



SNOWBALL
RESEARCH

MONTHLY REPORT

IDEA GENERATION REPORT

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Funko (FNKO): Depressed valuation; Moat; Excellent free cash flow; Recent significant changes

I. Basics

The company generates 77% of revenue from collectible dolls - 4-inch vinyl collectible dolls called *Pop! figures*, featuring stylized versions of characters from movies, TV shows, games, and pop culture. It also sells mini figures (Bitty Pop!), blind-boxed figures (Mystery inis), Soda figures (in soda can packaging). Funko holds licenses with major franchises such as Marvel, Disney, Star Wars, Harry Potter, and various anime series, catering to a wide range of fandoms

It generates 16% of revenue from Loungefly branded products that sells stylized handbags, backpacks, wallets, clothing, and other accessories.

II. Moat analysis - Funko's defensible moat in licensed vinyl collectibles

Basics

Both Hasbro and Funko sell Star Wars products. So how does this work when licensing is designed to prevent competition?

Let's get the basics right:

- Hasbro holds a license to manufacture toys — traditional action figures, lightsabers, etc. — meant for kids to play with.
- Funko holds a license to produce collectibles — vinyl figures (Funko Pop!) — meant for display and collected by fans/adults.

“Toys” and “collectibles” are treated as separate categories. That's how both companies can sell Star Wars products — but Funko can't make action figures, and Hasbro can't make Funko Pop!-style figures. Each sticks to its licensed category. The license prevents competitors from selling collectible vinyl figures.

But licenses can be cancelled, right?

Disney can technically cancel Funko's license. That risk always exists in theory, but in practice, it usually doesn't happen. Here's why:

First, Disney prefers multiple licensees, which enables multiple revenue streams and brand touchpoints. Giving everything to say, Hasbro (EV:\$12B), would make Disney dependent on one partner and would reduce competition and innovation. It makes no strategic sense for Disney to give one player the entire pie. Disney's goal is to maximize reach and revenue — not to create monopoly deals.

Secondly, Funko targets a distinct audience. Funko primarily appeals to adult collectors aged 18–49 who purchase vinyl figures for display rather than play. In contrast, Hasbro focuses mainly on toys for children and families. If Hasbro sold vinyl figures under its own brand, the perceived value and collectibility would likely drop — Hasbro is seen more as a kids' toy company.

Third, Funko Pop! has built a powerful collector community that is hard to displace. This is reflected in strong social engagement:

- i) 3.2M Instagram followers → [Funko Instagram](#)
- ii) 270K Reddit members → [FunkoPop Subreddit](#)
- iii) Active Facebook groups trading Funko Pops:
 - [Funko Pops Community](#)
 - [Funko Collectors Anonymous](#)
 - [Funko Trading](#)
 - [Funko Pop Worldwide BST](#)

Unique numbering system

Funko's unique numbering system also creates a moat. Let me explain - Each Pop! figure is assigned a unique number within its product line — e.g. *Star Wars #1, #2, #100, #621* — and the number is printed prominently on the box. This fosters a strong collectible mentality: fans know exactly where each figure fits in the broader line and are encouraged to complete the series.

For hardcore collectors, this system is critical. It drives completionist behavior and builds brand loyalty — collectors specifically seek out *Funko-branded* Star Wars Pops that integrate seamlessly into their numbered displays.

There is a catch - they are collecting Funko's Star Wars series, not just any Star Wars vinyl figure.

By contrast, if Disney cancels a T-shirt license and moves it to another partner, fans do not care who made the shirt — they simply want a cool Marvel or Star Wars shirt. That is not the case with a section of Funko Pop! buyers. Switching licensees would risk alienating this valuable collector base and disrupting sales.

Fourth - Strong direct-to-consumer (DTC) presence. Funko operates a robust DTC platform via Funko.com, selling both standard and exclusive figures directly to consumers. This

allows Funko to engage with its collector base, capture higher margins, and run limited-edition drops that drive fan excitement and loyalty — something licensors value highly.

Finally, there are not many competitors who can match Funko's distribution system and unique mass-market collector positioning at its price point (sub-\$20). Funko provides licensors with a unique combination of mass retail reach, specialty and collector retail presence, a strong direct-to-consumer channel, and deep engagement through conventions and fan communities.

Overall:

Even though Funko has licensing that can technically be cancelled, the license is “sticky” due to the combination of factors discussed above.

III. RECENT SIGNIFICANT CHANGES

1. New management team

Michael Lunsford, director since October 2018, served as Funko's Interim CEO from July 2023 to May 2024. Subsequently, the company Cynthia Williams as CEO in May 2024.

New CEO is former Hasbro executive

Cynthia Williams, CEO (since May 2024): She served as the President of “Wizards of the Coast and Hasbro Gaming segment” of the publicly-traded Hasbros (HAS) - this segment generated over \$1.47 billion in revenue in 2023 accounting for 29% of total revenue of Hasbro.

CFO: Yves Le Pendeven was appointed Chief Financial Officer in August 2024.

b) Elimination of unprofitable products/SKUs

- In 2023, Funko announced a strategic plan to focus on its core products by reducing its product lines by 30% plus and its SKUs by a similar amount.
- The company clarified that this was primarily a product cutback under existing licenses (e.g., reducing keychains and lanyards under a Marvel license), rather than a reduction in the number of licenses themselves
- Although the major elements of this transformation were largely completed by the end of 2023, as of Q1 2025, Funko continues a focused SKU rationalization effort to eliminate low-margin, low-velocity items as part of its broader cost discipline strategy.

c) Cost reduction and inventory reduction

- Workforce reductions: Two rounds of workforce reductions were enacted in 2023, resulting in a total 23% reduction of the non-variable workforce, saving approximately \$30 million annually.
- Aggressive inventory reduction: Achieved significant reductions in owned inventory levels. Inventory was reduced by more than half, from \$246 million at the end of 2022

to \$119 million at year-end 2023. Net inventory was further reduced to \$92.6 million by end of 2024.

- **Reduce supply chain cost:** The company renegotiation of key freight and logistics contracts across its supply chain and numerous operational changes to reduce its fulfillment cost per unit.

d) Product launch:

i) Pop! Yourself

- In mid-2023, the company launched Pop! Yourself, which allows customers to create a personalized Funko Pop! vinyl figure of themselves.
- Expanded NFL partnership to allow customization with team logos in Q3 2024. Expanded collaboration with Warner Bros. for Harry Potter accessories for Pop! Yourself in Q3 2024.
- Launched NBA themed Pop! Yourself customization in Q1 2025.

ii) Jumbo Chan: The company launched the first edition of this new collectible line featuring Freddy Funko in anime stylization in Q1 2024

iii) Bitty Pop!: Entered the miniature collectibles market with its introduction in early 2023. Bitty City! was revealed at the New York Toy Fair in late 2024.

e) Expansion into new fandoms/categories:

- The company is actively tapping into and expanding offerings in new fandoms such as anime, video games, music, and sports
- As per Q4 2024, right after the Super Bowl, the company released the Philadelphia Eagles 2025 and Super Bowl Champions, 5-pack in partnership with Fanatics, which flew off the virtual shelves.
- In Q1 2025, the company announced its first-ever WNBA Pop! Figures.

f) New points of sale:

- In August 2024, the company discussed its plans to establish new points of sale with new partners both domestically and abroad, particularly for the sports business in stadiums, college campuses, and sporting goods stores. This strategy is intended to reach new customers and expand distribution
- During the Q2 2-024 earnings call, Cynthia Williams (CEO) outlined the company's fan-centric approach for future growth, which includes the principle of "sell where the fans are".

g) Focus on limited-edition collectible items

The company is actively focusing on exclusive drops of premium-priced, limited-edition collectible items - this is part of the company's broader strategic plan to "focus on fewer products done extremely well".

- In Q1 2025, the company launched a limited edition Pop! of Alex Ovechkin within hours of his record-breaking goal.
- In early 2024, a limited edition product of Jason Kelce Pop! Figure was launched within 11 days of a viral event, becoming one of Funko.com's top-selling items of all time
- In Q3 2023, Mondo sold more than 3,500 units at a \$500 price point of a Masters of the Universe Battlecat figure in an exclusive Timed Edition sale.

h) Direct-to-Consumer (D2C) growth

- Growing D2C business is a key goal, as it provides more control and higher gross margins.
- D2C sales mix increased from 12% in 2022 to approximately 25% in Q2 2024, and 29% in Q4 2024 and 23% in Q1 2025.
- It's worth noting that shipping delays on products crossing the Mexico border hampered sales of Pop! Yourself in Q1 2025, which is a key D2C product.

i) Others

- Fan Rewards Loyalty Program: Launched in May 2023, it surpassed 100,000 members by Q3 2023 and over 280,000 by end of 2024.
- Brand Perception: By all but eliminating sales of Funko Pop! products into discount channels, Funko aims to revitalize its brand value and shopping experience for fans, preventing dilution from heavily discounted products.

Outcome?

i) Gross margin

The gross margin showed consistent improvement across several quarters:

- In Q1 2025, it improved to 40.3%, up from 40.0% in Q1 2024.
- In Q4 2024, it rose to 42.4%, compared with 37.6% in Q4 2023.
- In Q3 2024, it increased to 40.9%, from 33.2% in Q3 2023.
- In Q2 2024, it notably grew to 42.0%, up from 29.2% in Q2 2023.
- In Q1 2024, it reached 40.0%, a significant rise from 19.7% in Q1 2023.
- In Q4 2023, it improved to 37.6%, compared with 28.3% in Q4 2022.

ii) Adjusted EBITDA

Except for the recent quarter, the company's Adj. EBITDA

- In Q1 2025, it was negative \$4.7 million, down from \$9.6 million in Q1 2024.
- In Q4 2024, it increased to \$26.3 million, up from \$23.1 million in Q4 2023.
- In Q3 2024, it increased to \$31.0 million, up from \$25.4 million in Q3 2023.
- In Q2 2024, it notably improved to \$27.9 million, from negative \$7.6 million in Q2 2023.
- In Q1 2024, it improved to \$9.6 million, up from negative \$14.0 million in Q1 2023.

- In Q4 2023, it improved to \$23.5 million, up from negative \$6.3 million in Q4 2022.

iii) Debt Paydown:

The company used a portion of cash flow to pay down debt, reducing total debt from approximately \$305 million in Q2 2023 to \$182.8 million by end of 2024 and was slightly increased to \$202.2 million at March 31, 2025.

OUR COMMENTS

//Tariff is a short term problem for Funko. Why? The company expects China exposure to about 5% by the year end.

- Funko has been significantly impacted by 20% tariffs on imports from China. In April 2025, the company launched a tariff task force led by its new SVP of Operations to protect margins, and preserve liquidity.
- Having diversified its supply chain since 2017, the company now leverages partners across Vietnam, Cambodia, Indonesia, and others. The company accelerated sourcing diversification to countries like Vietnam and Cambodia and as per Q1 2025 earnings call, the company expects U.S.-bound production from China will fall from one-third to about 5% by year-end—well ahead of earlier expectations.

//

Hasbro

Hasbro's "consumer products" segment generates 58% of revenue and engages in the sales of toy and game products around the world. The company also generates 13% of revenue from production of film, TV programmes etc.

After reaching its peak revenue of \$6.42 billion in FY 2021, revenue declined to \$4.26 billion in LTM March 2025.

Revenue: \$4.26 billion; EBITDA: \$1.01 billion; FCF: \$728 million; EV: \$12 billion

EV/Revenue: 2.8X; FCF/EV: 6%

Funko

M.Cap: \$261 million; Cash: \$26 million; Debt: \$202 million; EV: \$437 million

EV/Revenue: 0.5

FCF: \$91 million (FY 2024)

FCF/EV: 21%

Funko's significant discount compared to Hasbro doesn't make any sense.

//

The company has observed that U.S. consumers are being more cautious about spending. The uncertain macroeconomic environment and tariff uncertainties have led Funko to withdraw its formal 2025 full-year outlook. The current situation is a "temporary" problem – not a death sentence.

//

Shareholder base is interesting

- Cooper Creek Partners Management - increased its stake from 5.8% in Dec 2024 to 6.5% in May 2025.
- TCG Capital has designated Messrs. Jacobs and Kerns to be nominees for the applicable elections to the company's board.

// Expansion into the sports memorabilia market

The company is targeting new fan segments such as sports, driven by the belief that large, untapped fandoms exist beyond traditional pop culture. The sports memorabilia market is estimated at ~\$35 billion, while Funko currently derives only ~4% of revenue from sports — highlighting significant growth potential. Management sees a long runway in this category; CEO Cynthia Williams stated they expect sports to "really gain momentum for us in the back half of the year and into 2026."

New management for sports: Zvee Geffen has joined as VP and Head of Business Development, bringing deep sports licensing expertise from senior roles at Major League Baseball Players Association and Topps. He is expected to play a key role in expanding Funko's presence in sports fandoms.

Key initiatives and product launches: Funko has launched several successful sports-related products and initiatives. The detailed examples below are provided to demonstrate the breadth of Funko's recent initiatives in sports. You can skim through them to get a sense of the momentum and activity level.

- **Pop! Yourself Customization:** Expanded partnerships with the NFL and NBA, enabling fans to customize Pop! Yourself figures with their favorite team logos.
- **Limited Edition Collectibles:**
 - *Boston Celtics 2024 NBA Champions 5-Pack* launched immediately post-victory on Funko.com, significantly outperforming last year's offering.
 - *Los Angeles Dodgers World Series Champions* release drove strong year-over-year growth.
 - *Philadelphia Eagles 2025 Super Bowl Champions 5-Pack* (with Fanatics) "flew off the virtual shelves."

- *Alex Ovechkin Limited Edition Pop!* launched within hours of his record-breaking goal.
- *Los Angeles Dodgers 2024 World Series Champions 5-Pack* offered via limited 2.5-week pre-order.
- **Collegiate Athletics:** Launched the first-ever "*Name Image Likeness Pop!*" featuring USC Basketball's JuJu Watkins. The presale (with an exclusive chase variant limited to 25 signed figures) saw immediate demand and positioned Funko in the NCAA space. The Pop! was seen courtside during March Madness.
- **Individual Athlete Collaborations:** Partnered with CeeDee Lamb (Dallas Cowboys Pro Bowl WR) in a national NFL campaign; his exclusive Funko.com Pop! "flew off the virtual shelf."
- **WNBA Expansion:** Introduced the first-ever WNBA Pop! figures featuring A'ja Wilson, Angel Reese, Breanna Stewart, and Caitlin Clark.
- **Complementary Products:** Funko NFL *S.A.N.T.O.S.* figures remain popular for gifting; Loungefly clear stadium bags resonate well with NFL fans.
- **Bitty Pop! in Sports:** Exploring ways for fans to "create their ideal soccer or football game" using Bitty Pop! figures.

Inseego (INSG): CIO of North Sound Partners & former Partner at Elliott Management rejoins the board (19.9% ownership); Newly appointed CEO is a former President- North America of Qualcomm and launched Nokia phones during his tenure at HMD Global

I. BASICS

How does the company generate revenue?

a) Product revenue:

Product revenue accounted for 77% of revenue in FY 2024.

Within Product Revenue, the breakdown is as follows:

- **Mobile Solutions:** Inseego sells mobile broadband devices under the MiFi™ brand, which provide secure and convenient high-speed internet access for millions of end users on the go. These devices are used for both consumer and enterprise applications. The primary customers for mobile solutions are mobile operators such as Verizon Wireless, T-Mobile, U.S. Cellular in the United States, and Rogers and Telus in Canada
- **Fixed Wireless Access (FWA) Solutions:** These solutions consist of indoor, outdoor, and industrial routers and gateways sold under the Wavemaker brands. They are deployed by enterprise and small and medium business (SMB) customers to provide secure, corporate-managed wireless WAN solutions for distributed sites and employees. These devices are sold through mobile operators like T-Mobile, U.S. Cellular, and Verizon Wireless, as well as distribution and channel partners.

b) Services and Other Revenue:

A significant portion of this revenue comes from providing SaaS solutions.

- **Inseego Subscribe:** This is a SaaS wireless subscriber management solution designed for carriers to manage their government and complex enterprise customer subscriptions.
- **Inseego Connect:** This cloud offering supports device management for both mobile (MiFi) and fixed wireless access (Wavemaker) products, enabling real-time WAN

visibility, monitoring, automation, control, and centralized orchestration of network functions.

- Non-recurring engineering services: Inseego also categorizes non-recurring engineering services provided to its customers as part of its Services and Other revenue

Other interesting notes

The company has a history of "multiple first-to-market innovations through several generations of 4G and 5G technologies," including developing the world's first 5G mobile hotspot in 2019 and planning a new generation for 2025

II. RECENT CHANGES

1. Track record of new CEO

- From 2021 to Jan 2025, he served as President of North America of Qualcomm. He oversaw sales, account management, product marketing and business development for the entire Qualcomm business in the region. He led efforts to accelerate the digital transformation of key industries including Mobile, Infrastructure, PC, Data Center, Industrial IoT, Automotive, XR and Networking segments.
- For the five years (2016 to 2021), he served as the Chief Product Officer for HMD Global, which licensed the right to manufacture and sell Nokia phones. He was a founding member and spearheaded the relaunch of Nokia phones, growing the company to a multi-billion dollar topline. He was directly involved in the engineering and design of most of Nokia's smartphones.

2. Miller re-joins the board - he is a former partner at Elliott Management

- In January 2025, along with the new CEO appointment, Brian Miller re-joined the company's board. Miller is Chief Investment Officer of North Sound Partners and has been invested in Inseego since 2018. North Sound is one of Inseego's largest stockholders and noteholders, beneficially owning 19.9% of the Company's common stock and 53% of the principal amount of the Company's senior secured notes due in 2029. North Sound specializes in making direct investments in both public and private growth companies and collaborates with their management teams to create shareholder value.
- Miller previously served on Inseego's Board from 2018 to 2021. Prior to founding North Sound, he spent more than 20 years at Elliott Management, a New York-based hedge fund, where he was an equity partner, Chief Trading Officer, and a member of the management committee.

3. Divestiture of non-core assets

In September 2024, the company sold its Telematics business for \$52.7 million in cash (\$52 million in cash according to other mentions). This was a divestiture aimed at streamlining the portfolio.

4. Reduction of debt

Total debt was reduced from over \$165 million at the start of 2024 to \$56 million by the end of 2024

5. Shift in strategic focus

The core mission is to accelerate the future of wireless broadband through technology leadership. This involves transforming from a hardware-centric business into a full solution provider, combining MiFi and Fixed Wireless Access (FWA) hardware with cloud-managed software solutions.

The company is transforming from a primarily hardware-centric business to a full solutions provider, emphasizing a full-stack solution that combines MiFi and FWA hardware with cloud-managed software solutions. The combination of best-in-class hardware, internally developed edge router OS, and the Inseego Connect SaaS cloud management platform is seen as a compelling and differentiated offering.

6. Expecting positive free cash flow

While the first half of 2025 is expected to see a "use of cash," primarily due to investments in new products and bonus payouts (the first time in at least a decade), the second half of the year is projected to be positive. The positive free cash flow generated in the second half is anticipated to outweigh the cash usage in the first half, resulting in an overall positive free cash flow for the year.

7. Segment wise expectations

Fixed Wireless Access (FWA)

- While Q1 2025 saw temporarily lower FWA purchases from a carrier customer due to inventory management during a transition to Inseego's next-generation FWA product, FWA revenue is expected to "come up meaningfully" starting in Q2 2025, contributing to sequential quarterly revenue growth for the company.
- Enterprise and SMB Focus: There is strong demand for enterprise-grade FWA solutions, which carriers are keen to sell to their Small and Medium Business (SMB) and

enterprise customers. The company expects to grow from SMB to mid-market enterprise, and even more significantly into large enterprise and industrial segments towards the end of 2025.

