

Investors,

In the third quarter of 2025, Deep Sail Capital Partners (the "Fund") returned 5.8% net of fees while averaging 80% net long exposure. Year to date the fund has returned 18% net of fees while averaging 80% net long exposure. Please consult your individual capital account statements for your individual net returns.

Performance Summary	Net Returns			Deep Sail Capital Vs Benchmark		
	Q3	YTD 2025	Strategy Since Inception - Annualized	Q3	YTD 2025	Strategy Since Inception - Annualized
Deep Sail Capital Partners LP	5.8%	18.0%	11.3%			
Russell 2000	12.4%	10.4%	9.3%	-6.6%	7.7%	2.0%
Russell Mid Cap Growth Index	0.4%	10.2%	12.8%	5.4%	7.8%	-1.5%

In the third quarter, the fund outperformed the Russell 2000 Growth Index but lagged the Russell 2000 Index. Year to date, the fund has continued to outperform both benchmarks, by 7.7% and 7.9%, respectively. Performance during the quarter was driven entirely by the long portfolio as the short portfolio performed poorly due to the fervent nature of the market to bid up moonshots and other long duration highly speculative companies. The short portfolio came under significant pressure in the third quarter, as the lowest-quality, longest-duration equities surged in what I believe is a bubble similar in size and stupidity to that of 2021. I currently believe that once the overall market turns these short positions will yield above average market returns.

Market Commentary – Clearly in bubble territory

In our last quarterly commentary, titled "Risk On, Until It's Not," I outlined the view that markets were in full risk-taking mode until a catalyst forced a reset. That thesis continues to hold true, in that risk is still ON. Over the past three months, investor behavior has bordered on euphoria. Long-duration, highly speculative stocks have been on an extraordinary run, with some up several hundred percent in just weeks. Investors have bid up virtually every corner of the market, from quantum computing to rare earth miners to iBuyers, with little regard for fundamentals. Crypto assets have surged in tandem, fueled by a collapsing U.S. dollar, which is driven in large part by policy uncertainty and erratic fiscal decisions Trump has driven. All this comes against the backdrop of clear signs that the U.S. economy is decelerating.

I could spend paragraphs detailing why this is a bubble (valuation extremes, deteriorating breadth, speculative leverage, and blind faith in perpetual liquidity), but at this point it should be obvious to even the casual observer of markets. Markets are driven by investor psychology, and right now, greed has completely taken over. Every new high feeds the FOMO, and rational analysis is dismissed as "being early." Do you want to be right, or do you want to make money? This is the hallmark of late-stage bubbles. It's not about whether the fundamentals

justify the price; it's about momentum and crowd belief. And as with every cycle, the narrative will persist until it breaks.

For now, I remain patient. My focus is on watching for technical confirmation or a decisive shift in market tone, tightening liquidity, or clear evidence that risk appetite is cracking. I think as we approach the end of the year, many speculators will begin thinking about the taxes they will owe on their massive speculative returns, which could be the first sign of a crack in the market. When that comes, the unwind could be swift and brutal, especially in areas that have risen the fastest, like quantum computing. Until then, I'm maintaining discipline, protecting capital, and waiting for the market to reveal when "risk on" finally becomes "risk off."

Long Portfolio Summary

	Q3
Average Long Exposure	132.4%
Contribution (gross)	21.2%

Best Performing	Q3 Contribution	Worst	Q3 Contribution
Kraken Robotics	5.8%	TSS Inc	-2.2%
Clearpoint Neuro	5.0%	Mercado Libre	-1.1%
Precpio	3.1%	Vitec Software	-0.8%

In the third quarter, the long portfolio outperformed both of our benchmarks, the Russell 2000 Index and the Russell Midcap Growth Index, by a significant margin. The largest contributors in Q3 were long-held microcap positions Kraken Robotics and Clearpoint Neuro.

Kraken Robotics has ridden the wave of defense technology and drones recently, but on top of market excitement, the business got a boost after Andruil announced a contract with the Australian Navy to build Ghost Sharks worth \$1.1B. Kraken is the sole supplier of batteries, sensors, and software for the Ghost Shark program, and this contract could be worth \$150-250m in revenue to Kraken over the next few years. This is a pretty large step change in the size of the prize at Kraken, as originally it was thought only a handful of Ghost Sharks would be made in the next few years; now it is looking like 25-40 will be made in the next few years. This also is a good indicator for other XLUAVs that will likely see similar demand from navies across the globe.

