



**SNOWBALL
RESEARCH**

Snowball Research Notes

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Idea Generation Report

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What is the objective of the report?

It is not the scarcity of "money"; instead, it is the scarcity of "time" that underscores the importance of idea generation. Even if a fund manager has an army of analysts and a huge research budget, he/she is still required to "prioritize" the stock to spend time re searching and thinking—that's where "filters" play a significant role.

The stocks that we flag are worthy of "further research." In other words, the best outcome after reading our report is this – you pick a stock highlighted in the report for the next level of research and/or add it to your watch list.

We believe our time is well spent on highlighting interesting stocks. You pay for the information that isn't well-publicized.

What is the advantage? What is the expected outcome?

Hidden qualitative factors: Unlike focusing on quantitative data, we focus mostly on "qualitative information" to filter ideas. Our process is tied heavily to plenty of reading. As such, many qualitative factors that we highlight are typically hidden in quantitative screening techniques.

Most ignored section in the equity research process:

At one end of the spectrum, you have plenty of services that help in the "initial phase" of research to narrow down thousands of stocks with quantitative metrics, providing financial statements, ratios, etc. In the other segment of the services, you have free and paid services to review stock ideas.

Snowball Research focuses on the "most ignored" section in the equity research process: narrowing down ideas from plenty of screens.

SEVEN SCREENS

1. CEO/MANAGEMENT CHANGES

Every time a company (under \$2.5 billion Market Capitalization) appoints a new CEO, we research the track record of the CEO.

Every year, hundreds of new CEOs are appointed. CEOs who have an A+ track record get hidden among others.

By uncovering an excellent CEO, you can uncover a great investment idea. The newly appointed CEO is not a magician that is able to bring changes in the blink of an eye. It takes time to fix things. The CEO's impact can be noticed only in the long run. So, this provides ample time for value investors to research the stock.

Q&A

a. Isn't business more valuable than jockey?

Well, this is not a "business vs. jockey" debate. We are not arguing that the CEO is more important than the business. Our message is simple: a CEO with a good track record generally gravitates to good companies.

By tracking good CEOs, we can uncover unique investment ideas, and the odds of success are higher for a company that has appointed a CEO who has a proven track record.



b. Why reading the CEO's bio isn't sufficient?

Not all CEOs explain their achievements. We dig it out for you. Some CEOs' backgrounds are full of self-praise and obfuscations. We cross-check and validate their claims.

2. 8-K (KEYWORDS)

We predominantly use keywords to narrow down filings from the thousands of 8-K filings. The objective of this project is to capture "significant events" and "significant changes" that are not captured in the remaining screens that we run.

One example is to search for keywords like "strategic alternative" in SEC filings.

3. 13D/ACTIVISM

Even though we summarize all significant 13Ds filing, we flag companies with notable points - companies that experienced majority board changes, companies making substantial changes after activist involvement, significant settlement agreement terms and valuation insight, etc.

4. CHANGES AFTER APPOINTING NEW CEO

We research the changes the newly hired CEOs are making after their appointment. We manually read the SEC filings and conference call transcripts to find out the list of changes a CEO is making.

5. ACCOUNTING PROBLEMS

Accounting irregularities, restatement, delisting, and failure to file financial statements on time provides a unique opportunity to find both long and short ideas.

For long ideas, patience is required to identify the companies that emerge "clean" from the accounting problems. Typical characteristics include the termination of the responsible management/board members, consistent improvement in solving the accounting problem, and a solid business. A falling business that emerges from an accounting fiasco is not the right candidate. So, the ideal situation is to identify an operationally strong company that faces temporary airplane turbulence. For a short idea, identifying poor management/board's action and motivation is important.

6) INSIDER BUYING 7) PRICE CRASH

Self-explanatory.

INDEX

Letter

Random

1. [Comfort Systems USA \(FIX\): Solid FCF; Roll-up strategy; Under the tenure of the current CEO market cap increased by 15X; "Pure Service" is a small hidden gem](#)

8-K

2. [Warrior Met Coal \(HCC\): Signs of moat; Excellent FCF; Huge cash balance; Development of the Blue Creek Mine, one of the few remaining high-volatility A coal mines](#)

Price crash

3. [Universal Electronics \(UEIC\): Patent rich; Products installed in over 600 million devices; Stock trading near 10-year low; Massive buyback in the last 10 years; Toro 18 disclosed 8.7% stake](#)
4. [Zumiez Inc. \(ZUMZ\): 19 years of FCF; No debt; 14% of o/s shares repurchased in the last two years; Recent price crash](#)
5. [Matrix Service \(MTRX\): Depressed valuation; Recent stock price crash; Signs of recovery](#)
6. [1-800-FLOWERS.COM \(FLWS\): Price crash](#)
7. [TTEC Holdings \(TTEC\) is stuck with huge debt after recent acquisition spree; \[Heads-up series\]](#)
8. [Upland Software \(UPLD\): Generates FCF; Trading near 10-year low price; Risks in roll-up strategy \[Heads-up series\]](#)

13D

9. [Cutera: Trading below the purchase price of activist investors; First FDA-approved acne product could be a game changer](#)

Audit: NT fling

10. [Polished.com \(POL\): Pending quarterly/annual report; Thoughts on the current situation; Depressed valuation](#)

New CEO

11. [TransAct Technologies \(TACT\) appoints a new CEO who has good track record; BOHA platform is a hidden jewel; Interesting research by Maxim Bogomaz](#)
12. [Heron Therapeutics \(HRTX\) appoints new CEO with a history of selling companies; brought on board via settlement with activist investors; Kevin Kotler of Broadfin Capital joins the Board](#)

Short notes

13. [Nano-cap company, Ocuphire Pharma \(OCUP\), appoints an interim CEO who previously co-founded and served as CFO of a pharmaceutical firm acquired by GSK for \\$5.1 billion \(Ultra short notes\)](#)
14. [Battalion \(BATL\) appoints a new interim CEO who recently led the sale of an oil and gas company for \\$465M \(Ultra short notes\)](#)
15. [GoodRx's new interim CEO is a former CEO of Godaddy \(Ultra short notes\)](#)
16. [FARO Technologies \(FARO\) appoints a new interim CEO with good track record \(ultra-short notes\)](#)

Audit risk

17. [CEO & CFO Turnover](#)
18. [RBB Bancorp \(RBB\): A director resigned expressing dissatisfaction](#)
19. [Lifeway Foods, Inc. \(LWAY\): A director resigned expressing dissatisfaction](#)
20. [Interim to Permanent: Risk alerts - CEO & CFO Appointments 2020-2021 \(Pilot study\)](#)
21. [NT filings – currently pending](#)

Activism

22. [13D Summary - June 2023 to July 21, 2023](#)

Letter

Dear clients,

Audit risks

Over the past few months, we've broadened our research to more effectively identify and alert on audit risks, especially those companies that delay their 10-K and/or 10-Q filings.

In this report, we've compiled a list of companies that have yet to submit their pending 10-K/Q filings.

Our focus is strictly on companies with a market capitalization under \$5 billion and minimum revenue of \$15 million.

Pilot project

We initiated a pilot project aimed at pinpointing companies that experience delays in appointing key executives, specifically CEOs and CFOs.

The process we followed is as below:

- a) We shortlisted all interim CEO and CFO appointments made during 2020 and 2021.
- b) From this list, we identified companies that have not yet appointed a permanent CEO or CFO, as well as those that took 12 months or more to finalize such appointments.

If you have any comments/suggestions, please let me know.

Best regards,
Raghuraman.S.S
Head of Research, Snowball Research

Comfort Systems USA (FIX): Solid FCF; Roll-up strategy; Under the tenure of the current CEO market cap increased by 15X; “Pure Service” is a small hidden gem

- M.Cap: \$6 billion | Debt: \$4.4 billion | Cash: \$49 million | EV: \$6.17 billion
- EV/Revenue: 1.39X
- Volume: 168,110
- Major shareholders: Blackrock - 16.82% | Vanguard - 11.73% | Capital World Investors - 6.15% | State Street Corp. - 3.42% | Dimensional Fund - 3.35% | Invesco - 2.29% | Alliancebernstein - 2.26%.
- Screen: Random

I. Basics

The company provides mechanical and electrical contracting services.

Mechanical segment (77% of total revenue)

- Services include heating, ventilation and air conditioning (“HVAC”), plumbing, piping and controls, as well as off-site construction, monitoring and fire protection.

Electrical segment (23% of total revenue)

- Services include installation and servicing of electrical systems. The company build, install, maintain, repair and replace mechanical, electrical and plumbing systems throughout its 42 operating units with 169 locations in 128 cities throughout the United States.

Revenue split-up

- New construction: 49%
- Renovation/expansion/maintenance: 51%

Market size

- As per the company’s estimate, the commercial, industrial, and institutional mechanical and electrical contracting generates annual revenue in the United States of approximately \$350 billion.

II. Research

1 Largest specialty contractor

- The company is the 9th largest specialty contractor.
- <https://www.enr.com/toplists/2021-Top-600-Specialty-Contractors-Preview>

2. Solid financials

- Revenue grew from \$1.1 billion in FY 2010 to \$4.4 billion in LTM March 2023.
- During the same period, operating income increased by 14X, from \$20 million to \$289 million in LTM March 2023.

(\$, mm)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	LTM March 2023
Revenue	1357	1411	1581	1634	1788	2183	2615	2857	3074	4140	4430
Gross profit	240	250	318	344	366	446	502	547	563	742	794
Income from operations	46	42	90	102	99	150	164	191	188	254	289
Net income	27	23	49	65	55	113	114	150	143	246	216

3. Solid FCF

(\$, mm)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	LTM 2023	March
CFO	38	43	98	91	114	147	142	287	180	302	365	
Capex	17	19	21	23	35	27	32	24	22	48	56	
FCF	21	23	77	68	79	120	110	262	158	253	309	

4. Roll-up strategy

- For the past 12 years, the company has spent over \$1.3 billion on acquisitions.

Business name	Cost (\$, mm)	Date
Eldeco, Inc.	74	February 2023
Atlantic Electric, LLC	48	April 2022
MEP Holding Co., Inc.	57	December 2021
Service and controls business in Kentucky	21	December 2021
Ivey Mechanical Company, LLC	79	December 2021
Amteck Holdco LLC	139	August 2021
Mechanical contractor in Utah	18	1st quarter 2021
Tennessee Electric Company, Inc.	89	December 2020
TAS Energy Inc.	170	April 2020
Electrical contractor in North Carolina	42	1st quarter 2020
Walker TX Holding Company, LLC	235	April 2019
BCH Holdings, Inc.	121	April 2017
Environmental Air Systems, LLC (40%)	47	January 2016
ShoffnerKalthoff family of companies	20	1st quarter 2016
DynaTen Corporation	41	May 2014
Environmental Air Systems, LLC (60%)	30	November 2011
ColonialWebb Contractors Company	110	July 2010

5. Stellar CEO

Brian E. Lane, CEO since December 2011

- 15X growth: Under the tenure of Mr. Lane, the company's market cap increased from \$400 million in December 2011 to the current market cap of \$5.8 billion.
- Ownership: Negligible

6. Pure Service: high margin and growing

- "Pure service" includes maintenance and repair.
- Pure service enjoys significantly higher gross margins
- The company has made substantial investments to expand its service and maintenance revenue. Growing its sales force and building service capabilities over the past several years is a major contributor for the improved financial performance.

(\$, mm)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Revenue	1357	1411	1581	1634	1788	2183	2615	2857	3074	4140
Pure service revenue as a % of total revenue	17%	18%	18%	18%	19%	NA	15%	13%	13%	13%
Pure service revenue	231	254	284	294	340	NA	392	371	400	538

- In absolute value, the 'pure service' segment revenue is constantly growing
- Note: You can find "pure service" data from conference calls.

OUR COMMENTS

The company's prudent roll-up strategy involves using debt, but it successfully generates free cash flow, which is employed to repay the incurred debt.

Since January 2019, the company has acquired businesses totaling \$970 million, while successfully maintaining stable debt levels and even reducing them to a 4-year low.

Debt

(\$, mm)	FY 2019	FY 2020	FY 2021	FY 2022	QE Mar 2023
Total debt (excluding lease liabilities)	226	235	388	256	210

We're still willing to borrow and we'll be paying down the little bit of debt we have pretty quickly. But you know what, we don't – we're not going to force acquisitions, we still think overtime we can average the growth that we have in the pass through acquisitions. – Q4 2015

Even with our acquisition expenditures, we were able to reduce our debt to less than one turn of trailing 12-month EBITDA. – Q4 2020

When Mr. Lane took charge as CEO, the company generated \$20million. He grew the business steadily to become a business that generates \$300 million of FCF.

Now, with \$300 million of FCF, he can acquire larger businesses and continue to grow the business at a much higher rate.

Overall-

The crux of the research is tied to finding the length of the runway, i.e., how big the market is and how long the CEO can continue to acquire companies.

The thesis does not revolve around short-term price corrections or any speculative "catalyst" that could unlock the stock price.

The stock has the capacity for substantial growth, with the momentum of the roll-up strategy capable of snowballing into a much larger organization. This stock is strictly for long-term investment.

FURTHER RESEARCH

TOP 100 CONTRACTORS

https://www.phcpropros.com/ext/resources/documents/p/h/c/0/phc04_2012.pdf

Page 28

<https://www.enr.com/toplists/2021-Top-600-Specialty-Contractors-Preview>

CAPITAL RETURNED

(\$ in thousands)

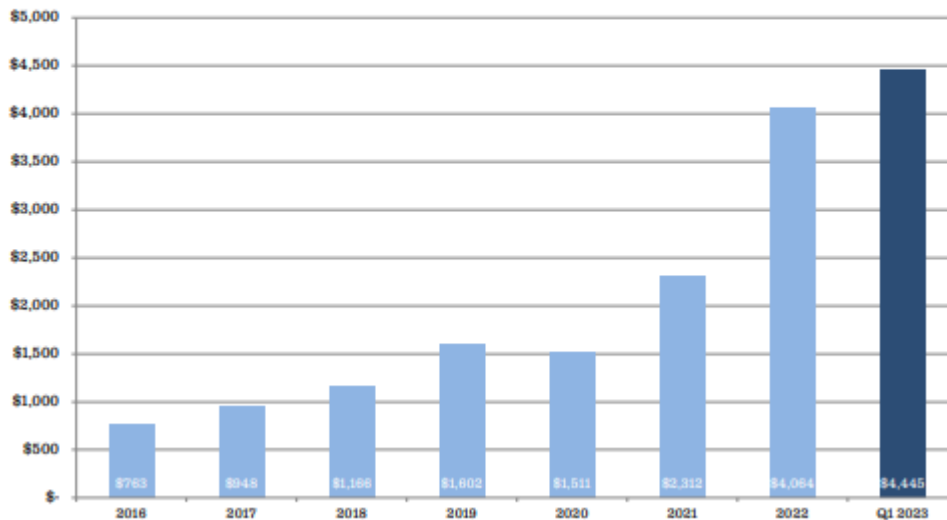
FISCAL PERIODS	SHARE REPURCHASES	DIVIDENDS	CAPITAL RETURNED
2015	\$8,330	\$9,358	\$17,688
2016	\$13,088	\$10,264	\$23,352
2017	\$9,007	\$10,987	\$19,994
2018	\$28,533	\$12,268	\$40,801
2019	\$19,550	\$14,543	\$34,093
2020	\$30,120	\$15,499	\$45,619
2021	\$27,054	\$17,384	\$44,438
2022	\$38,216	\$20,077	\$58,293

10



CONSTRUCTION BACKLOG

(\$ in millions)



Warrior Met Coal (HCC): Signs of moat; Excellent FCF; Huge cash balance; Development of the Blue Creek Mine, one of the few remaining high-volatility A coal mines

- M.Cap: \$2.12 billion | Debt: \$326 million | Cash: \$871 million | EV: \$1.57 billion
- EV/Revenue: 0.84X
- Volume: 447,292
- Major shareholders: Vanguard - 14.14% | Blackrock - 13.88% | KGH Ltd - 4.48% | FMR, LLC - 4.36% | L1 Capital - 3.98% | State Street Corp. - 3.59%
- Screen: 8-K

I. BASICS

- The company is a large-scale producer and exporter of premium quality met coal, also known as hard coking coal (“HCC”), operating highly-efficient longwall operations in its underground mines based in Alabama, Mine No. 4 and Mine No. 7.
- As of December 31, 2022, based on a reserve report prepared by Marshall Miller & Associates, Inc., Mine No. 4 and Mine No. 7, the company’s two operating mines, had approximately 89.0 million metric tons of recoverable reserves and the undeveloped Blue Creek mine contained 68.2 million metric tons of recoverable reserves and 39.2 million metric tons of coal resources exclusive of reserves, which total 107.4 million metric tons.

II. WHAT WE LIKE

1. Signs of moat: premium met coal; higher price realization; low-cost producer; Proximity to export terminal

- Pure play met coal: The company is a pure play met coal producer focused on premium met coal products. Unlike other publicly traded companies, the company generates substantially all of its revenue from the sale of premium met coal in the global seaborne markets.
- What is met Coal? Unlike thermal coal which is used for power generation, met coal has a few unique physical properties and is used exclusively for the production of steel.
- Low cost producer: The company believes that Mine No. 4 and Mine No. 7 are two of the lowest cost met coal mines in North America.
- Premium pricing:
 - The premium nature of the company makes it ideally suited as a base feed coal for steel makers and results in price realizations near or above the S&P Global Platts Index.
 - The company claims that since the company is focusing on premium met coal, it is able to achieve higher realized prices and operating margins relative to other U.S. met coal producers.
- Proximity to export terminal; Fastest delivery to Europe
 - The company’s two operating mines and Blue Creek are located approximately 300 miles from its export terminal capacity in Mobile, Alabama and have alternative transportation routes to move its coal to port. The company’s proximity to port and the flexibility of its logistics networks underpin its logistical cost advantage compared to other U.S. met coal producers.

- Furthermore, in contrast to a 5-week shipping duration from Australia, the company can efficiently transport its products to Europe within a mere two weeks.

Delivered cost advantage into Europe based on ~2 week transport time vs. ~5 weeks from Australia



2. Solid balance sheet;

- Cash: \$870 million
- Debt: \$295 million
- This excludes lease liabilities of \$30.5 million
- **NOL:** The company's cash flows would benefit from a low cash tax rate until its NOLs are fully utilized or expire.

3. No pension/OPEB liabilities

- The company claims that unlike other U.S. coal producers in the peer group, the company has no pension or OPEB legacy liabilities.
- With minimal legacy liabilities, the company is not burdened by the annual fixed obligations that are typically associated with these types of liabilities.

4. Solid free cash flow

(\$, mm)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	LTM Mar 2023	3M Mar 2022	3M Mar 2023
Revenues	1169	1378	1268	783	1059	1739	1870	379	510
Operating Income	423	508	383	-27	244	801	824	187	210
Net Income	455	697	302	-36	151	641	677	146	182
Free cash flow									
Cash from Operations	435	559	533	113	352	842	965	70	193
Purchase of property, plant and equipment	93	102	107	88	58	205	263	11	68
Deferred mine development costs	0	9	23	27	14	49	54	10	15
Capital Expenditure	93	111	116	111	85	219	281	20	83
Free cash flow	342	449	417	2	267	623	684	50	110

III. WHY ARE WE FLAGGING THIS?

Development of Blue Creek: One of the last remaining large scale untapped premium high volatility A coal

• Re-launched

- In early 2020, the company announced the development of its Blue Creek reserves, an undeveloped mine that contains 68.2 million metric tons of recoverable reserves and 39.2 million metric tons of coal resources exclusive of reserves, which total 107.4 million metric tons.
- Due to the pandemic & labour strike, the project was put on hold.
- In May 2022, the company announced the re-launch of the development of Blue Creek mine.
- Blue Creek represents one of the last remaining large scale untapped premium quality, high volatility A coal reserves in the U.S.
- The company believes that high volatility A coals will continue to become increasingly scarce as a result of Central Appalachian producers mining thinner and deeper reserves, which is expected to continue to support prices.
- Project data
 - Expected annual run-rate production: 4.8Mst (million short ton) of premium quality, high-CSR met coal.
 - NPV is approximately \$1 billion over the life of the mine
 - Projected after-tax IRR: ~30%
 - Payback: approximately two and a half years from initial longwall production.
- Investment
 - The company invested approximately \$47 million in Blue Creek project in 2022.
 - The company expects to invest roughly \$250 million in FY 2023 for the development of Blue Creek.

Based on the current schedule, we expect the first development tons from continuous miner units to occur in the third quarter of 2024, with the longwall scheduled to start up in the second quarter of 2026. – Q1 2022

COMMENTS

While we lack extensive experience in evaluating mining companies, the development of the Blue Creek project caught our attention.

1) Based on the below two facts, the current EV of \$1.57 billion looks cheaper.

Fact A

In the last 6 years and 3 months, the company generated cumulative free cash flow of \$2.16 billion.

Fact B

Based on an assumed met coal price of US\$150/t, the projected net present value (NPV) of Blue Creek is approximately US\$1 billion over the life of the mine.

2) As of Q1 2023, the company has accumulated a massive cash balance of \$870 million. Given the huge cash balance, the company can fund the Blue Creek project without raising debt.

Universal Electronics (UEIC): Patent rich; Products installed in over 600 million devices; Stock trading near 10-year low; Massive buyback in the last 10 years; Toro 18 disclosed 8.7% stake

- M.Cap: \$142 million | Debt: \$104 million | Cash: \$57 million | EV: \$189 million
- EV/Revenue: 0.36X
- Volume: 69,632
- Major shareholders: Blackrock - 6.56% | Manufacturers Life Insurance - 5.55% | Dimensional - 5.46% | William Blair Investment Management - 4.47% | Ameriprise Financial - 4.39% | Vanguard - 4.28% | Millennium Management - 4.11%.
- Screen: Price crash

RESEARCH

I. CURRENT CHALLENGE

The company develops and manufactures control and sensor technology solutions, as well as a broad line of universal control systems, audio-video ("AV") accessories, wireless security, and smart home products. These products are utilized by the world's leading brands in the video services, consumer electronics, climate control, security, safety, home automation, and home appliance markets.

Stagnant financials

- In the last 10 years, revenue has hovered between \$500 million to \$760 million.
- Operating profit has consistently declined since 2014 to 2018. After two years of recovery, operating profit started to decline again from 2021.

(\$, mm)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	LTM Mar 2023
Total revenue	529	562	603	651	696	680	753	615	602	543	519
Gross profit	151	167	167	164	166	142	170	176	173	152	141
Operating Income	32	41	36	25	11	-2	15	37	23	15	-44
Net income	23	33	29	20	-10	12	4	39	5	0	-58

II. WHY ARE WE FLAGGING THIS?

1. Signs of moat

- QuickSet: Installed in over 600 million devices.
 - Launched in 2008, QuickSet® has been deployed in over 600 million devices.
 - QuickSet is a software application that can be embedded in any entertainment or smart home device or set-top box to enable universal device setup and control.
 - QuickSet Cloud technology enables remotes to recognize any brand of connected audio or video equipment.

- QuickSet and QuickSet Cloud are integral components of major TV and TV operator systems.
- Today, QuickSet smart home services power the technology behind the Home Dashboard of LG TVs.
- Example: The company's QuickSet is installed in a Samsung TV. Upon connecting an HDMI cable to the Samsung TV, the TV swiftly recognizes the device and automatically switches to it.
- Market share:
 - As per the company's 2018 report, the company enjoyed over an 80% market share in voice remote.
 - The company is a worldwide leader in the growing market for entertainment (voice) remote controls.
- Major customers are leading players in respective industry
 - The HVAC channel boasts 7 major brands, which together represent 30% or more of the market.
 - Licensees of QuickSet:
 - Smart TV manufacturers: Samsung, LG, Sony
 - Game console manufacturer: Sony (PlayStation 5 remote control)
 - Others: Comcast Corporation, Charter Communications, TiVo, DIRECTV and DISH Network Corporation
- Patent-rich company
 - The company holds more than 600 issued and pending patents.
 - The company is recognized as an innovator in smart thermostat and sensing technology.
 - A few months back, the U.S. Court of Appeals for the Federal Circuit upheld the decision of the Patent Trial and Appeal Board (PTAB), stating that Roku, Inc. failed to prove the obviousness of Universal Electronics, Inc.'s patent claims. <https://ipwatchdog.com/2023/04/02/newman-dissents-precedential-cafc-ruling-upholding-universal-remote-patent-claims/id=158832/>

2. Buyback

- In the last 10 years (2013 to 2022), the company spent roughly \$267 million on share buybacks.

(\$, mm)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Buyback	4	16	89	13	39	14	2	18	60	13

3. Free cash flow

(\$, mm)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	LTM Mar 2023	3M Mar 2022	3M Mar 2023
CFO	31	63	26	50	9	13	85	73	40	11	27	-18.0	-2.0
Capex	10	17	33	41	40	20	21	17	13	14	15	1.8	3.3
FCF	20	47	-7	9	-31	-7	64	57	28	-3	11	-19.8	-5.3

EV

- M. Cap: \$140 million
- Debt: \$85 million
- Cash: \$57 million
- EV: \$168 million

In the last 10 years (2013 to 2022), the company generated a cumulative free cash flow of \$177 million i.e., after adjusting for the negative free cash flow.

4. Stock price crash

Currently, the company is trading near its 10-year low. In the past decade, the stock has never traded below \$20. However, the current price is roughly \$11.

III. OUR COMMENTS

This is a company that holds 600 patents in major consumer electronics segments, including smart TV remote, gaming console remote, and HVAC.

In the last ten years, the company generated positive free cash flow in six out of those years. The average free cash flow for those six years is approximately \$38 million.

Yet the company is currently trading at an enterprise value (EV) of a meager \$168 million.

A few weeks back, Toro 18 filed SC 13D, disclosing a stake of 8.7% in the company.

Eric Singer serves as the CEO of Toro 18, while William C. Martin holds the position of Chief Strategy Officer at Toro 18.

The filing did not contain any explicit demands or requests.

With insiders holding approximately 5% of the company's shares (excluding stock options) and the state of incorporation being Delaware, the activist investor possesses the potential to exert influence over the board.

To be clear, the thesis is not built around activism. Upon preliminary analysis, the stock appears to be trading at a depressed valuation. The potential activist involvement could serve as an added advantage and act as a catalyst in realizing the stock's potential.

Others

- Customer concentration
 - Comcast Corporation: 14.5%
 - Daikin Industries: 14%
- Paul D. Arling: CEO since October 2000
 - Ownership: 1.9% (excluding stock options)
- Further reading
 - Initiating coverage report (2021)
 - http://imperialcapital-sic.com/wp-content/uploads/2021/12/Universal-Electronics-Initiating-Coverage_June-2021.pdf

Zumiez Inc. (ZUMZ): 19 years of FCF; No debt; 14% of o/s shares repurchased in the last two years; Recent price crash

- M.Cap: \$356 million | Debt: \$246 million | Cash: \$155 million | EV: \$447 million
- EV/Revenue: 0.49X
- Volume: 319,996
- Major shareholders: Blackrock - 14.37% | Thrivent Financial For Lutherans - 8.72% | Dimensional - 8.28% | Massachusetts Financial - 7.46% | Vanguard - 7.22% | State Street Corp. - 4.10% | Fort Washington Investment - 2.73%.
- Screen: Price crash

I. BASICS

- The company is a leading specialty retailer of apparel, footwear, accessories, and hardgoods for young men and women who want to express their individuality through the fashion, music, art, and culture of action sports, streetwear, and other unique lifestyles.
- The company's stores are located mostly in shopping malls.
- Target customer's age: 12 to 24
- Breakup of revenue

	FY 2023
Men's Apparel	43%
Hardgoods	13%
Accessories	18%
Footwear	15%
Women's Apparel	11%

- Others: For fiscal 2022, 2021 and 2020, the company's private label merchandise represented 18.4%, 13.3%, and 11.4% of our net sales, respectively.