Mobile Solutions (MiFi)

- It is important to note that Q3 and Q4 2024 saw record revenue due to "unprecedented mobile hotspot promotions" by a key carrier customer, with volumes reaching double and nearly triple historical norms. These promotions were a primary driver of record revenue dynamics for the company in Q3 and Q4 2024. Moreover, the conclusion of a "special national mobile hotspot program" at one North American carrier customer in 2024, which had generated meaningful volume in 2024 but was not continuing at historical levels in Q1 2025. Despite these, Mobile revenue grew over 16% year-over-year in Q1 2025.

Key risk

A significant portion of Inseego's 2024 revenue (approximately 76%) came from two key customers, Verizon and T-Mobile

While it is true that the customer concentration presents a potential risk of customer cancellation, several arguments suggest that the situation might not be as immediately precarious as a simple revenue split might imply.

- Recurring SaaS revenue and contract renewals: The SaaS wireless subscriber management solution is specifically built for carriers to manage their government and complex enterprise customer subscriptions and is "currently deployed in North America with a large carrier with several million end users". The nature of SaaS solutions, particularly those deeply integrated into a carrier's operations to manage millions of end-users, inherently creates a high degree of vendor lock-in and predictable, recurring revenue streams based on multi-year contracts, reducing the likelihood of abrupt cancellation.
- Mission-critical applications and enterprise-grade solutions: Inseego's 5G products and associated cloud solutions are designed for "mission-critical applications requiring the highest levels of security and zero unscheduled downtime". Their solutions provide "secure and high-performance mobile broadband and fixed wireless access (FWA) solutions" with a focus on "performance, scalability, quality and enterprise grade security" for carrier, enterprise, and small and medium business (SMB) market segments. Specifically, their FWA solutions are deployed by enterprise and SMB customers as a "fully secure and corporate managed wireless WWAN solution". Given the critical nature of these applications and the security requirements, switching

providers for such integral infrastructure could be highly complex, costly, and disruptive for the major carrier customers.

GEN Restaurant Group (GENK): Recent significant changes

RECENT SIGNIFICANT CHANGES

1. Expansion via new store openings - 2.1 year payback period; internal cash to fund the expansion; revenue potential of \$300M

- The business model focuses on growing its footprint because new restaurants generate strong EBITDA and have a swift payback period of 2.1 years (based on 2024 new stores), which translates to over 40% ROI.
- In the first quarter of 2025, GEN opened six new restaurants, bringing its total footprint to 49 stores. The company remains on pace to meet its target of 12 to 13 total new stores by the end of 2025, which includes its first three international units in South Korea.
- The medium-term goal is to reach around 75 to 80 total locations by the end of 2026.
- By the end of 2025, with all new restaurants opened, the company anticipates achieving an annual revenue run rate approaching \$300 million. It is important to note that the incremental sales reaching this \$300 million are purely from new and existing restaurants, not from the new "incubator projects
- The company's expansion has been funded by strong internal cash flow, without the need to incur any long-term debt or equity.
- Potential impact of tariffs on new builds: However, the company stated it may slow or pause the pace of new unit expansion if potential tariffs on equipment and construction materials from China significantly affect development costs and reduce ROI.

2. Expansion into a new international region - Korea

- The company is initiating international expansion and plans to bring the GEN experience to South Korea with at least two locations planned for 2025. The first is slated for late Q2, with the others later in the year.
- These units are expected to be built at approximately one-third the cost of U.S. stores, labor costs are substantially low and offer compelling potential returns. The market in South Korea is competitive but lacks a sizable all-you-can-eat beef model like the company.
- The potential market could support 100 to 200 stores, with low risk even if the market is misjudged.

3. Incubator projects - initiatives to reach customers through new avenues

Since Q3 2024, the company started discussing “Incubator” projects. These initiatives, while primarily described as revenue-generating, involve reaching customers through channels outside the traditional restaurant visit, which could potentially expose the brand to new customer segments or serve existing customers in new ways:

3.1 Gift cards

In November 2024, the company launched GEN Korean BBQ gift cards at participating Costco locations, which are within five miles of most of the Company’s regions across the U.S. As per the recent Q1 2025 earnings call, the company has also recently signed an agreement to sell gift cards at Sam’s Clubs, which is expected to begin by the end of the second quarter or the beginning of third quarter.

Selling gift cards through these major retailers makes the brand accessible in a retail environment and could introduce it to customers who might not otherwise visit a GEN restaurant.

3.2 Dual-Concept Store (Kan Sushi)

- One of the incubator projects unveiled in Q1 2025 earnings call was the creation of its new dual-concept store in Texas, featuring a GEN Korean BBQ restaurant attached to a new sushi restaurant called Kan Sushi.
- Kan Sushi is a contemporary medium to high-end all-you-can-eat concept with an average price point of \$39, compared to GEN's \$30.
- The dual-concept is engineered for extreme back-of-the-house efficiency, sharing one bar, one kitchen, one storage area, and one area for bathrooms. This model uses one labor force to run both restaurants, significantly improving operating margins.
- The goal is to provide value-based dining options, invite more crowds, and capture customers who might otherwise leave due to long lines at GEN restaurants.
- The Kan side does not have grills, as it is a sushi concept, and technology has been deployed to reduce labor in sushi preparation.
- While still early, the company is evaluating additional opportunities to roll out this dual-concept due to its promising performance and strategic benefits, such as hedging against underperforming locations.

3.3 Proprietary meat product sales via Sysco:

The Company has reached an agreement with Sysco to sell its proprietary GEN Korean barbecue meat products to third-parties, including grocery and big store retailers. This initiative is in its early stages.

3.4 Outdoor fairs

- In the third quarter of 2024 earnings call, the company announced that it is testing participation in outdoor fairs. This initiative is described as an effort to gain more sales. The company's intention is to leverage the well-known GEN Korean BBQ brand to generate increased sales through these other venues. Furthermore, these projects are being managed within the existing corporate infrastructure, without needing to add a significant number of new personnel.
- In the same earnings call, the company management announced that they are testing a new concept called GEN Grills, which involves the company's team cooking for guests at their businesses or homes. This initiative targets customers who are seeking off-site dining experiences, bringing the "grill at your table" experience to their location.

4. Price increase

- At the end of 2024, GEN implemented a 2.8% price increase, which was lower than the 4% to 10% increases by most competitors.
- During the first quarter of 2025, the company observed an overall 2.5% plus increase in average check, which was attributed to their price increase.

Current challenges

For the first quarter of 2025, the company reported that same-store sales were down a very small, modest 0.7%. This represents a "tremendous improvement" compared to the full year 2024, when same-store sales were down 5.6%. Nevertheless, same-store sales are negative from March to the beginning of May 2025. The recent weakness is attributed to macroeconomic factors, including the overall economy and global events affecting customer sentiment.

David Kim, the Chairman and CEO of GEN Restaurant Group, explicitly stated that same-store sales are not the metric that the company believes captures its success. His core message is that the company's performance should be primarily evaluated by its ability to expand its restaurant footprint and the financial returns generated by new locations.

The company is targeting full-year revenues of \$245 million to \$250 million and achieving restaurant level adjusted EBITDA margins in the 17% to 18% range. By the end of 2025, the company anticipates being at an annual run rate approaching \$300 million in revenue when all the new restaurants are opened.

Share repurchases (buybacks):

- The company repurchased 33,400 shares of its Class A common stock during Q1 2025 - average cost of \$5.94 per share.

- As of March 31, 2025, the company had \$4.8 million remaining under its share repurchase authorization.

Pediatrix Medical appointed a new CEO who had led multiple turnarounds and he built & sold a retail business for \$150M;

I. BASIC

1. Neonatal Care

The "Neonatology and other pediatric subspecialties" service line is Pediatrix's largest source of revenue, accounting for approximately 83% of its net revenue in 2024.

Pediatrix takes care of babies who are born early or with health problems. Most of this care happens in special hospital units called NICUs (Neonatal Intensive Care Units). This care is very important because about 14–15% of the 3.6 million babies born in the U.S. each year need NICU support.

Who provides care?

Pediatrix has a team of about 1,335 doctors and nurse practitioners as of December 31, 2024. The doctors, called neonatologists, are specially trained to treat newborns with serious health issues. Nurse practitioners also have advanced training to care for newborns and support their families.

Work with hospitals:

Pediatrix works with hospitals to run and staff their NICUs. They provide services in over 350 NICUs across 30 states. Their doctors are usually available 24/7 and also help other hospital departments when needed. Hospitals benefit from Pediatrix's experience in managing these complex units. Their team often works with specialists who treat mothers with high-risk pregnancies.

Why this matters:

Obstetricians (doctors who deliver babies) prefer hospitals that have a fully equipped NICU with expert staff. This increases the demand for Pediatrix's services.

Revenue model

Pediatrix's primary method of generating revenue is not by charging the hospital for the direct medical services provided by their physicians and nurses. Instead:

- Direct Billing to Payors/Patients: Pediatrix is responsible for billing patients and third-party payors (such as commercial insurance companies, managed care organizations, and government programs like Medicaid) directly for the professional services rendered by their affiliated physicians and clinicians. These charges are separate from any charges billed by the hospital or other physicians involved in the patient's care. A significant portion of their net revenue comes from these government-sponsored or funded healthcare programs.
- Hospital Administrative Fees: Some of Pediatrix's contracts with hospitals do include administrative fees. These fees can be paid if the hospital does not generate sufficient patient volume to meet a specified minimum revenue level for Pediatrix, or for administrative services provided by their affiliated physicians acting as medical directors at the hospital. In 2024, administrative fees accounted for approximately 14% of Pediatrix's net revenue.

RECENT CHANGES

1. Portfolio restructuring

- Pediatrix Medical Group began discussing and initiating an accelerated portfolio restructuring plan as early as the first quarter of 2024. In Q1 2024, the company made the strategic decision to exit its primary and urgent care clinic platform, which represents roughly two dozen clinics in Florida, Texas and Colorado. This decision was based on the review of the cost and time required to build this platform to scale, an undertaking that no longer fits at a time when the company is focused on stabilization of its margin profile. The restructuring also targeted underperforming office-based practices that had diluted the company's consolidated operating margins.
- During the second quarter of 2024, Pediatrix formalized its practice portfolio management plans, resulting in a decision to exit almost all of its affiliated office-based practices, other than maternal-fetal medicine.
- Impact? In Q4 2024, the company completed its portfolio restructuring on time exiting practices that represented \$200 million in annual revenue and a clear drag on earnings with their requisite overhead. Pediatrix anticipates an annualized favorable impact to Adjusted EBITDA of approximately \$30 million, out of which, approximately one-third of it was achieved in 2024.

2. Transition of revenue cycle management: Shift from outsourced to hybrid model:

- Shift from outsourced to hybrid model: Historically, Pediatrix relied on an end-to-end third-party vendor for its RCM. The company transitioned from this fully outsourced

provider to a hybrid function. This new hybrid model utilizes both Pediatrix's corporate personnel (internal team) and one or more third-party service providers.

- Key Partner: Pediatrix finalized a contract with Guidehouse as its new third-party RCM provider. They began working with Guidehouse in late 2023.
- Staged Implementation: The transition was undertaken in stages, not all at once. By August 2024 (Q2), roughly three-quarters of their practices had been transitioned from the prior vendor. The final wave of this transition was successfully completed during Q3 2024. The transition was completed without any meaningful disruptions to operating results or cash generation
- Outcome?
 - Improved cash collections and DSO: The RCM transition contributed to strong cash collections in the latter half of 2024. The Days Sales Outstanding (DSO) for accounts receivable declined from 51.5 days at September 30, 2024, to 47.5 days by year-end 2024. By March 31, 2025, DSO remained flat at just under 48 days.
 - Operational efficiency and cost-effectiveness: The hybrid model is considered the "most cost effective way" to fully support Pediatrix's practices. While it necessitated additional internal staffing, these additions were largely offset by efficiencies from staffing reductions across other shared services, aiming to keep G&A expense comparable or lower as a percentage of revenue.
 - Addressing headwinds: This move helped address a "material headwind to revenues and earnings" experienced in 2022 and 2023 due to RCM issues. The shift was expected to maintain stable pricing through 2024.

3. Consistent improvement in Adj. EBITDA

Adjusted EBITDA has consistently shown improvement in recent comparable periods:

- For the three months ended March 31, 2025 (Q1 2025), Adjusted EBITDA was \$49 million, compared to \$37.2 million for the same period in 2024 (Q1 2024).
- For the three months ended December 31, 2024 (Q4 2024), Adjusted EBITDA was \$69 million, compared to \$50.8 million for the prior-year period (Q4 2023).
- For the three months ended September 30, 2024 (Q3 2024), Adjusted EBITDA was \$60 million, compared to \$50.4 million for the prior-year period (Q3 2023).
- For the full year ended December 31, 2024, Adjusted EBITDA was \$224.0 million, compared to \$200.4 million for the prior year (2023).

4. Updated 2025 outlook

- Following the strong Q1 2025 performance, Pediatrix raised its full-year 2025 Adjusted EBITDA outlook from an initial range of \$215 million to \$235 million to a new range of \$220 million to \$240 million.
- The outlook remains mindful of prevailing uncertainty in the healthcare industry and the broader economy.

5. Potential M&A

In Q1 2025 earnings call, Mark Ordan (newly appointed CEO) mentioned that the company contracted to acquire several NICU, MFM, and OB hospitals to operations as part of a hospital system's portfolio, seeing this as a result of their renewed engagement and being viewed as a reliable partner in these core areas. While the initial 2025 outlook did not factor in M&A, the company sees a pipeline of opportunities in their core business and views the current environment as "relatively favorable" for them as an acquirer, noting their sector-leading balance sheet and relatively low net debt as beneficial in turbulent times.

6. Newly appointed CEO has excellent track record

Past turnaround of Mark Ordan

In January 2025, the company announced that that its Board of Directors has appointed Executive Chair Mark S. Ordan to return as Chief Executive Officer, effective immediately. Mr. Ordan was CEO of Pediatrix from July 2020 to Dec 2022, leading its restructuring. He served as Chair in various roles from Jan 2023 and, since Oct 2024, has led the company's strategic shift toward core hospital services and maternal fetal medicine.

(a) CEO, Sunrise Senior Living (2008–2012)

- Mr. Ordan became CEO in early 2008 when Sunrise Senior Living was close to bankruptcy, had defaulted loans, accounting problems, and lost key contracts.
- Sold non-core businesses and fixed the balance sheet to avoid collapse.
- Regained trust from lenders, turning a \$8.7M loss in Q3 2011 into a \$21.1M profit by Q3 2012.
- Led the sale of the company to Health Care REIT for \$845M and received about \$16.7M in exit pay.
- <https://seniorhousingnews.com/2012/12/10/sunrise-ceo-earns-16-8-million-compensation-for-turnaround-success/>

(b) The Mills Corporation, CEO (~2005–2007)

- Mills Corp, a mall REIT known for building large outlet-style shopping centers, faced serious trouble starting in 2005. A failed \$2B project (Meadowlands Xanadu), SEC investigations, and a \$352M accounting error forced it to restate earnings back to 2001. The stock collapsed from ~\$60 to ~\$15.
- Mark Ordan became CEO in October 2006, stabilized operations, and led its \$1.6B sale to Simon Property Group and Farrallon within 15 months.

(c) Fresh Fields Markets & Other Gourmet Chains, Founder & CEO (1991–1996)

- In 1991, he co-founded Fresh Fields, raising \$14 million to launch its first locations, including one in Rockville. The chain expanded to 25 stores before being acquired by Whole Foods in 1996 for \$150 million.
- <https://www.washingtonian.com/2013/11/13/business-hall-of-fame-2013-mark-ordan/>

Biote (BTMD): Company is five times larger than its nearest competitor. Newly hired CEO is a former CCO of \$21billion Insulet; Recent significant changes; Two shareholders have filed 13D; Bandera Capital owns 7% stake

I. BASICS

- What they do: They help doctors set up and grow practices focused on hormone optimization therapy—especially for aging adults facing hormonal imbalances (menopause in women and low testosterone in men).
- How they operate: Similar to a franchise, they provide doctors (called "Biote-certified practitioners") training, software, management tools, marketing support, and products like hormone replacement therapies (HRT) and dietary supplements.
- Market opportunity: The U.S. market for hormone therapy is large (~\$7 billion in 2020) and growing (~7% per year), driven by aging populations and increasing patient demand for treatment of hormone-related health issues.
- Why they're needed: Many doctors lack specialized training in hormone therapy, making it hard for them to offer effective treatments. Biote fills this gap by training doctors, providing practice-building tools, and simplifying how they manage their business.
- Customer base: They have over 8,600 practitioners and around 400,000 active patients.

Revenue generation

Even though the company generates revenue from multiple ways - Pellet procedure product and supplements generate 94% of total revenue.

(a) Product revenue - Pellet procedure

(\$, M)	2019	2020	2021	2022	2023	2024		Q1 2024	Q1 2025
Pellet procedure	90	93	109	129	141	150		37	36
% of total revenue	83%	81%	80%	78%	76%	76%		80%	74%

- The company generates 76% of total revenue from “Pellet procedures”.
- What is it? Hormone pellet therapy is a procedure used in hormone replacement therapy (HRT) to deliver hormones to the body steadily over time.

Here’s how it works:

- Pellets: Small, rice-sized pellets containing bioidentical hormones (such as estrogen or testosterone).
- Procedure: A healthcare professional places the pellets just under the skin (usually around the hip area or upper buttocks) through a quick, minor surgical procedure.
- Delivery: Once placed, the pellets slowly release hormones into the bloodstream consistently over several months (usually 3-6 months).
- Benefit: Patients don't need frequent pills, creams, or injections, making hormone levels stable and convenient.

(b) Supplements

- The company generates 18% from dietary supplements.
- Practitioners frequently prescribe supplements as adjunct to hormone therapy. As of December 31, 2024, approximately 70% of Biote-partnered clinics also sell Biote-branded dietary supplement products.

(\$, M)	2019	2020	2021	2022	2023	2024		Q1 2024	Q1 2025
Dietary supplements	18	21	27	32	38	36		7	9
% of total revenue	16%	18%	20%	20%	21%	18%		16%	19%

Interesting notes

- Over 95% practice retention
- The company believes that it is approximately five times larger than its nearest competitor.

II. RECENT SIGNIFICANT CHANGES

1. Track record of new CEO

- Insulet (M.Cap: \$21B) - 2017 to 2023:
 - He served as Chief Commercial Officer at Insulet for six years.

- During his tenure, he oversaw sales growth from approximately \$367 million to \$1.1 billion
- VP-Sales & Marketing (Gynecologic Surgical Products division), Hologic (M.Cap: \$14B)- 2003 to 2013
 - He served at Hologic for over 10 years.
 - He rose through the ranks, from Regional Business Director to Vice President of Sales and Marketing for its Gynecologic Surgical Products division.
- Critical note: For about 1.5 years, he served as CEO of DermTech - May 2023 to Sep 2024. The company filed for bankruptcy during his tenure in June 2024.