Clearpoint also had another major confirmatory new event. uniQure (QURE) announced very strong trial results for its gene therapy AMT-130 in treating Huntington's disease. The phase 2 study reported a ~75% slowing of disease progression over three years, which suggests that it might be a major step in the direction of curing Huntington's disease. ClearPoint Neuro provides the SmartFlow Cannula system that uniQure will use for those treatments, and

ClearPoint will benefit materially. uniQure will likely be the first major neurological cell & gene therapy approved for one of the major neurological diseases. This is huge for Clearpoint and will mean significant milestone revenues as well as heavy usage of their SmartFlow system in the years to come.

In Q3, the fund closed six positions and opened three new positions. The new positions in Q3 included Hydreight Technologies (see thesis below), Westell Technologies, and On Holding.

Current Position: Hydreight Technologies

Hydreight Technologies is a vertically integrated mobile health platform that combines SaaS-based technology with healthcare services, regulatory compliance, payments, and pharmacy distribution. The company operates three distinct business platforms—each with independent commercial potential and strong network synergies. Hydreight’s model enables healthcare professionals and partner brands to deliver compliant, on-demand medical and wellness services under a unified technology and logistics framework. The company trades on the TSX Venture Exchange under the ticker NURS.V, and all financial figures referenced below are presented in Canadian dollars (CAD).

The company came public through a reverse takeover in December of 2022 by Victory Square Technologies (VST.v), a venture capital firm that invests in technology startups. Following the reverse merger, Victory Square created a new public entity, spun out Hydreight into its own company, and distributed NURS.v shares to VST.v shareholders. VST currently still owns a 53% stake in Hydreight.

Since going public, Hydreight has experienced exceptional growth, expanding revenues from approximately \$3 million in 2022 to a forecast of over \$100 million in the next 12 months. The company has aggressively pursued opportunities in the U.S. healthcare market, launching three complementary technology platforms: Hydreight App, VSDHOne, and Hydreight MD. Each platform targets a different but adjacent segment within healthcare while sharing a common technology and compliance infrastructure. This shared foundation allows Hydreight to leverage its regulatory expertise and software across multiple verticals efficiently.

After a soft launch in late 2024, VSDHOne fully rolled out earlier this year and has already demonstrated explosive growth. Orders have consistently exceeded internal forecasts, including in August, when the company reported processing 80,000 orders. Management projects 1.3 million direct-to-consumer (DTC) orders through VSDHOne in 2025, and early results suggest they are already ahead of those targets.

Assuming an average gross revenue (net of distribution fees) to Hydreight of \$100–\$125 per order, the company could generate approximately \$130–\$162 million in gross revenue in FY2025. If this growth trajectory continues into 2026, total revenues could reach \$400–\$500 million, setting the stage for a potential \$1 billion in revenue within the next 2–3 years.

I believe Hydreight is at the beginning of a powerful revenue acceleration phase that could be sustained for several years, ultimately creating a business with both scale and strong profitability.

High quality business model

Hydreight operates a high-margin, technology-driven business model built around three complementary platforms that serve nurses, telemedicine providers, and direct-to-consumer (DTC) health brands. Together, these platforms form a vertically integrated ecosystem that combines software, compliance, pharmacy distribution, and healthcare delivery.

Hydreight generates revenue from multiple sources across its ecosystem, including software licensing fees, payment processing, and revenue sharing on telemedicine and pharmacy transactions. Each platform scales with usage: as more nurses, patients, and partner brands join the network, Hydreight's recurring revenue base expands. Here are the three platform verticals that Hydreight operates:

At-Home Clinical Services: Through the Hydreight app, registered nurses deliver IV hydration drips and injectable therapies, including NAD+, peptide infusions, and hormone treatments. Nurses are able to leverage their credentials to directly go to patients in their homes, offices, or hotels. Nurses book patients through the app, which handles scheduling, payments, and compliance. Customer feedback consistently highlights the service as fast, professional, and highly convenient.

