last month when someone who had purchased more than 25% of the bond (probably around 80 cents on the dollar) notified the company that

their failure to remove the 144A legend constituted an event of default under the bond's indenture, and they were demanding immediate repayment. This forced Avid to pursue an emergency financing in the form of a new $160M 7% convert that matures in 2029. Most unfortunate is that the conversion price of the new bond is $9.89, vs. $21.21 for the old bond, and thus comes with significantly more dilution than I earlier anticipated.

There is a lot to unpack there, and none of it is good, and there is plenty of blame to go around on how this could have happened. From my perspective, removing a 144A legend is so routine that it is not something I have ever seen on any investor's diligence check list (although I have added it to mine). Before this event I would have no sooner asked a CFO if he had scrubbed his company's bonds than I would have asked him if he washes his hands after going to the bathroom, or if he looks both ways before crossing the street. These are things that one just expects to be done, especially when there is a CFO, internal legal, external legal, and the bankers who structured and sold the bond all involved. Not to mention that I have been told that for the original convert Avid used documents that were "off the shelf" from Morgan Stanley, and these documents did not allow for a cure period. If a cure period would have been specified, Avid could have simply scrubbed the bonds when they realized their mistake, and paid some sort of penalty rather than having to resort to an emergency financing. I assure you that Morgan Stanley has since updated their boilerplate in this regard.

In any case, this event does not affect the normalized revenue generating capacity of Avid, but it does affect free cash flow conversion and per share value as interest payments and future diluted share count have both gone up. It is impossible to say precisely how much per share value was destroyed by this blunder however, because the original bonds would have had to have been refinanced at some point in the first half of 2025 anyway. In my blue sky scenario I envisioned the business quickly inflecting before then in such a way that would have allowed the company to refinance with bank debt and pay off the 2026 convertible bonds with zero dilution. Alot of things would have had to go right for that scenario, but management did express confidence that this was within the realm of possibility.

However, more realistically I had my doubts and was already factoring in some additional dilution before the emergency convert, so the true delta in share count and interest rate are likely not as bad as the headline. In any case, Avid is still on their way to filling up their $400M in revenue capacity, and they will still likely achieve low 30% EBITDA margins when they do. Assuming conversion of the debt, free cash flow will be the same as I originally envisioned, but it will now be split over ~80M shares rather than ~70M shares. The net of this is that 2 months ago I would have said that I thought Avid was a few years away from being worth something like $30-33 dollars, and now I think it is a few years away from being worth something like $25-28 dollars. In sum, the upside here has been truncated. At the same time, based on the recent industry developments laid out above, my confidence in Avid's ability to quickly fill their facilities has gone up. Either way, with shares presently around $7, I think there is plenty of upside left.

Updates on Select Investments

Nextnav (NN) – Nextnav was introduced in the YE'23 letter as a small position. On the surface, NN appears to be a busted SPAC tied to flying taxis. Digging deeper shows that Nextnav owns low band spectrum that they will likely be able to repurpose and monetize in the near future, suggesting that an investment in Nextnav is actually an asset play if you dig beneath the headlines. Through a combination of appreciation and me purchasing more shares following an acquisition that was made at rock bottom prices from what I believe to be a forced seller of sorts, Nextnav has become a large position. I believe that this acquisition delayed the company's request to the FCC to repurpose a portion of their spectrum for 5G broadband, but more importantly this acquisition only increases the chances that the FCC will look favorably on this request when it is made. It is hard to pinpoint what this spectrum could be worth if repurposed for broadband, but at $1 per MHz-Pop I estimate NN shares would be worth more than $20, and past transactions suggest that there could be significant upside to $1.

PAR Technology (PAR) – PAR has become the leading player in enterprise restaurant software. You may remember the company as it was last discussed as a Top 5 position in the H1'21 letter to investors. Since that time we have continued to own shares, albeit it in smaller size. In retrospect it seems obvious that PAR's valuation got ahead of itself in 2021 when it traded in the mid $80s per share, and I should have more aggressively trimmed the position. The problem was that PAR has been executing very well on a well laid out plan that appears to lead to a dominant position in a very attractive market.

Based on the stock price coming down, clear progress with product development, exciting new customer wins, and most recently large scale M&A, I have added to the position, and PAR is now a mid-sized position once again. I believe that the long-expected sale of PAR's government business is imminent, which will make PAR a pureplay software story, ARPUs are going up, margins are expanding, the company will shortly be "rule of 40", the pace of RFPs from Tier 1 customers is accelerating, and the likelihood of winning those RFPs has gone up, all of which suggest that PAR should rerate higher as they continue to grow.

Transact Technologies (TACT) – Transact, a small position, is one half of a duopoly that makes printers for slot machines, and has also been building back of house restaurant software attached to printers. The company has been running a strategic review which I think could surface value of somewhere between $10-$14 per share, but unfortunately this process is at risk due to problems with one of the company's largest shareholders.