2. CDSS rollout is complete- past disruption is over

- What is the CDSS? The CDSS is Biote's proprietary software designed to provide clinical decision support, featuring unique dosing algorithms and following the latest evidence-based medical literature. It helps Biote-certified practitioners deliver highly individualized therapies, including hormone optimization, therapeutic wellness, and dietary supplements. It's considered a key competitive differentiator and aims to broaden appeal to practitioners and expand existing practitioners' treatment alternatives.
- The Rollout and Initial Impact (Q3 & Q4 2024):
 - Biote introduced significant improvements to its CDSS in September 2024. The rollout began in the third quarter of 2024 and continued into early 2025.
 - As this new software was introduced, Biote experienced a temporary disruption in procedure volume because practitioners needed to adjust to the updated software and workflow in their clinics. This transition required the field sales organization to largely shift its focus away from new clinic recruitment.
 - The sales force had to direct their efforts towards assisting existing practitioners to become comfortable and proficient with the new software. This was a "big distraction for the field" and, while necessary, it meant that new customer growth slowed down significantly. Bob Peterson, CFO, noted that Biote "grew new customers quite well in the first three quarters of the year until we launched the CDSS".
 - CEO Bret Christensen explained that while new clinics were still added, the flow of new practitioners "slowed down pretty dramatically" because the field was preoccupied with supporting existing accounts. In an annuity-based business model, this slowdown in "new starts" can affect future growth.

- This disruption, along with some minor impact from hurricanes, caused Biote to adjust its 2024 financial guidance downwards. Bob Peterson explicitly stated that they "would have hit guidance if not for the CDSS".
- Current status and future outlook: The CDSS rollout is now complete, and all users are utilizing the new version. While it is viewed as an ongoing "continuous improvement project", the primary disruption from the initial launch has abated.

3. Realignment of commercial team/field sales team to drive “New Clinic” growth

- Realignment for growth: Biote announced a strategic organizational restructuring in Q1 2025, which includes a realignment of its commercial team. Bret Christensen, the CEO, clarified that this is a new realignment, not one done in prior quarters, and its primary focus is specifically "focused around growth" and is "not a cost-cutting effort".
- Increased “Field Sales” presence: As part of this realignment, Biote is transitioning certain commercial support functions into active field sales positions, which will effectively increase the field sales team by approximately 25% without hiring new personnel. This action is described as "step one" in a real culture shift focused on growth.
- Streamlined leadership: The Company is also streamlining sales leadership to ensure better communication and efficiency, aiming for more consistent performance across the entire commercial team.
- Updated compensation structure: The sales compensation structure is being updated to align incentives directly with sales goals, further emphasizing growth.

What are the objectives behind the changes to the field sales team?

- Return focus on new clinic growth: In previous quarters (Q3 and Q4 2024), the field organization's focus was largely on assisting existing practitioners with the transition to the enhanced Clinical Decision Support Software (CDSS), which temporarily slowed down new clinic additions. Now that the CDSS is fully deployed and users are accustomed to it, the field's focus is returning to new practitioner recruitment.
- Bret Christensen emphasized that accelerating new provider wins is one of the three major objectives of the restructuring. He explained that in an annuity-driven business model, new customers represent the top of the funnel and are critical to driving future growth.
- Key Performance Indicator (KPI): Internally, the "new start metric" for practitioners will be a key performance indicator that management will hold people accountable to, as it is a direct driver of the annuity model.

Major shareholders filed 13D/activist

- **Roystone Management Holdings filed 13D. Ownership: 14%**; Rich Barrera is the founder and portfolio manager of Roystone Capital, a New York hedge fund. Previously, he was a partner and co-portfolio manager at Redwood Capital (2009–2012) and Glenview Capital (2002–2009).
- 325 Capital filed 13D in June 2023. Current ownership: 8.3% Michael Braner is the Managing Partner of 325 Capital since March 2019. He runs a concentrated portfolio - 11 stocks.
- Bandera Partners owns 7.3%

COMMENTS

// Why does a company like Biote exist? Why do physicians rely on it instead of managing hormone therapy independently?

Hormone pellets used in therapy are typically compounded, not standardized “off-the-shelf” products like FDA-approved tablets or patches. They are custom-made by compounding pharmacies to match specific doses and formulations prescribed by a doctor for each patient.

While doctors can work directly with compounding pharmacies to offer hormone replacement therapy, this approach comes with added responsibility. Ensuring consistent quality, accurate dosing, and safety requires carefully selecting and monitoring the pharmacy, along with managing regulatory compliance.

Companies like Biote offer a turnkey solution that simplifies this process. They provide standardized protocols, training, clinical support, and software tools that help doctors deliver safe and consistent care while reducing administrative burden. As a result, many physicians choose Biote for its convenience and structured approach.

// FCF yield

M.Cap: \$197M

Debt: \$107

Non-controlling interest: \$5.2M

Cash: \$41.7M

EV: \$268M

FCF (FY 2024): \$38.9

FCF (LTM March 2025): \$37.2M

FCF yield: 13.9%

American Vanguard Corp (AVD): Recent significant changes

I. BASICS

What does the company do?

The company makes and sells chemical, biological, and "biorational" products mainly for agriculture. The company's crop protection products are used to protect plants from weeds, pests and diseases to maximize farm yields. These include insecticides, fungicides, herbicides, soil health and plant nutrition products, molluscicides, growth regulators, and soil fumigants.

They create these products by formulating natural compounds, and by fermenting and extracting microbial products such as bacteria, fungi, or other biologically active substances. These are commonly referred to as 'biological products'."

Among the Top 10 in U.S. Agri-Biologicals - a niche category

- Crop protection includes both synthetic chemicals and biological products. Synthetic chemicals are man-made and kill pests through chemical reactions, often leaving residues. In contrast, biological products are naturally derived from living organisms (like bacteria, fungi, or plant extracts).
- According to LEK Consulting, the biologicals market is still relatively small compared to traditional fertilizers and crop chemicals. Biopesticides represent about 8% of the \$65 billion global crop protection market. Biostimulants and biofertilizers together account for roughly 2% of the more than \$200 billion global fertilizer market—around \$2 billion and \$3 billion respectively—while traditional chemical fertilizers make up the majority. (Source: [LEK Consulting](#))
- Nevertheless, the agricultural biologicals segment is growing significantly faster than the broader agricultural inputs market. [MarketsandMarkets](#) projects this segment to expand from \$16.7 billion in 2024 to \$31.8 billion by 2029, at a CAGR of 13.8%, highlighting the favorable long-term industry outlook.
- The company is one of the top 10 biological suppliers in the U.S.

Domestic operations

- 57% of revenue

- In the U.S, AMVAC predominantly sells its products through large national distribution companies and buying groups or co-operatives. These entities purchase the goods from AMVAC and then sell them to retailers, growers, and other end-users.

International operations:

- 43% of revenue
- The company has sales offices or wholly-owned distributors in places like Central America, Mexico, Brazil, Australia, New Zealand, and India, along with sales force executives or agents in many other territories. These international distributors and agents have existing relationships with retailers and end-users, along with logistics and customer service expertise.

Two notes

- The company also relies on customer prepayments, where certain major customers provide cash at year-end in exchange for discounts in the first half of the following year. This cash helps the company meet its working capital needs, pay down debt, and reduce interest expenses, thus preserving borrowing capacity.
- The Company's largest three customers accounted for 14%, 13%, and 11% of the Company's sales in 2024

II. RECENT CHANGES

1. Cruiser Capital nominee plays active role in transformation

In June 2022, the company's shareholders voted to appoint all three director nominees proposed by Cruiser Capital—Dr. Mark Bassett, Pat Gottschalk, and Keith M. Rosenbloom—while removing three incumbent directors from the board.

In Q3 2023, American Vanguard initiated a company-wide transformation effort, engaging board member Mark Bassett—recognized for his track record in profit improvement across multiple businesses—to conduct an in-depth operational review in collaboration with senior management. Over a 10-week period, Bassett was granted full access to daily operations and met with executives and key business process owners. The outcome was a comprehensive set of recommendations, which formed the basis of a transformation plan developed jointly by management and board member Pat Gottschalk.

I invested in the company before I joined the board a little more than two years ago. Prior to that, I spent almost six years as Chairman and CEO of Hemlock Semiconductor. During that time, we were able to significantly increase the valuation of the company by reducing the total costs by about 30%, while creating a substantial new revenue stream to drive rapid growth. Prior to that, I ran several large global businesses at Dow. And early in my career, I

worked in finance and technology. I invested in American Vanguard because I believed in the company's potential, and I still do. After joining the board, I spent 2.5 months inside the company last year developing the foundation of what became the transformation the company is helping us implement. - Mark Bassett

List of transformation plan-

- Profitability targets and accountability: Department heads were assigned performance targets to deliver \$15 million in operating profit and interest savings for FY2024, with metrics covering working capital, factory efficiency, cost control, and debt reduction. Accountability is tied to performance reviews.
- Digital transformation: The company began implementing a full-scale digital overhaul across 33 global business centers, anchored by QAD's Adaptive ERP to standardize processes, improve scalability, and enable real-time data access.
- Consulting support from Kearney: The company retained business consulting firm Kearney to support the initiative, working across key functions—sales, operations, finance, and HR—to design a future-state operating model and enhance data-driven decision-making.

Management shakeup

Out of the top nine executives, seven were recently appointed. Additionally, the company appointed a Chief Transformation Officer in December 2024.

- Feb 2025: SVP- Strategy, Marketing & R&D
- Feb 2025: SVP-Manufacturing
- Feb 2025: SVP-Supply Chain & Operations
- May 2024: VP-North America
- April 2024: Director of Investor Relations
- Dec 2024: CEO
- Nov 2023: SVP-HR

Improvement in working capital and inventory management

- The company reported notable progress in working capital efficiency. While the business typically experiences inventory build-up in the first half of the year, inventory levels in 2025 rose by only ~3% compared to year-end 2024.
- More significantly, inventory declined by 20% year-over-year, leading to improved inventory turns and stronger operational discipline.

Cost savings

- As per Q2 2024 earnings call, the company implemented stricter cost controls. These include limiting spending with outside vendors, reducing travel and entertainment, and limiting the use of contractors. In order to accomplish these savings, the company worked with Kearney to upgrade and modernize its vendor management and bid process structure.
- In Q1 2025, the company decreased operating expenses by \$5 million, including a \$2 million decline in R&D coupled with a \$3 million decline in SG&A, compared to the prior year, excluding non-recurring charges

ERP implementation

- The company is implementing an ERP system that is underway, expected to greatly simplify the transfer of information and reduce complexity.
- In Q1 2025, the company disclosed that challenges arising from the rollout of a long-planned ERP system across all entities impacted the timely completion of financial reporting processes. The complexity of the implementation introduced several operational issues, which collectively prevented the corporate finance team from meeting the SEC deadline for filing the FY2024 10-K. As a result, the company identified material weaknesses in its internal controls over financial reporting and is currently developing a remediation plan. These issues also caused a delay in the filing of the Q1 2025 financial statements. Nevertheless, the new CEO strongly believes that the implementation of the ERP is critical for the "turnaround".

Exiting SIMPAS technology

- In 2024, American Vanguard scaled back its SIMPAS initiative, shifting from active commercialization to retaining the technology internally while seeking a strategic partner for broader market adoption. This move is expected to save ~\$6 million annually.
- SIMPAS, once positioned as a groundbreaking precision application platform, had shown promising results in field trials across the U.S. and Brazil and had around 240–250 units in use. However, under new CEO Dak Kaye, the company cited exiting SIMPAS as a necessary step to stabilize operations. The decision led to a \$22.4 million non-recurring write-down in Q4 2024 as part of broader asset impairments aimed at improving profitability and strengthening the balance sheet.

III. CURRENT CHALLENGES

1. Revenue pressure

- American Vanguard has dealt with several financial difficulties from 2023 through early 2025. Demand fell as customers reduced inventory and only bought when needed. This trend continued into early 2025, keeping inventory at very low levels.
- Sales were also hit by the suspension and recall of Dacthal, a \$15 million product, and lower sales of high-margin products like Aztec and Folex. Weak demand in Mexico and drought in Australia further hurt revenue. Competition from generic products and increased discounting also reduced sales.
- In total, revenue dropped 5.5% in 2024, and Q1 2025 revenue fell 14% compared to the same quarter in 2024.

2. Profitability impact

- Margins dropped due to more sales of low-margin products and fewer sales of high-margin ones. Competitive pricing, clearance of slow-moving inventory, and lower factory utilization also weighed on margins. These issues weighed on profitability.
- Adjusted EBITDA declined from \$53 million in 2023 to \$42 million in 2024. In Q1 2025, it dropped further to \$3.0 million, down from \$15.5 million in Q1 2024.

COMMENTS

Channel inventories

American Vanguard continued to observe very low distributor and retailer inventory levels through the first quarter of 2025, following an extended industry-wide destocking cycle that has lasted 18–24 months. By early 2025, channel inventories in the U.S. were down approximately 23% year-over-year, despite steady product usage in the field. Customers were largely buying only what was needed during the season, rather than building up stock.

Some signs of recovery began to appear in May and June 2025, with stronger sales suggesting an uptick in demand. While it remains unclear if customers will resume inventory buildup, historically high corn planting and the operational need to maintain minimum stock ahead of key planting periods suggest that the destocking phase may be reaching its end. Historically, such deep inventory drawdowns have often been followed by meaningful sales rebounds, even with modest farmer demand.

CEO's recent commentary

In the Q1 2025 earnings call, Douglas A. Kaye (CEO) shared his perspective on the agricultural economy. Drawing on over 15 years of experience in the crop protection industry, he noted that inventory levels have been drawn down significantly. As a result,

any recovery in buying patterns is likely to drive increased demand—leading to higher volumes, better pricing, or both. He added that such dynamics are typical in a cyclical industry like theirs.

Kaye pointed out that distributor inventories are down nearly 23% from the prior year, following 18–24 months of industry-wide destocking. Meanwhile, corn plantings are at historically high levels, with acreage expected to be the largest since the 2013–2014 season—a strong period for crop protection companies.

He emphasized that the company’s products are actively being used in the field and that the company is not losing market share. If the season progresses as projected by the USDA, he believes the company is well positioned. While cotton acreage is slightly down, many growers are shifting to peanuts—an area where the company is strong due to the popularity of its product Thimet.

Although early signs of recovery are emerging, Kaye said a full cyclical upswing would require more clarity on tariffs and greater confidence in agricultural commodity prices.

Why bother about this company when it is struggling? What is the opportunity?

The company’s stock price is trading near 10-year low

From Jan 2015 to April 2025, the stock price never traded below \$10. Since April 2025, stock price crashed by 70% and is now trading at \$3.70.

M.Cap: \$107M

Debt: \$168M

Cash: \$12M

EV: \$263M

FY 2025 expectation: Adjusted EBITDA target range - \$40M to \$44M.

EV/ Adj. EBITDA (2025 E): 5.9x to 6.5X

Historically, the company has generated strong free cash flow, and current challenges appear tied to a depressed market cycle, not structural weakness. The CEO clarified that the company has not lost market share and that its products continue to be used. As destocking eases, the company is poised to benefit from a rebound in demand. In Q1 2025, management observed “positive trends in May and June related to our sales” and noted that “the destocking appears to have bottomed out,” suggesting a potential inflection point for recovery.

3. Cruiser Capital - huge loss and potential for 'sale'

Even though we don't know Cruiser Capital's exact purchase price, we do know the fund acquired its stake in Q3 2021, when the stock traded between \$14 and \$17.75. With the current stock price at \$3.70, it's clear that the company is now trading well below Cruiser Capital's purchase price.

Given that Cruiser Capital holds three board seats and the stock trades significantly below its purchase price, the fund may be incentivized to advocate for a sale—especially if internal transformation efforts stall or fail to deliver results.

Critical note - critical question to the CEO

While American Vanguard continues to face pressure from prolonged destocking and weak customer restocking, two global industry leaders offered a more positive outlook on the crop protection market.

- In Q1, Bayer reported 2% growth in its crop protection segment, with underlying growth of 5% excluding weakness in a single product (Movento), and a 7% increase in volumes—signaling healthy demand.
<https://www.bayer.com/sites/default/files/2025-05/bayer-transcript-q1-2025.pdf>
- Syngenta Group delivered even stronger results, with crop protection sales rising 5% to \$3.4 billion, or 11% at constant exchange rates, driven by the end of U.S. channel destocking and strong adoption of new technologies. Sales rose sharply in key markets, including 20% growth in North America and 12% in China.
<https://www.syngentagroup.com/newsroom/2025/syngenta-group-reports-q1-2025-results>
- Shane Thomas, Agribusiness Analyst at Upstream Ag Insights wrote a linkedin article where he claims that Q1 2025 earnings revealed a normalization of buying patterns across much of the industry. Source

Question to the CEO: If Bayer and Syngenta are seeing demand recovery, why is American Vanguard still facing revenue pressure and slow restocking?

Suggested further readings

<https://www.s2ginvestments.com/insights/breaking-down-biologicals-part-1>

<https://www.wsj.com/business/americas-farm-recession-is-here-one-early-response-is-sending-billions-to-farmers-9fc42981>

Helios Technologies (HLIO): Recent significant changes

I. BASICS

1. Hydraulics Segment

In 2024, this segment contributed 67% of total sales. This segment is focused on hydraulic motion control and fluid conveyance products—cartridge valves, manifolds, quick-release couplings—and complete system solutions.

Let's understand the basics -

Think of hydraulic fluid as a special kind of oil, like motor oil or brake fluid, made to move things in machines. In a basic tool like a lever, you push on one side to lift something on the other. A hydraulic system does something similar—but instead of a solid bar, it uses fluid to carry the force. When you press on the fluid, the pressure moves through it and pushes something heavy on the other side. Because the fluid doesn't compress, it works just like a lever—but allows for smoother, more powerful movement in tight spaces.

Helios Technologies' Hydraulics segment focuses on designing components that control and convey this fluid.

- Hydraulic Motion Control Technology (MCT) products are like the "brains" or "valves" that direct the flow and pressure of this hydraulic fluid to control how equipment moves or performs actions. Examples include cartridge valves that can be electrically activated or hydro-mechanical, designed to operate reliably at high pressures. Some innovative MCT products, like ENERGEN™, can even convert the movement of this fluid (hydraulic flow) directly into electrical power.
- Fluid Conveyance Technology (FCT) products are the "pathways" or "connections" that safely and efficiently transfer the hydraulic fluid and its power from one part of a system to another. Quick release couplings, for example, allow users to quickly connect and disconnect these fluid pathways without leakage, even under high temperatures and pressures.

2. Electronics Segment

In 2024, the Electronics segment contributed 33% of total sales. This segment focuses on designing and manufacturing customized electronic control systems, displays, wire harnesses, and software solutions for diverse end markets. It serves niche mid-market volume customers by working closely with OEMs and supporting a global network of authorized distributors and systems integrators.

The segment invests heavily in understanding unique customer applications and solving complex system-level challenges. Products are co-developed with customers, leveraging deep application expertise to create customized, hard-to-replace solutions.

Key brands include Enovation Controls, Murphy, Zero Off, HCT, Balboa Water Group, and Joyonway. Enovation Controls, Murphy, Zero Off, and HCT provide rugged instruments and control systems for engines, engine-driven equipment, and specialty vehicles. Balboa Water Group and Joyonway lead the health and wellness market, offering complete electronic control systems for therapy baths, hot tubs, cold plunges, and swim spas.

Enovation Controls differentiates itself through its product durability, customization, and strong customer service—serving niche mid-sized markets often overlooked by larger players. Meanwhile, Balboa and Joyonway stand out as the only full-spectrum providers in their space, offering everything from controls and displays to pumps and jets.

II. RECENT CHANGES

Sean Bagan, initially CFO since August 2023, became Interim CEO in July 2024, and was appointed President and CEO on January 6, 2025.

Sean Bagan highlighted a "swift change in dynamics" in Q3 2023 earnings call, as customers across mobile, agriculture, marine, industrial, and health and wellness end markets began "pulling back orders and pushing out decisions," which readily impacted the quarter due to the company's book-and-bill business model

1. Inventory control

The company implemented stricter inventory and production discipline across its manufacturing operations. These initiative was led by Sean Bagan, who started these financial efforts when he became CFO. Later, as Interim and then full-time CEO, he continued to push these priorities.

Outcome?