This segment not only drives transaction revenue but also strengthens Hydreight's nurse network and brand recognition.

Telemedicine & D2C Brands: Hydreight's VSDHOne platform lets consumer health brands launch nationwide telehealth offerings (GLP-1 weight loss, anti-aging, personalized wellness, genetic tests, and sexual wellness) in a matter of days. Hydreight provides the compliance and legal framework as well as a 50-state pharmacy network (503B & 503A pharmacy partners) to support these direct-to-consumer programs. This segment leverages Hydreight's regulatory and technology backbone, creating a scalable B2B revenue stream while driving prescription and fulfillment volume through the pharmacy network, allowing competitors like Him & Hers to quickly scale their businesses.

Hydreight MD / Clinical Infrastructure: Hydreight MD serves as the company's regulatory, clinical, and operational backbone. Hydreight MG is the infrastructure that enables compliant healthcare delivery across all 50 U.S. states. It provides physicians oversight, a legal framework, and clinical protocols that power both the Hydreight App (for nurses) and VSDHOne (for telehealth brands). Hydreight MD connects licensed medical directors, prescribing physicians, and nurse practitioners with the company's growing network of registered nurses and partner telehealth brands.

In essence, Hydreight MD is the compliance and clinical engine that allows Hydreight's other platforms to scale safely and legally, transforming regulatory complexity into a competitive advantage and barrier to entry for competitors.

Platform	Hydreight App	VSDHOne (White-Label Telehealth Platform)	Hydreight MD / Clinical Infrastructure
Primary Users	Independent nurses, med-spas, and wellness providers	Consumer health brands, influencers, and clinics	Physicians, medical directors, enterprise operators
Core Function	Mobile clinical operations platform for IV therapy, injectables, and wellness services	White-label SaaS platform for launching branded telehealth and D2C wellness programs	Regulatory, medical, and legal compliance layer supporting all Hydreight operations
Key Features	• Booking & scheduling • Payments & EMR integration • Pharmacy ordering & supply management • HIPAA-compliant patient records	• Custom storefront builder • Integrated doctor network & e-prescribing • 503B pharmacy fulfillment • Payment processing & patient management	• Physician-of-record management • Credentialing & medical oversight • EMR & billing integration • Corporate practice of medicine compliance
Strategic Purpose	Empowers nurses to run mobile, compliant healthcare practices — the “Uber for nurses.”	Allows partners to enter telehealth in days — a “Shopify for medical services.”	Provides the legal and operational backbone enabling Hydreight's network to operate in all 50 U.S. states.
Monetization Model	• Service fees on a per treatment basis • Partner / franchise licensing fees	• License fees to partner brands on a per state basis • Revenue share or per-order fee on pharmacy / telemedicine	• Physician-of-record / medical direction fees: • Pharmacy network fees • Lab test revenue

Each of Hydreight's platforms reinforces the others. The telehealth platform (VSDHOne) drives pharmacy and prescription volume, monetized through Hydreight's distribution partners. The Hydreight app creates direct patient engagement and brand loyalty, feeding

demand back into the ecosystem. All these sites are on top of Hydreight MD infrastructure for compliance.

Together, these platforms form a self-reinforcing growth loop where more nurses attract more patients and brand partners, which in turn generates more transactions and expands the network's reach. This synergy gives Hydreight a scalable, defensible position at the intersection of software, healthcare delivery, and digital wellness.

Outstanding management

Hydreight's founder and current CEO, Shane Madden, launched the company in 2018. He has since led Hydreight through the 2021 partnership/acquisition by Victory Square Technologies (VST) and the development and launch of all three of their software platforms. VST has been a major backer of the company and continues to provide it with guidance, including VST's CEO Shafin Tejani, who now serves as Hydreight's Board Chairman. Madden and team have been impressive thus far, including rapidly building and expanding their platforms at a time when the need for DTC healthcare is exploding. They seem to have gotten the timing exactly right on launching VSDHOne, as the rise of Hims & Hers has pushed the DTC healthcare business into the spotlight. Companies trying to copy Hims & Hers that want a quick way to gain a compliant technology platform to quickly offer their products across all 50 states.

