ACE RIVER
CAPITAL

<u>**Ace River Capital – Investor Update (Year-End 2025)**</u>

1/30/2026

Dear Investors,

For the fourth quarter of 2025, Ace River Capital Partners, L.P. (the "Fund") returned **-4.55%**. Over the same period, the S&P 500 (SPX) and Russell 2000 (RTY) returned **+2.7%** and **+2.2%**, respectively. For the full year, the Fund returned **-21.95%**, compared to **+18.0%** for the S&P 500 and **+12.8%** for the Russell 2000.

While these results were clearly disappointing, the year was defined far more by valuation compression and idiosyncratic events than by any permanent impairment of underlying business value. As always, my focus remains on long-term intrinsic value rather than short-term price movements.

Cadence Note: Beginning in 2026, investor communications will shift from a quarterly schedule to **semiannual updates**. This change reflects the Fund's long-term, low-turnover approach and emphasis on intrinsic value over short-term volatility. Interim updates will be provided as warranted by material developments.

Strategy

Ace River Capital maintains a **highly concentrated portfolio** of small- and micro-cap businesses with durable economics, tangible assets, and long runways for reinvestment. I focus on companies where competitive advantages are structural rather than ephemeral, and where capital can be redeployed at attractive rates over long periods of time.

The portfolio intentionally avoids software, finance, and insurance businesses. Instead, it emphasizes **asset-backed businesses** with scarcity value, including:

- special-purpose licensed real estate (RCI Hospitality),
- waterfront and marina assets (MarineMax),
- and royalty interests in mineral deposits (Vox Royalty).

This approach requires patience, deep research, and the willingness to tolerate volatility. I typically hold **fewer than five positions**, follow them closely, and only add when the risk-reward profile is clearly asymmetric. There will be extended periods of inactivity, limited trading, and occasional sharp drawdowns. This is a feature of the strategy, not a flaw.

ACE RIVER
CAPITAL

Portfolio Update

Vox Royalty Corp. (VOXR):

Since initiating a position in Vox Royalty in Q4 2023, it has grown into the Fund's **largest holding** and has returned approximately **160%** at the time of writing. Gold prices continue to reach record highs, driven by inflation concerns, geopolitical instability, and inconsistent trade and fiscal policy.

Vox's royalty-based business model provides leveraged exposure to these trends while avoiding the capital intensity and operational risks faced by traditional mining companies.

The company continues to add producing royalties, expand cash flow, and maintain a clean balance sheet. I view Vox as both a **long-term compounder** and a **natural hedge** against macro uncertainty. No change in thesis.

RCI Hospitality Holdings (RICK):

During the fourth quarter, RCI Hospitality shares declined roughly 25% following the filing of bribery and tax-related charges against the CEO, CFO, and other executives by the New York Attorney General in September 2025. These developments created significant legal and governance uncertainty and drove the stock to what I would describe as crisis valuation without crisis operations.

Importantly, the core business remains intact. Cash flow continues, share repurchases have not stopped, and the company now trades below the estimated value of its owned real estate, effectively assigning little value to ongoing earnings power.

Short interest has increased to roughly 12% of the float, further compressing an already small share base following recent buybacks. The CEO and CFO have since stepped down, reducing governance risk, and while there may be fines or balance-sheet impacts ahead, I believe much of this risk is already reflected in the stock price.

The long-term thesis is unchanged. I view current prices as an opportunity and expect to add to the position as conditions warrant.

1/30/2026

MarineMax (HZO):

MarineMax remains an attractive long-term asset owner with a valuable portfolio of marinas and waterfront real estate. However, absent near-term catalysts and given the cyclical nature of the retail boating business, I elected to sell in-the-money covered calls during the quarter. The shares were called away, and the position was reduced by roughly half.

While I like management's stated shift toward higher-margin service, storage, and marina revenue, it remains unclear how much of this mix shift reflects structural improvement versus cyclical weakness in retail sales. I continue to monitor the position but will remain selective in deploying additional capital.

DSHK / GLFE Update (Speculative Position):

During the period, **Drive Shack Inc. (DSHK)** completed a corporate restructuring that resulted in the rebranding of the equity to **Green Light Financial Enterprises (GLFE)** along with a **change in listing status and trading venue**. This transition reflects the company's ongoing efforts to reposition its assets and capital structure following the wind-down of its legacy entertainment operations.

The position remains **highly speculative** and illiquid and is sized accordingly. While near-term fundamentals remain challenged, the thesis is driven by optionality around asset monetization, balance-sheet outcomes, and any improvement in liquidity or strategic direction under the new structure. We do not intend to add to the position and will look to reduce exposure opportunistically if liquidity improves.

Looking Ahead

Markets continue to reward a narrow group of large-cap technology companies, while small-caps remain broadly ignored. History suggests these periods of dislocation tend to create some of the best long-term opportunities.

I remain patient, focused, and prepared to act when valuations become compelling. Volatility does not concern me; permanent capital impairment does.

1/30/2026

<u>Fund Positions – In Order of Portfolio Weight</u>

VOXR, RICK, HZO, DSHK

Thank you for reading. Please reach out for any reason.

Nicholas D'Agnillo
Ace River Capital Partners
Nick@AceRiverCapital.com
401-499-3935

ACE RIVER
CAPITAL

IMPORTANT DISCLOSURES

In General: This letter is for informational purposes only and is intended to provide an overview of the investment strategy and performance of Ace River Capital Partners, L.P. The contents of this letter should not be construed as investment, legal, tax, or other professional advice.

No Offer to Purchase or Sell Securities: This letter does not constitute an offer to sell or a solicitation of an offer to purchase any security or investment product. Any such offer or solicitation may only be made by means of delivery of a confidential private offering memorandum.

No Tax, Legal, Accounting or Investment Advice: The contents of this letter are not intended to be, and should not be construed as, tax, legal, accounting or investment advice. Prospective investors should consult with their own advisors as to the tax, legal, accounting or investment consequences of an investment in any product described in this letter.

Performance Information: The performance information provided in this letter is based on internal calculations and is subject to revision. Performance results may vary depending on the timing of investments and disinvestments, as well as other market conditions.

Past Performance: Past performance is not a guarantee of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will either be suitable or profitable for an investor's portfolio.

1/30/2026

Risk of Loss: All investments involve risk and there can be no assurance that any investment strategy will be successful. The value of an investment may fluctuate, and an investor may not get back the amount invested. Changes in economic, political or other market conditions, as well as issuer-specific events, may have a material impact on the value of a security or a portfolio.

Portfolio Guidelines/Construction: The portfolio construction and investment guidelines for Ace River Capital Partners, L.P. are based on a proprietary investment process that seeks to identify undervalued securities and maximize returns while minimizing risk. The portfolio is actively managed and may be changed at any time without notice to reflect changes in market conditions or the manager's assessment of individual security or market prospects.

Index Performance: The performance information provided in this letter may be compared to a benchmark index for purposes of illustration. The benchmark index is not intended to represent the performance of any investment product and does not reflect the expenses associated with the management of an actual portfolio.

Logos, Trade Names, Trademarks and Copyrights: All logos, trade names, trademarks, and copyrights referred to in this letter are the property of their respective owners.

Confidentiality/Distribution of the Letter: The information contained in this letter has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. This letter and its contents are confidential and intended solely for the recipient. It may not be reproduced or redistributed without the prior consent of Ace River Capital Partners, L.P."