II. WHY ARE WE FLAGGING THIS?

Fashion is a challenging business.

Moreover, fashion apparel and accessories, being discretionary expenses, have recently faced headwinds.

So, why are we highlighting this?

1. Generated 19 year of consistent free cash flow

- In the last 20 years (FY ended Jan 2004 to FY 2023), the company has reported positive free cash flow for all years except for the recent FY 2023.
- In the last 10 years (FY 2013 to FY 2022), the company generated a cumulative free cash flow of \$574 million.

(\$, mm)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Cash from Operations	66	67	90	49	48	66	65	106	138	135	0
Capital	41	36	36	35	20	24	21	19	9	16	26

expenditure											
Free cash flow	25	31	54	14	28	41	44	87	129	119	-26

2. Strong balance sheet

- No debt
- Cash: \$155 million

3. Consistent growth

- Richard M. Brooks was appointed as CEO in June 2000.
- Under Mr. Brooks' watch, revenue grew from \$84 million in FY 2001 to approximately \$958 million in FY 2023.

(\$, mm)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Revenue	669	724	812	804	836	927	979	1034	991	1184	958
Gross profit	241	262	287	269	275	310	336	367	350	457	325
Operating income	69	73	72	46	40	49	61	86	97	158	31
Net income	42	46	43	29	26	27	45	67	76	119	21

- The number of stores increased from 500 in FY 2013 to 758 in FY 2023.

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Total store count	500	551	603	658	685	698	707	718	721	739	758

4. Solid digital presence

- The company has over 1.1 million followers on Instagram.
- The company's website attracts over 2.9 million visitors per month.

5. Long history; depth of offering; exclusive brands

- The company has been in business for approximately 45 years.
- The breadth of merchandise offered through its sales channels exceeds that offered by many of the company's competitors and includes some brands and products that are available exclusively from the company.
- 100 new brands every year

- The company launches 100 new brands each year to stay competitive

We remain focused on executing many of the long-term strategies that have driven our results for 45 years, including launching over 100 new brands each year to bring the newness and excitement that our customers expect while also focusing on the critical role our sales teams play in delivering a highly differentiated and highly localized product mix and sales experience.

6. International growth

- The company is aggressively expanding its operations in the international market, particularly in Europe and Australia.
- Revenue from international markets grew from 8% of total revenue in FY 2013 to 21% of total revenue in FY 2023.

Store count

Store Count	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
USA	472	511	550	592	603	607	608	607	602	604	608
Canada	20	28	35	42	48	50	50	52	52	52	51
Europe	8	12	18	24	29	34	41	48	54	66	78
Australia	0	0	0	0	5	7	8	11	13	17	21

Total	500	551	603	658	685	698	707	718	721	739	758
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- **Revenue break-up**

(\$, mm)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
USA	619	644	708	690	711	774	814	856	813	978	754
Foreign	50	80	103	115	125	153	164	178	178	205	205
Total sales	669	724	812	804	836	927	979	1034	991	1184	958
Foreign as a % of total revenue	8%	11%	13%	14%	15%	17%	17%	17%	18%	17%	21%

7. Management quality

- **Long-tenure**

- Richard M. Brooks, CEO, since June 2000
- Christopher C. Work, CFO, since August 2012
- Thomas D. Campion, Co-founder (Chairman, since June 2000)

- **Ownership**

- CEO: 13%
- Campion, Chairman & Co-founder: 5%

- **The top management team has overseen recession**

We've led into the recession in '08 and '09. We came out much stronger out of the recession than what happened to us during the recession. So we're looking at some of those periods anticipating there'll be a recovery in our North America business. – CEO, Q1 2023

Our team has navigated economic down cycles before and while each cycle has some unique characteristics, the one constant is that they eventually turn positive and Zumiez has historically outperformed the market on the way up. – CFO, Q4 2022

- **Discipline**

- The management doesn't expand its store count hastily.
- We've always had a list of I think roughly 40 locations that we wanted to be in, but we either couldn't -- we didn't believe we could afford the deals that the landlords had for us, or that we couldn't find a good location that we would want in those centers

8. 14% of o/s shares repurchased in the last two years

- In the last two years, the company repurchased shares worth \$282 million from the massive free cash flow it generated in FY 2021 and FY 2022.

9. Price crash and depressed valuation

- The company is currently trading at a 5-year low price.
- In the last 10 years (FY 2013 to FY 2022), the company generated a cumulative free cash flow of \$574 million. Yet, the current enterprise value is \$420 million (including lease liabilities).

- **Comp**

- Tilly's (TLYS): \$358 million
 - EV/Revenue: 0.55X
 - 0.46 million followers in Instagram - <https://www.instagram.com/tillys/?hl=en>
- Zumiez Inc. (ZUMZ): \$426 million
 - EV/Revenue: 0.46

- 1.1 million followers in Instagram
<https://www.instagram.com/zumiez/?hl=en>

COMMENTS

In two years (FY 2021 and FY 2022), the company capitalized on strong consumer spending, which was buoyed by record levels of savings due to U.S. stimulus and child tax credit measures

Now, the company is facing declining demand, high operating costs, a continued tight labor market and unfavorable changes in foreign currency exchange rates. Moreover, the company is facing industry-wide discounting.

Nevertheless, the management has demonstrated resilience, with the company remaining profitable over the last two decades and consistently generating positive free cash flow.

Given this history, we believe the management team can navigate the current headwinds, and the company will emerge stronger from these challenges.

Matrix Service (MTRX): Depressed valuation; Recent stock price crash; Signs of recovery

- M.Cap: \$169 million | Debt: \$41 million | Cash: \$48 million | EV: \$162 million
- EV/Revenue: 0.2X
- Volume: 138,693
- Major shareholders: First Wilshire Securities - 8.17% | Harvey Partners - 6.13% | Bank Of New York Mellon - 5.06% | Royce & Associates - 5.04% | Dimensional - 5.02% | Vanguard - 4.52% | Azarias Capital - 4.43%.
- Screen: Price crash

RESEARCH

1. Segment basics

Utility and Power

Infrastructure

- This segment provides high voltage services to investor owned utilities, including construction of new substations, upgrades of existing substations, short-run transmission line installations, distribution upgrades and maintenance, as well as emergency and storm restoration services.

(\$, mm)	FY 2019	FY 2020	FY 2021	FY 2022	LTM	9M ended Mar 2022	9M ended Mar 2023
Revenues	250	212	210	220	179	171	130
Revenue growth		-15%	-1%	5%	-19%		-24%
Gross Profit	21	7	2	-9	5	-7	7
Operating Income	11	-31	-10	-23	-3	-19	1

Process and Industrial Facilities

- This segment provides turnarounds, plant maintenance, engineering and capital construction services to customers primarily in the downstream and midstream petroleum industries. The company also offer industrial cleaning services including hydro-blasting, hydro-excavating, advanced chemical cleaning and vacuum services.

(\$, mm)	FY 2019	FY 2020	FY 2021	FY 2022	LTM March 2023	9M ended Mar 2022	9M ended Mar 2023
Revenues	654	422	200	255	359	163	267
Revenue growth		-35%	-53%	27%	41%		64%
Gross Profit	59	36	18	9	5	7	2
Operating Income	32	-11	-1	-10	-23	-9	-22

Storage Solutions

- The company offers engineering, fabrication and construction, maintenance and repair services to both tanks and full terminals. This consists of work related to aboveground storage tanks ("ASTs") and terminals and other specialty storage tanks and terminals including liquefied natural gas ("LNG"), liquid nitrogen/liquid oxygen ("LIN/LOX"), liquid petroleum ("LPG"), other specialty vessels.

2. Industry leading position:

- The company claims that it enjoys a long-standing reputation as a leading solutions provider. In fact, in Q4 2020 CC, the company's executive mentioned that the company dominates crude-related storage and terminal markets.

3. Financial performance

- Given the nature of the business, the company's financial performance is affected by the commodity price and macroeconomic environment.
- Roller Coaster ride: After revenue declined from \$731 million in FY 2008 to 550 million in FY 2010, the company's revenue consistently increased to \$1.3 billion in FY 2015. During 2016 to 2018, the company's revenue consistently declined. After solid recovery in 2019, the company started to experience declining financial performance since the pandemic.
- Historically profitable: From 2010 to 2019, the company experienced positive operating income in nine out of ten years.

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	LTM March 2023
Revenue (\$, mm)	550	627	739	893	1263	1343	1312	1198	1092	1417	1101	673	708	790
Growth		14%	18%	21%	42%	6%	-2%	-9%	-9%	30%	-22%	-39%	5%	12%
Gross profit	52.9	74.9	79.6	95	136	87	126	81	92	132	102	33	-1	17
EBIT	7.8	30.9	31.6	37	59	9	41	5	-10	38	-37	-44	-88	-68
Net income	4.9	18.9	17.2	24	37	-2	26	0	-11	28	-33	-31	-64	-39

4. Positive FCF

- From 2010 to 2020, the company experienced positive operating income in eight out of eleven years.

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	LTM March 2023
CFO (\$, mm)	4	23	3	57	77	26	34	-19	75	41	44	-3	-54	-29
Capex	5	10	14	23	24	16	14	12	9	20	19	4	3	8
FCF	-1	12	-11	34	53	10	20	-31	66	22	26	-7	-58	-38

5. Family

- James F. McCann founded the company and served as its CEO from its inception until June 2016.
- Christopher G. McCann, the founder's brother, is the current CEO.
- McCann Family Group holds 26.5% of the Class A shares. Both James and Chris McCann own 100% of the Class B shares.

CURRENT CHALLENGES

The company is grappling with declining revenue, dwindling profitability, and negative free cash flow.

Delays in the commencement of certain backlogged projects and postponements in the awarding of larger projects have adversely affected its operating results. Despite substantial reductions in its cost structure, the company hasn't generated sufficient revenue to cover construction overhead and SG&A expenses fully.

OUR COMMENTS

Cyclical business

The company notes that it typically exhibits a lag in responding to changes in commodity pricing, macroeconomic developments, and client sentiment, both positive and negative. Historically, it has been the last to experience the effects of these cycles, both in terms of being impacted and recovering from them.

For instance, between mid-2014 and early 2016, the global economy witnessed a 70% drop in prices. This was one of the three steepest declines since the end of World War II. In the Q4 2018 conference call, the CEO stated that although the oil price began its recovery from early 2016, the company only started to see its own recovery from mid-2018.

Signs of recovery

- Backlog

- The current quarter backlog is the highest in the last three years.

(\$, mm)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	March 2023
Backlog	916	1421	869	682	1219	1098	758	463	589	832
Book-to-bill ratio	1.4	1.4	0.6	0.9	1.5	0.9	0.8	0.7	1.2	1.7

- Revenue growth

- From the table below (highlighted in yellow), you can observe that the company's revenue has grown over the past five quarters. Notably, in the last three quarters, the revenue exceeded that of the corresponding quarters in FY 2021 and FY 2022.

- Quarterly revenue

	2019	2020	2021	2022	2023
<u>Q1 (Sep ended)</u>					
Revenue	318.5	338.1	182.8	168.1	208.4
Revenue growth		6%	-46%	-8%	24%
<u>Q2 (Dec ended)</u>					
Revenue	340.6	318.7	167.5	162.0	193.8
Revenue growth		-6%	-47%	-3%	20%
<u>Q3 (March ended)</u>					
Revenue	358.9	248.3	148.3	177.0	186.9
Revenue growth		-31%	-40%	19%	6%
<u>Q4 (June ended)</u>					
Revenue	398.7	195.8	174.9	200.7	
Revenue growth		-51%	-11%	15%	

Depressed valuation

The company has an enterprise value of \$147 million and is trading at a significantly lower valuation compared to its peer group.

Name	Revenue	EV/Revenue	Biz
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Quanta Services (PWR)	17500	1.80	Electric Power Infrastructure Services/Pipeline and Industrial Infrastructure Services
MasTec (MTZ)	10410	1.19	Infrastructure construction company
Comfort Systems USA (FIX)	4430	1.35	Mechanical and electrical installation, renovation, maintenance, repair
Granite Construction (GVA)	3210	0.52	Infrastructure contractor
Primoris Services (PRIM)	4890	0.57	Specialty contractor - Power, Industrial, and Engineering; Pipeline and Underground
MYR Group Inc. (MYRG)	3180	0.70	Electrical construction services
Matrix Service (MTRX)	789	0.17	Engineering, fabrication, construction, and maintenance services

Overall-

The crux of the research is linked to the recovery in the target market served by the company.

1-800-FLOWERS.COM (FLWS): Price crash

- M.Cap: \$507 million | Debt: \$285 million | Cash: \$52 million | EV: \$740 million
- EV/Revenue: 0.35X
- Volume: 359,592
- Major shareholders: Blackrock - 8.09% | Aristotle Capital - 5.16% | Dimensional - 4.84% | Fund 1 Investments - 3.88% | Vanguard - 3.69% | Peregrine Capital - 2.56% | Gamco - 2.48%.
- Screen: Price crash

1. Basics

- The company is one of the most recognized brands in the floral and gift industry.
- The company has extended its product offerings beyond the floral category into complementary products, which include gourmet popcorn, cookies, and related baked and snack food products.

(\$, mm)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	LTM
<u>Consumer Floral & Gifts segment</u>											
Revenue	412	421	422	418	437	457	498	593	1025	1060	971
Operating Income	47	40	44	51	52	51	50	74	129	104	91
<u>BloomNet segment</u>											
Revenue	82	84	86	85	88	90	103	112	143	146	142
Operating Income	26	27	29	31	32	32	35	35	46	43	40
<u>Gourmet Foods & Gift Baskets segment</u>											
Revenue	243	252	614	670	671	606	648	786	956	1004	993
Operating Income	20	27	75	79	77	71	82	111	149	62	3

2. Leading player; Massive online traffic

- The company attracted 3.6 million online visitors in the recent month. On an average people browsed the website for 4.24 minutes.
- As per SimilarWeb, the company is the fifth-largest online platform for Gifts and Flowers. Further investigation revealed that none of the top four companies compete directly with the company. For example, Paperlesspost and Punchbowl are online invitation and greeting card companies. Source: <https://www.similarweb.com/top-websites/united-states/lifestyle/gifts-and-flowers/>
- Overall, it can be safely concluded that the company is the #1 pure-play Gift & Flowers company in the USA.

3. Growth through acquisitions

- Upon close observation, it's evident that the company achieves solid growth with each acquisition.
- In the last 10 years, the company spent over \$460 million on acquisitions

(\$, mm)	FY June 2013	FY June 2014	FY June 2015	FY June 2016	FY June 2017	FY June 2018	FY June 2019	FY June 2020	FY June 2021	FY June 2022	LTM March 2023

Revenue	736	756	1122	1173	1194	1152	1249	1490	2122	2208	2105
Gross Profit	305	316	487	517	520	489	526	622	896	822	773
EBIT	26	24	38	43	46	41	45	80	149	42	-38
Net Income	12	15	19	36	44	41	35	60	119	30	-44

• Acquisition history

Business name	Cost (\$, mm)	Date	Segment
Things Remembered	5	Jan-23	Consumer Floral & Gifts
Alice's Table	1	Dec-21	Consumer Floral & Gifts
Vital Choice Seafood	20	Oct-21	Gourmet Foods & Gift Baskets
PersonalizationMall.com	251	Feb-20	Consumer Floral & Gifts
Shari's Berries	21	Aug-19	Gourmet Foods & Gift Baskets
Harry & David	143	Sep-14	Gourmet Foods & Gift Baskets
Fannie May Confections Brands	6	Jun-14	Gourmet Foods & Gift Baskets
Colonial Gifts Limited	9	Dec-13	Consumer Floral & Gifts
Pingg Corp	2	May-13	Consumer Floral & Gifts
1-800-Flowers' trademarks	4	Mar-13	NA

4. FCF

(\$, mm)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	9M Mar 2022	9M Mar 2023
CFO	35	43	126	58	61	58	78	139	173	5	38.7	73
Capex	20	23	33	34	34	33	33	35	55	66	47.9	31
FCF	15	20	93	24	27	25	46	105	118	-61	-9.2	42

II. WHY ARE WE FLAGGING THIS? & OUR COMMENTS

Gifts and flowers are very discretionary items and revenue is dependent on a few holiday seasons (Valentine's day, Christmas etc.). In the recent quarter, revenue declined by 11%.

So, why are we flagging this?

Price crash

The company's stock price is currently trading at a seven-year low. In fact, over the past seven years, the stock has rarely dipped below \$8, with exceptions in September 2022, October 2022, and now.

FCF/EV yield

M.Cap: \$503 million

Cash: \$52 million

Debt: \$148 million

Lease liabilities: \$122 million

EV (Excluding lease liabilities): \$600 million

From 2013 to FY 2021 (9 years), the company generated a total free cash flow of \$473 million. At the same time, the current EV (excluding lease liabilities) is \$600 million.

Even though FCF was negative in FY 2022, the company generated \$42 million in recent 9M Mar 2023. On an annualized basis, the FCF would be \$56 million.

Annualized FCF: \$56 million.

EV (Excluding lease liabilities): \$600 million

FCF/EV: 9.3%

Acquisitions

It's challenging to forecast the financials due to the nature of the business. However, its consistent free cash flow generation and roll-up strategy indicate it's a promising long-term venture.

Given its past track record, the company is likely to continue pursuing acquisitions by raising debt, which it will then repay using its free cash flow

Synergy in acquisitions

1)

If you visited Harry & David's website in December 2013, i.e., before its acquisition by 1-800-flowers, you'd find a limited product range. However, a preliminary check now reveals that Harry & David offers nearly the same variety of products as 1-800-flowers.

Before being acquired by the company, berries.com exclusively sold berries. Now, their offerings have expanded to include both berries and flowers, showcasing effective cross-selling.

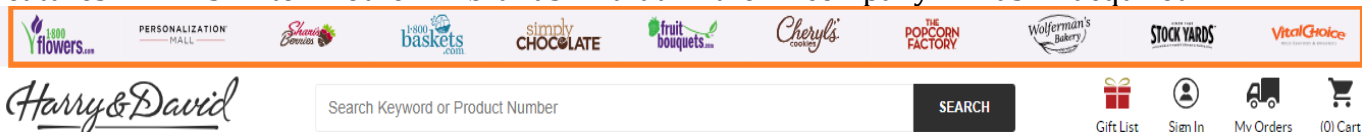
The company's management has highlighted that their multi-brand bundles have been particularly successful.

2)

Not only that, but at the top of each acquired company's website, you can spot logos representing all the other gift businesses that have been acquired by the company.

Given that most of these acquisitions are e-commerce gift enterprises, the primary target audience consists of individuals accustomed to ordering gifts online. This strategy leverages the habits of their existing customer base, making it one of the most effective ways to monetize them.

For instance, take a look at the header of the Harry & David website. It prominently features links to other brands that the company has acquired.



3)

Lastly, the company has revamped the websites of its acquired businesses. You can view previous versions of these sites using tools like archive.org.

<https://web.archive.org/web/20180807021340/https://www.berries.com/>
<https://web.archive.org/web/20201202083414/https://www.vitalchoice.com/>

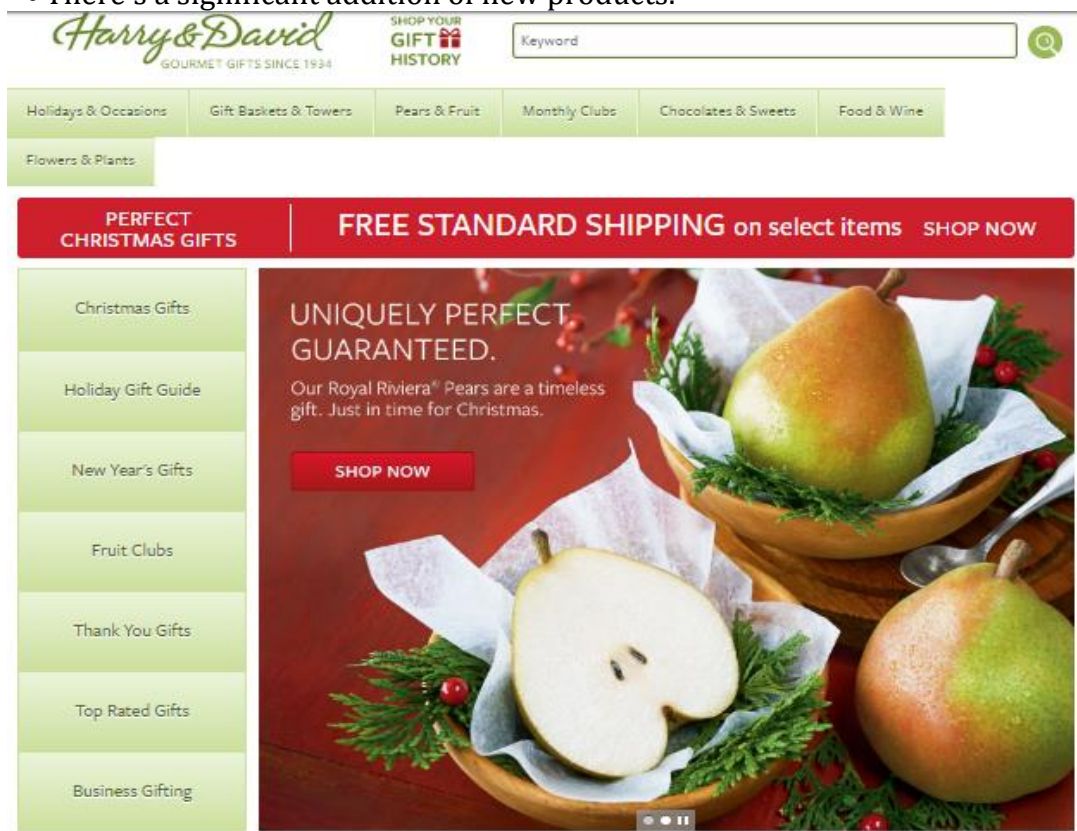
Overall, through acquisitions, the company can a) expand its product range significantly and generate "additional revenue" via cross-selling and bundling, and b) direct new customers to its other websites, thereby boosting traffic across all platforms.

EXAMPLE

Harry & David: Dec 2013 website

By comparing the older website to the current one, a couple of distinct improvements are evident:

- The current design is much more elegant.
- There's a significant addition of new products.



Current website of Harry & David

Make Any Day Memorable
 Check out gifts for birthdays, weddings, and other exciting events.
SHOP NOW >

<https://www.harryanddavid.com/h/holidays-gifts-occasions>

22:14

TTEC Holdings (TTEC) is stuck with huge debt after recent acquisition spree; [Heads-up series]

- M.Cap: \$1.49 billion | Debt: \$1.04 billion | Cash: \$151 million | EV: \$2.37 billion
- EV/Revenue: 0.95X
- Volume: 545,137
- Major shareholders: Blackrock - 6.38% | Vanguard - 5.20% | Copeland Capital - 2.53% | Dimensional - 2.39% | Envestnet Asset - 1.47% | State Street Corp. - 1.40%
- Screen: Price crash – heads-up

RESEARCH

1. Basics

TTEC Digital

The company is one of the largest pure-play CX technology providers in the world. The segment competes with Five9, InContact, Twilio, EPAM, Endava, Globant, and other similar companies.

TTEC Engage segment

- This segment provides digitally enabled CX managed services to support clients' end-to-end customer interaction delivery at scale.
- This segment competes not only with in-house customer management operations but also with other companies that provide customer care services, including Teleperformance, Telus International, Concentrix, TaskUs, Intouch CX, Webhelp, and other similar firms.

Others

- Humanify CXaaS: It is an end-to-end technology and services platform that provides clients with all the capabilities they need to attract, retain, and grow an engaged customer base.
- Customer concentration: In 2022, the top five and 10 clients represented 35% and 47% of total revenue, respectively.

2. Signs of moat

- Leader in Magic Quadrant
 - In April 2022, Gartner recognized the company as a Leader in the 2022 Magic Quadrant for Customer Service BPO.
- TTEC Engage
 - Relationships with the top five clients have ranged from 16 to 23 years.
 - In 2022, the company enjoyed 97% revenue retention rate.
- TTEC Digital
 - The company holds over 100 patents and products covering automation, analytics, and accelerators.

3. Financial performance

(\$, mm)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	LTM Mar 2023
Revenue	1,193	1,242	1,287	1,275	1,477	1,509	1,644	1,949	2,273	2,444	2,488
Operating Income	101	97	90	53	101	92	124	205	217	169	165

CURRENT CHALLENGES

Recent acquisition spree

- M&A

- Since 2013, the company has spent over \$1.15 billion on 13 acquisitions, with \$880 million of that amount spent in the last 4.5 years.

Business name	Cost (\$, mm)	Date
Faneuil, Inc	142	Apr-22
Avtex Solutions Holdings, LLC	500	Apr-21
VoiceFoundry	46	Aug-20
Saasy Ventures Pty Ltd	18	Nov-20
Serendebite Inc/ VoiceFoundry ASEAN	13	Feb-20
First Call Resolution	162	Oct-19
Strategic Communications Services	10	Apr-18
Motif, Inc	73	Nov-17
Connexions, Inc	78	Apr-17
Atelka Enterprise Inc	48	Nov-16
rogenSi Worldwide PTY, Ltd	34	3Q 2014
Sofica Group	14	1Q 2014
WebMetro	18	3Q 2013

Bad big-ticket acquisition?

- In April 2021, the company acquired Avtex for a whopping \$500 million.
- Even though the FY ended December 2021 includes nine months of Avtex financials, the operating income increased by a meager \$12 million in FY 2021.
- In the subsequent year (FY 2022), the profitability declined steeply.

(\$, mm)	FY 2020	FY 2021	FY 2022	LTM Mar 2023
Revenue	1,949	2,273	2,444	2,488
EBIT	205	217	169	165

Stuck with huge debt

- The company's debt increased from \$100 million in FY 2013 to \$385 million in FY 2020. However, due to the recent big-ticket acquisitions (Avtex: \$500M; Faneuil: \$142M), the current debt has increased to \$930 million.
- The interest expense is roughly \$50 million in the LTM March 2023. In fact, in the recent three months ended March 2023, the interest expense was approximately \$17 million. If annualized, the interest expense would be \$68 million.

Not enough FCF

- Given the acquisition spree, it is less likely for the company to have surplus free cash flow available for debt repayment.
- Further acquisitions would put pressure on the free cash flow generation.

(\$, mm)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	LTM Mar 2023
Cash from Operations	138	94	138	112	113	168	238	272	251	137	172
Capital Expenditure	50	68	67	51	52	44	61	60	60	84	81
Free cash flow	88	27	71	61	61	125	177	212	191	53	91

Recent significant management changes

- Mr. Tuchman founded TTEC in 1982 and has been serving as CEO since 1994 (except for the year 2000).
- In spite of his long tenure as CEO, it is surprising to see that most of the top executives have been appointed in the last 16 months, and notably, none of them are internal promotions.
 - Interim CFO: April 2023
 - President of TTEC EMEA: 2023
 - Chief People Officer: 2023
 - CEO, TTEC Engage: May 2022
 - CEO, TTEC Digital: 2022
 - COO: 2022
 - Chief Information Officer: 2022
 - Chief Security Officer: 2022

Upland Software (UPLD): Generates FCF; Trading near 10-year low price; Risks in roll-up strategy [Heads-up series]

- M.Cap: \$126 million | Debt: \$521 million | Cash: \$258 million | EV: \$503 million
- EV/Revenue: 1.59X
- Volume: 228,954
- Major shareholders: Vanguard - 7.94% | Blackrock - 7.57% | B. Riley - 3.78% | Hodges Capital - 3.50% | Shaw D.E. & Co - 3.34% | New South Capital - 2.81% | Millennium Management - 2.74%.
- Screen: Price crash – heads-up

1. Research

• Revenue growth

- Through acquisitions, the company's revenue has grown significantly from \$18 million in FY 2012 to \$316 million in the Last Twelve Months (LTM) ending in March 2023.