In brief, B. Riley is a hybrid brokerage/bank/investment platform, and they are currently being investigated by the SEC for actions that may be attached to securities fraud.[iv] As such, B. Riley has been selling the stocks they own, and the presumption from the market is that they will continue to be a seller. In the case of Transact, which is an illiquid stock, I believe this is acting as a major overhang on shares. Public share price unfortunately acts as an anchor when trying to sell a company, so not only do we have

a noneconomic seller of TACT shares, but the sale process of the company may be knocked off track as well.

This is the third company we presently own where a top holder is dealing with a non-economic circumstance that has forced them to sell shares, or created the impression that they will shortly be selling shares. This is statistically highly unusual, and we have little choice but to wait for these overhangs to clear either by the sellers exiting their positions, or otherwise making their intentions known.

Thryv Inc (THRY) – Thryv, our SMB software company that is sprouting from the clearly declining Yellow Pages business, has received criticism from the chattering classes after reporting that their customer count was flat in the most recent quarter. The assumption from the under-informed is that growth has stopped, and therefore Thryv is doomed. Those that dig deeper will find that nothing could be further from the truth, and Thryv is likely now on track to be more profitable than I expected on an accelerated timeline. For existing LPs, more detailed information on THRY can be found under separate cover. For those considering an investment, please do not hesitate to reach out if you would like access to this piece.

Looking Forward

Based on recent inflation readings, it seems as if whether or not the battle has been won remains an open question, and the market's confidence in imminent rate cuts has withered. In fact, some are now calling for rate hikes this year, whereas just a few months ago consensus was for 3 cuts this year, and the debate was around whether or not that would be enough. From my perspective this is an enormously complicated problem without any good answers, and the only thing I feel confident in in this regard is that the Fed's job is made more difficult by a government that continues to aggressively fuel the economy.

As it relates to our portfolio, the potential interest rate path means a wide range of potential outcomes in the near term, and no clear path on how to best position ourselves. With one or two possible exceptions rate hikes are unlikely to impact the normalized earnings power of our businesses, but rate hikes would likely lead to near-term multiple compression, which suggests perhaps I should buy hedges or raise cash. However, looking back to the 1970s when inflation raged and rates went higher, small caps outperformed handsomely, averaging 9% per year. This of course did not come in a straight line, but as always, patience was rewarded.

At the same time, I have to acknowledge that the composition of the market was different in the 1970s. At that time legendary mutual fund investors that focused on small caps like Chuck Royce, Mario Gabelli, and Peter Lynch were bringing assets into small caps, and the flows were favorable. In today's world, the growth of passive investing has meant that small cap flows have been a headwind. Additionally, in the 1970s hedge funds were still a relatively new concept, where as in today's world it seems as if there are an awful lot of market participants whose Pavlovian response to rising rates and inflation is to short small

cap, and go long large cap. This of course helps explain why the spread between large and small has been hovering around record levels.

However, as with all things, eventually the pendulum will swing, and while it may be tempting for market participants to once again position themselves short small and long large if rates do start to rise again, I think there is an underappreciated chance that Pavlov's dog bites this time around.

Large caps – specifically mega caps that make up a huge portion of the index - have been the "flight to safety trade," but inevitably the price of "safety" winds up going up to a point where the safety is an illusion. I am by no means an expert here, but I can't help but notice that while these stocks undoubtedly represent the best businesses the world has ever known as individuals, collectively the dynamic appears to be more fragile.

Consider that stock market darling Nvidia (NVDA) is expected to grow 86% this year with 75% gross margins and 65% EBITDA margins. One of the golden rules of capitalism is that high margins get attacked. At the same time, it is well known that Nvidia's largest customers – and a very big part of Nvidia's sales - are the large tech companies, whose stocks are also considered to be part of the "safety trade."

From my perspective, it seems unlikely that these mega-tech companies will continue to allow Nvidia to earn massive margins from them forever, and in fact, Google, Microsoft, Meta, Apple and others have all started to devote resources to making their own custom AI chips. These companies are capable of throwing billions and billions of dollars against this problem, and given how wide Nvidia's margins are, they are well incentivized to do exactly that. It seems obvious that Nvidia is still the clear leader here, but what happens to Nvidia stock if their largest customers start in-housing more chips, and growth at Nvidia disappoints? And what happens to Google, Microsoft, Meta, and Apple if they have to start spending more internally to close the chip-gap with Nvidia? There is already an argument that these companies are goosing their earnings through accounting depreciation games. Surely margin compression on top of that would not be good for share prices?

At the same time, it seems as if the tech giants do choose to damage their own margins by investing in chip capabilities, what will be bad for these "safety stocks" will be extremely good for the global economy. Afterall, the logical outcome to increased competition in chip world is that the cost of chips goes down for everyone else, concurrent to AI adding fuel to the economy.