- In Q4 2024 earnings call, the company mentioned that the inventory consistently declined, reaching a level not achieved since January 2023.

- For the full year 2024, inventory was reduced by \$25 million, or 12%, to \$190.1 million. This trend continued into the first quarter of 2025, with inventory declining by \$24.2 million (11%) from the prior-year period to \$189.7 million. The positive effects of these actions continued into the first quarter of 2025, with an 11% inventory reduction compared to the prior year.
- This reduction was identified as a critical factor in improving the company's working capital, liquidity and generating cash.

2. Significant improvement in cash generation

- In fiscal year 2024, the company achieved a company record for cash generation from operations, reaching \$122.1 million, which was a 46% increase compared to the prior year. The company continued its positive trend into the first quarter of 2025, generating \$19.0 million in cash from operations, representing a 7% increase over the prior-year period. This occurred despite the first quarter typically being the lightest in terms of cash flow.
- The free cash flow conversion rate reached 244% in 2024 - highest in four years.

3. Significant debt reduction

- Debt was reduced for seven straight quarters through Q1 2025, driven by strong cash flow. In 2024, debt was reduced \$75.3M to \$449.5M (-14% YoY), including a \$33.9M drop in Q4. Q1 2025 saw a further \$75.7M (-15% YoY) reduction.
- The net debt to adjusted EBITDA leverage ratio decreased to 2.6x by the end of the fourth quarter of 2024. In Q1 2025, it stood at 2.7x, an improvement from 3.1x in the comparable prior-year period.

4. M&A is currently on hold

Acquisitive history

- From 2016 to 2023, the company pursued an aggressive M&A strategy under two CEOs—Wolfgang Dangel and Josef Matosevic. Both were ultimately dismissed for the same reason: policy violations involving consensual relationships with employees. Dangel served from 2016 to 2020, followed by Matosevic from 2020 until his dismissal in 2024. Interestingly, both shared not only a similar exit but also a common approach to growth through acquisitions. In contrast, the newly appointed CEO has paused all M&A activity.
- The company has spent over \$1.19 billion on acquisitions between 2016 to 2023. As a result, the company went from being debt-free at the end of FY2015 to carrying \$140 million in debt in 2016, which rose to \$521 million by FY2023.
- Cash spent over acquisitions

- 2023-\$114M
- 2022: \$67M
- 2021: \$61M
- 2020: \$217M
- 2018: \$534M
- 2017: \$0.5M
- 2016: \$200M

New CEO has put acquisitions on hold

Sean Bagan acknowledged that past acquisitions "haven't fully delivered upon the synergy plans or the strategic intent," and that "tremendous amount more of value" still needs to be "extracted" from them through "intentional integration efforts"

In the recent Q1 2025 earnings call, Sean Bagan clearly articulated that the company is unlikely to pursue M&A seriously until 2026. This timeline is directly contingent upon achieving specific debt reduction goals and ensuring sufficient financial flexibility. He believes that achieving a healthier balance sheet first will provide the necessary foundation and "flex up" capability for future acquisitions.

Overall - Sean Bagan's immediate and primary capital allocation priority for Helios Technologies is to continue paying down debt.

5. Others

- Specific cost actions: The Company implemented targeted cost actions such as not adding incremental roles, slowing backfills, reducing discretionary travel, and minimizing corporate expenses.
- New chairman of the board: Laura Dempsey Brown, a board member since 2020, has been elected Chair, replacing Philippe Lemaitre, who is retiring after serving on the board since 2007 and as Chair since 2013.

M.Cap: \$1.06 billion

Debt: \$443 million

Cash: \$46 million

EV: \$1.46 billion

FCF (FY 2024): \$95.1 million

FCF/EV: 6.5%

Adj. EBITDA: \$155 million

EV/EBITDA: 9.4X

Bumble (BMBL): High FCF yield - dating app facing “swipe fatigue”

The company is the second-largest player in the industry, holding a 26% market share, trailing only Tinder, which leads with 29%. Check the 20 seconds video in the below link which shows how the company gained market share over the past 9 years - very interesting - <https://www.businessofapps.com/data/dating-app-market/>

I. WHY ARE WE FLAGGING THIS?

The company is trading at an excellent FCF/EV yield rate.

M.Cap: \$780M

Debt: \$616M

Cash: \$202M

EV: \$1.19 billion

i) FCF (FY 2024): \$114M

FCF (FY 2024)/EV: 9.6%

ii) In the recent quarter, the company experienced a strong cash flow - \$43 million in Q1 2025. If we annualize the Q1 2025, the annualized FCF is \$172M.

FCF (Annualized latest 10-Q FCF)/EV: 13.7%

II. CURRENT CHALLENGES

User fatigue - Swipe fatigue

Constantly flipping through profiles becomes repetitive and mindless—an experience commonly referred to as 'swipe fatigue'.

Many people are increasingly fed up with regular dating apps, and this trend has become more noticeable in recent years.

The paying users of Tinder, the largest competitor of Bumble, shows decline in recent few quarters and the revenue is stagnant.

Bumble is no exception. As you can see below, Bumble's revenue is declining significantly.

Revenue growth (Bumble)

- Mar 2025: (7.7)%
- Dec 2024: (4.4)%
- Sep 2024: (0.7)%
- Jun 2024: 3.4%
- Mar 2024: 10.2%
- Dec 2023: 13.3%
- Sep 2023: 18.4%

So, the current challenge for Bumble is not a “temporary turbulence”.

Well, Bumble’s founder who re-joined as CEO in March 2025 is trying to fix the core problem faced by the dating app - finding the right match and removing the bad actors.

In the below interview, she argues that she is going to make Bumble the world’s “smartest matchmaker”. <https://www.youtube.com/watch?v=JW6FRiZ1QOM> / <https://www.nytimes.com/2025/05/10/magazine/whitney-wolfe-herd-interview.html>

Why does the focus on being the best matchmaker matter? While Tinder and Bumble are facing stagnation, Hinge, another dating platform owned by March Group, experienced 27% revenue growth in Q4 2024. Why? Hinge’s pitch is simple: find a real relationship and stop using dating apps. That’s why their slogan is 'designed to be deleted'. Hinge asks more detailed questions compared to Tinder or Bumble and helps the member to find the “right match”. This is a big part of what sets it apart. So, if Bumble can become the “best matchmaker”, it can reignite growth.

The other biggest concern is - market stagnation. As you can from the link below - the global dating app downloads 2015 to 2024 shows a declining trend since 2019.

<https://www.businessofapps.com/data/dating-app-market/>

Given the declining trend of dating app download, Bumble's success depends on turning free users into paying ones. In 2024, the company had over 42 million monthly users across its six apps, and 4.15 million of them paid for premium features.

III. RECENT CHANGES

CEO change

Whitney Wolfe Herd returned as CEO in mid-March 2025.

Whitney Wolfe Herd co-founded Tinder in 2012 shortly after college, helping to create its iconic swipe feature. She left in 2014 after filing a sexual harassment lawsuit, which was settled. Later that year, at age 25, she launched Bumble, a dating app designed to give women more control by letting them make the first move.

1. Improving member base

During the pandemic, the company couldn't use its normal ways to attract new users, such as campus events and local advertising. So, it started using paid ads to bring in members quickly. The company's user base increased significantly. So, what's the problem? Just adding more users didn't help. The new users often didn't match well, leading to more bad matches and fake or low-quality profiles. As a result, the company's growth through word of mouth slowed down, and it had to keep spending on ads to grow.

The new CEO's solution?

1. Remove bad players and trust initiatives: The Company is putting more effort into removing bots, scammers, and bad-intentioned users who have hurt match quality and trust.
 - a. Simultaneously, the company is focusing on fostering a verified, trusted community. This is considered critical for long-term success.
 - b. Trust and safety initiatives, including ID verification, "review before send," and "share date," are gaining traction and proving valuable in supporting authenticity and safety.
2. Modernizing the matching algorithm- The Company is rapidly modernizing the personalized matching algorithm using AI and enhanced machine learning to highlight genuine members and create more meaningful matches.

Overall - the new strategy is focused on showing members people they want to see, providing quality matches, quality chats, and helping them get closer to love. Quality is seen as the key to enduring growth for online dating and Bumble.

2. Changes in Leadership, Structure, and Operations

- The new CEO is assembling a world-class team, bringing in seasoned leaders across product, technology, communications, and legal.
- The search for a permanent CFO is actively underway.
- Vivek Sagi has been appointed as the new CTO, bringing deep experience in consumer technology.

3. Cost savings initiatives

- Approximately \$15 million in new near-term operating cost savings have been identified within the last six weeks, with expectations for more. These savings will begin in Q2, with the majority in Q3 and Q4.
- The Q2 outlook indicates a focus on driving profitability and cash flow generation.

4. Significant shift in marketing strategy and reduction in marketing expenses

- The company reduced its Q2 marketing budget by \$20 million, with additional cuts expected later in the year. Most of the reduction targeted non-organic user acquisition channels that did not deliver the desired member base quality.
- The company is shifting focus to organic marketing strategies to attract more relevant and high-quality members. The company expects that moving away from performance marketing will lead to sustainable, long-term benefits. Spending on brand and organic channels will increase again as the member base strengthens and the algorithm is refined.

5. Product Experience Enhancements and Innovation

- The Discover tab is a new feature that the company has launched (March 2025) as part of its strategy to improve the product experience. The primary goal of the Discover tab is to help members find matches and have "good chats". It achieves this by "highlighting commonalities" between members. By highlighting commonalities, it aims to improve "mutual relevance", which is critical for "effective double-sided matching" and leads to "successful outcomes".
- Refreshed UI and UX: As part of a "next product moment" expected at the end of the summer, the company plans to introduce a "refreshed UI and UX" (User Interface and User Experience). This suggests updates to the app's visual design and how users interact with it, likely aimed at improving the overall experience.
- Introducing a Coaching Hub: A coaching hub will be introduced, offering members content from expert coaches with tips for their dating journey. This will eventually be both human and AI-driven.

6. Increased Focus on Bumble for Friends (BFF)

- Bumble for Friends is a dedicated app by Bumble designed to help people form platonic friendships. Whether you've relocated to a new city, are exploring new hobbies, or simply wish to expand your social circle, this app provides a platform to meet like-minded individuals nearby.
- BFF is highlighted as a success with over one million active members, including a strong Gen Z following, proving the creation of real-life friendships.
- The company is preparing to unveil a "big update as part of our summer launch" specifically for Bumble for Friends.

7. Exit

The company has made a decision to "discontinue our operations of Frutz and Official operation. This is expected to result in a \$12 million revenue headwind starting in Q2 and distributed through the remainder of the year.

Sleep Number (SNBR): Insider buying; Trading below the activist purchase cost; New CEO; Recent changes

I. BASICS

Sleep Number is the second-largest U.S. public mattress company by sales, behind Tempur Sealy.

The company focuses predominantly on smart beds. These beds let each person choose their own firmness, temperature balancing technology to maintain an ideal climate for each sleeper, and use built-in technology to track sleep and give tips to sleep better. Sleep Number uses billions of hours of sleep data from over 3 million Smart Sleepers to improve its products and stand out from competitors. About 80% of these users engage monthly with its digital tools, like the Sleep Number app.

This is not a typical budget mattress company. The basic mattress, c1 starts at \$999. Premium Sleep Number models (like i10 or Climate360) go for \$3,000–\$10,000.

The company also engages in strategic partnerships, such as with the NFL, where 83% of NFL players have a Sleep Number smart bed.

In 2024, 88% of net sales came from stores, with the remaining 12% from online, phone, chat, and other sales.

II. CURRENT CHALLENGES

The bedding industry has been in a sector level recession for three years with mattress industry unit volumes returning to an estimated 24 million units in 2024, the lowest level since 2015.

The company's quarterly revenue growth rate is consistently declining for the past 9 quarters. Moreover, after peaking at \$243 million in free cash flow in FY 2021, the figure dropped sharply to just \$3 million in FY 2024 and turned negative at \$30 million in Q1 2025.

The company's stock is trading at a 15-year low. Over the past decade, it had never dropped below \$15 until mid-2023. It now trades at \$6.60.

III. RECENT CHANGES

Linda Findley, the new CEO, has emphasized that "everything is on the table" as part of a comprehensive strategic re-evaluation to stabilize the business.

1. New CEO is rethinking its distribution method.

Currently, Sleep Number operates under an exclusive, direct-to-consumer distribution model, utilizing both digital channels (online, phone, and chat) and a network of 640 retail stores across all 50 states. In 2024, the stores accounted for 88% of net sales, while online, phone, chat, and other sales made up 12%.

In the recent earnings call, Linda Findley was asked whether the company was open to wholesale distribution, given the shifting market dynamics. She responded, "All I can say is our eyes are very, very fresh and everything is on the table." This indicates a potential willingness to move away from their traditional direct-to-consumer model.

2. Organizational redesign:

- An organizational redesign has been executed, including a new executive and senior leadership structure. This redesign aims to consolidate overlapping capabilities, eliminate overspecialized roles, simplify decision-making, increase accountability, and remove redundancies.
- These changes have led to a 21% reduction in corporate management.

3. Marketing

- Amber Minson was appointed as the new Chief Marketing Officer to lead efforts in sustainable demand generation, brand visibility, and media efficiency.
- Sleep Number is reshaping its marketing and advertising approach to prioritize efficiency and impact. The goal is to establish a new marketing model that delivers more customer engagements from fewer dollars. New digital strategies and benefits-focused messaging are being developed for target audiences.
- The company plans to lower its marketing spend as a percentage of revenue in the near term, with a focus on "doing more with less".
- They have already reduced media spend by 18% year-over-year in Q4 2024 and 9% for the full year, returning to 2019 levels.

4. Aggressive cost reduction

- The company expects to achieve \$80 million to \$100 million of annualized cost reduction from its 2025 cost structure before restructuring costs.
- Since the CEO joined, the company has already reduced its Q2 operating expenses by approximately 10% compared to the Q1 2025 cost structure.
- Q2 operating expenses have already been reduced by approximately 10% compared to Q1 2025.
- Research and Development (R&D)
 - R&D focus is being redirected to lower costs.
 - The company will deprioritize adjacent opportunities where returns are uncertain or will take longer to realize.
 - Resources will be focused on maintaining and improving core technologies and introducing advancements while driving costs out of the product.
 - R&D expenses decreased by 18.8%, from \$56 million in 2023 to \$45 million in 2024 and by 12.4% in Q1 2025.
- Supply Chain & operations
 - Bringing end-to-end efficiency to the supply chain, from sourcing to creation to fulfillment.
 - Continued focus on material cost reductions, supplier negotiations, and efficiencies in home delivery and logistics operations.
 - In Q4 2024, they recorded restructuring costs related to the downsizing of their home delivery truck fleet and buyout of additional store leases to further reduce fixed costs.
 - A portion of customer service operations was outsourced in 2024 for greater efficiency.
- Debt management
 - The company is laser-focused on growing profitability and paying down debt.
 - An amendment to their bank agreement provides additional covenant flexibility through the end of 2025, extending net covenant relief.
 - They are actively managing their leverage ratio, which was 4.46x EBITDAR at the end of Q1 2025, within the 4.75x covenant maximum.
 - They are working on ways to optimize their debt capital structure without diluting current shareholders.

COMMENTS

// Additional distribution

Imagine the company issues a press release announcing plans to sell through additional retail stores—this could help lift its currently depressed stock price.

In 2019, Nike decided to pull its direct sales from Amazon to focus on its own retail channels—citing concerns over counterfeit products, margin control, and customer data. Moreover, Nike emphasized DTC to protect brand prestige and profit margins. Now, in 2025, the company resumed direct Amazon sales, citing the need to boost online reach amid soft demand. What does this mean? Even the strongest brands need balance between control and accessibility.

Given the current economic climate, convincing customers to spend over \$1,000 on a mattress is challenging. To boost sales, it may be the right time for the company to begin selling through third-party retailers.

// **Insider buying**

In 2025, insiders at Sleep Number Corp purchased over \$1.3 million worth of stock. This includes a large \$751K buy by new CEO Linda Findley, along with additional purchases from the CFO and multiple directors—indicating strong insider confidence amid the stock's multi-year low.

// **Trading below the purchase cost of the activist**

Stadium Capital has been active since August 2023. In March 2025, Sleep Number and Stadium Capital reached an agreement under which Stadium withdrew its board nomination plans, and several board changes were outlined, including the planned departures of five directors and a phased reduction of the board size from nine to seven.

As per the March 2025 13D filing, the average purchase price of Stadium Capital is \$20.9. The current stock price is \$6.8 ~ 67% down.

// **Valuation**

Somnigroup International (formerly Tempur Sealy International) is trading at EV/Revenue of 3.8X. Somnigroup warrants a premium valuation— in 2024, it generated an impressive \$569 million in free cash flow on \$4.9 billion in revenue, representing 11.6% of total revenue.

Comparable M&A: In February 2025, Tempur Sealy International (TPX) completed its \$5 billion acquisition of Mattress Firm, the largest mattress specialty retailer in the U.S., at an EV/Revenue multiple of 1.28x.

Purple Innovation trades at EV/Revenue of 0.5X. In comparison, Sleep Number is trading at an EV/Revenue multiples of 0.68X - a meager 36% premium compared to Purple

Innovation. Purple Innovation which generates negative free cash flow is trading at a depressed stock price of 75 cents.

//

Sleep Number's smart beds stand out for their combination of adjustable firmness + embedded health-tracking sensors. The *SleepIQ* tech provides a holistic view of one's sleep similar to a smart watch/ring (tracking sleep stages, quality, biometrics), but with the added benefit of actually changing the bed's feel in real time to improve comfort. This is something competitors generally do not do – for example, Eight Sleep will adjust temperature but not physical firmness/support, while Tempur-Pedic will conform to your body but not adapt during the night, and Purple's grid is fixed in shape. Sleep Number thus markets its beds as *active participants* in your sleep, not just passive furniture.

Furthermore, with years of data and R&D, Sleep Number has built a strong IP portfolio (hundreds of patents) in smart bed technology and has hinted at future capabilities like detecting health conditions (insomnia, apnea, even heart issues) early via bed sensors.

All these give it a defensible niche.

// **Debt amendment**

The company has already amended its bank agreement to provide "additional covenant flexibility through the end of 2025". This amendment extends their net covenant relief, setting the leverage covenant maximum to 4.75x EBITDAR in Q1 and Q2, 4.5x for Q3, and 4.35x for Q4. This proactive measure ensures flexibility in navigating ongoing industry pressures.

BGSF, Inc. (BGSF): Recent divestment

M.Cap: \$61M

Debt: \$47M

Cash: \$2M

EV: \$106M

Sale of Professional segment for \$99M; Plans to repay debt

In June 2025, BGSF agreed to sell its Professional Division to INSPYR Solutions, a portfolio company of A&M Capital Partners, for \$99 million in cash. The company plans to use the proceeds to significantly reduce debt and invest in its Property Management business, while exploring further options to maximize shareholder value.

Post-sale

Proceeds: \$99M

The company hasn't disclosed net proceeds after tax and transaction costs.

Capital gains tax (21%) applies to profit, not the gross sale price. While the exact tax basis isn't disclosed, the Professional segment was built through acquisitions totaling ~\$147 million. After ~\$30 million in goodwill impairments, the book value is roughly \$117 million—higher than the sale price.

This implies a book loss, and the company may not owe capital gains tax. However, tax basis can differ from book value, depending on the structure of prior deals and the treatment of goodwill.

I'm not a tax expert, so this is a rough estimate.

Revised valuation

M.Cap: \$61M

Debt: \$47M

Cash: \$101M (\$99M + existing \$2M)

EV: \$7M

As of now, the market values the remaining business - Property management - to be \$7M. The property management business generated revenue of \$100M.