(\$, mm)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	LTM March 2023
Revenues	41	65	70	75	98	150	223	292	302	317	316
Gross Profit	28	41	43	47	64	101	154	193	203	214	211
Operating Income	-5	-18	-10	-9	-11	-6	-24	-24	-35	-40	-163
Net Income	-9	-20	-14	-14	-19	-11	-45	-51	-58	-68	-186
Adjusted EBITDA	4	4	4	13	30	53	83	100	97	97	91

• Solid retention rate

- The company generates approximately 94% of its revenue from subscriptions.
 - The company boasts an impressive 95% retention rate, indicating strong customer loyalty and satisfaction.

• Roll-up strategy

- Through a series of acquisitions and integrations, the company has constructed a diverse portfolio of software applications under the Upland brand.
 - From 2012 to 2022, the company spent approximately \$900 million to acquire 31 companies

Business name	Business	Cost	Date
BA Insight	Enterprise Search And Knowledge Mgt	36	Feb 2022
Objectif Lune	Document Composition And Business Communication Automation	36	Jan 2022
Second Street	Contests And Interactive Content	31	Jan 2021
BlueVenn	Customer Data Platform	58	Feb 2021
Panviva	Enterprise Knowledge Management	24	Jun 2021
Localytics	Mobile Application Personalization	64	Feb 2020
PostUp	Email Marketing Automation & Analytics	35	Apr 2019
Kapost	Content Operations	49	May 2019
Cimpl	Telecom Expense Management	26	Aug 2019

InGenius	Contact Center Productivity	34	Oct 2019
Altify	Customer Revenue Optimization	84	Oct 2019
InterFAX	Enterprise Cloud-Based Fax	40	Mar 2018
RO Innovation	Customer Reference & Sales Enablement	14	Jun 2018
Rant & Rave	Cloud-Based Customer Engagement	65	Oct 2018
Adestra	Email Marketing Automation & Analytics	60	Dec 2018
Omtool	Accuroute	22	Jan 2017
RightAnswers	Enterprise Knowledge Management	24	Apr 2017
Waterfall	Enterprise Mobile Messaging & Sms	27	Jul 2017
Qvidian	Rfp & Sales Proposal Automation	50	Nov 2017
LeadLander	Website Visitor Analytics & Reporting	8	Jan 2016
Hipcricket	Enterprise Mobile Messaging & Sms	6	Mar 2016
API	Document & Workflow Automation	4	Apr 2016
Ultriva	Supply Chain Management	8	Nov 2015
Eclipse PPM	Project & Work Management	6	Nov 2014
Mobile Commons	Enterprise Mobile Messaging & Sms	10	Dec 2014
FileBound	Document & Workflow Automation	15	May 2013
ComSci	IT Financial Management	8	Nov 2013
Clickability	Enterprise Web Content Management	12	Dec 2013
PowerSteering	Project Portfolio Management	13	Feb 2012
Tenrox	Professional Services Automation	15	Feb 2012
EPM Live	Project & Work Management	8	Nov 2012

• **Free Cash flow**

- Despite posting net losses, the company has consistently improved its free cash flow.

(\$, mm)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	LTM March 2023
CFO	0	1	-2	4	8	7	12	36	42	30	38
Capex	0	1	1	1	0	1	1	1	1	1	-1
FCF	-1	0	-2	3	7	6	11	35	41	29	37

2. Recent price crash; FCF yield

Stock trading near 10-year low

- The stock of the company is currently trading near a 10-year low.
- In the last 10 years, the company's stock price has never fallen below \$4, except for the past few months.
- The company's market capitalization has experienced a significant decline, plummeting from \$1.7 billion in early 2021 to its current valuation of \$130 million.

FCF yield

- In the Last Twelve Months (LTM) ending in March 2023, the company generated approximately \$37 million in free cash flow.
- Over the last three years (2020-2022), the company has cumulatively generated \$100 million in free cash flow.
- The current EV of the company is approximately \$400 million.
- FCF/EV: 9.25%.

OUR COMMENTS / RISKS

#1 Diverse businesses; 25 products

For a successful roll-up strategy, it is generally considered more beneficial to acquire companies with a similar business profile or those that can complement each other to create synergies. However, in the case of Upland Software, it seems that the acquired companies have diverse and distinct business profiles.

The range of businesses acquired by Upland Software includes website visitor analysis, supply chain management, telecom expense management, document composition, contests and interactive content, and customer data platform, among others. This wide array of businesses results in the company having a total of 25 products spread across eight broad categories (HR & legal, Sales, Marketing, Contact Center, Information technologies etc.).

Such diversity can lead to challenges within the company, as each product or business requires individual attention for marketing, research, and brand building. The product heads might compete for research and marketing budgets, and it can become challenging to achieve synergies across such a diverse portfolio.

In some cases, the lack of similarity between acquired companies can erode the potential for operational efficiencies and synergies, which are essential for a successful roll-up strategy.

Also, while "cross-selling" opportunities may look good on paper, they are incredibly difficult to execute in practice.

#2 Cash flow and debt

The company acquired the businesses by raising debt, and it currently has a debt pile of \$514 million. However, it also has a cash balance of \$258 million, resulting in a net debt of \$256 million. This cash balance includes the \$115 million raised by issuing convertible preferred stock in August 2022.

For a successful roll-up strategy, the company should have the ability to repay the debt in addition to its acquisition strategy. Otherwise, the debt would continue to accumulate and put pressure on executing the roll-up strategy in the future. The burden of a significant debt load could shorten the company's runway for growth and expansion.

The management has not done any acquisition in the last four quarters. This is the reason for huge cash balance. As soon as the company resumes its acquisition spree, the company's cash would decline significantly.

Much like how a chick needs feeding to grow, smaller businesses, once acquired, typically call for extensive capital and marketing investments to cultivate their potential.

Finally, the roll-up strategy presents challenges when targeting software companies. Software companies are generally sold for lofty multiples, which can inherently pose issues. For instance, the company acquired Objectif Lune at a multiple of 3X its revenue.

Cutera: Trading below the purchase price of activist investors; First FDA-approved acne product could be a game changer

- M.Cap: \$324 million | Debt: \$432 million | Cash: \$268 million | EV: \$487 million
- EV/Revenue: 1.95X
- Volume: 373,218
- Major shareholders: Blackrock - 13.83% | RTW Investments - 9.31% | FMR - 7.33% | Vanguard - 6.27% | Millennium Management - 6.25% | Pura Vida Investments - 6.15% | Voce Capital Management - 6.10%.
- Screen: 13D

I. BASCIS

The company designs, develops, manufactures, distributes, and markets light and energy-based product platforms for use by physicians and other qualified practitioners, enabling them to offer safe and effective aesthetic treatments to their customers.

- **truSculpt**: Non-surgical body sculpting market.
- **Secret PRO**: Skin resurfacing and radio frequency microneedling for deep dermal remodeling.
- **truSculpt flex**: Bio-electrical muscle stimulation device designed to strengthen, firm, and tone the abdomen, buttocks, and thighs.
- **excel V+**: Vascular and benign pigmented lesion treatment platform explicitly designed for the market of dermatologists and plastic surgeons.
- **ExcelHR**: Hair removal solution.
- **xeo**: Removal of unwanted hair, treatment of vascular lesions, and skin revitalization by treating discoloration, fine lines, and laxity.

Key financials

(\$, mm)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	LTM March 2023
Revenue	75	78	95	118	151	163	182	148	231	252	249
Gross Profit	42	43	54	68	86	80	98	76	133	140	133
Operating Income	-5	-11	-5	2	11	-13	-12	-23	2	-38	-49
Net Income	-5	-11	-4	3	30	-31	-12	-24	2	-82	-92

Free cash flow

(\$, mm)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	LTM March 2023
CFO	4	-4	-1	2	14	0	-2	-17	1	-67	-74
Capex	1	1	1	1	1	1	1	1	1	23	34
FCF	3	-5	-2	1	13	-1	-3	-18	0	-90	-108

II. CURRENT SITUATION

The company's revenue consistently grew over the past 10 years, except for a decline in FY 2020 due to the pandemic.

The growth is fuelled by continuous new product introduction and improvements.

Please see the list of product introduction/improvements.

- In 2003, the Company introduced the xeo platform - unwanted hair, treatment of vascular lesions, and skin revitalization by treating discoloration
- In June 2014, the Company introduced the excel HR platform - premium hair removal solution
- In December 2014, the Company introduced the enlighten laser platform - tattoo removal and the treatment of benign pigmented lesions and acne scars.
- In January 2018, the Company introduced a new fractional RF microneedling device - revitalizes the tissue, via hemostasis, and coagulation of the tissue
- In July 2018, the Company introduced a hands-free version of the Company's truSculpt platform, the truSculpt, for the non-surgical body sculpting market.
- In February 2019, the Company introduced the excel V+, a new iteration of the excel V vascular platform originally introduced in 2011.
- In June 2019, the Company introduced the truFlex for the muscle-sculpting market.
- In 2020, the Company expanded its distribution of the Secret PRO device. In 2020, the Company expanded its distribution of the Secret PRO device.

Despite growth fueled by product introductions, the company did not burn a lot of money to grow its business.

Apart from FY 2020 (due to the pandemic), the company's negative free cash flow remained between \$(1) million and \$(5) million.

New ace treatment product; first-mover advantage; huge losses

In March 2022, the FDA approved AviClear for the treatment of acne. AviClear is the first FDA-approved, prescription-free, drug-free laser treatment that is safe for all skin types and tones.

AviClear significantly eliminates acne in three, 30-minute treatments. It effectively treats active acne and helps prevent future acne by suppressing the sebaceous glands.

The device is now widely available in the US and Canada.

Two challenges

1. Loss making AviClear

- The company is heavily investing in the Company's sales force, promotion activities, and other expenses for the commercialization of AviClear.
- **Loss-making:** As you can see from the table below, the company is losing money on this segment.
- **Huge capex:** Moreover, the capital expenditure for the AviClear segment accounts for roughly 92% of the total capital expenditure for FY 2022.

• **Segment financials (2022)**

(\$, mm)	Revenue	Operating income/loss
Cutera Core	248	21
AviClear	4	-28

- **CAPEX (FY 2022)**

	CAPEX (\$, mm)	% of total CAPEX
Cutera Core	1.8	8%
AviClear	20.9	92%
Total	22.7	100%

2. Declining core revenue

The company started reporting two segments since the fourth quarter of 2022 - Cutera Core and AviClear. Cutera Core contains all business except AviClear.

The company's core revenue declined in Q4 2022 and Q1 2023. The company cited that the higher-than-anticipated volume of deals for the newly launched AviClear diverted the attention of its sales team away from core promotional events and core capital equipment sales.

III. TWO MAJOR POTENTIAL POSITIVES

1. Fixing sales team problems

As per the Q4 2022 CC, the company has implemented activity tracking utilizing the Salesforce.com application to help sales managers ensure that adequate time and attention are being applied by each representative across both segments. Moreover, the company has implemented an uncapped compensation program that rewards sales performance when it achieves goals in both the segments - core and AviClear.

Additionally, sales managers are delivering a strong accountability message, emphasizing that efforts must be applied across both segments.

2. Cash flow break-even expected

In the recent quarter (Q1 2023), the total cash balance declined by roughly \$50 million. Out of this, \$23 million was spent to support AviClear. According to the management, this represents the high watermark for cash burn, and they expect it to trend downwards throughout 2023. Moreover, it's worth noting that the core business has historically consumed cash in Q1 and Q2 of the year.

As per the Q4 2022 report, the management expected to achieve cash flow breakeven by Q4 2023.

IV. WHY ARE WE FLAGGING THIS?

Trading below the purchase cost of activist investors

Pura Vida Investments

- Purchase cost: \$29.76
- Current stock price: \$14
- Return: (53)%

RTW Investments

- Purchase cost: \$48

- Current stock price: \$14
- Return: (71)%

OUR SHORT COMMENTS

1)

The company is currently carrying \$417 million of outstanding convertible notes, which come with a 2.25% interest rate.

Given recent trends and expectations of continued losses, many investors anticipate that the company's cash reserves may deplete, potentially leading the company to seek additional funding. Furthermore, sustained losses might compel the company to incur expensive debt to cover its financial needs.

2)

The company is strategically trying to fully leverage the first-mover advantage gained by the introduction of AviClear. As a result, the company is currently experiencing losses, but the management anticipates reaching break-even by the end of this year.

Additionally, the company's core business has witnessed declining revenue, which the company attributes to the diversion of attention of the sales team to AviClear.

3)

AviClear is considered a breakthrough product, addressing a common problem worldwide, and its potential demand is expected to be significant.

Given its potential, AviClear could be an attractive acquisition candidate.

If the company fails to meet its targets, activists might push for a sale of the company. The company may consider selling the entire company or auctioning off the AviClear product to maximize its value.

Exhibits

a) 13D summary

- On April 10, 2023, J. Daniel Plants, Founder and Chief Investment Officer of Voce Capital Management LLC and Executive Chairman of the Board of Cutera, Inc., and David Mowry, Cutera's CEO and a Director – who together own approximately 7.0% of the outstanding shares of Cutera – commented on the fact that they have each delivered to the Company separate notices calling for a special meeting of stockholders, pursuant to the company's amended and restated bylaws, which expressly empowers each of them to requisition the special meeting. Both Notices call for the removal of Directors Gregory Barrett, Sheila Hopkins, Timothy O'Shea, Juliane Park and Janet Widmann (the "Entrenched Directors"); neither notice seeks to remove Independent Director Joseph Whitters. Kindly [click here](#), to read more.

- On April 11, 2023, Daniel Plants and David Mowry shared a letter of support from Cutera senior employees that has been sent to the Company's Board.
- On April 12, 2023, Daniel Plants and David Mowry filed a lawsuit against Directors Gregory Barrett, Sheila Hopkins, Timothy O'Shea, Juliane Park and Janet Widmann (the "Entrenched Directors"). Mr. Plants and Mr. Mowry also commented on the fact that the Entrenched Directors have purportedly fired them for cause from their roles as Executive Chairman and CEO, respectively, in retaliation for their recent actions taken with the intent of removing and replacing the Entrenched Directors.
- On April 12, 2023, RTW Investments (9.3%) announced that it was in favor of the Company holding the previously-called Special Meeting of Stockholders (the "Special Meeting") for the purpose of reconstituting the Board. RTW is concerned about the events that have transpired at the Company this past week, particularly with respect to the Board's removal of David Mowry as CEO of the Company on April 11, 2023. RTW would like the Board to act in the best interests of the Company's stockholders and move forward with holding the Special Meeting so the voices of all stockholders may be heard. RTW believes that the market reaction to the removal of Mr. Mowry as CEO demonstrates the need for the Special Meeting and the lack of confidence in the Board. Additionally, RTW believes the Company should re-open the director nomination period for the Company's AGM. RTW also believes that the Board should not have terminated Mr. Mowry and that he should continue as CEO while the Board searches for his replacement. RTW asks the Board to immediately reinstate him as the interim CEO. Source
- On April 13, 2023, Pura Vida Investments (6.74%) stated that in light of the recent changes at the company, it intended to engage in conversations with certain members of the Board and the management team, stockholders, industry analysts, and other interested parties, in each case to discuss the company's business, operations, financial condition, strategic plans, governance, the composition of the executive suite and the Board and possibilities for changes thereto, as well as other matters related to the company. Source
- On April 25, 2023, Voce Capital Management LLC filed proxy materials seeking support for its nominees.
- On May 10, 2023, the company announced that it has entered into cooperation agreements with Pura Vida Investments and RTW Investments. Pursuant to the agreements, the company will appoint Kevin J. Cameron, Taylor C. Harris, Nicholas S. Lewin and Keith J. Sullivan (the New Independent Directors) to the Board following the Special Meeting of Stockholders to be held on June 9, 2023
- On May 11, 2023, Voce Capital stated that it has terminated its proxy solicitation and will not vote any further proxies received from shareholders of the company on the BLUE proxy card at the special meeting. Source

b) Resignation letter of J. Daniel Plants

One Embarcadero Center
Suite 1140
San Francisco, California 94111

Cutera, Inc.
3240 Bayshore Blvd.
Brisbane, California 94005

Attention: Board of Directors

June 9, 2023

Ladies and Gentlemen:

I hereby resign from the board of directors (the "Board") of Cutera, Inc. (the "Company"), effective immediately. As you know, my resignation from the Board is a direct result of numerous and irreconcilable disagreements with the Board – and specifically directors Gregory Barrett, Sheila Hopkins, Timothy O'Shea, Juliane Park, and Janet Widmann – on various matters relating to the Company's operations, policies, practices, and corporate governance.

Sincerely,

/s/ J. Daniel Plants

J. Daniel Plants

Polished.com (POL): Pending quarterly/annual report; Thoughts on the current situation; Depressed valuation

- M.Cap: \$57 million | Debt: \$72 million | Cash: \$26 million | EV: \$103 million
- EV/Revenue: 0.21X
- Volume: 444,239
- Major shareholders: Vanguard - 5.10% | Praetorian Capital - 4.67% | Praetorian Pr - 4.67% | Morgan Dempsey Capital - 3.56% | Brandywine Global - 2.80% | Ancora - 2.63% | Blackrock - 1.71%
- Screen: Audit

I. BACKGROUND

1. Appliance Connection: Acquisition and key advantage

- In June 2021, 1847 Goedecker, an online appliance company generating \$55 million in revenue, acquired Appliances Connection for approximately \$222 million.
- One of the primary advantages of Appliances Connection is its wide range of selection. Based on limited research, it seems that some products available through the Appliances Connection Group are not found on platforms like Amazon or at physical stores like Home Depot. Additionally, Appliances Connection offers delivery to zip codes that are not serviced by larger firms such as Best Buy. This makes Appliances Connection an attractive option for customers seeking unique products and wider delivery coverage.

2. One of the top three online-only places to buy appliance

- The company is the nation's largest Direct to Consumer (DTC) reseller of appliances.
- USAToday listed six places to buy appliances - three are online-only stores, and three are big box retailers (Best Buy, Lowe's, and The Home Depot). Appliances Connection was one of the three online-only stores mentioned in the list.
 - <https://reviewed.usatoday.com/appliances/features/11-best-places-buy-appliances-online-and-store>
- The below links profiled 10 best places to buy appliances, and Appliances Connection is one of the shortlisted candidates.
 - <https://www.bhg.com/best-places-to-buy-appliances-7503917>
 - <https://www.thespruce.com/best-places-to-buy-appliances-4164900>
 - <https://moneypantry.com/best-places-to-buy-appliances/>
 - <https://www.homesandgardens.com/shopping/best-places-to-buy-appliances>

3. Goedecker is no longer operational

- Goedecker has merged with Appliances Connection, and as a result, Goedecker is no longer operational

II. CURRENT SITUATION

a) Pending filing of 10-K/Q

In August 2022, the company reported that it had not finalized its financial statements for the period ended June 30, 2022 (Q2 2022) due to an internal investigation by the

Audit Committee. The investigation is related to certain allegations made by certain former employees concerning employment and inventory management practices.

Audit firm change

In December 2022, the company's audit firm [resigned](#), and Sadler, Gibb & Associates, LLC was appointed as its new accounting firm.

Internal investigation outcome

By December 2022, the company [completed](#) its internal investigation, revealing the following outcomes:

- The former CEO of the company charged the company approximately \$800,000 for expenses unrelated to the Company.
- The company appears to not have had all the necessary documentation for all of its employees.
- The company's controls, software, and procedures for managing and tracking inventory, including damaged inventory, were insufficient.
- As a result of the investigation, the company expects to restate the first quarter of fiscal year 2022, reflecting a reduction in revenue of \$6 million to \$8 million and a reduction in income from operations (before income taxes) of \$1 million to \$2 million.
- https://www.sec.gov/Archives/edgar/data/1810140/000121390022082892/ea170694ex99-1_polished.htm

Current status:

After filing the 10-Q for the quarter ended March 31, 2022, the company has not filed any 10-K or 10-Q reports.

b) Financials

Recent outlook

In April 2023, the company announced its estimated, unaudited net sales for FY 2022 to be between \$519 million and \$525 million, and its estimated, unaudited net sales for Q1 2023 to be between \$94 million and \$96 million.

Source: https://www.sec.gov/Archives/edgar/data/1810140/000121390023032127/ea177369ex99-1_polished.htm

B/S

- As of March 31 2022:
 - Cash: \$28 million
 - Notes payable: \$47 million
- As of September 30, 2022, the company had a [cash position](#) of approximately \$26.5 million
- Moreover, as of the same day, the company had not utilized any of the \$40 million revolving credit facility that was established under its credit agreement disclosed on May 11, 2022.

OUR COMMENTS

In December 2022, the company completed its internal investigation and appointed a new audit firm.

It has been roughly 7 months since the investigation was completed, yet the company has not filed a single pending 10-Q.

We are still scratching our heads trying to understand the reason for the significant delay.

2) Depressed valuation

- FY 2023 outlook

- In April 2023, the company outlined its expectations for FY 2023.
 - Revenue: \$480 million to \$520 million
 - EBITDA margin: low-single-digit to mid-single-digit
 - FCF: Positive

- EV/Revenue:

- In June 2021, the company acquired Appliances Connection for approximately \$222 million.
 - Revenue (2020): \$313
 - EV/Revenue: 0.71X

If we apply the same valuation (EV/Revenue of 0.7X), the company should be currently worth \$336 million to \$364 million.

Even if we assume that the company deserves only 50% of the EV/Revenue multiple, the company should be worth roughly \$170 million to \$180 million.

The current EV is roughly \$100 million based on past Cash/Debt balance.

3) Sale?

After Morgan Dempsey Capital pressed the board to explore a potential sale of the company, the company announced that it has engaged Jeffries to evaluate credible potential transactions. This decision came in light of receiving multiple private expressions of interest in acquiring either the entire company or parts of it. Furthermore, the board has indicated its openness to all avenues for maximizing value, including a potential sale of the Company.

4) Shareholder representation

The board size is nine.

Why does a company with an enterprise value of \$100 million need an army of directors?

Of the nine directors, one was appointed in January 2023, after the accounting issues arose. It remains unclear whether any shareholder suggested this individual as a director nominee, and the company has not provided clarity on the matter.

Considering the accounting mishap and the board's subsequent decision to evaluate strategic alternatives, we believe there's a pressing need for shareholder representation on the board.

Most crucially, this representative should be an integral part of both the Audit Committee and any committee responsible for evaluating strategic alternatives.

TransAct Technologies (TACT) appoints a new CEO who has good track record; BOHA platform is a hidden jewel; Interesting research by Maxim Bogomaz

- M.Cap: \$87 million | Debt: \$5 million | Cash: \$7 million | EV: \$82 million
- EV/Revenue: 1.15X
- Volume: 10,006
- Major shareholders: B. Riley - 11.18% | 325 Capital - 10.16% | Harbert Fund - 6.43% | Vanguard - 4.04% | Cowen Prime - 4.01% | Renaissance - 3.22% | Blackrock - 2.42%.
- Screen: New CEO appointment

I. Basics

The company develops and sells software-driven technology and printing solutions for high-growth markets including food service technology, point of sale (“POS”) automation and casino and gaming.

Thermal printers

- The company’s thermal printers and terminals generate top-quality labels, coupons and transaction records, such as receipts, tickets and other documents.
- The printers are used in food service technology, POS automation, casino and gaming.

Segments

• Casino & gaming:

- This segment generates 52% of the total revenue.
- These printers are used in slot machines, video lottery terminals, and other gaming machines that print tickets or receipts instead of issuing coins at casinos, racetracks, and other gaming venues worldwide.
- EPICENTRAL is the company's promotional printing system that empowers casino operators to create promotional coupons and marketing messages and print them in real-time at the slot machine.

• Food Service Technology:

- This segment generates 21% of the total revenue.
- The company focuses on providing hardware products, which include terminals/WorkStations, temperature probes, temperature sensors and gateways in addition to cloud-based software applications, labels and other recurring revenue items.

• POS automation:

- This segment generates 18% of the total revenue.
- The POS printer is primarily used by McDonald's and, to a lesser extent, other quick-service restaurants. It is located either at the checkout counter or within self-service kiosks to print receipts for consumers or print on linerless labels.

• TSG

- This segment generates 9% of the total revenue.
- Through TSG, the company proactively markets the sale of consumable products (including POS receipt paper, ribbons, and other printing supplies), replacement parts, maintenance and repair services, and shipping and handling charges.
- The company continues to enjoy a recurring revenue stream, primarily from its legacy products. TSG sales decreased by 15% in 2022 compared to 2021, mainly due to declining service revenue from a legacy banking customer whose service

contract ended during 2022, as well as lower replacement part and consumable product sales.

II. Research

- **Stagnant financials:** In the last 10 years (except for FY 2020), the company's revenue has remained relatively stable, fluctuating between \$40 million to \$60 million.

(\$, mm)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	LTM March 2023	3M Mar 2022	3M Mar 2023
Revenue	60.1	53.1	59.7	57.2	56.3	54.6	45.8	30.6	39.4	58.1	70.7	9.7	22.3
Gross Profit	25.1	21.7	25.0	23.8	26.7	26.7	21.9	12.9	15.4	24.4	34.1	2.6	12.3
Operating Income	6.6	-3.8	4.5	5.2	6.8	6.8	0.3	-8.2	-9.4	-7.7	1.7	-5.6	3.8
Net income	4.9	-2.4	3.1	3.6	3.2	5.4	0.5	-5.6	-4.0	-5.9	1.6	-4.4	3.1

- **FCF:** The company consistently generated positive free cash flow until FY 2019. However, after the pandemic, the company's free cash flow has turned negative.

(\$, mm)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	LTM	3M Mar 2022	3M Mar 2023
CFO	2.5	6.1	5.6	4.6	5.9	5.1	4.9	-3.5	-2.5	-12.2	-6.2	-6.8	-0.8
Capex	0.7	0.7	1.0	0.6	0.8	1.0	1.1	0.7	1.4	1.3	1.2	0.5	0.4
FCF	1.8	5.4	4.6	4.0	5.1	4.1	3.8	-4.3	-3.9	-13.5	-7.3	-7.3	-1.1

- **Negligible debt**
 - Debt: \$4.5 million
 - Cash: \$6.6 million
- **Others**
 - Patents: As of January 31, 2023, the company holds 34 United States and 34 foreign patents.

III. WHAT WE LIKE

Hidden Jewels

1. BOHA platform: Recurring revenue stream from 'food technology' segment

- In May 2019, the company launched BOHA!
- What is BOHA!?
 - BOHA! terminal combines the software and hardware components in a device that includes an operating system, touchscreen, and one or two thermal print mechanisms that print.
 - The software component of BOHA! consists of a SaaS-based applications, including applications for temperature monitoring of food and equipment, timers, food safety labeling, media libraries, checklists and task lists and equipment service management. Any and all of these applications can be chosen by the customer and packaged into a single platform with the associated hardware, which includes the BOHA! terminal, handheld devices, tablets, temperature probes and temperature sensors and gateways.
 - How does BOHA! benefits? Companies in the foodservice industry grapple with food wastage, spillage, and high labor costs. BOHA! was designed from the outset to reduce both labor and food costs.
- **Unit economics**
 - Initial sale: Approximately \$600 per unit BOHA! TERMINAL

- Recurring revenues of approximately \$1200+ per year per terminal in high-margin software, services and label sales
- 3-year contracts
- **Terminals:** As per the Q1 2023, there are 12,733 terminals in the marketplace year over year from 10,127 from the Q1 of 2022. That's a 26% year-over-year increase.
- **Recurring revenue**
 - The company generates recurring revenues, which include software subscriptions (SaaS) and labels
 - The recurring revenue component is growing significantly.
 - **Solid growth in recurring revenue**

(\$, mm)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	LTM March 2023	3M Mar 2022	3M Mar 2023
Software, labels and other recurring revenue	0.5	1.9	3.8	7.4	8.7	9.4	1.6	2.2
<i>Growth</i>		258%	99%	95%	18%	8%		43%

- **Agreement with Apple**
 - Apple selected TransAct BOHA! ROP software and hardware as they begin targeting the restaurant market for iPad adoption.
 - Apple is directing their enterprise sales team to push iPad and BOHA! ROP into the restaurant market.