Outside of organic growth, the company has been inquisitive as they continue to build out their capabilities and increase their margins along the way. Recent acquisitions have included a purchase of 5% of Perfect Scripts LLC, a 503A pharmacy, in September. Alongside the investment, the two companies will partner to establish a 503B pharmacy in the US. This is a move to vertically integrate the platform and expand the margin capture of the business, as Hydreight gains more control over pharmacy fulfillment and reduces their cost structure. Having preferential pricing from Perfect Scripts also helps Hydreight better manage drug/compound supply costs as they scale.

Shane noted in the press release, *"Bottom line: this is more margin, more protection, and more upside—the kind of infrastructure that expands our product lineup and positions Hydreight for a stronger valuation multiple."*

The company is also expanding its offering into AI with the acquisition announcement of the Dynamic IV Therapy Support AI Agent asset from Auxano. This AI agent will be used to support their IV offering to personalize and continually evaluate IV therapy.

Overall, the management team combines digital health experience, strong software leadership, an industry network, and a strategic investor backing in Victory Square.

Substantial long term growth prospects

Telehealth adoption remains robust in the post-pandemic landscape, and Hydreight has positioned itself squarely at the center of this ongoing shift. Consumer health brands are following Hims & Hers' lead into telehealth and direct-to-consumer (DTC) pharmacy at scale. This trend is likely to accelerate and become increasingly commoditized over the next

several years. Hydreight is exceptionally well positioned to benefit from this movement, offering a platform that normalizes in-home medical care by combining nurse mobility with digital convenience.

By 2025, Hydreight had signed over 400 licenses for its VSDHOne white-label telehealth system, demonstrating strong partner demand and rapid scalability. Comparable peers such as Hims & Hers, with over 2.2 million subscribers, underscore the potential of recurring digital healthcare ecosystems. Like Hims, Hydreight's long-term opportunity lies in expanding service breadth, deepening customer engagement, and leveraging AI to drive retention and lifetime value through recurring care models and cross-selling.

Hydreight is also capitalizing on the explosive GLP-1 weight management trend. With the global weight-loss market projected to exceed \$400 billion by 2030, the company has moved decisively into this category by launching both injectable and oral GLP-1 therapies. They have partnered with Dr. Franklin Joseph, a leading UK obesity specialist, to introduce a clinically validated weight-loss program for U.S. patients. This initiative positions Hydreight to capture demand from a rapidly expanding patient base seeking medically supervised, prescription-based weight management solutions at a reduced cost compared to traditional pharmaceutical companies.

Beyond weight management, Hydreight continues to broaden its service verticals. The company is rolling out new offerings in personalized genetic wellness, at-home diagnostic testing, and anti-aging injectables (like NAD+). The April 2025 announcements signaled rapid acceleration in VSDHOne's product expansion roadmap, extending Hydreight's total addressable market across multiple wellness categories. VSDHOne's 2025 forecast of 1.3m orders is truly just the beginning, as I believe at this pace they could be easily selling 1m pharmacy orders a month in a few years.

Reasonable valuation

Hydreight valuation is not unreasonable either, even despite the massive growth it has seen. Revenues have quickly scaled to \$50m ARR from nothing a few years ago. The timing is also very important, as the company just recently launch VSDHOne and has scaled it rapidly (as I noted they expect to get to 1.3m orders in 2025). VSDHOne has barely shown up in the financials yet, as it was a soft launch late last year and just began full roll out in Q2. The growth metrics are extremely strong with Q2 showing 77% growth in new Nurse signup compared to Q2 2024 and 48% growth in Number of pharmacy orders compared to Q2 2024.

The company is EBITDA breakeven at the current scale, and will increasingly become cashflow positive as they scale their platforms. Current analyst estimates for NTM EBITDA is \$13m, which would be an EV/EBITDA of 16x. I believe these numbers are low and I am internally modelling closer to \$20m of EBITDA in NTM, with over \$100m in revenue. I believe the company can make close to \$1/share of EPS by 2027 verse a current share price of \$4.1 CAD for NURS.v.

Because of the platform business model and the early growth trajectory of the business I believe that Hydreight should trade on a price to sales like that of other software platform companies which trade at 5x-8x EV/S NTM. My near-term target for Hydreight would be to trade at an EV/S of 3-4x over the next 12 months as the revenues accelerate with the VSDHOne platform, putting the value at \$8.2 - \$11/share, but I could see it garner an even higher multiple in the as the business scales.