The current implied valuation is EV/Revenue: 0.07X. This makes no sense.

The Property Management segment provides office and maintenance field talent in 38 states and D.C., to property management companies responsible for the apartment communities' and commercial buildings' day-to-day operations.

Important note - The valuation is highly tied to the “after-tax proceeds”.

mm	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY Dec 2024	LTM Mar 2025	3M Mar 2024	3M Mar 2025
Property Mgmt (formerly known as Real estate)											
Contract field talent	-	-	-	-	-	117	122	103	99	24	20
Contingent placements	-	-	-	-	-	4	3	2	2.2	0.4	0.6
Revenue	72	87	96	69	92	121	125	104	100	25	21
Gross profit	-	-	-	-	-	48	50	38	37	9	8
Operating income (loss)	12	15	16	10	15	20	23	14	13	3	2

Past acquisitions of Professional segment

December 12, 2022	<u>Horn Solutions</u>	42.7
April 24, 2023	<u>Arroyo Consulting</u>	6.8
February 8, 2021	<u>Momentum Solutionz</u>	3.8
February 3, 2020	<u>EdgeRock Technology Holding, Inc.</u>	21
December 13, 2019	<u>L.J. Kushner & Associates, L.L.C.</u>	8.5
February 3, 2020	<u>EdgeRock Technology Holding, Inc.</u>	21
April 3, 2017	<u>Zycron, Inc.</u>	18.5
September 18, 2017	<u>Smart Resources, Inc.</u>	6
February 23, 2015	<u>D&W Talent, LLC</u>	8.5
September 28, 2015	<u>Vision Technology Services</u>	10

Granite Ridge Resources' new CEO: Tyler Farquharson Shouldn't Be Blamed for Exco Resources' Bankruptcy (Ultra short notes)

In June 2025, Granite Ridge Resources promoted Tyler Farquharson, the Company's Chief Financial Officer, to President and Chief Executive Officer.

Prior to Granite Ridge, Mr. Farquharson served as CFO at EXCO Resources, Inc.

At first glance, it might seem like a red flag that Tyler S. Farquharson was the CFO of Exco Resources, which went bankrupt in January 2018. But when you look closer, that concern doesn't really hold up. He became acting CFO in October 2016 and was officially made CFO in February 2017—less than a year before the bankruptcy. The company's problems likely started well before he took the role. Since he didn't have much time to influence the situation, it wouldn't be fair to blame him for what happened.

Did anyone check the bank statements?

As investors, we don't typically ask a CFO, "Hey, did you personally verify each of your foreign subsidiary's bank statements? Or did you just take the local finance guy's word for it?" That would seem... paranoid... maybe even rude.

But maybe we should.

In September 2024, SEC wrapped up a case against CIRCOR International, a Massachusetts-based industrials company that—until a 2023 buyout—was publicly traded.

From 2019 to 2021, the finance director at its UK subsidiary, Pipeline Engineering, was making up journal entries and photoshopping bank statements. The Finance Director was the only employee with access to both Pipeline Engineering's local accounting system and the company's consolidation system and the responsibility for transmitting the business unit's financial statements and reconciling the updated information in both systems. Basically: he was in charge of writing the script and reviewing the performance.

This went on for two years. Impact? Tens of millions in inflated net assets. Eventually, the company restated its financials, self-reported to the SEC, fired the guy, and beefed up internal controls. - "Trust, but never verify" isn't a risk policy.

Since it was self-reported, there is no fine. But still: yikes.

A company's risk factors in 10-K never say: *"We don't have a system to independently verify bank statements and rely entirely on local staff. There's a real risk someone could be manipulating the numbers."*

There's no checkbox for that in a 10-K or proxy statement.

So, what should investors do? While no system can guarantee detection of fraud, investors should raise an eyebrow when an 8-K announcing a restatement also casually mentions a shortage of accounting staff. When management says, *"We're a bit short-staffed in finance,"* it's worth asking the real question: Who's actually watching the books?

Key takeaway - at Snowball Research, we monitor and flag companies facing accounting problems—such as restatements or delayed filings. If management blames a lack of accounting staff, that's your cue to switch on the forensic lens.

Cracker Barrel's controversial bylaw amendments: Challenging the board twice is fine — but two failed campaigns could come with a \$5 million bill

Traditionally, proxy contests are straightforward—challenge the board, and if you win, your costs are reimbursed. Lose, and you eat the costs.

Cracker Barrel has just changed the rules of that game.

Under its newly amended bylaws, losing twice could come with a \$5 million bill.

Here's a closer look at what changed — and why it matters.

On May 16, 2025, the Cracker Barrel board approved and adopted a restatement of its bylaws, effective immediately. A couple of amendments caught my attention.

First is the “Ineligibility Provision.” If a director nominee gets less than 20% of the vote, they're barred from being nominated again for three years. Score between 20% and 25%? That's still a penalty—two years off the ballot.

Second—and the real highlight—is the “Reimbursement Provision.”

If a shareholder nominates directors at two meetings within five years, and those nominees receive less than 25% of the vote (without board support), the shareholder must reimburse the company up to \$5 million for proxy-related costs.

On the flip side, if any nominee actually gets elected, the company will reimburse the shareholder up to \$5 million.

In short, Cracker Barrel has added real financial stakes to repeat proxy fights. One failed attempt? Fine. Two? Be ready to write a big check.

Company targets activist fatigue

Why would a board adopt such a controversial bylaw? Well, there's a reason.

The Board adopted the Ineligibility and Reimbursement Provisions in response to ongoing proxy challenges. The trigger? Sardar Biglari, who owns 9.3% of Cracker Barrel, has launched seven proxy contests since 2011, including six contested director elections.

According to the company, several shareholders expressed concern that a single investor could continue to pursue board seats and impose significant cost and distraction, despite being repeatedly rejected by the broader shareholder base.

Just one vote? That's all it takes to stay on the board — winning without fans

Every year, shareholders get to vote on who sits on the company's board. Why? Because it's the law.

Voting for the board of directors is a legal requirement for public companies in the U.S. and takes place each year at the annual shareholder meeting.

Now comes the important part—if there's an election, there has to be an outcome. Either the person is elected, or they're not. Think of it like an exam. You don't pass just by showing up—you need to hit a minimum score. Board elections work the same way. There must be a voting standard—a clear rule that says, "This person made the cut."

There are three common voting standards: plurality, majority, and cumulative. Each one has a completely different way of deciding who "passes" and who "fails"—that is, who gets elected to the board and who doesn't. The company's bylaws spell out which voting method applies.

In today's discussion, we'll focus on plurality voting—the most common and the easiest.

Plurality voting means the candidate who gets the most "for" votes wins, regardless of how many votes are withheld or cast against them.

Imagine people in your office are voting on where to order lunch from. The options are Pizza Place, Burger Joint, and Sushi Bar.

10 people vote for Pizza Place
8 vote for Burger Joint
7 vote for Sushi Bar

Even though Pizza Place didn't get more than half the votes, it got more votes than any other option—so Pizza Place wins.

That's plurality voting: the option with the most votes wins, even if it's not a majority.

How does plurality voting work in an uncontested situation?

So when there's competition, plurality voting is straightforward. But here's the catch: most board elections aren't competitive. Every year, directors stand for re-election—yet in most cases, there's no drama, no rival candidates, no activist fireworks.

And in an uncontested race, the rules get weird. A director can win with just one vote - yes you heard it right. One vote is all it takes when no one else is in the running. That's plurality voting in an uncontested election.

Take Enphase Energy (ENPH) as an example. On May 14, 2025, the company re-elected Thurman John Rodgers to the board, even though 61.3% of votes were withheld. Because he was unopposed, he won under the company's plurality voting rules.

In short, a director can keep their seat with just one vote, even if the majority of shareholders oppose them. It's a little-known quirk in corporate governance.

Winning doesn't mean support

In the case of Enphase Energy, a majority of shareholders withheld their votes against a director, yet he continues to serve on the board. This highlights a key weakness of plurality voting: withheld votes signal shareholder discontent but carry no binding legal impact

***Note and disclaimer:** This series is here to break down basic governance and regulatory concepts in plain English. I'm not a lawyer, and this isn't legal advice. Consult a real attorney before storming the boardroom with pitchforks and proxy cards.*

NT & RESTATEMENT

Compass Diversified (CODI): Internal probe at subsidiary forces CODI to restate financials, suspend dividend and actions to preserve liquidity

1. Business

The company is a holding company that acquires and actively manages middle-market businesses. With its diverse group of successful businesses, CODI is uniquely structured to withstand downturns and losses at individual subsidiary companies.

2. Internal investigation and non-reliance of previously issued financial statements

On May 7, 2025, the company's audit committee concluded that the company's consolidated financial statements for the fiscal year ended December 31, 2024, could no longer be relied upon.

This conclusion was reached after the Audit Committee, in April 2025, launched an internal investigation into the financing, accounting, and inventory practices of its subsidiary, Lugano Holding, Inc... The investigation was initiated following concerns reported to CODI's senior leadership. The company retained an outside counsel and a forensic accounting firm to lead this ongoing investigation.

The preliminary findings identified irregularities in Lugano's non-CODI financing, accounting, and inventory practices. Based on these preliminary findings, the Audit Committee determined that the previously issued financial statements for 2024 required restatement and should not be relied upon. These issues were specifically limited to Lugano, of which CODI owns approximately 60%, and the investigation was not focused on CODI's other subsidiaries.

In May 2025, the company notified its inability to file the 10-Q on time.

Subsequently, on June 18, 2025, the company extended the non-reliance to the fiscal years ended December 31, 2022, and December 31, 2023, as irregularities were also identified in those periods.

3. Management steps to preserve liquidity

On June 28, 2025, the company announced actions to preserve liquidity and reduce costs following the preliminary discovery of financial and operational irregularities at its subsidiary, Lugano Holding, Inc.

The company:

- Entered a forbearance agreement with lenders to ensure continued operations
- Cut management fees at the parent level
- Halted further investment in Lugano to focus on its eight other subsidiaries
- Suspended its quarterly dividend to conserve cash

Management stated that CODI's diversified model allows it to contain Lugano's issues while supporting growth across the rest of its portfolio. The company aims to deleverage quickly and restore covenant compliance.

Midland States Bancorp (MSBI): Both 10-K and 10-Q remain delayed due to third-party loan origination program issues

Problems related to third-party loan origination program

On June 28, 2025, the Board of Directors, in consultation with management and the Company's independent auditor, has concluded that the financial statements for the period ended March 31, 2024, and potentially earlier periods, can no longer be relied upon due to material accounting errors.

The issue centers on the Company's long-running third-party loan origination programs, which date back to 2012. Under these programs, borrowers made payments, and third-party providers contributed various forms of credit enhancements—such as reserve account contributions and yield maintenance payments. For years, the Company recognized all of these on a net basis as interest income, presenting an effective yield across loan portfolios.

Upon review, the Company determined this treatment was incorrect. The revised approach separates the components:

- Loan yields and interest income will now be recognized at the gross borrower rate
- Credit losses and related provisions will be recorded separately
- Credit enhancements will be treated as credit indemnification derivatives

Although the restatement may affect reported net income for Q1 2024—due to timing and valuation impacts—the Company does not expect a material impact on tangible equity or regulatory capital ratios.

Separately, the Company is assessing whether a goodwill impairment exists, supported by third-party valuations. Any impairment would not affect capital ratios but could impact reported earnings.

The corrected financials will be included in the upcoming Form 10-K and incorporated into the next Form 10-Q.

Current status

The company has not filed its Form 10-K (FY 2024) or Form 10-Q (Q1 2025). The most recent financial filing was a Form 10-Q submitted in November 2024.

DEBT ALERT

1. Luminar Technologies, Inc. (LAZR)

On May 19, 2025, Luminar Technologies entered into an agreement with institutional investors to issue up to 200,000 shares of Series A Convertible Preferred Stock at \$960 per share (stated value \$1,000). The initial closing of 35,000 shares is expected on May 22, 2025, for gross proceeds of \$33.6 million.

Concern - The agreement exhibits a particularly concerning "death spiral" or "floating" conversion price for its Series A Preferred Stock, where the conversion price is tied to 95% of the lowest volume-weighted average price (VWAP) over a 5-day period, with a floor price. This mechanism can lead to an accelerating cycle of share issuance and downward pressure on the stock price. Furthermore, 18% per annum dividends payable "in kind" (in additional Series A Preferred Stock shares) during "Triggering Events" (e.g., trading suspension, failure to issue conversion shares) means dilution could compound automatically during times of distress.

Beyond Meat (BYND): Unusual Covenant in new credit facility

On May 7, 2025, Beyond Meat entered into a \$100 million senior secured delayed-draw term loan agreement with Unprocessed Foods, backed by the Ahimsa Foundation. This includes a highly unconventional clause: proceeds must be used in alignment with "supporting the wellbeing of animals, our natural environment, and all global citizens." Any use outside this scope triggers an "Inconsistent Use Event," requiring repayment of the relevant portion of the loan, net of certain offsets.

Amaze Holdings (AMZE):

(a) The Securities Purchase Agreement (equity line of credit) allows the company to sell common stock to a purchaser at a discount to market prices (e.g., 95% of VWAP), leading to potential significant dilution for existing shareholders as the company taps this facility.

(b) The company issued subordinated secured promissory notes with an original issuance discount of \$180,000 on a \$1,080,000 principal amount (yielding \$900,000 gross proceeds).

COMMENT: This high discount implies a very high cost of capital, suggesting financial strain or limited financing options.

(c) On May 5, 2025, the Company and its wholly owned subsidiaries entered into a 10-month Business Loan and Security Agreement with Balanced Management, LLC. The agreement provides for a \$225,000 term loan with a total interest expense of \$78,750. Repayment begins on June 16, 2025, with 33 weekly installments of \$7,500, followed by a

balloon payment of \$56,250 in week 40. A \$9,000 origination fee was paid in connection with the loan.

COMMENT:

//This loan is high-cost and aggressive in terms of structure.

- Total cost of loan: \$78,750 interest + \$9,000 fee = \$87,750
- Effective interest rate:
 - $\$87,750 / \$225,000 \approx 39\%$ total cost
 - Over 10 months → ~47% annualized (approximate simple APR)

INNOVATE Corp. (VATE)

On May 20, 2025, DBM Global Inc., a subsidiary of INNOVATE Corp., and certain affiliates entered into an Amended and Restated Credit Agreement with UMB Bank and other lenders, providing up to \$220 million in senior secured debt financing.

The Amended and Restated Credit Agreement includes extensive collateral requirements, granting lenders a first priority lien on substantially all tangible and intangible personal property of the borrowers and their domestic subsidiaries, including equity interests and ten parcels of real estate

COMMENT:

// While secured loans are common for weaker credits, granting a first-priority lien on all tangible and intangible personal property, equity interests, and real estate assets suggests the company may have limited access to unsecured credit or is under financial pressure.

NextNRG, Inc. (NXXT) secured high-cost financing from both its CEO and an external lender, Alcourt Group. It issued insider loans totaling \$712,000 to CEO Michael Farkas at 12% interest with original issue discounts and maturity tied to a \$4 million capital raise. Separately, the company amended the Alcourt Note (15% interest), paying a \$150,000 fee and issuing equity for a one-month extension—highlighting significant funding pressure and limited access to affordable capital.

Interactive Strength Inc (TRNR): Interactive Strength Inc. entered into a financing agreement with its largest customer, Woodway USA, Inc., issuing an unsecured promissory note for \$2 million. The note was structured with a 10% original issue discount, meaning the company received \$1.8 million in cash proceeds. The note matures on May 21, 2027, and carries a 15% annual interest rate. Importantly, if repaid early, the company must ensure that the total interest paid is no less than \$600,000, creating a minimum return floor for the lender. This ensures the lender earns a 30% return (\$600K on \$2M), even if the loan is paid off well before maturity.

SurgePays, Inc. (SURG): Significant discount & very high interest rate: The Senior Secured Convertible Note, with an original principal of \$6,999,999, resulted in net cash proceeds of

only \$5,925,000, indicating a large discount. The note carries a very high interest rate of 1.25% per month (15% per annum)

IGM Biosciences (IGMS): On May 23, 2025, IGM Biosciences, Inc. entered into an amendment to its lease agreement with Real Property Investments, LLC, resulting in the early termination of its headquarters lease at 325 East Middlefield Road, Mountain View, CA, effective May 31, 2025. As part of the agreement, IGM agreed to pay \$14.2 million to the landlord, including a \$0.2 million credit from its security deposit, and to transfer ownership of certain personal property, furniture, and fixtures located on the premises. The company will have no further rent obligations after the termination date.

UPEXI, INC. (UPXI) entered into a credit facility with an 11.5% annual interest rate and required 260% collateralization with a 175% margin call level. A 260% initial collateral requirement and 175% margin call threshold are highly conservative and signal that the lender sees significant risk in the borrower's creditworthiness or the volatility of the collateral.

Advanced Flower Capital Inc. (AFCG) entered into an amendment to its Loan and Security Agreement, dated April 29, 2025. This amendment included several significant changes: (a) It increased the interest rate floor from 4.00% to 7.00%. (b) It expanded the collateral secured under the Agreement from assets comprising of or relating to loan obligations in the borrower base to substantially all of the Company's and its subsidiaries' assets.

AUDITOR CHANGE

Spectral Capital Corporation: Unauditable subsidiaries, lack of sufficient supporting documentation, and inability to independently verify accounting records

a) Dismissal of MG&A as its audit firm

On April 30, 2025, Spectral Capital Corporation dismissed Michael Gillespie & Associates as its auditor and appointed RBSM LLP as the new auditor.

Reasons for auditor dismissal

The dismissal of MG&A was directly linked to significant accounting issues and concerns regarding the reliability of the Company's financial statements:

- Notification of Accounting Errors: On April 21, 2025, prior to its dismissal, MG&A notified the Company that its financial statements contained "numerous accounting errors". These errors specifically related to:
 - Prepaid assets.
 - Amortization.
 - Gains on the extinguishment of debt.
 - A significant number of unaccounted for expenses.
- Material impact and need for restatement: MG&A advised that these accounting errors materially impacted the reliability of financial statements for the quarters ended March 31, 2024, June 30, 2024, and September 30, 2024, and that these statements "should be restated". The issue was not resolved to MG&A's satisfaction prior to its dismissal. The Company is further investigating the Accounting Matter.
- Adverse Audit Opinion: MG&A's principal accountant's report on the financial statements for the fiscal year ended December 31, 2024, contained an "adverse opinion related to the Accounting Matter". Their report for the fiscal year ended December 31, 2023, also included an explanatory paragraph relating to substantial doubt about the Company's ability to continue as a going concern. The Company had previously reported a delay in filing its Annual Report on Form 10-K for the year ended December 31, 2024, on March 31, 2025.

b) Non-Reliance on Previously Issued Financial Statements

- On May 6, 2025, the Company's Board o
- f Directors (acting in the absence of an audit committee), after discussion with MG&A, concluded that the previously issued financial statements for the fiscal years

ended December 31, 2023, and 2022, and for interim periods within fiscal years 2023 and 2024 (the "Affected Periods"), "should no longer be relied upon". The core reason for this non-reliance was "errors in the application of accounting principles related to the Company's acquisition and consolidation of certain subsidiaries, including entities acquired from or affiliated with Sean Michael Brehm". Specifically, the Company determined that these included entities that were "unauditable, lacked sufficient supporting documentation, and whose accounting records could not be independently verified in accordance with PCAOB standards". MG&A concurred with the Company's conclusion that these financial statements should not be relied upon.

c) Actions taken by the company

In response to these issues, Spectral Capital Corporation is taking the following actions:

- **Restating financial statements:** The Company is taking appropriate actions to address these issues, including filing restated financial statements where necessary.
- **Engaging new audit firm:** RBSM LLP has been engaged to assist in preparing revised filings.
- **Rescinding transactions:** The Company has begun the process of rescinding transactions related to the unauditable subsidiaries and will exclude them from future consolidated financial statements.
- **Auditor inquiry cooperation:** The Company has authorized MG&A to respond fully to inquiries from RBSM concerning these matters.