2. Casino market

- According to the company's presentation, the casino market is essentially a duopoly.
- The company claims that it faces less competition for its EPICENTRAL software due to the product's highly customized nature.

IV. WHY ARE WE FLAGGING THIS?

Track record of Mr. Dillon

In April 2023, the company appointed John Dillon as CEO. He has been a Board member since 2011.

Notable track record

- **Sale of company Engine Yard to Microsoft & Crossover.**
 - Engine Yard is the leading Ruby on Rails full-stack platform, empowering developers and DevOps teams to provision, manage, monitor, and control applications on top of Amazon.
 - For 5 years and 9 months (Jan 2009 - Sep 2014), he served as CEO of Engine Yard.
 - In April 2017, the company sold Deis, a provider of open-source tools to manage Kubernetes deployments, to Microsoft. Subsequently, he sold the remaining company to Crossover.
- **Sale of Navis for \$145 million**
 - He served as the CEO of Navis for five years (2002 - 2007).
 - Under his watch, the company was acquired by Zebra for \$145 million in October 2007.
- **CEO of Salesforce (Sep 1999 - Nov 2001)**
 - For roughly 2 years and 3 months, he served as the CEO of salesforce.com.
- **Notable directorship**
 - Sep 1998 - Oct 2005: Plumtree Software (Acquired by BEA)
 - 2004 - 2009: HyperRoll, Inc. (Acquired by Oracle in 2009)

- 2006 - Jul 2011: Clearwell Systems (acquired by Symantec)
- Feb 2002 - Jul 2017: Intacct (acquired by Sage)

OUR COMMENTS

BOHA!

"BOHA!'s recurring revenue stream constituted 13% of the total sales in the LTM March 2023, rising from 1% in FY 2018.

Setting up the BOHA! Platform isn't as simple as placing a candy bar near the checkout counter. It's a lengthy process. The former CEO mentioned that it takes approximately 18 months to close a lead. This extended lead time might serve as a barrier to competitors.

The company's relationship with Apple stands as a strong endorsement for its platform.

BOHA! has significant growth potential and a long runway.

New CEO

Mr. Dillon, the new CEO, has a strong tech background. Our best estimate is that he was attracted to the SaaS component of the platform. We anticipate that he will aggressively expand the BOHA! platform

Further research

PAR Technology (M.Cap: \$870M): This company provides technology solutions to the restaurant and retail industries worldwide.

What is preventing companies like PAR Technology to offer a solution similar to BOHA!?

Maxim Bogomaz

This is an excellent article by Maxim Bogomaz. He has spoken to former employees of Par Technology and has shared his insight into the business. This is a MUST read article if you are interested in the company.

<https://maxcapital.blog/2022/01/01/investment-thesis-long-transact-technologies-tact-ln-equity/>

I've copied and pasted a few interesting sections from the article.

At the moment, BOHA! is one of the leaders in the market. The main competitor is Jolt. Some ex-employees of TACT believe that Jolt will be a market leader. Jolt got an infusion of cash from a private equity firm in Jan 2018. Since then, they really strengthened their sales and marketing team. Jolt hired a new SVP of Global Sales & Marketing , Jeff Pinc, who came from MICROS POS. He knows SaaS software and knows how to sell to restaurants. As of 2021, Jolt has 2.3m revenue and 1k customers.^[1] Jolt and TACT products have around the same price and similar quality of product and services. However, TACT has three advantages. Firstly, TACT is slightly cheaper for customers because of less expensive labels, which was achieved through better labelling source

supply. This is one of the reasons customers switched in the past. Even a small difference in price adds up over time. Secondly, Jolt does not own its printers and it works with partners to supply them. This has two issues. First, Jolt's printer can do only one label size at a time. So, if a customer wants a different size label, he needs either to change labels for different size labels or to buy an extra printer. Changing labels creates extra waste and can cause issues. Second, I learnt from ex-employees of Jolt that they sometimes have problems with connectivity between printers because it is hard to connect the software to "foreign" hardware.

The third best vendor is probably Avery Dennison. This is one of the oldest players in the market. They also serve labelling solutions to offices, post offices and UPS stores. The competing product is Freshmarx. The product is very cheap because of the low cost of labels, but the product is also very bad. It was not built for the restaurant environment. The pieces get damaged all the time, and the software is not very good. However, Avery Dennison recently acquired ZippyYum to strengthen its Freshmarx offering.^[2] ZippyYum is a startup that develops and sells software and hardware solutions for operational automation and inventory management for food retailers. ZippyYum is a third-party developer that built BOHA!. Therefore, Freshmarx offering should improve over time and become more competitive. Nevertheless, Freshmarx is still only a small part of Avery Dennison, and it is unlikely that it will be as competitive as Jolt and TACT who focus on this segment of the market.

The last competitor with a full-service offering is ITD Food Safety. However, their offering looks very outdated and runs on mini PCs.

There are also some other small vendors that compete in some modules with TACT, but do not have one platform, which is important for competing in this market (For example, CMC Daymark, Integrated Control Corp, Squadle, CrunchTime).

One important point is that many might think that market leaders in the POS industry, such as Toast and Par Technology, are competitors of TACT. This is not the case yet. While Par Technology has acquired back-of-the-house software, Restaurant Magic, the only modules where they compete are inventory management and food preparation. From talking to PAR and Toast and ex-employees, I concluded that they are probably a threat in the medium to long term. It would be a slight strategy shift for them to focus on back-of-the-house software. POS is so competitive that they need to focus on that. To compete with TACT, they will have to build a new recipe management database for calory count and breakdown of the nutritional value of products. To achieve this, they will need to get integrations with food companies, which are reluctant to sign new vendors (according to an ex-employee of TACT). Moreover, they would have to either acquire hardware and build relationships with label suppliers or work with partners. Also, selling hardware would mean decreasing the overall gross margin of the company, which the management can be very reluctant to do. Therefore, developing back-office products would take some time and probably would not be very profitable for these companies, while still leaving them behind in the market.

Nevertheless, they can acquire these modules as bolt-on acquisitions. From talking to PAR, they are looking at online ordering capabilities, delivery management and kitchen automation. So, they are already thinking of entering new back-office capabilities, and

they are planning to do it through acquisitions. To conclude, I see PAR and Toast competing in some or most modules against TACT in the medium to long term future.

Source:<https://maxcapital.blog/2022/01/01/investment-thesis-long-transact-technologies-tact-ln-equity/>

Heron Therapeutics (HRTX) appoints new CEO with a history of selling companies; brought on board via settlement with activist investors; Kevin Kotler of Broadfin Capital joins the Board

- M.Cap: \$165 million | Debt: \$157 million | Cash: \$60 million | EV: \$262 million
- EV/Revenue: 2.3X
- Volume: 1,435,907
- Major shareholders: Franklin Resources - 9.92%% | Rubric Capital - 9.82% | Blackrock - 7.85% | Vanguard - 7.04% | Baker Brothers Advisors - 6.79% | JP Morgan - 5.92% | Great Point Partners - 4.86%
- Screen: New CEO appointment

I. Track record of new CEO

1. Sale of Veloxis Pharmaceuticals for \$1.3 billion

- From 2015 to December 2021, he served as the CEO of Veloxis Pharma, a pharmaceutical company focused on the development, manufacturing, and sale of immunosuppressive drugs used during and after organ transplant surgery.
- In March 2020, Veloxis Pharma was acquired by Japan-based Asahi Kasei Group in an all-cash deal for DKK 8.9 billion (\$1.3 billion).

2. Sale of Cornerstone Therapeutics for \$180 million

- From 2011 to 2014, he served as the CEO and the Chairman of the Board of Directors of Cornerstone Therapeutics, Inc., a specialty pharmaceutical company.
- In 2014, Cornerstone Therapeutics, Inc. was acquired by Chiesi Farmaceutici S.p.A., which already held a 58% stake in the company. Chiesi Farmaceutici S.p.A. acquired the remaining stake, and the deal valued the company at approximately \$180 million.
- Others
 - From 2010 to 2011, he also served as the interim CFO of the company.
 - From 2008 to 2011, he served as the President of the company.

3. Founder of Cornerstone Biopharma

- From 2004 to 2008, he served as the Founder, President, and Chief Executive Officer of Cornerstone BioPharma Inc. (formerly Cornerstone BioPharma Holdings), a pharmaceutical company.

4. Founder of Carolina Pharmaceuticals, Inc.,

- In 2003, he founded Carlina Pharma, a specialty pharmaceutical company.

5. Sale of companies during his directorship

- Sale of Sierra Oncology for \$1.9 billion: He also served as a member of the board of directors of Sierra Oncology, Inc., a San Mateo, California-based late-stage biopharmaceutical company, from May 2020 to July 2022. Sierra Oncology was acquired by GlaxoSmithKline plc for \$1.9 billion.
- Sale of Opiant for \$145 million: He served as Chairman of Opiant Pharmaceuticals, Inc., a specialty pharmaceutical company developing therapies to treat substance use disorders and drug overdose, from October 2018 until it was acquired by Indivior for a deal value of \$145 million on March 1, 2023.

2. New CEO is a representative of the activist group

- In February 2023, Rubric Capital Management and Velan Capital (combined ownership: 13.7%) stated that they have engaged in dialogue with the board to

enhance shareholder value. Within a few days, the company entered into a settlement agreement with Rubric Capital Management and Velan Capital.

- Pursuant to the agreement, the company agreed to appoint Craig Collard (the new CEO) and Adam Morgan, CIO of Velan Capital, to the Company's Board.
- The company also announced that it will appoint Kevin Kotler, Founder and Portfolio Manager of Broadfin Capital, to the Board.
- The board agreed to separate the roles of chairman and CEO.

3. New CEO's initial thoughts

- For example, he identified the reason for the slow uptake of ZYNRELEF, a local anesthetic.
- He claimed that its application requires training the staff because it is different, though not complex.
- Additionally, he announced that he is taking steps to reduce cash burn.

Since joining the company, I've been able to get in the field and work with our sales representatives, which I always find helpful when trying to assess product performance issues. I'm happy to report, that so far, I have seen ZYNRELEF used in 5 knee surgeries. I was trying to understand what really happens in the application of the product. Previously, I had heard mixed messages about the time to draw the product out of the vial, product viscosity and general issues that would make it more difficult to use our product.

What I determined from watching these surgeries is that, we can replicate the success I saw in this day. The application requires training the staff, as it is different, but not complex. The nursing staff even admitted that after using the product a few times, it became second nature and is now just part of the normal routine and prep before the surgeon arrives. **I think early in the launch of the product, our company did not address this issue head on, and didn't understand that this was going to require more training of our reps and highlighted our own inefficiencies.**

I hired Jason Grillot, whom I have worked with in the past to lead our sales and marketing efforts.

Source: *Seekingalpha*

II. Recent quarterly performance and price crash

- Over the past five years, the company's stock price has plummeted by 98%.
- In the last month, the company's net product sales grew by 26.2% to \$29.6 million, and it narrowed its net loss to \$(32.8) million, compared to -(63.9) million in Q1 2022. Nevertheless, the company's stock price dropped by 35% since it missed analysts' expectations.

OUR COMMENTS

We do not have expertise in analysing the pharmaceutical business. However, if you have experience investing in pharmaceutical companies, this situation warrants attention.

Nano-cap company, Ocuphire Pharma (OCUP), appoints an interim CEO who previously co-founded and served as CFO of a pharmaceutical firm acquired by GSK for \$5.1 billion (Ultra short notes)

- M.Cap: \$85 million | Debt: nil | Cash: \$39 million | EV: \$66 million
- EV/Revenue: 1.59X
- Volume: 81,547
- Major shareholders: Vanguard - 4.04% | Rice, Hall, James - 3.86% | MAI Capital - 2.36% | Richmond Bro. - 1.63% | Renaissance - 0.91% | Geode Capital - 0.87%
- Screen: CEO appointment

Track record of Mr. Rodgers

In April 2023, the company appointed Richard Rodgers as interim CEO.

1. CFO of Tesaro (acquired)

- From 2010 to 2013, he was co-founder and CFO of TESARO, Inc., an oncology-focused company.
- In January 2019, GSK acquired TESARO for approximately \$5.1 billion.

2. CFO of Abraxis (acquired)

- From 2009 to 2010, Mr. Rodgers served as the Chief Financial Officer and Senior Vice President of Abraxis BioScience, Inc., a biotechnology company that was acquired by Celgene.

3. CAO of MGI Pharma (acquired)

- From 2004 to 2008, he served as Chief Accounting Officer of MGI Pharma, Inc., a biopharmaceutical company that was acquired in January 2008 by Eisai.

Battalion (BATL) appoints a new CEO who recently led the sale of an oil and gas company for \$465M (Ultra short notes)

- M.Cap: \$136 million | Debt: \$215 million | Cash: \$23 million | EV: \$329 million
- EV/Revenue: 0.96X
- Volume: 15,877
- Major shareholders: Luminus Manag. - 37.38% | Oaktree Capital - 18.29% | LSP Investment - 14.40% | Goldman Sachs - 3.76% | Lion Point - 2.31% | Jefferies Financial - 2.23% | Loomis Sayles & Co. - 1.85%.
- Screen: New CEO appointment

Battalion is an independent energy company focused on the acquisition, production, exploration and development of liquids-rich assets in the Delaware Basin.

Track record of new CEO

In April 2023, the company appointed Matthew B. Steele as CEO.

1. Sale of Bruin E&P Partners (Sep 2015 to Mar 2021) for \$465M

- Bruin E&P Partners LLC is an oil and gas company. It is focused on the acquisition of producing oil and gas properties located in onshore basins of North America.
- Under his watch, in January 2021, Enerplus acquired Bruin E&P HoldCo for \$465 million.

2. Others

- CEO, Ursa Resources
 - Ursa Resources filed Chapter 11 bankruptcy as a result of the impact of low gas prices, regulatory uncertainty, and onerous contracts.
 - Given the fact that the company filed for bankruptcy within 18 months after his appointment, it is quite hard to blame him for this.

GoodRx's new interim CEO is a former CEO of Godaddy (Ultra short notes)

- M.Cap: \$2.75 billion | Debt: \$716 million | Cash: \$761 million | EV: \$2.71 billion
- EV/Revenue: 3.62X
- Volume: 1,062,740
- Major shareholders: Vanguard - 10.07% | Silver Lake - 4.25% | Millennium Manag. - 3.35% | Petrus Trust Co. - 3.07% | Renaissance - 2.70% | Blackrock - 2.58% | Orbimed Advisors - 2.04%.
- Screen: New CEO appointment

The company's market cap crashed from \$20 billion to \$2.1 billion

Notable track record

In April 2023, the company appointed Scott Wagner as an interim CEO.

1. Godaddy (2012 to 2019)

- He served at GoDaddy for seven years, most recently as CEO from 2017 to 2019.
- During his tenure, he took the company public, nearly tripled revenue to approximately \$3 billion, grew the business profitably

2. Head of KKR Capstone North America (2000-2012)

- For 12 years, he served as a member/partner at KKR Capstone, a group of operating executives exclusively working with KKR's private equity portfolio companies to drive operational improvements for distinctive investment returns.
- His role included advisory and interim executive positions, focusing on the Technology, Payments, Digital Media, and Services sectors. His experiences ranged from successful operational turnarounds in highly leveraged companies to accelerating growth in well-performing businesses.

FARO Technologies (FARO) appoints a new interim CEO with good track record (ultra-short notes)

- M.Cap: \$306 million | Debt: \$91 million | Cash: \$89 million | EV: \$308 million
- EV/Revenue: 0.87X
- Volume: 251,840
- Major shareholders: Blackrock - 17.16% | Vanguard - 11.37%% | State Street Corp. - 4.68% | Royce - 4.34%% | Paradice Inve. - 4.18%% | Segall Bryant & Hamill - 3.85% | Dimensional - 3.16%.
- Screen: New CEO appointment

In May 2023, the company appointed Yuval Wasserman, its current chairman of the board as Executive Chairman and Interim CEO.

Track record of Mr. Wasserman

Advanced Energy Industries (AEIS, 14 years -2007 to 2021)

- He served the company for more than 14 years and served as CEO for roughly 7 years (2014 to Feb 2021).
- Under his watch, the company' stock price increased by more than 5X.
- During his tenure, the company's revenue grew from \$367 million in FY 2014 to \$1.4 billion in FY 2020. During the same period, operating income grew from \$70 million to \$135 million.

CEO & CFO Turnover

Proterra Inc. (PTRA) (M.Cap: \$276 million) - CFO resigned within 1 year 4 months
Karina Franco Padilla, who was appointed as CFO in Dec 2021, resigned in May 2023
Elite Pharmaceuticals, Inc. (ELTP) (M.Cap: \$29 million) - CFO resigned within 11 months
Robert Chen, who was appointed as CFO in May 2022, resigned in May 2023
Coda Octopus Group, Inc. (CODA) (M.Cap: \$88 million) - CFO resigned within 11 months
Nathan Parker, who was appointed as CFO in May 2022, resigned in May 2023
Sachem Capital Corp. (SACH) (M.Cap: \$144 million) - CFO resigned within 9 months
John E. Warch, who was appointed as CFO in Aug 2022, resigned in May 2023.
Bally's Corporation (BALY) (M.Cap: \$709 million) - CFO resigned within 1 year 1 month
Robert Lavan, who was appointed as CFO in Mar 2022, resigned in May 2023
Bowlero Corp. (BOWL) (M.Cap: \$2.3 billion) - CFO resigned within 1 year 4 months
Brett I. Parker, who was appointed as CFO in Dec 2021, resigned in May 2023
Spruce Power Holding Corporation (SPRU) (M.Cap: \$131 million) - CFO resigned within 1 year 1 month
Donald P. Klein, who was appointed as CFO in Apr 2022, resigned in May 2023.
Sumo Logic, Inc. (SUMO) (M.Cap: \$1.4 billion) - CFO resigned within 1 year 5 months
Stewart Grierson, who was appointed as CFO in Dec 2021, resigned in May 2023.
Lyft, Inc. (LYFT) (M.Cap: \$3.2 billion) - CFO resigned within 1 year 5 months
Elaine Paul, who was appointed as CFO in Dec 2021, resigned in May 2023.
Torrid Holdings Inc. (CURV) (M.Cap: \$330 million) - CFO resigned within 9 months
Tim O. Martin, who was appointed as CFO in Aug 2022, resigned in May 2023

WeWork Inc. (WE) (M.Cap: \$280 million) - CFO resigned within 9 months

Andre J. Fernandez, who was appointed as CFO in May 2022, resigned in May 2023

TILT Holdings Inc. (TLLTF) (M.Cap: \$18 million) - CFO resigned within 6 months

Dana R. Arvidson, who was appointed as CFO in Nov 2022, resigned in May 2023

Flexsteel Industries, Inc. (FLXS) (M.Cap \$94 million) - CFO resigned within 1 year

G. Alejandro Huerta, who was appointed as CFO in May 2022, resigned in June 2023

Startek, Inc. (SRT) (M.Cap \$116 million) - CFO resigned within 1 year 3 months

Nishit Shah, who was appointed as CFO in Feb 2022, resigned in June 2023

The Oncology Institute, Inc. (TOI) (M.Cap: \$42 million) - CEO resigned within 1 year 6 months

Brad Hively, who was appointed as CEO in Nov 2021, resigned in June 2023

Marathon Digital Holdings, Inc. (MARA) (M.Cap: \$1.6 billion) - CFO resigned within 11 months

Hugh Gallagher, who was appointed as CFO in Mar 2022, resigned in March 2023.

Aurora Innovation, Inc. (AUR) (M.Cap: \$2.6 billion) - CFO resigned within 1 year 6 months

Richard Tame, who was appointed as CFO in Dec 2021, resigned in June 2023

Vince Holding Corp. (VNCE) (M.Cap: \$45 million) - CFO resigned within 4 months

Amy "Levy" Trooskin, who was appointed as CFO in Jan 2023, resigned in June 2023

Salona Global Medical Device Corporation (LNDZF) (M.Cap: \$15 million) - CEO resigned within 10 months

Luke Faulstick, who was appointed as CFO in Jul 2022, resigned in June 2023

Flora Growth Corp. (FLGC) (M.Cap: \$19 million) - CEO resigned within 2 months

Hussein Rakine, who was appointed as CEO in Apr 2023, resigned in June 2023.

Flora Growth Corp. (FLGC) (M.Cap: \$19 million) - CFO resigned within 11 months

Elshad Garayev, who was appointed as CFO in Jul 2022, resigned in June 2023.

MSP Recovery, Inc. (LIFW) (M.Cap: \$24 million) - CFO resigned within 1 year
Calvin Hamstra, who was appointed as CFO in Jun 2022, resigned in June 2023.

RBB Bancorp (RBB): A director resigned expressing dissatisfaction

May 8, 2023 VIA EMAIL

RBB Bancorp

Royal Business Bank

Attn: Dr. James Kao, Chairman of the Board
1055 Wilshire Blvd., Suite 1200
Los Angeles, CA 90017 Re: Resignation

Dear Dr. Kao:

I hereby resign, effectively immediately, from the Boards of Directors of RBB Bancorp and of Directors of Royal Business Bank and from all committees of those boards of directors, and from any other positions that I hold within these entities or their subsidiaries (collectively referred to as "Bank"). My resignation is due to corporate governance matters and concerns that we have discussed many times, including:

- conflicts of interest among certain current and former board directors and members of management o
- possible violations of the Bank's code of ethics;
- adequacy and accuracy of one or more of the internal investigation undertaken by the Bank, as well as
- insufficient communication and processes concerning these and other board matters; and
- the recent vote by the board to reorganize the Bank's board of directors.

As you are aware, I have repeatedly requested that the board take prompt steps to thoroughly investigate, address, and timely and fully disclose these issues to all board members, including independent directors like me. Notwithstanding my objections and protestations over the past many months, I do not believe this has been the case. And without that, I feel like I am unable to properly discharge my duties and obligations as a member of the board.

Separately, although I appreciate your offer for me to continue as an independent contractor with the Bank after my departure from the board, I politely decline to do so for the reasons set forth above.

Sincerely,

/s/ Paul Lin

Paul Lin

paul@paullin.me

Lifeway Foods, Inc. (LWAY): Director resigns amidst dissatisfaction

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May 18th, 2023

MS. JULIE SMOLYANSKY, CHAIRPERSON, PRESIDENT, CEO AND SECRETARY
LIFEWAY FOODS INC.
6431 W. OAKTON ST.
MORTON GROVE, IL 60053

BY CONFIDENTIAL FAX WITH HARD COPY TO FOLLOW BY FEDEX

RE: Resignation Effective May 18, 2023

Dear Julie:

Please consider this my notice of resignation from the Board of Directors of Lifeway Foods, Inc. (the "Company"), effective May 17, 2023.

I have made this decision based recent board meetings, combined with my view that management is not open to my insights regarding the business nor interested in responding to critiques of management's performance. Several recent calls and characterizations of board members intimated as much.

Everything in this letter represents only my opinion even as to my recollection of events, and nothing more than that. Take them for what they are worth. Nothing is meant to assume I have the truth, only I have strong opinions, which I acknowledge are not necessarily shared by management.

During the most recent board meeting we reviewed the first quarter 2023 results, which candidly were quite disappointing and showed little or no progress on certain initiatives, and no cohesive progress in running our core business. As noted in the Company's May 15 2023 press release, sales did increase 11% quarter over quarter, but that increase has steadily shrunk. The third quarter 2022 saw a year over year increase of 27%, followed by the fourth quarter 2022 year over year increase of 15%. The most recent quarter now shows 11%. This I believe is a trend.

Not only were the results disappointing, but for me the explanations were equally if not more unacceptable, as they regurgitated the rationales offered so many other times before to the board and the public through our quarterly filings, and therefore were not reassuring that management fully understands the many systemic shortcomings occurring around them.

Each quarter in recent years memory has seen management make the same grandiose predictions for the future. A combination of excuses, then pivoting to rose colored glasses, then to the same conclusion, which is the future is so bright, and "a billion dollar" brand is just around the corner. And always a touch of the "what if's" sprinkled throughout. At some point, playing a broken record will break the record player. That's where I feel the board is today.

I am further bothered by the fact that despite poor operating results, our compensation policy is beyond past a level where total compensation is not consistent with performance. Specifically the annual stock grants given out over the years to only one executive, the CEO, as a percentage of outstanding shares are unacceptably high. Companies our size should not be giving grants of around 1% of the outstanding shares year after year. This is one of the areas our compensation policy is out of control.

However, to vote against these grants is not possible, as the internal pressure is immense to continue with these grants, as well as with the total compensation proposed by the compensation committee. I cannot vote on these matters since I am not independent, however the makeup of the committee deems itself to be independent, but has shown time and time again they are not. In fact, the Chairperson of the compensation committee and the Lead Independent Director is a family friend of the CEO's who vacations with her and spends significant religious Holidays together.

As for the board itself, we were each instructed upon selection that consensus is a how the board operates. That to me in the end requires papering over real differences. It is ironic that during the last three plus years on the board, there has been not one dissenting vote on the board other than mine and Edward Smolyansky's. No one else has ever voted either no nor abstained. That is the result of not truly reaching consensus, but needing to appear to be unified, and papering over differences because there is no confronting the brutal facts.

That the board is driven by such a consensus model does not serve the needs of our shareholders. Given that reality, I cannot continue in good faith to be on a board that in my opinion operates in a manner inconsistent with good practice. Likewise, I would not have agreed to take my issues outside the board room as you suggested. They belong properly put in a respectful manner in the board room. If you have objections to my manner and approach, I assure you I could have modulated that, but it is hard when probing questions are met with the same recitation heard so many times before. The probing is necessary to get to the facts, since deep and thoughtful insights and analyses are not forthcoming.

I have also been very troubled that the board has permitted there to be meetings before, during, and after the board meeting, where individual board members are privy to information not available to the entire board. This is intended to, and does undermine the effectiveness and integrity of the board and the practice should be stopped. The board is not constituted by itself on behalf of the shareholders to do as you request and let "management propose and the board dispose." Much work has been done on building effective communities such as a board, and when differences are papered over, or where people do not bring forth their true issues in the board room, I find that yet another signal that the management does not want to hear the true critical input in front of a well functioning board; nor is management ready to be confronted with all the brutal facts of its performance. This has been really the case during the last five quarters.

For my part I believe the board's role is to provide active, critical, probing, supportive, useful, constructive, insightful, helpful thoughts on many of the critical activities faced by management as **the board member individually and collectively view appropriate**. The charters are not acts of fiction.

My comments on a more collaborative approach to the audit and corporate governance committee were taken directly from its charter published on our website, and yet it was said in so many words that it was impossible to follow the spirit or letter of the charter. I suggest people read the charter and either affirm its intent, or throw it out. And by confirming its intent, I mean in spirit and letter. It will serve you well.

To end on a more positive note, please understand. The inner conflict between my personal values being very compromised by the actions of management, and to a lesser extent the board, necessitates this action. This is an ethical decision which I have weighed heavily on. I, along with your father Michael, co-founded Lifeway Foods over three decades ago, and I of course have a personal connection to it, so this decision does not come lightly, and I am happy to have more free time to spend with my newborn grandson. I am certain your management team will welcome my

departure. The best thing is to get rid of the nuisance who is asking the questions that do require the hard answers – asked not solely for me but for **your** shareholders.