Catalysts and Conclusion

Growth in this segment has been explosive, yet many investors remain unaware of Hydreight. If the company were listed on the Nasdaq, its strong execution and rapid growth would likely be attracting far more attention. Hydreight was recently ranked #9 on Deloitte's 2024 Canada Tech Fast 50 and #56 on the North American Fast 500, highlighting its exceptional performance. Its reputation as an "Uber-style medical tech" platform—frequently referenced in both consumer and provider reviews—continues to build brand momentum and strengthen its competitive position as it enters its next phase of growth.

The key catalyst on the horizon is the scaling of the VSDHOne platform, which has the potential to significantly accelerate awareness and excitement around the company.

Short Portfolio Summary

	Q3
Average Short Exposure	52.6%
Contribution (gross)	-14.6%

Best Performing	Q3 Contribution	Worst Performing	Q2 Contribution
Coreweave Options	1.4%	Rigetti Computing	-2.4%
Eve Holdings	0.6%	D-Wave Quantum	-2.2%
Opendoor	0.3%	IonQ Inc	-1.5%

The short portfolio performed poorly in the third quarter, as long quality long duration stocks pumped hard. A speculator bubble is clearly upon us, and this negatively affected our short book. In retrospect, amid an environment where many low-quality stocks skyrocketed by several hundred to over a thousand percent in Q3, the short book's 14.6% drag appears fairly contained. The market in Q3 specifically only drove up things with little to no revenues that were burning cash, almost as if the less "real" the business the better.

As noted in the Market Commentary section, I believe we are currently in the midst of a renewed speculative bubble—or "re-bubble." The short opportunity set has improved meaningfully, but it remains unclear when the market will begin to correct. For now, we are maintaining discipline and waiting for clearer signs that the re-bubble is nearing its end.

Top Holdings & Current Exposure

Long Portfolio	Industry/Segment	% of NAV	Short Portfolio	Industry/Segment	% of NAV
Kraken Robotics	Defense Technology	15.9%	D-Wave Quantum	Quantum Computing	-4.4%
Celebrite	Software	11.7%	Robinhood	Brokerage	-3.6%
Clearpoint Neuro	Medical Devices	11.5%	Tesla	Automotive	-3.4%
Mercado Libre	Ecommerce	10.1%	Carvana	Ecommerce	-3.3%
Sanuwave Health	Medical Devices	10.1%	Palantar	Software	-3.4%

At the end of the first quarter the fund held 20 long positions and 26 short positions. The fund ended the quarter with an exposure of 136% long and 47% short or an 89% net long exposure.

2 Year Anniversary

July marked the two-year anniversary of Deep Sail Capital welcoming outside investors. I want to sincerely thank all of you who have placed your trust in me over these past few years. Managing your capital is both a privilege and a responsibility that I take to heart every single day. It has been deeply rewarding to devote my time and energy to growing your investments thoughtfully and efficiently.

I'm genuinely excited about the decades ahead and the next 20 to 30 years of compounding your capital and building Deep Sail Capital into something truly enduring.

The fund remains open to accredited U.S.-based investors. If you or someone you know would like to learn more, please feel free to reach out to me at info@deepsailcapital.com.

Sincerely,



Sean
info@deepsailcapital.com

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“Deep Sail Capital Partners” returns in this document are shown as net returns or gross returns where stated. Historical net returns assume a 1.5% and 15% management and performance fee, respectively. For Net Returns of fees and expenditures figures please reach out to the fund manager at the email info@deepsailcapital.com.

“Deep Sail Capital LLC” name was changed on April 7th 2022 from the previous name “Organon Capital LLC”.

“Deep Sail Capital Partners LP” name was changed on April 6th 2022 from the previous name “Westropp Funds LP”.

* - “Strategy Since Inception” refers to the Strategy inception date of July 2016. Deep Sail Capital Partners LP’s predecessor incubator fund, “Westropp Funds LP” pivoted from a Value Investment style to a Growth at a Reasonable Price (GARP) style fund on that date. For more details on this transition or the calculation behind the “Strategy Since Inception” returns please reach out to the fund manager at info@deepsailcapital.com.