2. Quanterix Corporation - series of material weakness

On May 9, 2025, Quanterix Corporation dismissed EY as its auditor, effective after filing its Q1 2025 report. EY gave a negative opinion on the company's internal controls for 2023 and 2024 due to material weaknesses. In 2023, there were problems with inventory valuation and property and equipment, including errors in how labor and overhead costs were added to inventory. This led to a financial restatement. By the end of 2024, the property and equipment issue was fixed, but the inventory issue remained. A new weakness was also found in how the company recorded revenue from the Accelerator Laboratory. As of December 31, 2024, both the inventory and revenue issues were still unresolved.

3. SurgePays: Critical Audit Matters

On May 19, 2025, Rodefer Moss & Co, PLLC resigned as the independent registered public accounting firm for SurgePays, Inc. The firm had served as auditor for fiscal years 2023 and 2024. While Rodefer did not issue an adverse opinion, disclaimer, or qualification on the financials, the audit report did highlight Critical Audit Matters (CAMs) related to: (a) the sufficiency of audit evidence over revenue recognition, and (b) the goodwill impairment assessment. These issues warrant closer monitoring.

4. Flanigan's Enterprises: Insufficient accounting and financial reporting personnel

Despite clean audit opinions, Marcum previously flagged several material weaknesses in internal control, including insufficient accounting and financial reporting personnel, ineffective IT access controls and change management, deficiencies in controls over revenue recognition related to promotional gift cards, and issues in debt covenant calculations, the last of which was remediated by the quarter ended March 30, 2024.

GOVERNANCE -OBSERVATION

1. UTG, Inc: Gabriel J. Molnar and Preston H. Correl received \$5,000 each for consulting services performed relative to "management enrichment." The use of the words "management enrichment" is interesting.
2. Village Farms International: Even with a \$1 million salary and stock awards, the CEO receives an extra \$2,000 per month for auto expenses.
3. Virco Mfg. Corporation disclosed related-party roles (FY2025 compensation):
 - Jerald Farrell (brother of SVP Patricia Quinones): VP of Technical Ops & IT – \$311K
 - Debra Bell (spouse of SVP J. Scott Bell): Project Manager – \$142K
 - Kathy Virtue Young (Director, daughter of Robert A. Virtue): VP of Sales – \$322K
 - Andrew Virtue (son of Robert A. Virtue): Consultant – \$195K
4. Music to ears
 - Braze, Inc. does not offer pensions, special perks, or retirement plans exclusive to named executive officers; they receive the same benefits as other full-time employees.
 - At Health Catalyst Inc., Mr. Kolb waived his rights to compensation for serving on the Board, accepting only reimbursement for out-of-pocket expenses related to such service. Additionally, Mr. Daniel Burton, the Chief Executive Officer, voluntarily reduced his cash and new equity compensation by 100% from July 1, 2022 through December 31, 2023, and also declined the cash portion of his annual bonus for fiscal 2022 and 2023.
5. DXP Enterprises, Inc. – Related Party Transactions (2024):
 - The company paid \$1.6 million in lease expenses for office space in a building owned by CEO David Little. More leases are planned as more staff relocate there.
 - Three company employees work on maintaining Mr. Little's personal real estate. Mr. Little reimburses the company for all related costs (salaries, taxes, benefits, etc.). The total reimbursement in 2024 was \$0.3 million.

Special note – significant drop in analyst participation

ChargePoint Holdings (CHPT): Significant drop in analyst participation

ChargePoint's earnings calls over the last three quarters show a clear decline in analyst participation:

- Q3 FY2025 (Dec 2024): 10 analysts from major firms including Goldman Sachs, JPMorgan, Guggenheim, TD Cowen, RBC, Stifel, and others.
- Q4 FY2025 (Mar 2025): Only 5 analysts participated — a nearly 50% drop. Key names like Guggenheim, RBC, and TD Cowen were absent.
- Q1 FY2026 (Jun 2025): Just one analyst is listed — Colin Rusch (Oppenheimer).

NOTABLE BYLAW AMENDMENTS

1. **Cracker Barrel Old Country Store (CBRL):** In May 2025, the company's board amended the bylaw and included two notable amendments - (a) Re-nomination restrictions: nominees receiving <20% support are barred from running again for 3 years; those with 20–25% for 2 years. Reimbursement clause: If a shareholder runs directors twice in 5 years and each gets <25% support both times, they must reimburse up to \$5M of company expenses. If any such nominee is elected, the company reimburses the shareholder up to \$5M.
2. **Blue Ridge Bankshares (BRBS):** On May 21, 2025, the Company's Board of Directors adopted amendments to the Company's Bylaws. While the company also made changes generally considered shareholder-friendly, such as eliminating the classified board structure to allow for annual election of all directors by 2028, the removal of the board's ability to remove one of its own directors is unusual. This could make it more difficult to address issues with problematic or underperforming directors internally, potentially leading to entrenched directors who are less accountable to the board itself for their actions.
3. **Chesapeake Utilities Corporation (CPK)** - Effective May 7, 2025 - An amendment to Section 3.3 of the Bylaws clarifies a requirement for any stockholder soliciting proxies to use a proxy card color other than white, while simultaneously granting the Board exclusive authority to use white for the Company's proxy card. This amendment is peculiar because it explicitly creates a visual distinction between management-solicited proxies and shareholder-solicited proxies, which could be interpreted as a subtle but deliberate tactic to disadvantage dissident shareholders or those engaging in proxy contests.
4. **Terex Corporation (TEX):** On May 14, 2025, Terex Corporation amended and restated its Bylaws, including a modification requiring that "a stockholder soliciting proxies from other stockholders use a proxy card color other than white"¹¹¹²
5. **Mueller Water Products, Inc.'s (MWA)** amended bylaws (April 30, 2025) require any stockholder directly or indirectly soliciting proxies from other stockholders to use a proxy card color other than white.
6. **Trump Media & Technology Group Corp (DJT)** - While companies do reincorporate, moving from Delaware, a state known for its well-established corporate legal framework often favored by large public companies, to Florida could be viewed with scrutiny.
7. **Atmus Filtration Technologies (ATMU):** While declassifying the board and eliminating supermajority votes are generally seen as pro-shareholder, the new bylaw requirements for stockholder nominations, particularly requiring a stockholder seeking to nominate directors to solicit holders representing "at least sixty-seven percent (67%) of the voting power" of outstanding shares, could be seen as a significant hurdle for smaller shareholders.

HIGH WITHHELD VOTES

Tracking withheld/against vote trends provides valuable insights into shareholder sentiment. Elevated withheld percentages—typically above 20%—often highlight underlying tensions between shareholders and the board.

Harley-Davidson (HOG)

- Sara Levinson - 42%
- Norman Thomas Linebarger - 41%
- Jochen Zeitz - 49%

Tredegar (TG)

- George C. Freeman III - 34%
- Kenneth R. Newsome - 33%
- Gregory A. Pratt - 34%
- Thomas G. Snead Jr. - 30%
- John M. Steitz - 29%
- Carl E. Tack III - 33%

Ames National Corporation (ATLO)

- Douglas W. Beals - 56%
- Michelle R. Cassabaum - 56%
- John P. Nelson - 53%
- Kevin L. Swartz - 55%

National Bankshares, Inc. (NKSH)

- F. Brad Denardo - 71%
- John E. Dooley - 67%
- Normal V. Fitzwater III - 71%
- Alan J. Sweet - 54%

Farmland Partners Inc. (FPI)

- John A. Good - 29%
- Jennifer S. Grafton - 45%
- Danny D. Moore - 40%

Pulmonx Corporation (LUNG)

- Richard M. Ferrari - 36%
- Daniel P. Florin - 24%
- Steven S. Williamson - 23%

TriplePoint Venture Growth BDC Corp. (TPVG)

- Gilbert E. Ahye - 35%
- Steven P. Bird - 35%

- Kimberley H. Vogel – 35%

Proficient Auto Logistics, Inc. (PAL)

- Charles A. Alutto – 33%
- Douglas L. Col – 34%
- James B. Gattoni – 28%
- John F. Schraudenbach – 34%

New Mountain Finance Corporation (NMFC)

- Robert A. Hamwee – 36%
- Alfred F. Hurley Jr. – 20%

Enphase Energy (ENPH)

- Thurman John Rodgers: 61.3%

Polaris (PII)

- Bernd F. Kessler (Director election) - 20% withheld votes

Par Pacific Holdings (PARR):

- Katherine Hatcher: 28%
- Patricia Martinez: 20%
- Eric Yeaman: 20%

Telephone and Data Systems (TDS)

- Christopher D. O'Leary: 24%
- George W. Off: 26%

Liberty Latin America (LILA)

- Miranda Curtis: 24%
- Brendan Paddick: 20%

Graham Holdings (GHC)

- Tony Allen: 23%
- Danielle Conley: 23%
- Christopher C. Davis: 35%

V2X, Inc. (VXX)

- Neil D. Snyder: 20%

Tutor Perini (TPC)

- Robert C. Lieber - 29%
- Dennis D. Oklak - 32%

- Shahrokh (“Rock”) Shah - 29%

Chefs' Warehouse, Inc.

- Ricard N. Peretz: 51%

Acadia Healthcare Company

- Reeve B. Waud: 21%

Americold Realty Trust (COLD)

- Mark R. Patterson: 26%

Teladoc Health, Inc.

- David B. Snow Jr. - 24%

Ultra Clean Holdings, Inc.

- David T. ibnAle -26%
- Thomas T. Edman -26%
- Ernest E. Maddock -33%

Array Technologies

- Jayanthi Iyengar: 46%

YETI Holdings

- Elizabeth L. Axelrod: 29%

Hamilton Insurance Group

- Anu (Henna) Karna- 23%
- Stephen W. Pacala- 32%
- A. Neil Patterson-23%
- Therese Vaughan-23%

Beyond (BYON)

- Joanna C. Burkey-22%
- Barclay F. Corbus-28%
- Joseph J. Tabacco Jr.-23%

Tiptree (TIPT)

- Lesley Goldwasser : 26%

Bloom Energy Corp

- KR Sridhar: 21%

Seadrill Ltd

- Andrew Schultz: 24%

Covenant Logistics Group (CVLG)

- Dr. Benjamin S. Carson Sr. - 23%
- Bradley A. Moline - 29%
- Tracy L. Rosser - 23%

National HealthCare (NHC)

- Richard F. LaRoche - 26%

Emergent BioSolutions (EBS)

- Ronald Richard - 21%

Haverty Furniture Companies (HVT)

- G. Thomas Hough - 42%

Hayward Holdings (HAYW)

- Edward Ward - 31%

The Shyft Group (SHYF)

- James Sharman - 29%

Progyny (PGNY)

- Norman Payson M.D. - 35%

Five9 (FIVN)

- Jonathan Mariner - 32%
- David Welsh - 27%

Kite Realty Group (KRG)

- Steven P. Grimes - 35%

Victory Capital Holdings (VCTR)

- Lawrence Davanzo - 21%

Verra Mobility (VRRM)

- Douglas Davis - 30%

Skyward Specialty Insurance Group (SKWD)

- Anthony J. Kuczinski - 32%

DMC Global (BOOM)

- Ouma Sananikone - 24%

Preformed Line Products (PLPC)

- Richard R. Gascoigne - 20%

Holley (HLLY)

- Michelle Gloeckler- 27%
- Anita Sehgal - 26%

Paramount Group (PGRE)

- Albert Behler - 30%

Bel Fuse (BELFB)

- Vincent Vellucci - 32%

Atlas Energy Solutions (AESI)

- A. Lance Langford - 39%
- Mark P. Mills - 33%

SITE Centers (SITC)

- Dawn M. Sweeney - 20%

BlackLine (BL)

- Barbara Whye - 25%

Harmony Biosciences (HRMY)

- Gary Sender - 20%
- Linda Szyper - 21%

Seacoast Banking Corporation of Florida (SBCF)

- Maryann Goebel - 30%

Inspire Medical Systems (INSP)

- Cynthia B. Burks - 22%
- Timothy P. Herbert -20%
- Shawn T McCormick - 24%

3D Systems (DDD)

- Kevin S. Moore-33%

The Pennant Group (PNTG)

- Stephen M.R. Covey - 32%

Townsquare Media (TSQ)

- Gary Ginsberg - 21%

iRhythm Technologies (IRTC)

- Bruce Bodaken - 24%

Genco Shipping & Trading (GNK)

- Arthur L. Regan - 31%

Industrial Logistics Properties (ILPT)

- Lisa Harris Jones - 24%
- Adam Portnoy - 24%

Stellar Bancorp (STEL)

- Reagan A. Reaud: 31%

Shoals Technologies (SHLS)

- Ty Daul - 23%
- Toni Volpe - 22%

Castellum, Inc. (CTM)

- John F. Campbell - 24%
- Bernard S. Champoux - 23%
- Glen R. Ives - 22%

United Security Bancshares (UBFO)

- Heather Hammack - 26%

CB Financial Services, Inc. (CBFV)

- Jonathan A. Bedway - 26%
- Charles R. Guthrie - 28%

Prothena Corporation plc (PRTA)

- Gene G. Kinney - 21%

KKR Real Estate Finance Trust Inc. (KREF)

- Irene M. Esteves - 23%

Everspin Technologies, Inc. (MRAM)

- Tara Long - 21%

Postal Realty Trust, Inc. (PSTL)

- Barry Lefkowitz - 21%
- Jane Gural-Senders - 21%
- Anton Feingold - 30%

Finward Bancorp (FNWD)

- Amy W. Han Ph.D. - 25%

Nurix Therapeutics, Inc. (NRIX)

- Judith A. Reinsdorf - 29%

One Stop Systems, Inc. (OSS)

- Mitchell Herbets - 36%

- Mike Dumont – 31%
- Greg Matz – 37%

Southern First Bancshares, Inc. (SFST)

- Terry Grayson-Caprio – 20%

Five Star Bancorp (FSBC)

- Shannon Deary-Bell – 31%

Guaranty Bancshares, Inc. (GNTY)

- Bradley K. Drake – 27%
- Carl Johnson Jr. – 23%

Third Coast Bancshares, Inc. (TCBX)

- Martin Basaldua – 37%

OrthoPediatrics Corp. (KIDS)

- Samuel D. Riccitelli – 40%

Star Holdings (STHO)

- Richard Lieb – 24%
- Nina Matis – 21%

Open Lending Corporation (LPRO)

- Adam H. Clammer – 42%
- Blair J. Greenberg – 41%

Weave Communications, Inc. (WEAV)

- Tyler Newton – 38%
- David Silverman – 24%

Capital Bancorp, Inc. (CBNK)

- Deborah Ratner-Salzberg – 24%

Aurinia Pharmaceuticals Inc. (AUPH)

- Mr. Jeffrey A. Bailey – 24%
- Ms. Kathy L. Goetz – 20%
- Mr. Peter Greenleaf – 23%
- Mr. Craig Johnson – 20%
- Ms. Tina S. Nova – 21%

Middlesex Water Company (MSEX)

- Walter G. Reinhard – 21%

City Office REIT, Inc. (CIO)

- Sabah Mirza – 25%

Alerus Financial Corporation (ALRS)

- Randy L. Newman – 25%
- John Uribe – 52%

SmartRent, Inc. (SMRT)

- Ann Sperling – 27%

UMH Properties, Inc. (UMH)

- Amy L. Butewicz – 43%
- William E. Mitchell – 44%

South Plains Financial, Inc. (SPFI)

- Kyle R. Wargo – 38%

Alkami Technology, Inc. (ALKT)

- Raphael Osnoss – 29%

Metropolitan Bank Holding Corp. (MCB)

- Dale C. Fredston – 30%

AvePoint, Inc. (AVPT)

- Janet Schijns – 20%

Investors Title Company (ITIC)

- James H. Speed Jr. – 28%

SkyWater Technology, Inc. (SKYT)

- Loren A. Unterseher – 21%

Coastal Financial Corporation (CCB)

- Thomas D. Lane – 38%

Xponential Fitness, Inc. (XPOF)

- Mark Grabowski – 34%

The Hackett Group, Inc. (HCKT)

- Alan T.G. Wix – 25%

Inspired Entertainment, Inc. (INSE)

- Michael R. Chambrello – 33%
- Ira H. Raphaelson – 34%
- John M. Vandemore – 34%

Bowman Consulting Group Ltd. (BWMN)

- Gary Bowman – 25%

- Stephen Riddick – 46%

Fulgent Genetics, Inc. (FLGT)

- Regina Groves – 23%
- Linda Marsh – 25%

National Health Investors, Inc. (NHI)

- Robert G. Adams – 52%
- James R. Jobe – 46%
- A. Adam Troso – 56%

FTAI Infrastructure Inc. (FIP)

- Judith A. Hannaway – 36%

JFrog Ltd. (FROG)

- Frederic Simon – 23%
- Andy Vitus – 23%
- Barry Zwarenstein – 22%

National Presto Industries, Inc. (NPK)

- Patrick J. Quinn – 34%

Inogen, Inc. (INGN)

- Kevin King – 30%
- Mary Kay Ladone – 30%
- Kevin R.M. Smith – 29%

Beyond Meat, Inc. (BYND)

- Raymond J. Lane – 20%

Aris Water Solutions, Inc. (ARIS)

- Jacinto J. Hernandez – 20%
- W. Howard Keenan Jr. – 31%

Vishay Precision Group, Inc. (VPG)

- Timothy Talbert – 25%

Global Net Lease, Inc. (GNL)

- P. Sue Perrotty – 22%

The First Bancorp, Inc. (FNLC)

- Suzanne S. DeFerie – 32%

FUND LETTERS

Fund Name: Greystone Capital

https://www.greystonevalue.com/files/ugd/47fd79_f02d387aa8de45cdb966e41d49cb6bcf.pdf

Company Name: Franklin Covey Co. (FC)

Market Cap: \$275M

During the quarter, we sold our position in Franklin Covey. Although we are long-term investors, the uncertainty of the near-term environment may prove to be a large headwind for the business, and my prior estimates of cash flows have been very wrong up to this point. I was also blindsided by the company's recently reduced guidance (for the second time) for FY25, which along with some other management blunders that has caused me to lose some faith. My loss of confidence combined with better current opportunities were the primary reasons behind the decision to part ways.

Company Name: Xponential Fitness, Inc. (XPOF)

Market Cap: \$419M

Xponential Fitness was a new position for us that I started buying in late February and spoke briefly about during our annual meeting. I won't rehash the details, but based on our work, I was under the impression that the company's past issues were in the rearview mirror, and with a new management team in place, the future seemed bright. We bought our shares at a wide discount to other franchise businesses, despite the high-quality business and growth prospects.

Shortly after our initial purchases, we were sucker-punched by an incredibly weak Q4 / FY24 report where XPOF announced reduced same store sales growth, a restatement of their 2023 financials, lowered guidance, and issued an outlook for studio closures and new studio openings that in no way resembled the growth path being discussed just a few months prior. To be fair, the accounting issues were benign, but open the door to more problems down the road and introduce the possibility that management knew of these issues for some time. I believe investors have been misled and as a result we sold our shares. This was an unforced error on my part that could have been avoided with patience.