I wish you and the other members of the Board and the Company the very best in the months and years ahead, as I have enjoyed and learned much from this experience and from my fellow board members and management.

Sincerely,

DocuSigned by:

C8C3D1457AF54E7
/s/ **Ludmila Smolyansky**

Ludmila Smolyansky

Interim to Permanent: Risk alerts - CEO & CFO Appointments 2020-2021

Over the recent months, we've executed a two-step research process:

- We've shortlisted all interim CEO and CFO appointments from the years 2020 and 2021.
- Within this selection, we identified companies yet to finalize a permanent CEO or CFO and those that waited 12 months or longer to make such an appointment.

Executive	Company Name	Ticker	M. cap	Revenue	Notes
CFO	Purple Innovation	PRPL	328	542	The company is yet to appoint a full-time CFO.
CFO	Liveone	LVO	160	100	The company is yet to appoint a full-time CFO.
CEO	Elys Game Technology	ELYS	15	43	The company is yet to appoint a full-time CEO.
CEO	Groupon	GRPN	188	567	Appointed on/after 20 months
CEO	Audioeye	AEYE	57	31	Appointed on/after 17 months
CEO	Heritage Commerce	HTBK	519	200	Appointed on/after 16 months
CEO	Citizens	CIA	128	233	Appointed on/after 16 months
CEO	Ascent Industries Co / Sinalloy	ACNT	92	380	Appointed on/after 16 months
CFO	Rumble	RUM	2450	53	Appointed on/after 14 months
CFO	United Bancshares	UBOH	57	46	Appointed on/after 14 months
CFO	Scisplay Corp	SCPL	421	699	Appointed on/after 14 months
CEO	Everspin Technologies	MRAM	191	60	Appointed on/after 14 months
CFO	Original Bark	BARK	268	535	Appointed on/after 13 months
CEO	Seaworld Entertainment	SEAS	3560	1750	Appointed on/after 13 months
CFO	Groupon	GRPN	213	567	Appointed on/after 12 months

Purple Innovation, Inc. (PRPL)

Market Cap: \$296 million

Revenue: \$541 million

Bennett Nussbaum was appointed as the interim CFO on 8/24/2021, and the company has not yet appointed a full-time CFO.

Name	Type	Title	Date
Mark A. Watkins	Resignation	CFO	Jan 2019
Craig L. Phillips	Appointment	Interim CFO	Mar 2019
Craig L. Phillips	Appointment	CFO	Oct 2019
Craig L. Phillips	Resignation	CFO	Aug 2021
Bennett L. Nussbaum	Appointment	Interim CFO	Aug 2021

LiveOne, Inc. (LVO)

Market Cap: \$155 million

Revenue: \$99 million

Aaron Sullivan was appointed as the interim CFO on 12/15/2021, and the company has not yet appointed a full-time CFO.

Name	Type	Title	Date
Jerome N. Gold	Resignation	CFO	Apr 2018
Michael Zemetra	Appointment	CFO	Apr 2018
Michael Zemetra	Resignation	CFO	Oct 2020
Jerome N. Gold	Appointment	Interim CFO	Oct 2020
Jerome N. Gold	Resignation	Interim CFO	Nov 2020
Michael Quartieri	Appointment	CFO	Nov 2020
Michael Quartieri	Resignation	CFO	Dec 2021
Aaron Sullivan	Appointment	Interim CFO	Dec 2021

Elys Game Technology, Corp. (ELYS)

Market Cap: \$16 million

Revenue: \$42 million

Michele Ciavarella was appointed as interim CEO on 7/19/2021, and the company has not yet appointed a full-time CEO.

Name	Type	Title	Date
Michele Ciavarella	Resignation	CEO	Nov 2020
Matteo Monteverdi	Appointment	CEO	Nov 2020
Matteo Monteverdi	Resignation	CEO	Jul 2021
Michele Ciavarella	Appointment	Interim CEO	Jul 2021

Groupon, Inc. (GRPN)

Market Cap: \$211 million

Revenue: \$567 million

CEO

Aaron Cooper was appointed as interim CEO on 4/6/2020, and Kedar Deshpande was appointed as the full-time CEO on 12/1/2021. The board took one year and eight months to appoint a full-time CEO.

Name	Type	Title	Date
Rich Williams	Resignation	CEO	Mar 2020
Aaron Cooper	Appointment	Interim CEO	Mar 2020
Aaron Cooper	Resignation	Interim CEO	Dec 2021
Kedar Deshpande	Appointment	CEO	Dec 2021

CFO

Damien Schmitz was appointed as interim CFO on 10/13/2021 and was subsequently appointed as the full-time CFO on 11/7/2022. The board took one year to appoint him as the full-time CFO.

Name	Type	Title	Date
Michael Randolfi	Resignation	CFO	Aug 2019
Melissa Thomas	Appointment	Interim CFO	Aug 2019
Melissa Thomas	Appointment	CFO	Sep 2020
Melissa Thomas	Resignation	CFO	Oct 2021
Damien Schmitz	Appointment	Interim CFO	Oct 2021
Damien Schmitz	Appointment	CFO	Nov 2022
Damien Schmitz	Resignation	CFO	Apr 2023
Jiri Ponrt	Appointment	CFO	Apr 2023

AudioEye, Inc. (AEYE)

Market Cap: \$58 million

Revenue: \$30 million

David Moradi was appointed as interim CEO on 8/18/2020 and was subsequently appointed as the full-time CEO on 1/20/2022. The board took one year and five months to appoint him as the full-time CEO.

Name	Type	Title	Date
Todd Bankofier	Resignation	CEO	Sep 2019
Heath Thompson	Appointment	CEO	Mar 2020
Heath Thompson	Resignation	CEO	Aug 2020
David Moradi	Appointment	Interim CEO	Aug 2020
David Moradi	Appointment	CEO	Jan 2022

Heritage Commerce Corp (HTBK)

Market Cap: \$515 million

Revenue: \$199 million

Walter Kaczmarek was appointed as interim CEO on 3/5/2021, and Robertson (Clay) Jones was appointed as the full-time CEO on 7/29/2022. The board took one year and four months to appoint a full-time CEO.

Name	Type	Title	Date
Walter T. Kaczmarek	Resignation	CEO	Jan 2019
Keith A. Wilton	Appointment	CEO	Jan 2019
Keith A. Wilton	Resignation	CEO	Mar 2021
Walter T. Kaczmarek	Appointment	Interim CEO	Mar 2021
Robertson (Clay) Jones	Appointment	CEO	Jul 2022

Citizens, Inc. (CIA)

Market Cap: \$128 million

Revenue: \$233 million

Gerald W. Shields was appointed as interim CEO on 7/31/2020 and was subsequently appointed as the full-time CEO on 12/21/2021. The board took one year and four months to appoint him as the full-time CEO.

Name	Type	Title	Date
Geoffrey Kolander	Resignation	CEO	Jul 2020
Gerald W. Shields	Appointment	Interim CEO	Jul 2020
Gerald W. Shields	Appointment	CEO	Dec 2021

Ascent Industries Co. (ACNT) formerly Synalloy Corp

Market Cap: \$92 million

Revenue: \$380 million

Christopher G. Hutter was appointed as interim CEO on 10/28/2020 and was subsequently appointed as the full-time CEO on 3/21/2022. The board took one year and four months to appoint him as the full-time CEO.

Name	Type	Title	Date
Craig C. Bram	Resignation	CEO	Oct 2020
Christopher G. Hutter	Appointment	Interim CEO	Oct 2020

Christopher G. Hutter	Appointment	CEO	Mar 2022
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Rumble Inc. (RUM)

Market Cap: \$2 billion

Revenue: \$52 million

Jane Novak was appointed as interim CFO on July 8, 2021, and Brandon Alexandroff was appointed full-time CFO on September 22, 2022. The board took one year and two months to appoint a full-time CFO.

Name	Type	Title	Date
Alice Chan	Resignation	CFO	Jul 2021
Jane Novak	Appointment	Interim CFO	Jul 2021
Brandon Alexandroff	Appointment	CFO	Sep 2022

United Bancshares, Inc. (UBOH)

Market Cap: \$57 million

Revenue: \$45 million

Brian D. Young was appointed as the interim CFO on 4/30/2021, and Klint D. Manz was appointed as the full-time CFO on 7/20/2022. The board took one year and two months to appoint a full-time CFO.

Name	Type	Title	Date
Diana L. Engelhardt	Resignation	CFO	Aug 2015
Anthony M.V. Eramo	Appointment	CFO	Aug 2015
Anthony M.V. Eramo	Resignation	CFO	Mar 2016
Daniel J. Lucke	Appointment	Interim CFO	Mar 2016
Daniel J. Lucke	Appointment	CFO	Jun 2016
Daniel J. Lucke	Resignation	CFO	Feb 2019
Stacy A. Cox	Appointment	CFO	Feb 2019
Stacy A. Cox	Resignation	CFO	Apr 2021
Brian D. Young	Appointment	Interim CFO	Apr 2021
Klint D. Manz	Appointment	CFO	Jul 2022

SciPlay Corporation (SCPL)

Market Cap: \$420 million

Revenue: \$699 million

Daniel O'Quinn was appointed as the interim CFO on 8/6/2021, and James Bombassei was appointed as the full-time CFO on 10/13/2022. The board took one year and two months to appoint a full-time CFO.

Name	Type	Title	Date
Michael D. Cody	Resignation	CFO	Aug 2021
Daniel O'Quinn	Appointment	Interim CFO	Aug 2021
Daniel O'Quinn	Resignation	Interim CFO	Oct 2022
James Bombassei	Appointment	CFO	Oct 2022
James Bombassei	Resignation	CFO	Feb 2023
Daniel O'Quinn	Appointment	Interim CFO	Feb 2023

Everspin Technologies, Inc. (MRAM)

Market Cap: \$195 million

Revenue: \$60 million

Darin Billerbeck was appointed as interim CEO on 12/15/2020, and Sanjeev Aggarwal was appointed as the full-time CEO on 3/2/2022. The board took one year and two months to appoint a full-time CEO.

Name	Type	Title	Date
Kevin Conley	Resignation	CEO	Dec 2020
Darin Billerbeck	Appointment	Interim CEO	Dec 2020
Darin Billerbeck	Resignation	Interim CEO	Mar 2022
Sanjeev Aggarwal	Appointment	CEO	Mar 2022

BARK, Inc. (BARK)

Market Cap: \$256 million

Revenue: \$535 million

Howard Yeaton was appointed as the interim CFO on 11/10/2021, and Zahir Ibrahim was appointed as the full-time CFO on 1/3/2023. The board took one year to appoint a full-time CFO.

Name	Type	Title	Date
John Toth	Resignation	CFO	Nov 2021
Howard Yeaton	Appointment	Interim CFO	Nov 2021

Howard Yeaton	Resignation	Interim CFO	Jan 2023
Zahir Ibrahim	Appointment	CFO	Jan 2023

SeaWorld Entertainment, Inc. (SEAS)

Market Cap: \$3.5 billion

Revenue: \$1.7 billion

Marc G. Swanson was appointed as interim CEO on 4/6/2020 and was subsequently appointed as the full-time CEO on 5/6/2021. The board took one year to appoint him as the full-time CEO.

Name	Type	Title	Date
Joel K. Manby	Resignation	CEO	Feb 2018
John T. Reilly	Appointment	Interim CEO	Feb 2018
John T. Reilly	Resignation	Interim CEO	Feb 2019
Gustavo Antorcha	Appointment	CEO	Feb 2019
Gustavo Antorcha	Resignation	CEO	Sep 2019
Marc G. Swanson	Appointment	Interim CEO	Sep 2019
Marc G. Swanson	Resignation	Interim CEO	Nov 2019
Sergio D. Rivera	Appointment	CEO	Nov 2019
Sergio D. Rivera	Resignation	CEO	Apr 2020
Marc G. Swanson	Appointment	Interim CEO	Apr 2020
Marc G. Swanson	Appointment	CEO	May 2021

NT filings – currently pending

Company Name	How many 10-K/Qs are pending?
LATCH, INC.	4
IEH CORP	4
MITEK SYSTEMS INC	3
POLISHED.COM INC.	3
LMP AUTOMOTIVE HOLDINGS, INC.	3
POWER SOLUTIONS INTERNATIONAL, INC.	3
VERADIGM INC.	2
F45 TRAINING HOLDINGS INC.	2
TUPPERWARE BRANDS CORP	2
GETAROUND, INC	2
APPRECIATE HOLDINGS, INC.	2
WAVE SYNC CORP.	1
REPUBLIC FIRST BANCORP INC	1
CODIAK BIOSCIENCES, INC.	1
AGEAGLE AERIAL SYSTEMS INC.	1
VINCO VENTURES, INC.	1
MSP RECOVERY, INC.	1
SOLAR INTEGRATED ROOFING CORP.	1
EVO TRANSPORTATION & ENERGY SERVICES, INC.	1
SVB FINANCIAL GROUP	1
IDEANOMICS, INC.	1
EDGIO, INC.	1
URBAN ONE, INC.	1
ARROW FINANCIAL CORP	1
TRILINC GLOBAL IMPACT FUND LLC	1
FREEDOM HOLDING CORP.	1
IRONNET, INC.	1
ALKALINE WATER CO INC	1
CAPSTONE GREEN ENERGY CORP	1

LATCH, INC.

Form Type	NT Source	NT Filing Date	Period of Report	Current status
NT 10-Q	SEC link	08/10/2022	6/30/2022	Pending
NT 10-Q	SEC link	11/10/2022	9/30/2022	Pending
NT 10-K	SEC link	04/03/2023	12/31/2022	Pending
NT 10-Q	SEC link	5/16/2023	3/31/2023	Pending

IEH Corp

Form Type	NT Source	NT Filing Date	Period of Report	Current status
NT 10-Q	SEC link	11/17/2020	9/30/2020	Pending

NT 10-Q	SEC link	2/16/2021	12/31/2020	Pending
NT 10-K	SEC link	6/29/2021	3/31/2021	Pending
NT 10-Q	SEC link	8/17/2020	6/30/2020	Pending

MITEK SYSTEMS INC

Form Type	NT Source	NT Filing Date	Period of Report	Current status
NT 10-K	SEC link	12/15/2022	12/14/2022	Pending
NT 10-Q	SEC link	2/10/2023	12/31/2022	Pending
NT 10-Q	SEC link	5/11/2023	3/31/2023	Pending

POLISHED.COM INC.

Form Type	NT Source	NT Filing Date	Period of Report	Current status
NT 10-Q	SEC link	8/15/2022	6/30/2022	Pending
NT 10-Q	SEC link	11/14/2022	9/30/2022	Pending
NT 10-K	SEC link	4/3/2023	12/31/2022	Pending

LMP AUTOMOTIVE HOLDINGS, INC.

Form Type	NT Source	NT Filing Date	Period of Report	Current status
NT 10-K	SEC link	3/31/2022	12/31/2021	Pending
NT 10-Q	SEC link	5/18/2022	3/31/2022	Pending
NT 10-Q	SEC link	8/16/2022	6/30/2022	Pending

POWER SOLUTIONS INTERNATIONAL, INC.

Form Type	NT Source	NT Filing Date	Period of Report	Current status
NT 10-Q	SEC link	5/11/2018	3/31/2018	Pending
NT 10-Q	SEC link	8/10/2018	6/30/2018	Pending
NT 10-Q	SEC link	11/13/2018	9/30/2018	Pending

VERADIGM INC.

Form Type	NT Source	NT Filing Date	Period of Report	Current status
NT 10-K	SEC link	2/28/2023	12/31/2022	Pending
NT 10-Q	SEC link	5/11/2023	3/31/2023	Pending

F45 TRAINING HOLDINGS INC.

Form Type	NT Source	NT Filing Date	Period of Report	Current status
NT 10-K	SEC link	3/16/2023	12/31/2022	Pending
NT 10-Q	SEC link	5/10/2023	3/31/2023	Pending

TUPPERWARE BRANDS CORP

Form Type	NT Source	NT Filing Date	Period of Report	Current status
NT 10-K	SEC link	3/16/2023	12/31/2022	Pending
NT 10-Q	SEC link	5/8/2023	4/1/2023	Pending

GETAROUND, INC

Form Type	NT Source	NT Filing Date	Period of Report	Current status
NT 10-K	SEC link	3/31/2023	12/31/2022	Pending
NT 10-Q	SEC link	5/16/2023	3/31/2023	Pending

APPRECIATE HOLDINGS, INC.

Form Type	NT Source	NT Filing Date	Period of Report	Current status
NT 10-K	SEC link	04-03-2023	12/31/2022	Pending
NT 10-Q	SEC link	5/17/2023	3/31/2023	Pending

WAVE SYNC CORP.

Form Type	NT Source	NT Filing Date	Period of Report	Current status
NT 10-Q	SEC link	8/17/2022	6/30/2022	Pending

REPUBLIC FIRST BANCORP INC

Form Type	NT Source	NT Filing Date	Period of Report	Current status
NT 10-K	SEC link	3/17/2023	12/31/2022	Pending

CODIAK BIOSCIENCES, INC.

Form Type	NT Source	NT Filing Date	Period of Report	Current status
NT 10-K	SEC link	3/29/2023	12/31/2022	Pending

AGEAGLE AERIAL SYSTEMS INC.

Form Type	NT Source	NT Filing Date	Period of Report	Current status
NT 10-K	SEC link	3/31/2023	12/31/2019	Pending

VINCO VENTURES, INC.

Form Type	NT Source	NT Filing Date	Period of Report	Current status
NT 10-K	SEC link	3/31/2023	12/31/2022	Pending

MSP RECOVERY, INC.

Form Type	NT Source	NT Filing Date	Period of Report	Current status
NT 10-K	SEC link	3/31/2023	12/31/2022	Pending

SOLAR INTEGRATED ROOFING CORP.

Form Type	NT Source	NT Filing Date	Period of Report	Current status
NT 10-K	SEC link	3/31/2023	12/31/2022	Pending

EVO TRANSPORTATION & ENERGY SERVICES, INC.

Form Type	NT Source	NT Filing Date	Period of Report	Current status
NT 10-K	SEC link	3/31/2023	12/31/2022	Pending

SVB FINANCIAL GROUP

Form Type	NT Source	NT Filing Date	Period of Report	Current status
NT 10-Q	SEC link	05-09-2023	3/31/2023	Pending

IDEANOMICS, INC.

Form Type	NT Source	NT Filing Date	Period of Report	Current status
NT 10-Q	SEC link	05-10-2023	3/31/2023	Pending

EDGIO, INC.

Form Type	NT Source	NT Filing Date	Period of Report	Current status
NT 10-Q	SEC link	05-10-2023	3/31/2023	Pending

URBAN ONE, INC.

Form Type	NT Source	NT Filing Date	Period of Report	Current status
NT 10-Q	SEC link	05-10-2023	3/31/2023	Pending

ARROW FINANCIAL CORP

Form Type	NT Source	NT Filing Date	Period of Report	Current status
NT 10-Q	SEC link	05-11-2023	3/31/2023	Pending

TRILINC GLOBAL IMPACT FUND LLC

Form Type	NT Source	NT Filing Date	Period of Report	Current status
NT 10-Q	SEC link	5/16/2023	3/31/2023	Pending

FREEDOM HOLDING CORP.

Form Type	NT Source	NT Filing Date	Period of Report	Current status
NT 10-K	SEC link	5/31/2023	3/31/2023	Pending

IRONNET, INC.

Form Type	NT Source	NT Filing Date	Period of Report	Current status
NT 10-Q	SEC link	6/15/2023	4/30/2023	Pending

ALKALINE WATER CO INC

Form Type	NT Source	NT Filing Date	Period of Report	Current status
NT 10-K	SEC link	6/30/2023	3/31/2023	Pending

CAPSTONE GREEN ENERGY CORP

Form Type	NT Source	NT Filing Date	Period of Report	Current status
NT 10-K	SEC link	6/30/2023	3/31/2023	Pending

BARNES & NOBLE EDUCATION, INC.

Form Type	NT Source	NT Filing Date	Period of Report	Current status
NT 10-K	SEC link	7/14/2023	4/29/2023	Pending

13D Summary - June 2023 to July 21, 2023

INITIATED		
LANTRONIX INC (LTRX)	156	Orange River Partners voices concerns over share price and seeks board discussion on CEO candidates and board composition
PROVIDENT BANCORP, INC. /MD/ (PVBC)	149	Joseph Stilwell initiated active stake in Provident Bancorp
LL FLOORING HOLDINGS, INC. (LL)	139	F9 Investments pushes for action at LL Flooring Holdings
MALLINCKRODT PLC (MNKKQ)	16	Alta Fundamental Advisers Calls for Extraordinary General Meeting to Replace Board of Directors
ALGONQUIN POWER & UTILITIES CORP. (AQN)	5400	Starboard Value urges Algonquin Power & Utilities to unlock value through sale of Renewable Energy Group
CARDLYTICS INC (CDLX)	203	CAS Investment Partners advocates for change and value enhancement at Cardlytics under CEO Karim Tamsamani's leadership
CHARLOTTE'S WEB HOLDINGS, INC (CWBHF)	29	Co-Founders raise concerns to Board. Propose board replacements at annual meeting
CONSTELLATION BRANDS INC (STZ)	49000	Constellation Brands and Elliott Investment Management reached Cooperation Agreement for Board Changes
MEI PHARMA, INC. (MEIP)	49	Anson Funds and Cable Car Capital seek board shake-up at MEI Pharma
BOARD SEAT/ AGM RESULTS		
QUOTIENT TECHNOLOGY INC. (QUOT)	296	Quotient announces cooperation agreement with Engaged Capital
RUMBLEON, INC. (RMBL)	202	RumbleOn reached agreement with William Coulter and Mark Tkach
ALKERMES (ALKS)	5400	Shareholders elected company's director nominees to the board of Alkermes
FIRST FOUNDATION INC. (FFWM)	288	Stockholders voted to elect company's director nominees to the board of First Foundation Inc
MASIMO CORP (MASI)	8773	Politan announces shareholders have overwhelmingly elected both its director nominees to Masimo's Board
MERCURY SYSTEMS INC (MRCY)	1900	JANA Partners reached agreement with Mercury Systems
MIND MEDICINE (MINDMED) INC. (MNMD)	140	Shareholders voted to elect all six company's director nominees to the board of Mind Medicine
NECESSITY RETAIL REIT, INC. (RTL)	629	Global Net Lease, The Necessity Retail REIT and AR Global Enter into Cooperation Agreement with Blackwells Capital
PACIFIC COAST OIL TRUST (ROYTL)	21	Shareholders approved the first proposal. Rejected second proposal at the special meeting

WISDOMTREE, INC. (WT)	1000	WisdomTree announces preliminary voting results of its 2023 annual meeting of stockholders
ONGOING		
DIVERSIFIED HEALTHCARE TRUST (DHC)	657	D. E. Shaw, H/2 Special Opportunities and Flat Footed LLC oppose the proposed merger of Diversified Healthcare Trust with Office Properties Income Trust
ABSOLUTE SOFTWARE CORP (ABST)	801	Edenbrook Capital sent a letter to the board of Absolute Software Corporation
CANO HEALTH, INC. (CANO)	826	Former Directors Group demands board refreshment following 82% stockholder rebuke
FIRSTHAND TECHNOLOGY VALUE FUND, INC. (SVVC)	6	Star Equity Fund reacts to second consecutive adjournment of the Firsthand Technology Value Fund annual meeting
FORTE BIOSCIENCES, INC. (FBRX)	21	Camac Fund nominated director candidates to the Board of Forte Biosciences
FRESHPET, INC. (FRPT)	3000	JANA Partners calls out Freshpet's half-hearted attempt to address conflicts of interest and governance failures.
GLOBAL NET LEASE, INC. (GNL)	1000	Blackwells Capital opposes the cockamamie merger
GYRODYNE, LLC (GYRO)	17	Star Equity Fund responds to Gyrodyne Board's entrenchment tactics
HELIOGEN, INC. (HLGN)	44	CRI dropped its acquisition proposal; Prime Movers Lab Fund engaged in discussions with Heliogen
NANO DIMENSION LTD. (NNDM)	810	Murchinson Ltd issued a letter to the board of Nano Dimension Ltd
NOBLE ROMANS INC (NROM)	6	BT Brands nominated director candidate to the board of Noble Roman's, Inc
OCEAN POWER TECHNOLOGIES, INC. (OPTT)	38	Paragon Technologies raises concerns and threatens litigation against Ocean Power Technologies
PARATEK PHARMACEUTICALS, INC. (PRTK)	125	NexPoint Asset Management sends open letter to the board of Paratek Pharmaceuticals regarding upcoming annual meeting and proposed acquisition by Gurnet Point Capital Capital
PENNSYLVANIA REAL ESTATE INVESTMENT TRUST (PRET)	3.85	John R. Saunders calls for board resignations and improved management at Pennsylvania Real Estate Investment Trust
REPUBLIC FIRST BANCORP INC (FRBK)	48	Norcross Braca Group announces three candidates to be nominated to serve on Republic First Board
STRATASYS LTD. (SSYS)	1400	Nano Dimension calls for board replacement and independent director appointments
STRATTEC SECURITY CORP (STRT)	70	GAMCO intends to nominate two board candidates to Strattec Security Corp

WHEELER REAL ESTATE INVESTMENT TRUST, INC. (WHLR)	5	Daniel Khoshaba delivered a letter to the Board of Wheeler Real Estate Investment Trust
OTHERS		
ABCAM PLC (ABCM)	3600	Dr. Jonathan Milner announces suspension of proxy solicitation

INITIATED

Orange River Partners voices concerns over share price and seeks board discussion on CEO candidates and board composition

Market Cap: \$156 million | Lantronix, Inc. provides solutions for video surveillance, traffic management, infotainment systems, robotics, edge computing, and remote environment management in the Americas, Europe, the Middle East, Africa, and the Asia Pacific Japan.

On June 6, 2023, Orange River Partners (5.3%) stated that the shares are undervalued and it plans to discuss CEO candidates, board composition, and shareholder value with the board. [Source](#)

Joseph Stilwell initiated active stake in Provident Bancorp

Market Cap: \$149 million | Provident Bancorp, Inc. operates as the bank holding company for BankProv that provides various financial services to individuals and small businesses in the United States.

On June 21, 2023, Joseph Stilwell (9.1%) stated his belief that he hopes to work with management and the board to maximize shareholder value. He believes the company is doing a poor job of controlling expenses and should focus on basic community banking fundamentals. [Source](#)

F9 Investments pushes for action at LL Flooring Holdings

.Market Cap: \$139 million| LL Flooring Holdings, Inc., together with its subsidiaries, operates as a multi-channel specialty retailer of hard-surface flooring, and hard-surface flooring enhancements and accessories.

On May 30, 2023, F9 Investments together with Thomas D.Sullivan and John Jason Delves (9.4%) stated that it is in the process of initiating contact with LL Management and Board with the intent of exploring a possible combination between LL and CTG. It believes such a combined entity will better position LL's financial and competitive standing. [Source](#)

Alta Fundamental Advisers Calls for Extraordinary General Meeting to Replace Board of Directors

Market Cap: \$16 million | Mallinckrodt plc develops, manufactures, markets, and distributes specialty pharmaceutical products and therapies in the United States, Europe, the Middle East, Africa, and internationally.

On June 16, 2023, Alta Fundamental Advisers (14.8%) sent a [letter](#) to the board with respect to the requisition of the Board to convene an extraordinary general meeting of the shareholders. Alta plans to introduce a resolution at the meeting to remove and replace the current Board of Directors.