Again – I do not have a super strong opinion here. Rather, I only think that these are very hard problems to consider, and you don't have to pull the curtains back very far to see that the "safety trade" might not be that safe. I thus think the best thing to do is remind ourselves that while a higher interest rate environment can lead to near term multiple compression, higher rates are unlikely to have more than a minor effect on the cash flow generating ability of our businesses a few years from now.

When I compare the problems that the large tech companies are likely to face to the problems that our relatively simple businesses are facing, like filling up a manufacturing facility when there are industry wide manufacturing shortages (LFCR and CDMO), or shifting business focus toward more predictable, higher

margin service work (APG and LMB) at a time of tremendous demand, it seems as if our businesses are well positioned.

This is especially true when one considers valuation; for the most part our businesses are priced as if they will not succeed, while other larger businesses are priced as if they have already won. Against this challenging macro backdrop, the only thing I know for certain is that with time, if our businesses are able to greatly increase their earnings power in the years to come as I believe they will, we will be well rewarded, regardless of what happens to rates and inflation in the short term. The key is to stay focused on the destination while understanding that the road might have some bumps along the way.

Please let me know if you have any questions,

MSweeney@LaughingWaterCapital.com
917-306-0461

Disclaimer: This document, which is being provided on a confidential basis, shall not constitute an offer to sell or the solicitation of any offer to buy which may only be made at the time a qualified offeree receives a confidential private offering memorandum ("CPOM") / confidential explanatory memorandum ("CEM"), which contains important information (including investment objective, policies, risk factors, fees, tax implications and relevant qualifications), and only in those jurisdictions where permitted by law. In the case of any inconsistency between the descriptions or terms in this document and the CPOM/CEM, the CPOM/CEM shall control. These securities shall not be offered or sold in any jurisdiction in which such offer, solicitation or sale would be unlawful until the requirements of the laws of such jurisdiction have been satisfied. This document is not intended for public use or distribution. While all the information prepared in this document is believed to be accurate, Laughing Water Capital, LP , Laughing Water Capital II LP and LW Capital Management, LLC make no express warranty as to the completeness or accuracy, nor can they accept responsibility for errors appearing in the document. An investment in the fund/partnership is speculative and involves a high degree of risk. Opportunities for withdrawal/redemption and transferability of interests are restricted, so investors may not have access to capital when it is needed. There is no secondary market for the interests and none is expected to develop. The portfolio is under the sole trading authority of the general partner/investment manager. A portion of the trades executed may take place on non-U.S. exchanges. Leverage may be employed in the portfolio, which can make investment performance volatile. The portfolio is concentrated, which leads to increased volatility. An investor should not make an investment, unless it is prepared to lose all or a substantial portion of its investment. The fees and expenses charged in connection with this investment may be higher than the fees and expenses of other investment alternatives and may offset profits. There is no guarantee that the investment objective will be achieved. Moreover, the past performance of the investment team should not be construed as an indicator of future performance. Any projections, market outlooks or estimates in this document are forward-looking statements and are based upon certain assumptions. Other events which were not taken into account may occur and may significantly affect the returns or performance of the fund/partnership. Any projections, outlooks or assumptions should not be construed to be indicative of the actual events which will occur. The enclosed material is confidential and not to be reproduced or redistributed in whole or in part without the prior written consent of LW Capital Management, LLC. The information in this material is only current as of the date indicated, and may be superseded by subsequent market events or for other reasons. Statements concerning financial market trends are based on current market conditions, which will fluctuate. Any statements of opinion constitute only current opinions of Laughing Water Capital LP and Laughing Water Capital II LP, which are subject to change and which Laughing Water Capital LP and Laughing Water Capital II LP do not undertake to update. Due to, among other things, the volatile nature of the markets, an investment in the fund/partnership may only be suitable for certain investors. Parties should independently investigate any investment strategy or manager, and should consult with qualified investment, legal and tax professionals before making any investment. The fund/partnership is not registered under the investment company act of 1940, as amended, in reliance on an exemption there under. Interests in the fund/partnership have not been registered under the securities act of 1933, as amended, or the securities laws of any state and are being offered and sold in reliance on exemptions from the registration requirements of said act and laws. The S&P 500 and Russell 2000 are indices of US equities. They are included for informational purposes only and may not be representative of the type of investments made by the fund.

---

[i] LWC refers to Laughing Water Capital, LP, Laughing Water Capital II, LP, and related entities.
[ii] Company presentations and conference calls.
[iii] 4/1/24 Lifecore Business Update
[iv] https://www.reuters.com/business/finance/sec-probes-b-riley-deals-with-client-tied-failed-hedge-fund-bloomberg-news-2024-01-22/