Company Name: Natural Resource Partners L.P. (NRP)

Market Cap: \$1.3B

During FY24, **Natural Resource Partners** generated \$250mm in free cash flow, despite met and thermal coal prices significantly lower than those of the past few years. This is the beauty of the royalty business model, with no ongoing capital requirements and minimal operating expenses. To be clear, free cash flow generated during 2025 will be lower than 2024, but within the next year or so, NRP will have the flexibility to both repurchase units and significantly increase their distributions to unitholders, amounting to a 15-20% yield on the current price. A shutdown of China as a coal export market for the US would not be good for either country, especially as the current administration aims to [reinvigorate the coal industry](#). As a result, it's likely that cooler

heads prevail. If not, NRP is nowhere near priced for perfection as intrinsic value lies between \$200-250/share versus the current price of \$100/share.

Company Name: Leon's Furniture Limited (LEFUF)

Market Cap: \$1.1B

For **Leon's Furniture**, only a small portion of their business will be directly affected by tariffs. As a Canadian based retailer, Leon's sources goods from countries outside of the US but does derive a small portion of revenues from the US (sub-10%). In addition, they are the largest importer in the country of containers from China, giving them tremendous negotiating leverage and the ability to weather any supply chain storms, as evidenced by their margin profile during and post-COVID when container rates skyrocketed by 5x. This is not a luxury their competitors have, and I would expect Leon's to take incremental market share in an adverse economic scenario, with the window for M&A also opening. Despite Leon's strong performance through all cycles, I believe shares remain priced as if bad news is on the horizon. I peg intrinsic value at CAD \$50-60/share versus today's price of CAD \$22/share.

Company Name: Bel Fuse Inc. (BELFB)

Market Cap: \$859M

Within **Bel Fuse's** operating footprint, around 13% of total revenues are directly exposed to tariffs via China and Mexico. Bel has shown the ability to pass cost increases through to customers, which they anticipate will continue, with minimal impact to Bel's financials. Localized manufacturing will also help offset any further impact. During the past few years, management has proven adept at navigating both internal business issues along with the difficult post-COVID economic environment that has plagued a few of their business segments.

A recession would not be ideal for Bel Fuse, and following the acquisition of Enercon, they are leveraged 2.8x. however, management has always shown conservatism and Bel has a cash generative business model that provides a decent margin of safety. My estimate of intrinsic value is between \$120-135/share, versus a current price of \$67/share.

Company Name: Kits Eyecare Ltd. (KTYCF)

Market Cap: \$265M

During the quarter we entered into a new position in KITS Eyecare, an e-commerce optical retailer which I've followed since their IPO in 2021. The investment thesis for KITS is simple; earnings power should grow significantly during the next 3-5 years. The company is operating a disruptive, low-cost business model, currently at an inflection point, growing 30-35% organically in a huge category with a large TAM, has strong operating leverage, positive cash flow, excellent management, and a net cash balance sheet. We paid less than 18x EBITDA for the above attributes, which I believe will look very cheap in the coming years.

Like most of the companies in your portfolio, the best starting point for understanding the attractiveness of our investment is with the management team, particularly KITS Founder, Chairman and CEO Roger Hardy. Roger built a very similar business in the early 2000s called

Coastal Contacts, which was ultimately sold to Essilor Luxottica for \$430mm in 2014. Coastal was an early pioneer of e-commerce eyecare which helped reveal a strong product market fit that Roger and his co-founders set out to improve upon with KITS. I like to screen for CEOs on their 'second act', where past learnings, mistakes and successes can be applied for our benefit. Roger, COO Joe Thompson and the team check many of our boxes, not only as owner-operators but as a group spearheading a strong corporate and financial culture that would be very difficult to replicate. As you'll see below, KITS is unlike most businesses in the optical industry, where a focus on the customer typically comes second (or third), not first.

Along with the favorable culture, KITS management team has engineered this business in a differentiated way as compared to most optical retailers, and in just seven years, have built a better mousetrap for e-commerce eyecare, lending itself to recurring revenue, a strong moat, a significant growth runway, and more. KITS competitive advantages should widen over time.

KITS is an e-commerce retailer of contacts, glasses and accessories. The company offers a wide selection of contacts and prescription eyewear with low prices and fast shipping, along with online vision tests and prescription renewals, enabling a superior value proposition for customers versus legacy retailers. This value proposition is made possible in part by KITS ability to take cost out of the value chain by owning their own automated optical labs and selling direct to consumer. Years of investment have enabled KITS to manufacture eyeglasses in-house (as opposed to the traditional model of outsourcing to a third party), made to order in as fast as 30 minutes, while controlling quality and cost, allowing KITS to eschew traditional markups for frames and lenses typically seen throughout the industry.

Despite the low price point, you won't find KITS glasses at the checkout line at the drug store. KITS quality and selection are no different than what customers would find at their optometrist office, or similar e-commerce incumbent Warby Parker, not skimping on materials and using prescription polycarbonate lenses, acetate frames, European sourced hinges, and modern designs. Customers can purchase a pair of prescription glasses for as low as \$28 and receive them within 1-3 business days, leading to high customer satisfaction and repeat visits. KITS convenient, scalable and limited inventory model has been perfected during the past 7 years, and exceeds all legacy players, who burden customers with long wait times, mandatory eye exams, 1-2-week shipping, and unnecessarily high prices, [in some cases between \\$300-\\$1,000 dollars](#) for a single pair.

In the optical industry, the sale of eyeglasses and lenses specifically drives the majority of industry profits. Despite the apparent simplicity, eyeglasses are complex pieces of technology that require advanced machinery and expertise to manufacture. For most brands, a lack of expertise in manufacturing requires the outsourcing of production to a concentrated group of suppliers, meaning manufacturers can charge significantly higher prices than their costs would suggest is necessary. Industry giant, EssilorLuxottica controls nearly 50% of the industry by owning many parts of the value chain, including retailers, e-commerce players and manufacturing in the form of optical labs. Because of this ownership position built decades ago, Essilor has typically been able to extract rent seeking prices for eyeglasses, despite their low cost of production, given opaque industry pricing and control of the supply chain.

As a result, the historical price to value equation has been to the detriment of the consumer. This would make any industry ripe for disruption with optical care being no different. Decades ago, KITS management saw an opportunity to 'make eyecare easy' via a large gap in the market among younger consumers that were both comfortable shopping online for eyecare and would prefer a

better consumer experience and more affordable price point, without skimping on quality. In other words, [competitor's margins were KITS opportunity](#).

The KITS model works in large part by choosing to make their own products, building quality relationships with suppliers, refusing to build a brick-and-mortar presence, avoiding traditional and costly marketing channels, and keeping prices low. As mentioned, KITS can manufacture a pair of prescription glasses within 30 minutes and have them out the door to a customer that same day. The cost savings that stem from this model are passed along to customers, resulting in a better customer experience via low prices and fast shipping. Although KITS gross margins lag below peers such as Essilor (65%) and Warby Parker (54%), the model requires much lower fulfillment, marketing and G&A expenses.

This is a structural moat that would be difficult to breach as it would require a complete overhaul of competitors' cost structure and operating footprint along with a willingness to accept lower prices. The model has been attempted by others with limited success. Early e-commerce players such as Warby Parker focused on selling glasses *first* by cutting out the middleman (brick and mortar) and offering lower prices. However, selling eyeglasses first is a difficult undertaking given the lack of repeat purchases, upfront cost of acquiring customers and the challenge of retaining them. This path requires significant marketing spend and scale before dollars start rolling in, which is why most e-commerce players have yet to find the formula for profitability.

KITS bucked this trend in a major way by selling contacts *first*. Despite the unattractive financial profile as a commoditized, lower-margin product, this was a great chess move, as contacts drive recurring purchases, meaning these early efforts resulted in customer stickiness and repeat business. Today, nearly 70% of KITS revenue comes from repeat customers, providing the perfect segue to sell eyeglasses, which is a segment of KITS business growing 40% per year.

Furthermore, KITS in-house automated manufacturing capabilities took years to build and cost tens of millions of dollars, with the only capital raise to date coming from their 2021 IPO. This is not a business or industry you can attack by throwing money around. Despite a first-mover advantage, and raising hundreds of millions in venture capital, Warby Parker has lost money every year since going public.

Aiding KITS execution is the \$70B US optical industry, a recession resistant space which has exhibited consistent, stable growth across most economic cycles. The category is also shifting online. Since 2005, online penetration for contacts has grown from 5% to 40%, while sales of eyeglasses grew from 1% to 18%. This shift accelerated rapidly post-COVID, as the online mix for glasses was 6-8% pre-pandemic, and sits above 18% today, while 15% of contacts purchases were made online pre-COVID, increasing to over 40% today. Given global growth in myopia, further online penetration, younger consumer trends and increasing brand awareness, KITS has an enormous runway for growth.

Given the above, it's no surprise that KITS has grown tremendously since its founding. Sales have grown at an average rate of 35% since 2019, with no signs of slowing down. In fact, I believe the business is at an inflection point, both company specific and industry wide, allowing growth to persist for the next decade plus. Importantly, this growth has not come at the expense of profitability, with EBITDA margins for FY25 estimated to be in the 6-8% range and growing. Free cash flow margins will remain close to that, as KITS has no debt and limited capex requirements.

KITS currently trades for 1.5x sales and 22x my estimate for FY25 EBITDA. Although this does not screen headline cheap, unit economics for eyeglasses are phenomenal. I estimate that KITS has an industry-leading CAC/LTV, by acquiring customers for around \$25 who then go on to spend an incremental hundreds of dollars on [KITS.com](https://www.kits.com) within 6-12 months. Additionally, there are opportunities to improve on nearly every line item of the P&L, and this model should show strong operating leverage over time. Despite *nine straight quarters of 30% or more revenue growth*, KITS fulfillment costs, G&A, and sales and marketing have all trended *downward* as a percentage of revenue. Furthermore, this is not a post-COVID explosion in the category, as much of this growth is from incremental spending from repeat customers, while new customer growth has been modest at 7-8% per year. Therefore, I do not believe KITS is experiencing abnormal growth trends.

Over time, KITS can capture an ever-bigger share of the industry by following a repeatable and effective playbook. Management believes the business can scale to CAD \$250mm in revenues within 2 years, up from CAD \$159mm at the end of 2024. Within five years, KITS is aiming for CAD \$500mm in sales, at which point 10-15% EBITDA margins are within reach. At that scale, assuming the low-end margin range and no change in multiple, KITS stock would be worth CAD \$35/share versus our average cost of around CAD \$9/share. Importantly, these targets are not formal guidance, and in my view are conservative. Despite their progress, KITS brand awareness remains low, which provides further room for upside.

Should I be wrong about my assumptions, I trust management, as owners, to steer the business in the right direction. An unprofitable, slower-growing Coastal was sold for 2x revenues in 2014, and I believe it's only a matter of time before KITS receives some offers from a larger optical industry player. Let's hope it's further down the road this time.

Fund Name: Broyhill Asset Management

Source: <https://22324760.fs1.hubspotusercontent-na1.net/hubfs/22324760/Broyhill%20Letters/The%20Broyhill%20Letter%202025.Q1.pdf>

Company Name: Six Flags Entertainment Corporation (FUN)

Market Cap: \$3.8B

Shares of Six Flags declined 26% during the quarter, as investors became increasingly concerned about the potential for reduced discretionary spending amidst slowing economic growth. We think these fears are misplaced, as regional theme park attendance has historically proven remarkably resilient throughout previous recessions. And following its recent combination with Cedar Fair, the combined company has several levers at its disposal to drive operational improvements and optimize its balance sheet.

Fund Name: Horizon Kinetics

https://horizonkinetics.com/app/uploads/Q1-2025-Horizon-Kinetics-Commentary_Final.pdf

Company Name: Aris Water Solutions, Inc. (ARIS)

Market Cap: \$1.3B

A conventional approach to sourcing investments: Identifying favorable conditions for capital appreciation. Reasonable as this approach may be, favorable conditions are often accompanied by robust valuations. There is little use in identifying favorable conditions if the market has fully priced in these fundamentals (and perhaps much more).

If we invert this approach and consider pervasive unfavorable conditions that might obscure an otherwise excellent value proposition, we are left with much more interesting opportunity sets for undervaluation. And we can examine Aris Water Solutions as a particularly timely security to discuss. There is no shortage of unfavorable conditions impeding the market from recognizing its value. However, we appear to be at an inflection point where the longer-term growth and profitability potential of the company is readily apparent.

Conventional investment approaches overlook Aris for several reasons. It is technically an oilfield service company (strike one), and it came public in 2021 as a small capitalization issuer (strike two) via several private equity market sponsors (strike three). It was an inauspicious IPO setup for the company, as the world was still grappling with energy demand concerns related to the pandemic, ESG considerations-dominated committee meetings, and profitless technology company valuations soaring with abundant capital flowing. It's a wonder that the investment bankers were even able to place Aris shares in the market.

We followed the initial offering from the sidelines, cautious of the leverage ratio, and had similar energy water infrastructure exposure through our preferred capital-light land holdings. Aris predictably traded in a volatile but mostly flat range for the next three years. Aris piqued our interest after we participated in the LandBridge IPO in 2024, and came to better appreciate the tremendous value of water infrastructure during our industry research.

Our firm is no stranger to the Permian Basin water industry, by virtue of our longstanding investment in TPL. Water is both a crucial input for fracking shale and a substantial well byproduct output. The input, or injected "source water," is very different from the formation "produced water" that comes out of the wells. The former is generally sourced from aquifers and injected into wells to stimulate oil production. This water must meet certain purity standards so it doesn't damage drilling casing and equipment or disrupt the natural flow of the hydrocarbon mixture.

The produced water is a high-saline brine with various toxic compounds and high total dissolved solid content. Suffice it to say, this water is generally neither suitable for reinjection into wells, nor irrigation. In fact, it presents a major environmental liability, and must be transported from the well site-either to be cleaned for reuse in fracking, or disposed of via injection into saltwater disposal wells.

In the Delaware Basin, there are approximately four barrels of produced water generated for every barrel of oil equivalent. This "water cut" only increases as deeper shale formations are targeted and existing wells age. Thus, the basin requires at least four times the amount of infrastructure for water as for hydrocarbons. This is a large and growing business-but many oil and gas companies want nothing to do with it. Let's explore why.

Water management is an expense to oil and gas producers-the largest and fastest-growing part of lease operating expenses in the Delaware Basin directly raising drilling break-even prices. The producers are focused on producing and, to a lesser extent, transporting their hydrocarbons, not managing the related bonded hydrogen and oxygen molecules. These companies generally don't

want such activities on their balance sheets, as it would take capital away from drilling and from shareholder returns. Firms increasingly appreciate that water is a highly specialized and technical business often better outsourced. In response, a concentrated group of specialty water infrastructure companies has emerged.

Aris was built from the ground up by Solaris Energy Capital to manage wastewater from Permian oil and gas wells. This generally involved permanent and semi-permanent pipelines to transport water from the wellhead to a disposal well. Most pipelines and "handling facilities" are operated via land leases, rights of way, and/or royalty injection agreements with the landowners. To provide context, TPL and LandBridge are amongst the largest landowner lessors of land to third-party water management companies.

The most prolific portion of the Delaware Basin spans the border between Texas and New Mexico. This is a critical aspect of water management due to differing regulations across state lines and varying private/state/federal lands. As a result, most of the Aris network is in New Mexico, and much of the economics are predicated on getting excess water into Texas, where it can be more easily disposed of. This setup presents an enormous competitive advantage to both the landowners (recipients of land lease and injection royalty revenues), but also incumbent operators with established infrastructure (such as Aris).

Aris is paid to take barrels of water away from the well head, but it doesn't have to simply dispose of it as waste. As a result, the company has developed a complementary recycling business that filters the water to standards acceptable for reuse in fracking. To the extent that this can be done economically, the company can earn a second revenue stream on the same barrel of water that would otherwise be disposed of.

Aris handled approximately 1.142 million barrels of water per day in the first quarter of 2022, at an average price of \$0.68/barrel and an adjusted margin (on a cash operating basis) of \$0.42/barrel, or 61.7%. The volume mix was approximately 70% produced water (\$0.78/barrel) and 30% recycled water (\$0.45/barrel).

In the subsequent three years (through the fourth quarter of 2024), the company's total volumes rose by 14% per year and revenue per barrel rose to \$0.75. Aris has maintained an adjusted margin of \$0.44/ barrel. This growth has been a product of both organic volumes within its existing pipeline network as well as capital investment.

While the company operated at nearly a 60% adjusted margin per barrel in the fourth quarter of 2024, it's worth noting this was based on approximately 60% and 30% capacity utilization for, respectively, the produced water and recycled water systems. It would not be unreasonable to expect further margin expansion from higher capacity utilization. But this is only half the story.

The Permian Basin does not have infinite space for wastewater to be injected, and many of the most cost-effective areas near major oil and gas activity are rapidly approaching capacity. This is a function of pressure and porosity, where there has been seismic activity related to water injection, as well as interference with drilling activity.

As a result, regulators are limiting new injection permits, and water companies are developing longhaul pipes to remove water from the congested areas. This comes with a cost, and pricing leverage will belong to the landowners and incumbent infrastructure operators.

If we revisit the unfavorable conditions previously faced by Aris, which were plainly visible in the moment, we can present the longer-term, more economically significant conditions that were developing: secular water volume growth, price inflation, and barriers to competitive entry.

There is also nascent electric power and data center development in the Permian Basin notably, being pursued by LandBridge. Thermal power generation (gas combined cycle) and data center liquid cooling are immensely waterintensive, and most of the Permian is a desert.

It remains to be seen what, if any, revenue exposure the incumbent companies like Aris will have to this water market. Clearly, though, this "option" is not priced into the stock, which trades at approximately 8.5x estimated pre-tax cash flow for next year.

Company Name: San Juan Basin Royalty Trust (SJT)

Market Cap: \$293M

A casual energy market observer could be forgiven for not knowing the water dynamics in energy production, or the prevalence of oil and gas produced in New Mexico. Despite the common coupling of Texas with the prolific Permian Basin, the formation stretches well into Lea and Eddy counties in the southeast corner of New Mexico. And, between 400 and 500 miles northwest of these counties—mostly in New Mexico and along the borders of Colorado, Utah, and Arizona—lies the San Juan Basin. This is a largely forgotten gas field with methane primarily produced from a coalbed formation.

Speaking of unfavorable present and observable conditions for a stock, we present San Juan Basin Royalty Trust. As the name implies, the "company" is actually a trust that distributes a net profit interest (NPI) from certain properties in the area. It has no debt and no employees. It has a corporate Trustee, the compensation for which is limited by a schedule in the Trust Indenture. It begins at 1/20th of 1% of the first \$100 million of annual gross revenues of the Trust, allows for hourly rates in excess of 300 hours a year, and establishes a minimum fee of \$36,000 per year. In 2024, the Trustee fees totaled \$120,108, although total general and administrative expenses were \$2.1 million.

Natural gas may be appreciated by a growing minority as a cleaner fuel source compared to coal, but it is widely loathed by investors due to perceived oversupply (and attendant price volatility) in the United States.

The U.S. has an abundance of high-quality, low-cost natural gas reserves. This dynamic is exacerbated by a highly seasonal gas consumption pattern and limited storage/export potential relative to production levels. As a result, U.S. natural gas is a highly volatile market that has been responsible for many fortunes made and lost.

This dynamic, however, is rapidly changing due to enormous incremental gas power demand (data centers, reshoring of industry, etc.) and a doubling of LNG export capacity in the next 18 months.

While this will promote drilling at the margin, there are logistical pipeline constraints that make the market far less fluid than reserves data suggest.

These factors could quickly shift the market from structural surplus to deficit.

The thesis is not about gas pricing, but that contributes to unwarranted pessimism for the San Juan Basin Royalty Trust. The bigger headwind is that it currently distributes nothing to shareholders. This must be taken in the context of the Trust making a \$0.41 monthly distribution per share in March of 2023. This annualized to approximately \$4.10 per share, more than the stock price at the end of 2024 (\$3.83). Welcome to the world of natural gas investing!