Starboard Value urges Algonquin Power & Utilities to unlock value through sale of Renewable Energy Group

Market Cap: \$5.4 billion | Algonquin Power & Utilities Corp., a renewable energy and utility company, that provides energy and water solutions and services in North America and internationally.

On July 6, 2023, Starboard (5.1%) delivered a [letter](#) to the company stating that a sale of the company's renewable business can help it reduce leverage and provide a safer dividend. Starboard suggests two key objectives: reducing leverage to industry-standard levels of around 5x gross leverage, with excess proceeds used for share repurchases to drive EPS growth, and improving EPS to align with peers, targeting an achievable EPS of 75 cents in FY 2025. By achieving these objectives, Algonquin can enhance its financial position, increase shareholder value, and bring its dividend payout ratio in line with industry standards. It stated that, "For example, if, following the sale of the Renewable Energy Group, Algonquin were to also sell its Water Utility and use the majority of the proceeds to repurchase shares, we believe that it could increase pro forma EPS to nearly 90 cents.

CAS Investment Partners advocates for change and value enhancement at Cardlytics under CEO Karim Temsamani's leadership

Market Cap: \$203 million | Cardlytics, Inc. operates an advertising platform in the United States and the United Kingdom.

On June 23, 2023, CAS Investment Partners (16.6%) stated that it admires and are supportive of CEO Karim Temsamani and believe his business expertise and history of building growth-oriented technology businesses will enable him to execute on much needed change at the company. CAS Investment Partners intends to engage in communications with the board and management regarding opportunities to enhance stockholder value, including by improving operating performance, capital allocation matters and composition of the Board. [Source](#)

Co-Founders raise concerns to Board, Propose board replacements at annual meeting

Market Cap: \$29 million | Charlotte's Web Holdings, Inc. is involved in the farming, manufacture, marketing, and sale of hemp-derived cannabidiol (CBD) wellness products.

On June 9, 2023, the Co-Founders (8.2%) expressed concerns to the Board of Directors regarding the company's performance and proposed replacing certain members of the Board at the Annual Meeting. They intended to withhold their votes for the Subject Directors and called for an independent chair. [Source](#)

Constellation Brands and Elliott Investment Management reached Cooperation Agreement for Board Changes

Market Cap: \$49 billion| Constellation Brands, Inc., together with its subsidiaries, produces, imports, markets, and sells beer, wine, and spirits in the United States, Canada, Mexico, New Zealand, and Italy.

On July 18, 2023, the company reached a [Cooperation Agreement](#) with Elliott Investment Management. As per the agreement, the company will appoint two new independent directors, William T. Giles and Luca Zaramella, to serve on the Board until the company's 2024 annual meeting. Additionally, the Board's size will be limited to 13 members until the 2024 Annual Meeting, with an exception to increase it to 14 members if they appoint a director who meets specific independence requirements and has served as a CEO of a publicly-traded company.

Anson Funds and Cable Car Capital seek board shake-up at MEI Pharma

Market Cap: \$49 million| MEI Pharma, Inc., a late-stage pharmaceutical company, focuses on the development and commercialization of various therapies for the treatment of cancer.

- On July 17, 2023, Anson Funds and Cable Car Capital LLC, holding approximately 14.8% filed preliminary consent materials with the SEC to remove MEIP's entire Board of Directors. They claim the Board's actions were not in the shareholders' best interest, citing a speculative transaction with Infinity Pharmaceuticals and a refusal to consider an all-cash acquisition proposal. They aim to reconstitute the Board and seek support from fellow shareholders. [Source](#)
- On July 19, 2023, Anson Funds and Cable Car Capital LLC, holding approximately 14.8% respond to the Company's invalidation of their consent solicitation to remove the entire Board. Despite the Company's actions, they intend to present the removal proposal to stockholders after the SEC review. [Source](#)

BOARD SEAT/ AGM RESULTS

Quotient announces cooperation agreement with Engaged Capital

Market Cap: \$296 million | Quotient Technology Inc. operates as a digital media and promotions technology company that offers power integrated digital media and promotions programs for brands and retailers.

Background

- On November 17, 2021, Engaged Capital (6%) issued a public [letter](#) to the board expressing its concerns with the company's consistently poor performance, both in regards to share price and operations. Engaged Capital believes that rather than taking decisive action to remedy the weak operating and share price underperformance, the board has selfishly focused on employing strategies to further entrench itself. Also, on November 17, 2021, Engaged Capital delivered a letter to the company formally requesting an exemption to be granted by the board under the NOL Pill to allow Engaged Capital to acquire up to 9.99% of the then outstanding shares.
- On January 10, 2022, Engaged Capital (6.5%) issued a [letter](#) to the Board warning that the company should not pursue a potential share sale. Engaged said it has learned that the Quotient's CEO Steven Boal has allegedly reached out to third parties regarding the sale of

19.9% of the company outstanding shares. Engaged Capital claims that a share sale would be an effort at vote buying ahead of a likely proxy contest. Engaged threatened that if the Quotient board proceeds with such a transaction, it plans to start legal action against the company.

- On March 1, 2022, Engaged Capital (6.5%) delivered a letter to the company nominating Christopher B. Hetrick and Matthew O'Grady for election to the board at the 2022 AGM. [Source](#)
- On May 16, 2022, Engaged Capital entered into a [cooperation agreement](#) with the company. As part of the agreement, the Company appointed Matthew O'Grady (Engaged Capital's nominee) as a Class II director and Joseph Reece as a Class III director to its Board of Directors. Mr. O'Grady was also named Lead Independent Director upon his appointment to the Board. The recently formed Strategic Board Committee has been reconstituted to comprise Mr. Reece, Mr. O'Grady and incumbent independent directors Alison Hawkins and Jody Gessow. Additionally, the Quotient Board has determined to seek shareholder approval at its upcoming 2022 Annual Meeting for the declassification of the Board.

Update

On June 5, 2023, Engaged Capital (8.2%) and the company entered a [cooperation agreement](#), nominating Tracey Figurelli and Kate Vanek for the Board alongside current directors at the 2023 AGM. Engaged is subject to standstill restrictions, agreed to vote with the Board's recommendations.

Rumble On reached agreement with William Coulter and Mark Tkach

Market Cap: \$202 million | RumbleON, Inc. operates a technology-based omnichannel platform to aggregate and distribute pre-owned vehicles in North America.

Background

- In 2021, William Coulter and Mark Tkach, founders of RideNow Powersports, sell their company to RumbleOn. After RumbleOn purchased RideNow, Mr. Coulter joined RumbleOn as Executive Vice Chairman of the Board, while Mr. Tkach was appointed as a director and the COO of RumbleOn. They stated that despite those titles and substantial share ownership, their voices were considerably less than the roles suggested. As a result, they resigned their roles in February 2022.
- On March 15, 2023, William Coulter and Mark Tkach (together 32.5%) issued a public letter to the shareholders of their intention to nominate five director nominees for election to the Board at the 2023 AGM and described their views concerning opportunities to improve the company's operational performance and begin restoring stockholder value. Kindly [click here](#), to read the entire letter.
- On April 5, 2023, William Coulter and Mark Tkach filed proxy materials seeking support for their nominees.
- On May 8, 2023, William Coulter and Mark Tkach provided an update to fellow stockholders about their efforts to enhance stockholder value at RumbleOn. Kindly [click here](#) to read more.
- On May 15, 2023, the company announced the appointment of Mr. Pully, (Concerned shareholders' nominee) to the Board, effective May 11, 2023, as a Class I director, with a term expiring at the 2025 annual meeting of stockholders. [Source](#)
- On May 15, 2023, William Coulter and Mark Tkach sent a letter to the board criticizing the board's recent decision to accelerate severance payments to former Director and Chief Operating Officer Peter Levy, and to shield those payments from accountability. They

demand that the board immediately take any and all appropriate steps to rescind Mr. Levy's Release Agreement, amend it to align with the terms he agreed to in his Employment Agreement, or otherwise halt the impending \$3,375,000 payment. [Source](#)

- On June 16, 2023, Mark Tkach was appointed Interim CEO following Marshall Chesrown's resignation. The company also reached a preliminary agreement with the Coulter-Tkach Group to resolve proxy matters before the annual meeting. The Board temporarily expanded to include Melvin Flanigan and Mark Tkach, with Steve Pully becoming Chairman. Mr. Coulter became a Board observer and all nominations and proposals for the annual meeting were withdrawn. [Source](#)

Update

On June 30, 2023, the company entered into a [Cooperation Agreement](#) with Mr. Coulter and Mr. Tkach regarding the composition of the board. Mr. Tkach will be appointed to fill the vacancy left by the Departing Director. Kindly [click here](#), to read more.

Shareholders elected company's director nominees to the board of Alkermes

Market Cap: \$5.4 billion | Alkermes plc, a biopharmaceutical company, researches, develops, and commercializes pharmaceutical products to address unmet medical needs of patients in various therapeutic areas in the United States, Ireland, and internationally.

Background:

- On May 10, 2021, Sarissa Capital, which held a 5.9% stake in the company, disclosed that it nominated a director candidate for election to the board at the 2021 AGM.
- On April 29, 2021, Sarissa Capital reached an agreement with the company, granting it the right to designate a director to the board.
- On November 18, 2021, Sarissa Capital's nominee, Cato T. Laurencin, was appointed to the board. Sarissa Capital considered this appointment a positive outcome for shareholders. [Source](#)
- On January 7, 2022, Sarissa Capital, holding an 8.68% stake, indicated its intention to nominate directors for election to the board at the 2022 AGM. [Source](#)
- On July 6, 2022, Sarissa Capital announced its intention to vote "for" the Alkermes slate of directors at the upcoming annual meeting. However, if a Sarissa representative was not appointed to the board, it planned to call another shareholder meeting to selectively remove and replace certain board members.
- On October 7, 2022, Sarissa Capital (holding 8.55% stake) expressed its belief that the company was undervalued and that its representatives on the board could help unlock shareholder value. It also mentioned that while CEO Richard Pops remained an obstacle, certain board members would work in the best interest of shareholders. [Source](#)
- On February 3, 2023, Sarissa Capital filed a notice reserving its rights to nominate directors for the 2023 AGM. [Source](#)
- On May 15, 2023, Sarissa Capital filed proxy materials soliciting votes for its three director nominees at the upcoming AGM. [Source](#)
- On June 5, 2023, Sarissa Capital issued a [press release](#) expressing concerns about the company's undervaluation and poor governance. It has attempted to engage in discussions with the board, but its offers for settlement compromises, including board representation linked to stock performance, have been rejected. Sarissa Capital believes CEO Richard Pops has contributed to shareholder value destruction, and it seeks an amicable settlement to work towards unlocking shareholder value.
- On June 6, 2023, Sarissa Capital issued a presentation reiterating its concerns and soliciting votes for its nominees at the upcoming AGM.

- On June 9, 2023, Sarissa Capital issued a [presentation](#) detailing the need for shareholder representation on the board.
- On June 13, 2023, Sarissa Capital issued a letter to the shareholders expressing its frustration with the board for rejecting their attempts to gain representation. Sarissa Capital accuses CEO Richard Pops of excessive control and highlights Alkermes' history of value destruction and poor governance. It urges fellow shareholders to support its nominees for oversight and accountability.
- On June 15, 2023, Sarissa Capital issued a [presentation](#) detailing the need for shareholder representation on the board
- On June 20, 2023, ISS recommended voting 'FOR' Shane Cooke and Richard Pops and all unopposed Alkermes nominee. It also recommends that shareholders vote "AGAINST" incumbent Alkermes director Richard Gaynor. [Source](#)
- On June 21, 2023, Glass Lewis recommended that shareholders vote "FOR" all seven of Alkermes' director nominees at the Company's upcoming 2023 AGM. [Source](#)
- On June 26, 2023, Sarissa Capital filed proxy materials seeking support for its nominees at the upcoming AGM. It issued a [presentation](#) detailing the need for shareholder representation on the board

Update

At the [AGM](#) held on June 29, 2023, shareholders elected all the seven company's director nominees to the board.

Stockholders voted to elect company's director nominees to the board of First Foundation Inc

Market Cap: \$288 million | First Foundation Inc., through its subsidiaries, provides personal banking, business banking, and private wealth management services in the United States.

Background

- On January 13, 2023, Driver Management Company stated that it intends to file a preliminary proxy statement and accompanying WHITE universal proxy card with SEC to be used to solicit votes for the election of its slate of highly-qualified director nominees at the 2023 AGM. [Source](#)
- On January 18, 2023, Driver Management sent a [letter](#) to the Board stating that on December 30, 2022, it has nominated 2 women for election to the board at its 2023 AGM. Driver Management stated that it has nominated the nominees due to its concerns about the adequacy of the Board's oversight of the Company's business and senior management team. Driver Management added that it has little confidence that Scott Kavanaugh, CEO of the company, and his management team is capable of repositioning the Company under the best of circumstances, let alone while simultaneously facing a proxy fight. Driver Management stated that to the extent that the Board would like to avoid a proxy fight, please do not hesitate to contact J. Abbott R. Cooper at ac@drivermgmtco.com to arrange a time to discuss how the Board might be reconstituted in order to better preserve and increase shareholder value and what other steps might be taken towards that end.
- On January 24, 2023, Driver Management filed proxy materials seeking support for its nominees.
- On January 31, 2023, Driver Management sent a [letter](#) to the company's CEO stating that it is writing to confirm the substance of its very brief phone conversation, specifically that CEO, on behalf of the Company, do not want to have any discussion whatsoever regarding

any potential settlement that would preclude a contested election of directors at the Company's 2023 AGM.

- On February 2, 2023, the company issued a statement, " First Foundation is committed to acting in the best interests of all its stockholders and the communities and clients that we serve. It is not our practice to comment publicly on specific engagements with stockholders. However, given Driver's refusal to engage in a constructive manner, and repeated efforts to misrepresent First Foundation's concerted efforts of engagement, we are compelled to make the observations about Driver's self-serving campaign against the Company" [Source](#)
- On February 2, 2023, Driver Management sent a [letter](#) to the Company's CEO regarding the inaccuracies in the statement issued by the company.
- On February 17, 2023, Driver Management filed proxy materials seeking support for its nominees.
- On February 21, 2023, Driver Management sent a [letter](#) to the Lead director of the company regarding Christopher Naghibi's service, from December 22, 2021 until September 6, 2022, as a director of both Friendly Hills Bancorp and its banking subsidiary Friendly Hills Bank while simultaneously serving as chief credit officer of First Foundation Bank, the banking subsidiary of First Foundation, Inc. Mr. Naghibi's simultaneous service (the "Naghibi Interlock") as a director of Friendly Hills and chief credit officer of FFWM would appear to constitute a prohibited "interlock" under the Depository Institution Management Interlocks Act (12 U.S.C. §§ 3201 et seq.) and the Board of Governors of the Federal Reserve System's related rule. Driver Management enquires whether FFWM submitted an exemption request with respect to the Naghibi Interlock to the appropriate federal depository regulatory agency or determined that an applicable statutory or regulatory exemption existed.
- On February 17, 2023, Driver Management filed proxy materials seeking support for its nominees.
- On March 7, 2023, Driver Management filed a complaint against the company and its board. [Source](#)
- On March 15, 2023, Driver Management filed proxy materials seeking support for its nominees.
- On April 25, 2023, Driver Management entered into a settlement [agreement](#) with the company and pursuant to it, the company will allow Driver's nominee, Allison Ball, to stand for election to the Board at the company's 2023 AGM.
- On May 12, 2023, Driver Management filed proxy materials seeking support for its nominee.
- On May 17, 2023, Driver Management filed proxy materials seeking support for its nominee.
- On May 22, 2023, Driver Management issued an open [letter](#) to the shareholders soliciting votes for the election of its nominee at the 2023 AGM.
- On June 8, 2023, Driver Management issued an Investor [Presentation](#) titled "A New Foundation for First Foundation: The Case for Replacing John Hakopian with Allison Ball,"
- On June 15, 2023, Glass Lewis recommended stockholders vote **FOR** Driver nominee Allison Ball to the board at the upcoming AGM. [Source](#)
- On June 16, 2023, ISS recommended stockholders vote **FOR** all ten director nominees to the board at the upcoming AGM. [Source](#)

Update

At the AGM held on June 27, 2023, shareholders elected all ten director nominees to the board.

Politan announces shareholders have overwhelmingly elected both its director nominees to Masimo's Board

Market Cap: \$8.7 billion| Masimo Corporation develops, manufactures, and markets noninvasive monitoring technologies and hospital automation solutions worldwide..

Background

- On September 27, 2022, Politan Capital Management (8.8%) disclosed that on September 2, 2022, Quentin Koffey, the Managing Partner and CIO of Politan, met with Joe Kiani, CEO and Chairman of the Board of the company and discussed the company's corporate governance, strategic initiatives and financial performance and Mr. Koffey expressed his interest in obtaining representation on the board. On September 9, 2022, the board approved a rights agreement, or “poison pill”, and amended certain of the company’s corporate bylaws to add new requirements for the nomination and election of directors by stockholders. On September 20, 2022, counsel for Politan Capital communicated legal concerns about the amended bylaws to the company’s counsel and requested that the board reinstate the amended bylaws to their prior form. Mr. Koffey has made several requests for a meeting with the full board but none has been scheduled. [Source](#)
- On October 21, 2022, Politan has filed a Verified Complaint in the Delaware Court against the company and the members of the Board seeking relief to (i) declare the amendments to certain of the corporate bylaws unenforceable, (ii) find that the Director Defendants breached their fiduciary duties, (iii) invalidate certain change of control provisions in the CEO Joe Kiani’s employment agreement, and (iv) permanently enjoin the company and its Board from taking any actions to prevent Politan from exercising its rights in accordance with the prior corporate bylaws to nominate directors, as more fully described in the Complaint. [Source](#)
- On May 1, 2023, Politan (9%) submitted to the company a formal notice of intent to present a stockholder proposal and nominate two director candidates for election to the board at the 2-23 AGM. [Source](#)
- On May 2, 2023, Politan filed proxy materials seeking support for its nominees
- On May 15, 2023, Politan filed proxy materials seeking support for its nominees
- On May 18, 2023, Politan posted the proxy materials to the website, at www.AdvanceMasimo.com
- On May 22, 2023, Politan sent a [letter](#) to the shareholders outlining why independent oversight and greater accountability is urgently needed on the board.
- On May 30, 2023, Politan released a [presentation](#) highlighting why independent oversight and greater accountability are urgently needed on the Masimo Board.
- On June 2, 2023, the company [announced](#) its commitment to appoint Michelle Brennan as the Company’s sixth director, pending stockholder approval of the proposal to expand the Board of Directors to seven and the election of the Company’s highly qualified director nominees, H Michael Cohen and Julie Shimer, Ph.D. Ms. Brennan was nominated by Politan Capital Management. Stockholders should vote FOR Mr. Cohen and Dr. Shimer and FOR Board expansion on the WHITE proxy card. Should stockholders approve the Board expansion and elect the Company’s nominees, Ms. Brennan would be appointed to the Board as a Class II director effective immediately following the Company’s Annual Meeting of Stockholders to be held on June 26, 2023, subject to Ms. Brennan’s willingness to serve. In the event Quentin Koffey, Politan’s other director nominee, is elected to the Board at the Annual Meeting of Stockholders, Masimo’s Board would not appoint Ms. Brennan to the Board following the meeting.
- On June 5, 2023, Politan commented on the company’s recent announcement that it would authorize expanding its Board and adding Politan nominee Michelle Brennan – contingent on the reelection of all incumbent Masimo directors at the upcoming AGM. Kindly [click here](#) to read more.
- On June 12, 2023, Politan issued a [letter](#) to the shareholders highlighting how both of its nominees are needed to drive positive change in the boardroom.
- On June 15, 2023, ISS and Glass Lewis has recommended shareholders vote FOR the election of Politan’s nominees, Michelle Brennan and Quentin Koffey, to the board at the annual meeting scheduled for June 26, 2023.

Update

On June 26, 2023, the Politan Nominees (Michelle Brennan and Quentin Koffey), were elected to the Board at the 2023 annual meeting. [Source](#)

JANA Partners reached agreement with Mercury Systems

Market Cap: \$1.9 billion | Mercury Systems, Inc., a technology company, engages in the manufacture and sale of components, products, modules, and subsystems for aerospace and defense industries in the United States, Europe, and the Asia Pacific..

Background

JANA Partners

- On December 23, 2021, JANA Partners (6.6%) intends to have discussions with the board and management regarding maximizing value for shareholders including evaluating strategic alternatives including a sale of the company, operations, capital allocation, corporate governance, board composition, and compensation practices. [Source](#)
- On January 31, 2023, the Company announced that its Board of Directors has approved a plan to explore strategic alternatives, including a potential sale of the Company. [Source](#)
- On February 3, 2023, JANA Partners (4.6%) appreciates the constructive dialogue it has had with the Board and management and applauds the Board's decision to enhance shareholder value by engaging financial advisors and exploring a sale. [Source](#)

Starboard

- On January 13, 2022, Starboard (7.3%) delivered an open [letter](#) to the board stating its belief that the Rights plan adopted by the company on December 27, 2021 is not in the best interests of the shareholders. It asked that the Board immediately eliminate the Rights plan. Alternatively, if the Company is unwilling to fully remove the Rights Plan, Starboard stated that it would expect the Company to, at the very least, (1) raise the ownership threshold which triggers the Rights Plan from 7.5% (or 10% in the case of a passive investor) to 15% for all shareholders and (2) thereafter put the Rights Plan to a vote of all shareholders.
- On June 23, 2022, Starboard Value and JANA Partners entered into an [agreement](#) with the company and pursuant to it, the company agreed to immediately increase the size of the Board from nine (9) to eleven (11) directors and expand the size of Class I directors by two (2) directors and appoint Howard L. Lance (the "Starboard Appointee") and Bill L. Ballhaus (the "JANA Appointee" and together with the Starboard Appointee, the "New Independent Appointees") to the Board as Class I directors.

Update

On July 6, 2023, JANA Partners (8%) entered into a voting agreement with the company, pursuant to which Scott Ostfeld, a Managing Partner of JANA, was appointed to the board of directors. [Source](#)

Shareholders voted to elect all six company's director nominees to the board of Mind Medicine

Market Cap: \$140 million | Mind Medicine (MindMed) Inc., a clinical stage biopharmaceutical company, develops novel products to treat brain health disorders.

Background

- On April 21, 2023, FCM MM Holdings, LLC (3.5%) filed proxy materials nominating four director candidates for election to the board at the 2023 AGM. It expressed its concerns regarding share price performance, substantial director compensation and golden parachutes. [Source](#)
- On May 5, 2023, FCM MM Holdings, LLC issued an open letter to the shareholders soliciting votes for its nominees. The letter details the board and management team's track record of poor decision-making and lack of alignment with shareholders that has led to critical delays, ill-conceived and botched regulatory strategies, excessive spending and compensation, and destructive financings that have plagued the Company. It has also outlined its plan to restore shareholder value.
- On May 24, 2023, FCM MM Holdings, LLC issued an investor [presentation](#) titled "Restore Mind Medicine"
- On May 31, 2023, FCM MM Holdings, LLC issued a Supplemental Investor [Presentation](#).
- On June 2, 2023, FCM MM Holdings, LLC issued an open letter to the shareholders. The letter highlights Dr. Freeman's prediction that a revolution in psychedelic medicine will likely occur by the end of 2024, heralded by the FDA's likely approval of Multidisciplinary Association for Psychedelic Studies' ("MAPS") drug, MDMA, for post-traumatic stress disorder (PTSD). Dr. Freeman emphasizes his belief that for MindMed to be able to fully participate in the coming psychedelic medicine revolution it must have a healthy balance sheet. FCM believes that by cutting costs and doubling-down MindMed's investment in its flagship drug LSD (MM-120) this is achievable. [Source](#)
- On June 5, 2023, ISS recommended that shareholders should vote in favor of the company's management proposals and reject the proposals put forth by FCM MM Holdings, which seeks to replace board members and implement its own plan for the company. ISS acknowledges the concerns raised by FCM MM Holdings but believes that the company's management proposals offer a more favorable path forward for shareholders. [Source](#)
- On June 5, 2023, FCM MM Holdings, LLC criticizes ISS report for dismissing share drop, failed clinical strategy, lack of accountability, flip-flop on board chair, parroting refuted statements, and overlooking patient safety concerns. FCM urges shareholders to support their plan for value restoration by voting the BLUE Proxy. [Source](#)
- On June 8, 2023, FCM issued a Rebuttal Investor [Presentation](#) titled "Restore Mind Medicine"
- On June 15, 2023, FCM MM Holdings, LLC condemns the company's plan to proceed with its AGM and director elections without sufficient shareholder support. Despite failing to meet the required shareholder presence at the AGM, the company plans to hold an adjourned meeting. FCM alleges violations of NASDAQ rules and Canadian securities law, which could lead to delisting and legal consequences. FCM urges shareholders to vote for its nominees on the BLUE proxy card to restore value and challenge the current board and management team. [Source](#)

Update

At the AGM held on June 21, 2023, shareholders voted to elect all six company's director nominees to the board.

Global Net Lease, The Necessity Retail REIT and AR Global Enter into Cooperation Agreement with Blackwells Capital

Market Cap: \$629 million | The Necessity Retail REIT (Nasdaq: RTL) is a publicly traded real estate investment trust listed on Nasdaq focused on acquiring and managing a diversified

portfolio of primarily service-oriented and traditional retail and distribution related commercial real estate properties in the U.S.

Background

- On October 25, 2022, Blackwells Capital [announced](#) it has nominated two candidates for election to the board at the upcoming 2023 AGM and plans to pursue a number of corporate governance initiatives. Blackwells plans to reform RTL as a leader in proper governance standards by pursuing the following agenda, (i) Nominating highly qualified director candidates with the necessary character and fiduciary experience to lead RTL, (ii) Proposing the repeal of the existing poison pill and other anti-takeover measures, which are due to expire, (iii) Proposing the repeal of the recently enacted bylaw, which requires the continued representation of certain of RTL's advisors on the board of directors, (iv) Proposing changes to the board of directors, including the declassification of the board of directors and the adoption of a director resignation policy, (v) Proposing that the board of directors designate a strategic review committee, comprised only of independent directors, to conduct a strategic review process to pursue possible extraordinary transactions, including the power to engage a financial advisor to evaluate a potential sale of the Company; and (vi) Proposing an amendment to the Company's bylaws to allow stockholders the ability to amend the bylaws.
- On December 9, 2022, Blackwells Capital filed proxy materials seeking support for its nominees.
- On December 19, 2022, Blackwells Capital announced the filing of a complaint in Maryland state court against the company in response to company's meritless rejection of Blackwells' director candidate nominations. [Source](#)
- On December 23, 2022, Blackwells Capital filed proxy materials seeking support for its nominees.
- On February 22, 2023, Blackwells Capital launched a website, StopARGlobal.com, to communicate with the stockholders of The Necessity Retail REIT, Inc. ("RTL") and thereafter posted a [presentation](#), which discusses, among other things, Blackwells' plan to maximize value for RTL stockholders
- On April 5, 2023, Blackwells Capital filed proxy materials seeking support for its nominees.
- On April 21, 2023 and April 25, 2023, Blackwells Capital LLC issued a [presentation](#) that discusses, among other things, Blackwells Capital's case for change at The Necessity Retail REIT, Inc. and urges stockholders to vote for Blackwells Capital's two highly qualified director nominees at the upcoming 2023 AGM.
- On May 4, 2023, Blackwells Capital issued a [letter](#) to fellow shareholders reminding them to vote on the **WHITE** Universal Proxy Card to support the urgent need for boardroom change at the company.
- On May 10, 2023, Glass Lewis has recommended that stockholders vote on the **WHITE** universal proxy card to elect both of its candidates – Jim Lozier and Richard O'Toole – to the board. Also, ISS recommended to withhold support from incumbent director candidates. [Source](#)
- The Annual Meetings have been delayed by more than two months to "on or about July 21, 2023. On May 22, 2023, Blackwells calls on the board to immediately confirm the July timing for the annual meetings and publicly commit to forgoing further delays. [Source](#)
- On May 23, 2023, Global Net Lease Inc and The Necessity Retail REIT Inc announced that they have entered into a definitive merger agreement under which GNL will acquire RTL in an all-stock transaction. GNL and RTL have also entered into a definitive agreement that will result in the combined entity becoming internally managed, with the external asset and property management functions currently performed by affiliates of AR Global, LLC. [Source](#)
- On May 23, 2023, Blackwells Capital made the following statement:
- "The proposed merger is another deceptive effort by AR Global, in complicity with GNL and RTL, to skirt ongoing proxy fights against them, and the ultimate accountability that will face

them. Shareholders should be on high alert that the compromised boards of GNL and RTL approved a deal that would arrogate a \$375 million ransom payment to AR Global, Michael Weil and Nick Schorsch in return for all the value they've destroyed. Blackwells strongly opposes the cockamamie merger, and expects most other shareholders to do the same." [Source](#)

Update

On June 5, 2023, Global Net Lease Inc, The Necessity Retail REIT Inc and AR Global entered into a cooperation agreement with Blackwells Capital and pursuant to it, the Blackwells Parties will withdraw their nomination notices and proposals at both GNL and RTL and have agreed to vote in favor of the share issuances for the previously announced merger of GNL and RTL and internalization transactions at the GNL special meeting. [Source](#)

Shareholders approved the First Proposal, Rejected second proposal at the special meeting

Market Cap: \$21 million | Pacific Coast Oil Trust acquires and holds net profits and royalty interests in various oil and natural gas properties located in California.

Background

- On October 11, 2022, Shipyard Capital, Cedar Creek Partners and Walter C. Keenan ("concerned shareholders" together 11.4%) sent a [letter](#) to the company's trustee, The Bank of New York Mellon Trust Company, requesting that it file suit against PCEC, the trust's operator. They stated that if the trustee refuses, they intend to call a special meeting to remove the trustee.
 - On December 12, 2022, the concerned shareholders (12.8%) stated their belief that the trustee is not properly representing unitholders. The trustee has refused to file suit against PCEC for what we believe are illegal and improper assessments against the trust, preventing the trust from making distributions and potentially forcing dissolution and liquidation, which we believe would harm unitholders.
 - On December 22, 2022, the concerned shareholders together with Evergreen Capital Management (22.5%) filed 13D reiterating their concerns. [Source](#)
 - On January 12, 2023, the concerned Group filed a fifth amended Schedule 13D updating Evergreen's Unit holding to reflect recent client attrition (bringing the 13D Group's aggregate ownership to 21.3%).
 - On May 8, 2023, the concerned Group filed proxy materials urging shareholders to vote FOR its two proposals.
 - To remove the Bank of New York Mellon Trust Company, N.A. as trustee of the Trust.
 - To adopt an amendment to Section 8.02 of the Trust Agreement requiring the Trust to bear all costs associated with calling any meeting of Unitholders that is called by Unitholders owning of record not less than 10% of the then outstanding Units should any of the proposals submitted at such meeting receive a majority vote in favor.
- [Source](#)
- On May 24, 2023, the concerned Group filed proxy materials urging shareholders to vote FOR its two proposals. [Source](#)

Update

At the [special meeting](#) held on July 12, 2023, shareholders approved the first proposal but the second proposal was not approved.

WisdomTree announces preliminary voting results of its 2023 annual meeting of stockholders

Market Cap: \$1 billion | WisdomTree Investments, Inc., through its subsidiaries, operates as an exchange-traded funds (ETFs) sponsor and asset manager..

Background

- On April 12, 2023, ETFS Capital Limited (18.3%) nominated three director candidates for election to the board at the 2023 AGM. [Source](#)
- On April 24, 2023, ETFS Capital issued an open letter to stockholders expressing concerns over the management and the board and urged shareholders to vote for its nominees.
- On April 27, 2023, ETFS Capital launched a website to communicate with the stockholders regarding the annual meeting. The website address is www.wisepwt.com.
- On May 1, 2023, ETFS Capital Limited issued an open [letter](#) to stockholders expressing its concerns on Q1 2023 results that despite AUM increasing by \$11.3B (14%), revenue only increased by 4.7% Year Over Year (YOY), while adjusted operating income declined 13% YOY and adjusted operating margin contracted by 4.3%. Further, it reinforce the need for immediate change to the board.
- On May 10, 2023, ETFS Capital Limited filed proxy materials seeking support for its nominees and stated that it was pleased to have agreed, on terms which will benefit all stockholders, to the cancellation of the obligation of WisdomTree to make ongoing gold payments for consideration of only \$135 million, which compares to the \$200 million value WisdomTree placed on those obligations in its 2022 accounts. [Source](#)
- On May 15, 2023, ETFS Capital Limited filed proxy materials seeking support for its nominees.
- On May 18, 2023, ETFS Capital issued an Investor [Presentation](#) titled “Wise Up WisdomTree” detailing the company’s long history of underperformance and shareholder value destruction.
- On May 24, 2023, ETFS Capital published a supplemental investor [presentation](#) addressing the serious mischaracterizations and distraction tactics employed by the company.
- On June 6, 2023, ETFS Capital issued a [press release](#) announcing that ISS has recommended that WisdomTree stockholders vote on ETFS Capital’s GOLD proxy card, for ETFS Capital nominees Bruce E. Aust and Tonia Pankopf to the board.
- On June 7, 2023, Glass Lewis recommended stockholders vote **FOR** ETFS Capital nominee Tonia Pankopf to the board and **WITHHOLD** from Chairman Frank Salerno, in connection with the company’s AGM to be held on June 16, 2023. [Source](#)
- On June 12, 2023, Egan-Jones recommended stockholders vote FOR all three ETFS Capital nominees on the GOLD proxy card, for election to the board at the upcoming annual meeting of stockholders. [Source](#)

Update

On June 22, 2023, the company announced that based on the preliminary vote count provided by the Company’s proxy solicitor, stockholders have elected five of WisdomTree’s six nominees to the board. Stockholders have also elected one of the three nominees proposed by ETFS Capital Limited. [Source](#)

Past

On March 8, 2022, ETFS Capital Limited (10.5%) and Lion Point Capital (3.1%) expressed their desire for changes to the Board and management of a company. They later nominated three candidates for the Board at the 2022 AGM. Settlement discussions broke down, leading to the filing of proxy materials. Eventually, on May 27, 2022, an agreement was reached, expanding the

board and appointing two independent members, Lynn S. Blake and Deborah Fuhr, nominated by ETFS Capital Limited and Lion Point Capital, respectively.

ONGOING

D. E. Shaw, H/2 Special Opportunities and Flat Footed LLC oppose the proposed merger of Diversified Healthcare Trust with Office Properties Income Trust

Market Cap: \$657 million | Diversified Healthcare Trust is a real estate investment trust, or REIT, focused on owning high-quality healthcare properties located throughout the United States.

Background

- On May 23, 2023, Flat Footed LLC (7.4%) delivered a [letter](#) to the Board expressing its strong opposition to the company's proposed merger with Office Properties Income Trust and its intention to vote against the Proposed Merger.
- On June 12, 2023, D. E. Shaw (6.1%) stated that it has delivered a private letter to the Board expressing opposition to the company's proposed merger with Office Properties Income Trust, its intention to vote against the Proposed Merger, and its request that the Board pursue superior alternative actions. [Source](#)
- On June 14, 2023, Flat Footed LLC (9.8%) filed proxy materials soliciting votes against the company's proposal to approve the proposed merger between the company and Office Properties Income Trust at the upcoming special meeting of shareholders
- On June 28, 2023, Flat Footed LLC filed proxy materials urging shareholders to vote "AGAINST" the DHC Merger Proposals. [Source](#)
- On June 30, 2023, H/2 Special Opportunities (6.2%) delivered a [letter](#) to the Chairman of the Board expressing concerns about the proposed merger. It believes that the merger is not in the best interests of the company, its shareholders, or its creditors. The letter suggests that there are alternative solutions to address the company's near-term challenges, such as refinancing the 2024 debt maturities through bank lender financings, bondholder financings, asset sales, or bondholder consents. H/2 Special Opportunities stated that it is interested in participating in these alternatives and is currently working on an updated proposal to resolve the company's 2024 debt maturities.

Update

- On July 14, 2023, D. E. Shaw (5.85) filed a [presentation](#) setting forth its opposition to the proposed merger.
- On July 19, 2023, Flat Footed (9.8%) responds to the growing shareholder opposition to the proposed merger with Office Properties Income Trust (OPI). It expresses encouragement that fellow shareholders share their concerns about the value-destructive nature of the merger. It mentions that significant shareholders, including D.E. Shaw and H/2 Capital Partners, have also opposed the deal and proposed alternative solutions. FFL criticizes the company for canceling meetings, removing the Special Meeting date from the latest proxy amendment, and resorting to fear-mongering tactics to garner support for the

Edenbrook Capital sent a letter to the board of Absolute Software Corporation

M.Cap: \$801 million | Absolute Software Corporation develops, markets, and provides cloud-based endpoint visibility and control platform for the management and security of computing devices, applications, and data for enterprise and public sector organizations.

Background

- On October 7, 2021, Edenbrook Capital (5.75%) stated that it has engaged, and intend to continue to engage, in communications with the management team and Board of Directors regarding means to enhance stockholder value. [Source](#)
- On May 11, 2023 the company entered into an arrangement agreement pursuant to which affiliates of Crosspoint Capital Partners, L.P. have agreed to acquire all of the issued and outstanding common shares at a price of US\$11.50 per common share.
- On May 18, 2023, Edenbrook (10.4%) sent a letter (refer "[Exhibit 2](#)") to the Chairman of the Board, expressing its strong belief that the terms of the Acquisition significantly undervalues the company.

Valuation Insight

"If you were to put the Tufn 6.7x multiple on Absolute's ARR, you would get an enterprise value of approximately \$1.538 billion. Subtracting the Company's net debt of approximately \$213 million would yield an equity value of approximately \$1.325 billion, and with 53.1 million shares outstanding, a per share equity value of approximately \$24.97 per share, more than double the Proposed Acquisition price of \$11.50 per share. Even the lower 6.2x ARR multiple that Absolute paid for NetMotion would yield an equity value of approximately \$22.80, nearly double the Proposed Acquisition price."

Update

On June 6, 2023, Edenbrook (10.4%) sent a letter (refer, "[Exhibit 3](#)") to the Chairman of the Board expressing its belief that the acquisition undervalues the company. The letter highlights concerns raised by the company's recent announcement regarding the acquisition process.

Former Directors Group demands board refreshment following 82% stockholder rebuke

Market Cap: \$826 million | Cano Health, Inc. provides primary care medical services to its members in the United States and Puerto Rico.

Background

- On March 30, 2023, Barry Sternlicht (9.4%) resigned as a director of the company. In connection therewith, he delivered a letter to the board in protest of the company management led by CEO Marlow Hernandez. Kindly [click here](#), to read the entire letter.
- On April 2, 2023, the Former Directors (Barry Sternlicht, Elliot Cooperstone and Dr. Lewis Gold) and certain of their affiliates (together own 36%) entered into the Group Agreement pursuant to which they agreed to act together to pursue change at the company, including, but not limited to, the replacement of the CEO, sale of non-core assets and enhancement of shareholder value. [Source](#)
- On April 10, 2023, the Former Directors (36%) issued a press release and an open [letter](#) to the shareholders expressing their belief that urgent leadership and strategy changes are needed at the company.
- On April 14, 2023, the Former Directors delivered a [letter](#) to the board demanding that the Board immediately re-open the nomination and proposal window under the company's by-laws for a period of at least 30 days, given the recent disclosures by CEO Dr. Marlow Hernandez and the company and the significant changes at the company that have all occurred following the expiration of the nomination and proposal deadline.

- On April 26, 2023, the Former Directors delivered a [letter](#) to the shareholders stating their belief that the appointment of Solomon “Sol” Trujillo as Chairman represents a self-interested entrenchment maneuver and slap in the face to concerned shareholders. They further reiterated their concerns that Dr. Hernandez must be removed as CEO given his poor capital allocation, abysmal performance, and disregard for good corporate governance, transparency and ethics.
- On April 27, 2023, the Former Directors delivered a [letter](#) to the shareholders regarding the board’s entrenchment maneuvers and latest governance failures. They highlighted the interlocks among board members, including Mr. Trujillo and CEO Marlow Hernandez.
- On April 28, 2023, the Former Directors commenced a litigation in the Court against the current members of the Board and the company seeking, among other things, an order of the Court compelling the company to reopen the window under the company’s Bylaws for stockholders to propose the removal of one or more directors and to nominate director candidates and bring forth other proposals at the 2023 AGM. [Source](#)
- On May 10, 2023, the Former Directors filed proxy materials seeking shareholders to vote **WITHHOLD** with respect to the election of Dr. Alan Muney and Ms. Kim M. Rivera (the “Company Nominees”) to the board as Class II directors.
- On May 11, 2023, the Former Directors issued an open [letter](#) to stockholders announcing the launch of the Withhold Campaign so that regardless of the outcome in their pending litigation to compel the company to reopen the nomination and proposal window under the By-Laws, stockholders can make their voices heard at the annual meeting.
- On May 18, 2023, the Former Directors Group issued a [press release](#) soliciting votes to WITHHOLD with respect to the election of certain directors, Dr. Alan Muney and Ms. Kim M. Rivera, of Cano Health, Inc. at the company’s 2023 AGM.
- On May 19, 2023, the Former Directors Group nominated two candidates for election to the board at the 2023 AGM. [Source](#)
- On May 22, 2023, the Former Directors Group filed proxy materials seeking support for their nominees.
- On May 25, 2023, the Former Directors Group filed proxy materials soliciting WITHHOLD votes against the re-election of Dr. Alan Muney, Chair of Cano’s Compensation Committee, and Kim Rivera, Chair of Cano’s Nominating and Corporate Governance Committee. Also, the group launched a website to communicate with the Company’s stockholders regarding the annual meeting. The website address is www.savecano.com. [Source](#)
- On May 30, 2023, the Former Directors Group issued an Investor [Presentation](#) titled “The Urgent Need for Changes in Leadership and Strategy at Cano Health” that outlines the urgent case for changes in leadership and strategy at the Company.
- On June 7, 2023, ISS and Glass Lewis have recommended that Cano stockholders withhold support for the re-election of Company’s two director candidates, Dr. Alan Muney and Kim Rivera as directors at the 2023 AGM on June 15, 2023. [Source](#)
- On June 15, 2023, the company announced the results of its AGM. Based on the vote tabulation by the Company’s proxy solicitor, Cano Health’s two director nominees, Dr. Alan Muney and Kim Rivera, have been re-elected to the Company’s Board of Directors. [Source](#)
- On June 16, 2023, Mark Kent, the current Chief Strategy Officer, has been appointed as Interim CEO of the company, while an external search is underway to find a permanent successor. Dr. Marlow Hernandez has agreed to resign immediately as CEO but will remain as a member of the Board. [Source](#)
- On June 20, 2023, the Former Directors Group issued a response to the Company’s announcement. They acknowledged the resignation of Dr. Marlow Hernandez as CEO, which they considered a positive step. They expressed their support for Mark Kent as a suitable replacement for Dr. Hernandez, citing his integrity and relevant healthcare experience. However, they emphasized the need for a credible and confidence-inspiring Board to support the new management team in achieving a lasting turnaround for Cano. They criticized the current Board, which includes two “WITHHOLD” directors and the former

CEO, stating that it is not adequately equipped to oversee the company during this critical period. [Source](#)

Update

On July 17, 2023, the Former Directors Group (35%) expresses satisfaction with over 82% of stockholders rebuking the current Board at the recent Annual Meeting. They credit their efforts for the CEO's resignation due to mismanagement. At the same time, the group stated that the Board has disregarded the unambiguous results of the Annual Meeting, where more than 82% of the votes cast WITHHELD support for Dr. Alan Muney and Kim Rivera. The letter criticizes the Board for ignoring shareholder disapproval and demands a board refreshment process. They call for new leadership support and policy changes. [Source](#)

Past

On March 9, 2022, Third Point LLC (6.4%) stated its belief that the Board should immediately engage financial and legal advisors to commence a review of strategic alternatives. It believes this strategic review should focus on a sale of the company, and that a properly run sales process is likely to result in offers representing a substantial premium to the company's trading price. It also stated that it has no present plan to pursue a proxy contest with the company, but may consider initiating a proxy contest seeking to elect one or more members of the Board and bring such other proposals as Third Point deem appropriate should the Board not adequately address the value gap between the current share price of the company and the intrinsic value thereof, including by commencing a review of strategic alternatives. [Source](#)

Star Equity Fund reacts to second consecutive adjournment of the Firsthand Technology Value Fund annual meeting

Market Cap: \$6 million | Firsthand Technology Value Fund, Inc. is an externally managed, closed-end, non-diversified management investment company. The Fund's investment objective is to seek long-term growth of capital.

Star Equity Fund

- On November 25, 2022, Star Equity Fund (5.08%) stated that it expects to engage in general discussions with the Board and management regarding changes to the composition of the Board, corporate governance and evaluating all options to maximize shareholder value. Star Equity Fund requested the company provide them with a copy of the "Proposed Nominee questionnaire" to enable it to nominate candidates for election to the Board at the 2023 AGM. [Source](#)
- On December 7, 2022, Star Equity Fund nominated two candidates for election to the Board at the company 2023 AGM.
- On May 9, 2023, Star Equity issued an investor [presentation](#) titled "Our Plan for Enhancing Stockholder Value at Firsthand Technology Value Fund, Inc.,"
- On June 9, 2023, the company held its adjourned annual meeting, but there were not enough shareholders present to constitute a quorum. As a result, no business was conducted, and the nominees for the two Class III director positions were not elected. The current Class III directors, Kevin Landis and Kimun Lee, will continue to serve until the next annual meeting or until their successors are chosen. [Source](#)

Donald R Chambers

- On April 27, 2022, Donald R Chambers filed proxy materials and submitted a proposal that all investment advisory and management agreements between Firsthand Technology Value Fund, Inc. and Firsthand Capital Management, Inc. shall be terminated.
- At the [AGM](#) held on May 25, 2022, stockholders did not approve the binding stockholder proposal to terminate the investment advisory and management agreements between Firsthand and Firsthand Capital Management, Inc.

Scott Klarquist

- On January 20, 2022, Scott Klarquist, CIO of Seven Corners Capital Management, issued a [presentation](#) to the shareholders titled "Time for change at SVVC" expressing his concerns on the stock price performance over the past ten years. He urged the shareholders (i) to vote AGAINST all of SVVC's incumbent director nominees and AGAINST SVVC's executive compensation and (ii) to vote in favour of any shareholders proposal to terminate FCM's management agreement.
- On March 11, 2022, Scott Klarquist issued an open [letter](#) to the shareholders reiterating his proposals.
- On March 28, 2022, Scott Klarquist filed proxy materials nominating himself as a director candidate for election to the Board at the Company's upcoming 2022 AGM. [Source](#)
- On April 26, 2022, the company [announced](#) that the election of Scott Klarquist found in the separate proxy statement from Mr. Klarquist will not be considered at the Annual Meeting.
- On May 17, 2023, ISS has recommended that shareholders vote on Star Equity Fund's WHITE proxy card to elect both its nominees – Robert Pearse and Hannah Bible – to the board at its upcoming 2023 AGM. ISS recommended that stockholders "DO NOT VOTE" on the company's blue proxy card. [Source](#)

Update

On June 15, 2023, Star Equity Fund criticized the company's voting standards for contested elections and highlighted the failure to establish a quorum at the annual meeting. It called for transparency in voting results and prompt reconvening of the meeting. Star Equity Fund believes a change in Board composition is crucial for better corporate governance and shareholder value. [Source](#)

Past

Donald R Chambers

On April 15, 2020, Donald R Chambers announced his support for a non-binding stockholder proposal at SVVC's annual meeting. The proposal urged the Board of Directors to explore options for enhancing shareholder value, including terminating the fund, liquidating assets, conducting tender offers, merging with another entity, or taking other measures to allow shareholders to exit at or near net asset value (NAV). The proposal was motivated by the significant drop in SVVC's stock price and its high expense ratio. At the July 2, 2020 annual meeting, shareholders approved the non-binding proposal.

Bulldog Investors

Bulldog Investors filed a proxy statement in January 2014, proposing various changes to Firsthand Technology Value Fund. However, a settlement was reached in May 2014, resulting in Bulldog withdrawing its nominees and proposals. As part of the settlement, the Board approved a plan for share repurchases, including up to \$10 million in open market purchases in 2014 and a self-tender offer of at least \$20 million at 95% of net asset value by January 31, 2015.

Camac Fund nominated director candidates to the Board of Forte Biosciences

Market Cap: \$21 million | Forte Biosciences, Inc. operates as a clinical-stage biopharmaceutical company in the United States.

Background

Camac Fund

- On August 17, 2022, Camac Partners (7.1%) expressed concerns regarding the Company's sizable trading price discount relative to its cash on hand and the Board's decision to conduct a highly dilutive equity capital raise following the emergence of four separate Schedule 13D filers. [Source](#)
- On February 17, 2023, Camac Fund delivered a letter to the company nominating Michael G. Hacke and Chris McIntyre for election to the board at the 2023 AGM.
- On May 25, 2023, Camac Fund filed proxy materials seeking support for its nominees.

ATG Fund

On August 4, 2022, ATG Fund (9.9%) stated that it has previously expressed dissatisfaction with the strategic direction of the company in connection with the company's introduction of its "poison pill." It is the current intention of ATG Fund to engage in discussions with the management, board, other representatives regarding potential alternatives and recommendations that ATG Fund believes would present the opportunity for more immediate and certain value creation for the stockholders. Such alternatives and recommendations may include, without limitation, liquidation of the company's assets and return of capital to the stockholders. [Source](#)

BML Investment Partners

- On May 24, 2022, Braden Leonard, BML Investment Partners (8.9%), sent an email to the company's Chairman & CEO, Paul Wagner, indicating that BML believes that the company should liquidate and return cash to shareholders. [Source](#)
- On July 6, 2022, Braden Leonard, BML Investment Partners (9.1%), sent a follow up email to the company's Chairman & CEO, Paul Wagner, indicating that BML believes that the company should liquidate and/or return cash to shareholders. [Source](#)
- On August 15, 2022, Braden Leonard, BML Investment Partners (7.2%) sent a follow up email to the Chairman & CEO, Paul Wagner, indicating that BML believes that the company is destroying shareholder value by issuing shares at the current price. Also, he reiterated that shareholders would be far better off if the Board had decided to liquidate. [Source](#)

Funicular Funds

- On July 6, 2022, Funicular Funds disclosed a 7.5% active stake in the company and stated its belief that the Board could make an immediate value creation through a substantial buyback program, tender offer at a premium, or special dividend. Funicular Funds requested that the Board evaluate, in conjunction with the company's continued development program, a tender offer or other extraordinary transaction to return \$20 million (or such other amount deemed appropriate under the circumstances) and promptly report back to holders.
- On July 19, 2022, Funicular Funds (9.9%) expressed its concerns regarding the company's adoption of poison pill. [Source](#)
- On August 24, 2022, Funicular Funds sent a [letter](#) to the Board expressing its concern with the Board's failure to address the legitimate concerns previously raised by stockholders and its decision to embark on a value-destructive, scorched-earth path with a dilutive and

unnecessary capital raise, without so much as an explanation for its actions. In the letter, the Fund urges the Board to immediately establish a special committee comprised solely of independent directors to: (i) thoroughly investigate recent actions taken in response to stockholder feedback, (ii) rectify the recent dilutive capital raise by formulating a plan to return capital to stockholders, (iii) consider and recommend a separation of the Chairman and CEO roles at the company, and (iv) exercise the Board's authority under the company's Bylaws to call a special meeting of stockholders to allow the owners of the company to determine its future direction.

Update

On July 3, 2023, Camac Fund resubmitted its nomination of the Nominees for election to the Board at the annual meeting following the company's disclosure that the annual meeting will be held on September 19, 2023. [Source](#)

JANA Partners calls out Freshpet's half-hearted attempt to address conflicts of interest and governance failures.

Market Cap: \$3 billion | Freshpet, Inc. manufactures and markets natural fresh meals and treats for dogs and cats in the United States, Canada, and Europe.

Background

- On September 22, 2022, JANA Partners (9.6%) announced its intention to engage in discussions with the board and management team regarding strategic value assessment, capital allocation, operations, investor communication, management, and board governance matters. [Source](#)
- On December 15, 2022, JANA (8.9%) informed the company of its plan to solicit proxies at the company's 2023 AGM. [Source](#)
- On May 24, 2023, JANA Partners (9.3%) nominated four candidates for election to the board at the 2023 AGM. It issued a [letter](#) to the shareholders stating its belief that the company's pattern of missteps stems directly from a Board that has disregarded its most basic duties to shareholders.
- On May 25, 2023, JANA Partners delivered a notice to the company of its intent to propose the nomination of Diane Dietz, Timothy R. McLevish and Scott Ostfeld for election at the 2023 AGM, and for Kurt T. Schmidt to serve as an alternate nominee in the event any of the JANA Nominees are unable to stand for election. [Source](#)
- On June 1, 2023, JANA Partners filed a verified complaint in the Court against each member of the board and the company. In the Verified Complaint, the plaintiffs seek orders (i) declaring that the defendant Board members breached their fiduciary duties by decreasing the number of directors in Class III and increasing the number of directors in Class I; (ii) declaring that stockholders have an opportunity to elect four Class III directors at the annual meeting; and (iii) compelling a director in Class I or Class II to stand for election at the annual meeting as a Class III director. [Source](#)

Update

On June 5, 2023, JANA Partners criticizes the company's insufficient attempts to address governance issues, calling for meaningful board-level changes. It remains open to a satisfactory resolution that addresses the root causes of dysfunction at Freshpet. [Source](#)

Blackwells Capital opposes the cockamamie merger

Market Cap: \$1 billion | Global Net Lease, Inc. (NYSE: GNL) is a publicly traded real estate investment trust listed on the NYSE focused on acquiring a diversified global portfolio of commercial properties.

Background

- On October 25, 2022, Blackwells Capital [announced](#) it has nominated two candidates for election to the board at the upcoming 2023 AGM and plans to pursue a number of corporate governance initiatives. Additionally, Blackwells announced its intent to propose two additional independent directors for the 2024 AGM. Blackwells Capital stated its belief that immediate steps required to reverse long-term shareholder value destruction include: (i) Explore a full range of strategic alternatives, (ii) Explore a full range of options to replace or renegotiate the external management agreement and (iii) Explore Board refreshment with shareholder representatives.
- On December 1, 2022, Blackwells Capital filed proxy materials seeking support for its nominees.
- On December 19, 2022, Blackwells Capital announced the filing of a complaint in Maryland state court against the company in response to company's meritless rejection of Blackwells' director candidate nominations. [Source](#)
- On February 22, 2023, Blackwells Capital launched a website, StopARGlobal.com, to communicate with the stockholders of Global Net Lease, Inc and thereafter posted a [presentation](#), which discusses, among other things, Blackwells' plan to maximize value for GNL stockholders.
- On April 5, 2023, Blackwells Capital filed proxy materials seeking support for its nominees.
- On April 21, 2023 and April 25, 2023, Blackwells Capital LLC issued a [presentation](#) that discusses, among other things, Blackwells Capital's case for change at Global Net Lease, Inc. and urges stockholders to vote for Blackwells Capital's two highly qualified director nominees at the upcoming 2023 AGM.
- On May 4, 2023, Blackwells Capital issued a [letter](#) to fellow shareholders reminding them to vote on the **WHITE** Universal Proxy Card to support the urgent need for boardroom change at the company.
- On May 10, 2023, Glass Lewis has recommended that stockholders vote on the **WHITE** universal proxy card to elect both of its candidates – Jim Lozier and Richard O'Toole – to the board. Also, ISS recommended to withhold support from incumbent director candidates. [Source](#)
- The Annual Meetings have been delayed by more than two months to “on or about July 21, 2023. On May 22, 2023, Blackwells calls on the board to immediately confirm the July timing for the annual meetings and publicly commit to forgoing further delays. [Source](#)
- On May 23, 2023, Global Net Lease Inc and The Necessity Retail REIT Inc announced that they have entered into a definitive merger agreement under which GNL will acquire RTL in an all-stock transaction. GNL and RTL have also entered into a definitive agreement that will result in the combined entity becoming internally managed, with the external asset and property management functions currently performed by affiliates of AR Global, LLC. [Source](#)
- On May 23, 2023, Blackwells Capital made the following statement:
- “The proposed merger is another deceptive effort by AR Global, in complicity with GNL and RTL, to skirt ongoing proxy fights against them, and the ultimate accountability that will face them. Shareholders should be on high alert that the compromised boards of GNL and RTL approved a deal that would arrogate a \$375 million ransom payment to AR Global, Michael Weil and Nick Schorsch in return for all the value they've destroyed. Blackwells strongly opposes the cockamamie merger, and expects most other shareholders to do the same.” [Source](#)

Update

On June 5, 2023, Global Net Lease Inc, The Necessity Retail REIT Inc and AR Global entered into a cooperation agreement with Blackwells Capital and pursuant to it, the Blackwells Parties will withdraw their nomination notices and proposals at both GNL and RTL and have agreed to vote in favor of the share issuances for the previously announced merger of GNL and RTL and internalization transactions at the GNL special meeting. [Source](#)

Star Equity Fund responds to Gyrodyne Board's entrenchment tactics

Market Cap: \$17 million | Gyrodyne, LLC. owns, leases and manages diverse commercial properties.

Background

- On April 25, 2023, Star Equity Fund (5.4%) delivered a letter to the company nominating a slate of director candidates including Hannah M. Bible and Matthew R. Sullivan for election to the board at the 2023 AGM. [Source](#)
- On April 28, 2023, Star Equity Fund filed proxy materials seeking support for its nominees.

Update

On June 21, 2023, Star Equity Fund issued a [press release](#) expressing its belief that the Board is utilizing entrenchment tactics to stonewall Star Equity Fund's director nominations of Hannah M. Bible and Matthew R. Sullivan for election to the Board at the 2023 AGM.

Past

- On August 1, 2022, Star Equity Fund (5%) disclosed that on March 23, 2022, together with other shareholders, it delivered a letter to the company announcing its intent to nominate candidates for election to the board. Unfortunately, despite multiple requests by the Shareholder Group, the company refused to provide certain documents required for a shareholder to nominate candidates. The company also refused to waive provisions of the LLC Agreement requiring ownership of at least 1% of the outstanding Shares for more than a year, or 5% of the outstanding Shares, for a shareholder to nominate candidates for election to the board. On August 1, 2022, the Shareholder Group issued a [press release](#) and open letter to the board announcing the Shareholder Group's intent to vote at the annual meeting as follows: (i) WITHHOLD on the re-election of incumbent board members Paul Lamb and Richard Smith and (ii) AGAINST Proposal 2, the compensation of the company's named executive officers. The Shareholder Group calls for specific corporate governance changes including the declassification of the board.
- On August 16, 2022, Star Equity Fund issued a [press release](#) regarding the 2022 AGM, taking note of ISS and Glass Lewis, two proxy advisory services firms, recommendations to vote against the re-election of the incumbent Board members Paul Lamb and Richard Smith and against the ratification of the executive officers' compensation. The Shareholder Group reiterated its intent to vote as follows: (i) WITHHOLD on the re-election of incumbent Board members and (ii) AGAINST the compensation of the named executive officers.
- On August 30, 2022, Star Equity Fund issued a [press release](#) emphasizing the results of the company's [2022 AGM](#), wherein 56% of votes cast voted WITHHOLD on the re-election of

Paul Lamb and Richard Smith to the Board in line with both ISS and Glass Lewis, two proxy advisory services firms, recommendations. The Aug 30 Press Release also took note that 57% of votes cast voted against the approval of the company's executive compensation in a non-binding advisory vote.

CRI dropped its acquisition proposal; Prime Movers Lab Fund engaged in discussions with Heliogen

Market Cap: \$44 million | Heliogen, Inc., a renewable energy technology company, operates in decarbonizing industry with concentrated sunlight.

Background

- On February 13, 2023, Prime Movers Lab Fund (12.5%) expressed its disappointment that the company's Founder, Chairman and CEO, Bill Gross, was terminated by the board and that the board had appointed the company's then-serving CFO, Christiana Obiaya, as the CEO despite her not having any prior CEO experience. They believe that shareholder representation is desperately needed in the boardroom following Mr. Gross's departure and they have been engaging in discussions with the board about such representation. [Source](#)
- On February 16, 2023, William Gross, Idealab, Idealab Holdings and Continuum Renewables, Inc., a Delaware corporation ("**CRI**") (13.4%) stated that effective February 5, 2023, he no longer serves as the CEO of the company and as a member of the Board. He expressed his disagreement with the decision of the board with respect to certain changes in management of the company. [Source](#)
- On April 13, 2023, CRI delivered a [letter](#) to the Board setting forth a proposal to acquire the company for a purchase price of \$0.40 per share of Common Stock in cash.
- On April 13, 2023, Prime Movers Lab Fund stated that it may be deemed to have formed a "group," with CRI. [Source](#)

Update

- On July 5, 2023, CRI announced that it would no longer proceed with its plan to acquire the company's outstanding capital stock, including the Proposal outlined in their letter to the Board on April 13, 2023.
- On July 6, 2023, Prime Movers Lab Fund (8.6%) expressed its concerns with the appointment of Christiana Obiaya, as the company's CEO despite Ms. Obiaya not having any prior CEO experience. Further, it engaged in discussions with the Board about shareholder representation in the boardroom. [Source](#)

Murchinson Ltd issued a letter to the board of Nano Dimension Ltd

Market Cap: \$810 million | Nano Dimension Ltd., together with its subsidiaries, provides additive electronics in Israel and internationally.

Background

- On January 22, 2023, Murchinson Ltd and certain funds (5.1%) delivered a letter to the Board demanding that the company convene a special general meeting of shareholders to allow shareholders to vote upon resolutions proposed by the Proposing Shareholders to improve the company's corporate governance by way of (i) amending certain provisions of the Company's Amended and Restated Articles of Association, including to allow shareholders to fill Board vacancies and remove directors at a general meeting by a simple

majority vote, (ii) removing several members of the Board, namely, the Chairman of the Board and CEO Yoav Stern, and current directors Oded Gera, Igal Rotem and Dr. Yoav Nissan-Cohen and (iii) appointing two new highly-qualified, independent and experienced director nominees, Kenneth H. Traub and Dr. Joshua Rosensweig, as directors of the company (such demand, the “Special Meeting Demand”). The Special Meeting Demand instructs the Board to immediately, and no later than February 12, 2023, call the Special Meeting, and hold it no later than 35 days thereafter, as required by the Companies Law. [Source](#)

- On February 13, 2023, Murchinson Ltd (5.1%) called on the company to hold a special meeting to remove four incumbent directors, including its chairman/CEO, and install two independent board members. [Source](#)
- On March 6, 2023, Murchinson Ltd issued a [presentation](#) outlining why it believes change is urgently needed at Nano Dimension.
- On March 6, 2023, Nano Dimension Ltd (14.5%) stated that it intends to engage in communications with the company regarding opportunities to enhance shareholder value and improve corporate governance, including through potential changes in the corporate structure, potentially, among other options, including changes to the composition of the Board. [Source](#)
- On March 9, 2023, Nano Dimension Ltd delivered a [letter](#) to the board proposing a non-binding indicative offer to acquire the remaining outstanding shares for \$18.00 per share in cash.
- On March 10, 2023, Anson Funds (5.1%) issued a letter to the Board to express its disappointment in the company’s apparent refusal to constructively engage with its shareholders. In addition, Anson Funds called on the board to implement a meaningfully larger return of capital program and expressed its concern that the company is overcapitalized and its belief that management’s recent actions highlight poor corporate governance at the company. It also urges the board to halt the proposed takeover of Stratasys, Ltd. [Source](#)
- At the special general meeting held on March 20, 2023, the shareholders voted in favor of the Proposing Shareholders’ proposals to (i) amend certain provisions of the company’s Articles of Association, (ii) remove four incumbent members of the Board, including Chairman and Chief Executive Officer Yoav Stern, and (iii) appoint two director nominees, Kenneth H. Traub and Dr. Joshua Rosensweig, as directors of the company. Although the Proposing Shareholders believe that the Special Meeting was valid, including that Messrs. Traub and Rosensweig were duly elected to the Board at the Special Meeting, the company is challenging the validity of the Special Meeting in Israeli court, which the Proposing Shareholders are vigorously defending. Most recently, the Israeli court issued an order stating that Messrs. Traub and Rosensweig shall serve as non-voting observers on the Board during the pendency of the litigation.
- In addition to the Israeli litigation, on March 27, 2023, the company filed a lawsuit against Murchinson Ltd and certain other third parties.
- On May 1, 2023, Murchinson Ltd (5.8%) filed a lawsuit against the company and certain other third parties, including Mr. Stern seeking to recover its costs and attorneys fees and punitive damages arising from the company’s Complaint. [Source](#)
- On May 2, 2023, Anson Funds (6.2%) stated its belief that the allegations by the company contained in the complaint are without merit and intend to defend themselves. [Source](#)
- On June 27, 2023, Murchinson delivered a private [letter](#) to the Board expressing its concerns over the increased tender offer price for Stratasys shares and the lack of due process and shareholder approval. It criticizes potential plans for a hasty equity issuance that would dilute shareholders’ interests.

Update

On July 20, 2023, Murchinson (5.9%) sent a [letter](#) to the Board expressing concerns about the delayed AGM and the Board's alleged attempts to disenfranchise shareholders. It also informed the Board of its decision to convert a portion of ADSs held by Nomis Bay into Ordinary Shares, which was completed on July 18, 2023. As a result, Nomis Bay now holds 1,500,000 ADSs and 3,000,000 Ordinary Shares.

BT Brands nominated director candidate to the board of Noble Roman's, Inc

Market Cap: \$6 million| Noble Roman's, Inc. sells and services franchises, and licenses and operates foodservice locations for stand-alone restaurants and non-traditional foodservice operations.

Background

- On April 17, 2023, BT Brands (8.11%) delivered a letter to the company nominating Gary Copperud for election to the Board at the company's 2023 AGM. [Source](#)
- On June 23, 2023, BT Brands filed proxy materials seeking support for its nominee.

Update

On July 5, 2023, BT Brands filed proxy materials urging shareholders to vote for its nominees.

Paragon Technologies raises concerns and threatens litigation against Ocean Power Technologies

Market Cap: \$38 million | Ocean Power Technologies, Inc. develops and commercializes proprietary systems that generate electricity by harnessing the renewable energy of ocean waves in North America, South America, Europe, and Asia..

Background

On July 7, 2023, Paragon Technologies (3.9%) provided a [letter](#) to the stockholders with respect to its views regarding the Company's financial condition and the performance of the board. It expressed its concerns about the company's ongoing cash burn and lack of a coherent plan for profitability. It highlighted the company's history of net losses since its inception in 1994, declining share price, failed commercialization efforts, and high operating expenses. Paragon intends to provide a slate of director nominees with the aim of reducing losses, addressing the cash burn, and implementing a go-to-market strategy to create profitable operations at the company.

Update

On July 14, 2023, Paragon Technologies (4%) expressed its concerns about alleged wrongdoing and mismanagement by the board and management. It has requested access to the company's records and will pursue litigation if the board does not comply. Further, it stated that it may make binding or non-binding stockholder proposals or may nominate one or more individuals as nominees for election to the board. [Source](#)

NexPoint Asset Management sends open letter to the board of Paratek Pharmaceuticals regarding upcoming annual meeting and proposed acquisition by Gurnet Point Capital

Market Cap: \$125 million | Paratek Pharmaceuticals, Inc., a commercial-stage biopharmaceutical company.

Background

On March 30, 2023, NexPoint Real Estate Opportunities (11.7%) stated that it discussed with management that the Company should pursue strategic alternatives and have sought a seat on the board of directors. [Source](#)

Update

On June 27, 2023, NexPoint Real Estate Opportunities (12%) issued a press release and open [letter](#) expressing its intention to withhold votes against all three Board members at the upcoming AGM. It criticizes the Board's lack of oversight and plan to scrutinize the Proposed Acquisition of the company by Gurnet Point Capital, LLC and Novo Nordisk Foundation, potentially voting against it if it doesn't justify the proposed purchase price.

Past

- On September 5, 2013, Roumell Asset Management disclosed 12.3% and sent a letter to the board and urged them to initiate share buyback. [Source](#)
- On September 18, 2013, Retrophin proposed to buy the company for \$4 per share. Subsequently Roumell sent another letter to the board and stated its belief that the buyout offer was inadequate and demanded the company to hire a bank to solicit additional interest. [Source](#)
- On October 3, 2013, Roumell, Retrophin and SC Fundamental Value Fund requested the board to call a special meeting for the purpose of (1) voting on the NOL Poison Pill, and (2) removing 4 directors. The company set the special meeting date for December 19, 2013. [Source](#)
- On December 3, 2013, Roumell nominated two candidates to the board. Subsequently the company issued a press release outlining its strategic vies and plans. [Source](#)
- On December 16, 2013, the company [announced](#) that Roumell [declared](#) support of company's strategies and it appointed one candidate of Roumell to the board. He served on the Board until October 2014.

John R. Saunders calls for board resignations and improved management at Pennsylvania Real Estate Investment Trust

Market Cap: \$4 million | Pennsylvania Real Estate Investment Trust is a publicly traded real estate investment trust that owns and manages quality properties in compelling markets.

On July 11, 2023, John R. Saunders (10%) issued a press release and open [letter](#) to express disappointment in the Board of Trustees' response to a shareholder vote at the recent annual meeting. He criticized the Board for not accepting resignations following the vote and called for immediate resignation and replacement of Board members. Saunders also highlighted poor management, high compensation, and rising debt levels in the letter.

Past

- On February 18, 2022, Cygnus Capital delivered a letter to the company nominating two director candidates, Ryan J. Levenson and Christopher Swann, for election to the Board as Preferred Stock Trustees at the company's 2022 annual meeting of shareholders. [Source](#)
- On February 28, 2022, Cygnus Capital issued an open [letter](#) to the shareholders seeking support for its nominees.
- On March 25, 2022, Pennsylvania Real Estate Investment Trust entered into a [letter agreement](#) with Cygnus Capital pursuant to which the Trust agreed to include Christopher Swann and Kenneth Hart to the board as Preferred Trustees for election to the Board at the Trust's upcoming 2022 annual meeting. Effective upon the filing of the Trust's proxy materials in accordance with the letter agreement, Cygnus agreed to withdraw its previous nomination of Ryan J. Levenson to serve as one of the two additional Trustees.

Norcross Braca Group announces three candidates to be nominated to serve on Republic First Board

Market Cap: \$48 million | Republic First Bancorp, Inc. operates as the holding company for Republic First Bank that provides a range of credit and depository banking products and services to individuals and businesses.

Background

George E. Norcross, III

- In January 2022, the Norcross Braca Group expressed concerns about the underperforming stock price of Republic First Bancorp and called for leadership changes. Over the following months, the group increased its stake in the company, opposed director reappointments, filed complaints and demands with the SEC and court, proposed a \$50 million investment, and requested the appointment of a special committee to investigate misconduct. In November 2022, they called for the resignation of the Interim CEO and nominated Gregory B. Braca for the Board. Legal battles ensued, and in May 2023, the group resumed their proxy fight, aiming to replace board members and install new management. They also questioned the company's decision to suspend a capital raise and urged the cutting of director perks. Throughout this period, the group sought transparency, engagement, and changes to improve the company's performance.
- On June 1, 2023, Norcross Braca Group blasted the appointment of Andrew B. Cohen as Chairman of the Board.
- On June 2, 2023, the Norcross Braca Group filed a shareholder derivative complaint against directors of the company, alleging breaches of fiduciary duties, self-dealing, false statements, and mismanagement. The plaintiffs seek restitution for the company, including disgorgement of compensation and benefits received during the alleged misconduct. [Source](#)
- On June 6, 2023, the Norcross Braca Group publicly demanded the resignation of Thomas X. Geisel as President, CEO, and board member, alongside their call for the resignation of other Board members.
- On June 20, 2023, the Norcross Braca Group delivered a [letter](#) to the Board calling for the resignation or removal of Andrew B. Cohen as Chairman of the Board.
- On June 26, 2023, the Norcross Braca Group issued a [press release](#) calling on the board to schedule its long overdue annual meeting, stop resorting to gamesmanship to protect their own positions, and end the secrecy around the Company's operations.

Driver Management

On December 9, 2021, Driver Management nominated three candidates for the board at the 2021 Annual General Meeting (AGM). They filed proxy materials on January 14, 2022, seeking

support for their nominees and sent a letter to the board on February 2, 2022, emphasizing the need for significant change. On April 13, 2022, Driver Management expressed that it had demanded a shareholder list but had not received it. They filed additional proxy materials on April 26, 2022, and a complaint on May 2, 2022, seeking to compel the holding of the 2022 AGM. Meanwhile, on May 19, 2022, the company disclosed non-compliance with NASDAQ Listing Rules. On June 2, 2022, Driver Management filed proxy materials for a Special Meeting of shareholders, nominating a candidate for election to the board. On September 20, 2022, they expressed concerns about the employment agreement between the company and the interim CEO. Finally, on October 4, 2022, the company disclosed a cooperation agreement with Driver Management, appointing Peter B. Bartholow as a director on the board.

Update

On July 14, 2023, the Norcross Braca Group announced three candidates to be nominated to serve on the board. In the [press release](#), the group stated that the company has faced dysfunction, poor performance, and various issues in the past 18 months. Braca expressed confidence in revitalizing the company with new leadership. The Norcross Braca group filed a complaint to prevent board size reduction and nominated three candidates following a court order requiring the company to reopen the nomination window.

Nano Dimension calls for board replacement and independent director appointments

Market Cap: \$1.4 billion | Stratasys Ltd. provides connected polymer-based 3D printing solutions.

Background:

- On March 6, 2023, Nano Dimension Ltd (14.5%) stated that it intends to engage in communications with Stratasys regarding opportunities to enhance shareholder value and improve corporate governance, including through potential changes in the corporate structure, potentially, among other options, including changes to the composition of the Board. Also, it proposed to acquire the company for \$18 per share. [Source](#)
- On June 13, 2023, Nano Dimension Ltd. demanded an EGM of the shareholders. It wanted to replace seven directors with its own nominees and improve corporate governance. [Source](#)

Update:

On July 17, 2023, Nano Dimension Ltd urged shareholders to replace the current Board with its nominees at the AGM on August 8, 2023. On July 20, 2023, it outlined plans to appoint independent directors for long-term representation. [Source](#)

GAMCO intends to nominate two board candidates to Strattec Security Corp

Market Cap: \$70 million | Strattec Security Corporation designs, develops, manufactures, and markets automotive access control products under the VAST Automotive Group brand primarily in North America.

Background

- On June 2, 2023, GAMCO (17.76%) stated that it is reviewing the possibility of nominating two directors for the board. [Source](#)

- On June 28, 2023, GAMCO (18.3%) sent notice to the company of its intent to nominate Mr. Bruce M. Lisman as a candidate for election to the Board at the AGM.

Update

On July 7, 2023, GAMCO (18.5%) sent notice to the company of its intent to also nominate Mr. F. Jack Liebau, Jr. as a candidate for election to the Board at the AGM. [Source](#)

Past

- On September 22, 2021, the company announced that it will be holding its AGM on October 5, 2021 and at the AGM, shareholders will vote on the election of two directors and a proposal to increase (from 12 million to 18 million) the company's number of authorized shares of common stock. [Source](#)
- On September 23, 2021, GAMCO (19.5%) stated that it is uncomfortable providing the company a "blank check" increase in its share authorization without a detailed and verifiable plan for the use of the additional shares during this time of transition. GAMCO's Proxy Voting Committee (the "PVC") believes that it is good corporate governance for shareholders to be able to make an informed decision if the company, for example, is considering a joint venture or acquisition comprising over 10% of enterprise value. Therefore GAMCO, on behalf of its investment advisory clients for which it has voting authority, intends to "Withhold" on the election of the company's nominees and vote "Against" the proposal to increase the authorized common stock at the AGM. [Source](#)
- At the [AGM](#) held on October 5, 2021, shareholders voted to elect the company's nominees and also voted in favour of the proposal.
- On August 8, 2022, the company announced, that its CFO, Mr. Patrick J. Hansen, was retiring effective September 9, 2022. Given Mr. Hansen's longevity and importance to the company, GAMCO (16.71%) believes that the company should consider adding Mr. Hansen to the Board potentially at the upcoming 2022 AGM. [Source](#)

Daniel Khoshaba delivered a letter to the Board of Wheeler Real Estate Investment Trust

Market Cap: \$5 million | Wheeler Real Estate Investment Trust, Inc. is a self-managed commercial real estate investment company.

Background

Daniel Khoshaba

On January 6, 2020, Daniel Khoshaba disclosed a 7.5% stake and requested a board appointment. On February 25, 2020, he was elected as a director. On April 13, 2020, Khoshaba became the CEO after the termination of the previous CEO. However, on July 5, 2021, he resigned as President, CEO, and board member. On August 23, 2021, Khoshaba expressed concerns about corporate governance and leadership, hinting at potential board changes. On May 11, 2023, he delivered a letter urging actions to address the company's declining stock price, lost investor confidence, and the need for a settlement with Series D preferred stockholders.

Update

On June 12, 2023, Mr. Khoshaba (11.3%) delivered a letter (refer "[Exhibit A](#)") to the board expressing his concerns about the management and financial performance. He emphasized that shareholders had voted against the board's recommendations, indicating their disapproval. Mr.

Khoshaba urged the board to address critical issues that were eroding shareholder value and make timely decisions.

Past

(i) SR Equity Ventures

On December 30, 2022, SR Equity Ventures (8.14%) delivered a letter to the company nominating a slate of six director candidates for election to the Board at the 2023 AGM. [Source](#)

(ii) Steamboat Capital Partners

On June 24, 2020, Steamboat Capital Partners disclosed a 12% stake and requested a meeting to elect directors representing Series D Preferred Shareholders. On May 21, 2021, they again requested the election of directors and discussed capital structure with management. On October 25, 2021, Steamboat Capital Partners filed a complaint alleging a breach of governing documents and violation of rights by the company's distribution of rights to common stockholders. On December 20, 2022, they expressed their intention not to tender shares and highlighted the need for negotiations to address the company's challenges.

(iii) JCP Investment Management

On June 11, 2018, JCP Investment Management exercised its right to have the company redeem their shares due to a failure to maintain the required asset coverage. They threatened further action, including litigation. On June 28, 2018, JCP Investment Management filed a complaint alleging that the company altered the terms of the shares without a vote and violated Maryland law. They sought an injunction and redemption of preferred stock. On February 26, 2020, a settlement agreement was reached, leading to the dismissal of the lawsuit. However, on December 9, 2020, JCP Investment Management increased its stake and hinted at potential legal action for breach of the settlement agreement.

(iv) Westport Capital Partners

On December 18, 2017, Westport Capital Partners nominated two candidates for the board at the 2018 annual meeting. Mr. Armstrong from Westport Capital Partners was appointed as a director on April 11, 2018, but he resigned on September 13, 2019. On February 11, 2020, Westport Capital Partners reduced its stake to 4.6%.

(v) Joseph Stilwell

On July 3, 2017, Joseph Stilwell disclosed an 8.2% stake, expressing a desire to work with the board to maximize shareholder value. In November 2017, Stilwell submitted a written consent to be named in the proxy statement and increased his stake to 9.7%, announcing nominees for the board. In January 2018, Stilwell called for the removal of the Chairman and CEO, which was followed by the termination of the CEO in January 2018. Stilwell continued to file proxy materials and letters, but his nominees were not elected to the board in October 2018. Stilwell nominated candidates again in 2019, and two of his nominees were recommended by ISS. Eventually, three of Stilwell's nominees were elected to the board in December 2019. The Stilwell Group further increased its stake in June and September 2020.

(vi) NS Advisors

On July 21, 2017, NS Advisors expressed concern about the trading price of the company, disclosing a 5.4% stake and intending to engage in a dialogue with management and the board.

In January 2018, NS Advisors (6.8%) sent a letter requesting the company's board to commit to a plan of complete liquidation, appoint independent directors to oversee the process, and hire a real estate broker. In February 2018, the company announced the retention of KeyBanc Capital Markets to explore strategic alternatives. In April 2018, Andrew R. Jones of NS Advisors (5.8%) was appointed to the Board. By December 10, 2019, NS Advisors reduced its stake to 4.7%.

OTHERS

Dr. Jonathan Milner announces suspension of proxy solicitation

Market Cap: \$3.6 billion | Abcam plc, a life science company, focuses on identifying, developing, and distributing reagents and tools for scientific research, diagnostics, and drug discovery.

Background

- On May 17, 2023, Jonathan Milner (6.3%), founder of the company, issued a [press release](#) stating that he intends to call an extraordinary general meeting of shareholders. His plan is to remedy a period of sustained operational underperformance and value destruction by the current Board and leadership team since he resigned from the Board in October 2020 by giving the Company more effective leadership at the Board level. Jonathan Milner intends to solicit shareholder support to replace the Chairman of the Board, Peter Allen, with himself as Executive Chairman.
- On May 30, 2023, Jonathan Milner delivered a [notice](#) to the company compelling to call an extraordinary general meeting of shareholders.
- On June 5, 2023, Jonathan Milner delivered a [notice](#) to the company compelling to call an extraordinary general meeting of shareholders.
- On June 5, 2023, Jonathan Milner published a slide-deck [presentation](#) regarding the company.
- On June 12, 2023, Jonathan Milner published a slide-deck [presentation](#) regarding the company and issued an open [letter](#) to shareholders calling for the removal of Peter Allen, Michael S. Baldock and Sally W. Crawford as Directors of the Company; and the appointment of Jonathan Milner as a Director of the Company and Executive Chairman, to help restore Abcam's financial and operational performance and create shareholder value by giving the Company more effective Board-level leadership.
- On June 19, 2023, Jonathan Milner, through his legal counsel, sent four letters to the company and its outside counsel about multiple concerns regarding corporate governance. [Letter 1](#), [Letter 2](#), [Letter 3](#), [Letter 4](#)
- On June 23, 2023, the company [announced](#) that the board has unanimously decided to initiate a process to explore strategic alternatives for the Company. The comprehensive process will begin immediately and will evaluate a broad range of options to maximize shareholder value, including a potential sale of the Company
- On June 23, 2023, Jonathan Milner issued an open [letter](#) to the shareholders in response to the Company's recent disclosures about strategic interest and false claims that Jonathan Milner would be hostile to strategic opportunities.

Update

On June 26, 2023, Jonathan Milner (6.3%) issued a [press release](#) regarding the suspension of his proxy solicitation for the EGM. He stated that in response to credible M&A interest and the board's pursuit of strategic alternatives, he suspends his solicitation efforts to allow the board

to focus on maximizing shareholder value. Also, he expresses willingness to join the board in a leadership role to support the strategic review process