However, this is no ordinary dividend cut. It is the result of the operator (Hilcorp) increasing capital expenditures in 2024 to \$36 million, up from the 2023 level of \$4.4 million. This eightfold increase in spending will result in considerable production growth, but given the terms of the NPI, the investment must be recouped via earnings prior to trust holder distributions being made. Thus, there have been no distributions since April of 2024.

Hilcorp is privately held, so we must make informed estimates on the production profile going forward. However, based on disclosures from the Trust, we estimate close to a 70% production increase from the end of 2024 due to capital spending and increased drilling. Furthermore, it is reasonable to believe that the 2025 spending guidance of approximately \$9 million can sustain this level of production.

Finally, if we assume comparable lease operating expenses and severance tax costs²⁶ going forward, we can estimate the date and amount of the distribution reinstatement (based on prevailing gas prices). For instance, if we assume that benchmark natural gas averages \$3/mcf and apply a 10% discount to the local "basis," the run-rate production will result in a full paydown of the proportionate capital expenditure deficit in May/June of this year. Critically, this will be based on a monthly NPI to the Trust of approximately \$3.6 million/month or \$43 million/year, which equates to nearly a 17% yield based on the quarter-end share price.

This exercise delivers a dynamic emergent return scenario, particularly with incrementally higher gas prices, but quite favorable even at \$3 gas prices. Of course, these hypothetically higher gas prices might prompt Hilcorp to add even more drilling, hence growing the net asset value further.

The Trust started the year with barely a \$200 million market value, so we doubt many others are even running these figures. If by chance someone else is, few investors have the patience to wait for the inevitable resumption of the dividend.

While the base case scenario (conservative gas pricing and discount rate/distribution yield assumptions) delivers a return scenario that may rival anything else in the market today, there is also the "option" value of gas price related to data center and industrial demand.

Finally, it should be noted that the San Juan Basin is amongst the only regions with gas pipeline access to the Southern California market, which is prone to episodic disruptions to fuel supply, thus resulting in premium pricing for piped gas.

Company Name: Hawaiian Electric Industries, Inc. (HE)

Market Cap: \$1.8B

A direct example of the equity-yield curve in action is the utility company Hawaiian Electric. In a normal environment, the results of the business are relatively predictable. This is partly due to surrounding regulation, given the regional monopoly status utilities maintain. Both revenue and

profits are governed by a performance-based regulation framework governed by the local public utility commission. This incorporates an annual revenue adjustment, and an earnings sharing mechanism based on an established return on average common equity from regulatory capital. Any earnings that fall outside this range are shared between customers and utilities, so that both excess gains and diminished profits are limited.

In other words, growth is limited, but so is risk (absent extraordinary circumstances), so investors treat utilities more like yield alternatives. A majority of the earnings are paid out via dividends—though in comparison to bond yields, they offer potential for some annual growth; same goes for book value. Hawaiian Electric is not unique in this regard. In fact, as a utility, perhaps its most unique attribute was its ownership of the American Savings Bank, through a 90.1% stake was sold on the last day of 2024 in a cash transaction, so HE is no longer subject to capital regulation as a bank. Now HE is a pure utility more in line with peers, with the added complexity of securing energy for a remote island.

So what ties this investment to the equity yield curve? Hawaiian Electric hasn't paid a dividend since Q3 of 2023. Prior to that, dividends were paid on an uninterrupted basis since 1901. The shift came as HE faced extreme scrutiny and multiple lawsuits in the wake of the Maui fires that devastated the island in August 2023. HE chose to pause the dividend to shore up capital for any legal liabilities, and the stock dropped from \$37.36 on August 8th to \$9.66 on August 25th - a 74% decrease intramonth.

As of April 2025, there is far more clarity as to the company's legal responsibility. A decision by the Hawaii Supreme Court has allowed the settlement agreement proposed by HE to continue. The remaining portion of the settlement agreement requires HE to pay about \$1.92 billion over the next four years. The payments will be broken out into \$479 million increments, with the first one expected in Q4 of 2025.

The dividend is off the table for the foreseeable future, and the company has committed to not raise rates in response to the settlement agreement.

So we currently have a pure play utility company with the following attributes:

- No dividend yield
- Looming capital raise/debt issuance
- Limited ability to raise pricing or grow revenues
- Earnings-sharing agreement on hold (to avoid any lower-profitability impact with customers). No wonder the stock trades at a small fraction of its pre-wildfire price. So why are we interested?

We have visibility into the normalized dividends from the business. We have been notified of the necessary capital raise (more on which below). We are already aware that most utilities do not have significant earnings growth, which means this could never be a solution. The suspension of the earnings sharing agreement has been noted to only be "temporary," and Q4 2024 GAAP income from the utility segment was not much different than in Q4 2022 (46.4 million vs 48.6 million). Management believes the company's current liquidity, along with some other measures taken, have alleviated the going-concern risk the company faced previously.

This is all information readily available for market participants. What the market lacks is patience.

Core income²⁷ from the electric utility segment was \$180.7 million in 2024. The holding company portion detracted another \$56.4 million, though some of these costs have likely already been mitigated due to interest/debt reduction and a simplification of the consolidated business. The core business can generate at least \$150 million on an annual basis, likely more when considering the future tax benefits from prior losses.

HE needs to raise \$1.44 billion for the wildfire liabilities (the first payment is already covered). To keep this simple, let's say 100% of the normalized earnings over the next four years are contributed. That equates to \$600 million in earnings, which reduces the capital needs to \$840 million. Subtract another \$380 million, using the net proceeds from the recent sale of American Savings Bank, and that leaves \$457 million for a potential equity raise. At the current price, this assumes shareholders could be diluted to about 80% ownership of the business currently, though this would be the most expensive form of financing available to the company, and therefore a conservative outlook.

The company announced that it has an additional \$523MM available through an at-the-market equity program (\$250 million), utility accounts receivable-backed credit facility (\$239 million), and credit facility capacity (\$34 million), so in reality there is a mix of liquidity options available to cover the remainder.

After all is said and done, how will this company look in four years, when the dust settles and dividend payouts seem likely? Apply some reasonable assumptions and you have visibility into a company completely overlooked due to short-term limitations.

Another way to view HE is just comparing valuations before and after the wildfires. Aside from potential dilution, is the company significantly different than it was prior to the settlement? If not, why would the valuation be so different post-settlement? The only difference is that the share price is one-quarter of the precrisis price or, put differently, the application of four years of a discount rate to achieve this valuation, which in the case of a regulated utility should not be very high.

Fund Name: Meridian Contrarian Fund

https://eng1e.seismic.com/i/2LdN794eGXu4tjgFIRMEMwo86rL2yPxo_4PhJ0PTAQE_ntvusScjst3maAD01dqLFhtm6hQ794ecA04kf1lvleMeqE6wS3EAKPbVjydseWGGNM0Z3iKvJ9ZIJMLaa_VeK4Lx4Q54wZjzhFZPLUSSIGN7soxyTz372C9aYfmJmUzct7RtGEEQUALSIGN

Company Name: The Honest Company, Inc. (HNST)

Market Cap: \$607M

The Honest Company, Inc. is a consumer products company specializing in natural baby-care consumables, cosmetics, soaps, and other household supplies. We initially invested in Honest as a contrarian investment opportunity, following post-pandemic supply chain disruptions, seeing value in the brand's authenticity and in its history of generating growth in the face of operational challenges.

Despite reporting quarterly results above expectations, the stock declined due to concerns about consumer demand and potential tariff impacts. Honest manufactures diapers in Mexico, which is USMCA compliant, and baby and cleaning wipes in China.

Management has demonstrated agility in adapting supply chains, as witnessed when it re-sourced its diaper portfolio in 2024.

Given our confidence in the brand and management, and with net cash on its balance sheet, we increased our position size following the price decline during the period.

Company Name: Kornit Digital Ltd. (KRNT)

Market Cap: \$1B

Kornit Digital Ltd. is a leading provider of digital textile printing solutions, offering a more efficient and sustainable alternative to traditional screen printing for apparel and textiles. Its digitally enabled process requires fewer people, less energy, and less water.

We initiated our investment last year after a prolonged stock decline from \$180 to below \$20, driven by volatile orders and macroeconomic concerns, including elevated interest rates. The stock contributed positively to fund performance last year as demand stabilized and orders improved, supported in part by the company's innovative product offerings and go-to-market strategies.

However, shares came under renewed pressure in the first quarter due to macro-driven uncertainty around the durability of Kornit's order pipeline. We modestly trimmed our position early in the quarter at higher levels and continue to hold shares based on long-term secular growth potential in digital textile printing and onshoring trends.

Kornit's solid balance sheet, including approximately \$10 per share in net cash, reinforces our confidence in its ability to weather near-term challenges.

Company Name: Radius Recycling, Inc. (RDUS)

Market Cap: \$829M

Radius Recycling, Inc. is a leading scrap metal recycler and global manufacturer of finished steel products. Its vertically integrated model — from automotive recycling to final steelmaking capabilities — offers distinct competitive advantages.

We invested based on our view that recent growth investments would allow the company to capture more value through the recycling chain. The stock had been trading below the replacement value of its unique, difficult-to-replicate assets, offering what we viewed as a compelling margin of safety.

Our thesis played out more rapidly than expected when the company agreed to be acquired by Toyota Tsusho America. We liquidated our position during the quarter following the announcement.

Company Name: New Gold Inc. (NGD)

Market Cap: \$2.9B

New Gold, Inc. is a mid-tier gold miner with potentially favorable Canadian-based mining assets. The stock had long underperformed due to past operational missteps and capital allocation issues.

However, a new CEO appointed in 2022 launched a comprehensive turnaround, including a strengthened management team and renewed operational discipline to capitalize on its favorable mining properties, including the New Alton mine.

Despite a neutral stance on gold prices, we viewed the company's efforts to unlock value from its core assets as a catalyst for differentiation. The stock appreciated during the period as gold prices reached new highs on geopolitical uncertainty.

We increased our position early in the quarter as internal execution improved and gold miners lagged the commodity price.

Fund Name: Meridian Growth Fund

https://eng1e.seismic.com/i/2LdN794eGXu4tjgFJRMEMwo86rL2yPxo_4Phj0PTAQE_ntvusScjst3maAD01dqL4uKAOI7TNcHJAIVZVdWQMVoOQ4bocXNnen4HC_t106RCrdqIWXtNMHHqIMWaUjcK65hhhLyjqASnZH5og6BgpLC6PLUSSIGNKdvZN0X_qWXVt1JUeQEQUALSIGN

Company Name: Ziff Davis, Inc. (ZD)

Market Cap: \$1.3B

Ziff Davis, Inc. operates in two primary segments: business cloud services and digital media. We continue to believe the company's value lies in management's demonstrated ability to generate strong returns on capital by acquiring and turning around underperforming businesses.

The stock underperformed during the period due to a slight earnings miss and weaker organic growth. Looking ahead, we believe that a return to low single-digit organic growth and a continuation of strategic acquisitions could deliver future performance catalysts.

We slightly trimmed our position during the period.

Company Name: Tandem Diabetes Care, Inc. (TNDM)

Market Cap: \$1.5B

Tandem Diabetes Care, Inc. provides technology solutions for individuals living with diabetes in the U.S. and internationally. The company's automated insulin delivery systems are positioned to gain market share within a large and growing addressable market, where more than half of Type 1 diabetes patients still administer insulin manually.

During the quarter, Tandem reported top-line growth that exceeded expectations, driven by strong performance in its international division. However, U.S. results were weaker than anticipated due to muted seasonality and shipping delays.

Despite these near-term challenges, we believe Tandem's platform remains well-positioned for long-term growth across both the Type 1 and emerging Type 2 diabetes markets, with further opportunities for incremental share gains. We slightly reduced our position during the period based on a reassessment of the company's risk/reward profile.

Company Name: CarGurus, Inc. (CARG)

Market Cap: \$3.2B

CarGurus, Inc. is a leading online platform for automobile sales, operating both a retail marketplace and an auction-based wholesaling business. The company's competitive pricing and broad suite of ancillary services continue to attract dealers.

Despite a strong quarter for its core business, the stock declined after revenue came in at the midpoint of guidance and forward guidance was slightly below expectations.

We remain constructive on the company's long-term prospects, supported by growing profitability and free cash flow from its core operations. In addition, we believe the ongoing restructuring of its wholesaling business presents upside potential.

CarGurus remained one of the portfolio's top holdings at period end.

Fund Name: Meridian Hedged Equity Fund

https://eng1e.seismic.com/i/2LdN794eGXu4tjgFIRMEMwo86rL2yPxo_4PhI0PTAQE_ntvusScjst3maAD01dqLDPLUSSIGNpYKWp5FceWliAoltpLUSSIGNJZY429_H47g6d3zF5cnS56trY9sl7XqJGLIL4FH5SS3482BCAIRlwvK96hfGrqUrTuGnc1E0JgPVTwsAEd4akuwEQUALSIGN

Company Name: The GEO Group, Inc. (GEO)

Market Cap: \$3.7B

The GEO Group, Inc. designs, finances, and operates correctional and detention facilities, as well as electronic monitoring and community-based programs, in partnership with federal, state, and local agencies.

We invested in GEO because we see value in its stable operating model, underpinned by multi-year government contracts and consistent demand for outsourced correctional and detention services. The company's investments in electronic monitoring provide an additional avenue for growth, particularly through alternatives to large-scale detention programs.

Notably, a recent 15-year agreement for a facility in New Jersey illustrates management's ability to secure incremental, long-term revenue streams and enhance cash flow visibility.

We believe GEO is positioned to benefit from increased funding for Immigration and Customs Enforcement contracts, supported by expanded detention capacity and wider adoption of electronic monitoring. Furthermore, the company's ongoing deleveraging has improved its capital structure,

providing flexibility to pursue new contract wins amid rising demand tied to evolving border security and monitoring priorities.

Company Name: ACV Auctions Inc. (ACVA)

Market Cap: \$3B

ACV Auctions, Inc. operates a digital marketplace that enables automotive dealerships to more efficiently and transparently buy and sell wholesale vehicles. The company connects dealers nationwide through a data-driven platform enhanced by AI-based inspection tools and complementary services such as financing and transport.

This integrated ecosystem supports high customer retention and positions the company to benefit from ongoing digitization trends within the wholesale automotive industry.

Despite continued strong fundamentals — including disciplined cost management and ongoing market share gains — the stock was negatively impacted by broader uncertainty around used-vehicle demand and macroeconomic concerns.

Nonetheless, we maintain confidence in ACV's management team, business model, and long-term market opportunity.

Fund Name: Meridian Small Cap Growth Fund

<https://immonkey-files.s3-us-west-1.amazonaws.com/2025%20March%20Meridian%20Growth%20Retail%20Commentary.PDF>

Company Name: International Money Express, Inc. (IMXI)

Market Cap: \$345M

International Money Express, Inc. is a financial technology company offering global money transfer services and related solutions. The company had previously initiated a strategic review, including a potential sale, but ultimately did not receive satisfactory bids and will remain a public entity. This outcome disappointed some short-term investors who had anticipated a near-term monetization event.

Additionally, continued investment in its digital platform — while promising, with projected annual growth of ~80% — is expected to weigh on margins in the near term.

Despite these short-term pressures, we are encouraged by the company's strong balance sheet and attractive double-digit free cash flow yield, and we modestly increased our position during the period.

Company Name: Veracyte, Inc. (VCYT)

Market Cap: \$2.2B

Veracyte, Inc. is a diagnostics company that helps clinicians make more accurate diagnostic, prognostic, and treatment decisions for certain cancers. Its flagship commercial tests, **Afirma** and **Decipher**, continue to drive solid revenue growth and improving profitability.

Although the company exceeded expectations on both the top and bottom line, shares declined following news that it may discontinue funding for its French subsidiary, which currently operates at an annual loss of approximately \$20 million.

We view the potential loss of revenue and minor delays in the pipeline as manageable—especially in light of improved profitability and strategic focus—and added to our position during the period.

Company Name: [LegalZoom | Legal Solutions Trusted By Millions, Designed for You , Inc. \(LZ\)](#)

Market Cap: \$1.6B

[LegalZoom | Legal Solutions Trusted By Millions, Designed for You Inc.](#) provides legal, compliance, and tax services to small businesses through its online platform. The stock rebounded during the quarter on better-than-expected earnings and improving gross margins, reversing a series of disappointing quarters.

While we remain constructive on the company’s long-term potential—particularly due to its sharpened focus on core businesses and the embrace of a subscription-based model—we reduced the position during the period based on our valuation discipline.

Fund Name: [Springview Capital Management](#)

Source: <https://imoney-files.s3-us-west-1.amazonaws.com/1Q25%20Springview%20Investor%20Letter.pdf>

Company Name: Mercury General Corporation (MCY)

Market Cap: \$3.4B

Mercury General (MCY) is a mid-sized writer of personal auto and homeowners insurance, focused on the California market. We began purchasing shares in February 2024, believing the California personal lines market was entering a period of favorable pricing and regulatory support, setting the stage for a profitability inflection. We acquired shares around \$50 and estimated normalized EPS in the range of \$8.00–\$10.00, supporting a fair value between \$80–\$120. On top of that, the centenarian founder could one day pursue a sale, potentially at a large premium.

Our thesis played out in 2024, with MCY securing significant rate increases and delivering strong earnings—EPS annualized above \$10/share in the final two quarters of the year. The stock rose roughly 50% from our cost basis and was a major contributor to 2024 performance.

This year’s underperformance stems from the Los Angeles wildfires that erupted on January 7 and devastated two urban neighborhoods. Although primarily an auto insurer, Mercury bundles

homeowners' policies with auto coverage, which exposes it to property losses. While the company carries reinsurance, initial uncertainty around the scale of losses led to investor panic.

For us, the critical question was whether this would be a **capital event**—requiring a dilutive capital raise—or an **earnings event** that would hit short-term profits but leave the long-term outlook intact. After extensive diligence—analyzing DOI and statutory filings, cross-checking Cal Fire data, reviewing reinsurance treaties, and studying precedent cases—we concluded that the losses were most likely an earnings event, not a capital event.

We expect Mercury to report a sizable Q1 loss (earnings are due May 6), but we continue to estimate normalized EPS of ~\$9.00 over the next few years. Ironically, the catastrophe may have improved the operating environment for insurers: with an estimated \$45 billion in industry losses, capacity has tightened, pricing is rising, and California regulators have become more receptive to rate increases.

We believe this should sustain a “hard” market in personal lines and reinforce our long-term earnings thesis. Investors today appear to be overweighting the recent catastrophe—a classic case of recency bias—while underestimating Mercury’s capital strength and normalized profitability. In time, we believe attention will shift back to earnings and book value, both of which suggest substantial upside.

Company Name: Seaport Entertainment Group Inc. (SEG)

Market Cap: \$235M

Seaport Entertainment (SEG) owns a collection of real estate and entertainment assets in New York City and Las Vegas. We purchased the shares shortly after the company was spun off from Howard Hughes last July. The position contributed meaningfully in 2024.

Little has changed in the underlying story to justify a >20% decline year-to-date—except investor impatience. Seaport’s \$160 million enterprise value is a small fraction of the >\$1 billion invested in its assets by the former parent. New management has been tasked with monetizing non-core holdings and stabilizing core real estate.

One asset alone—a full city block zoned for development in Lower Manhattan—might be worth the entire current market cap. A successful sale could serve as a near-term catalyst.

Company Name: Worthington Steel, Inc. (WS)

Market Cap: \$1.3B

Worthington Steel (WS) is a recent spinoff in steel processing. The company serves cyclical end markets like autos and construction, both of which have been under pressure over the last 6–9 months. Earnings have followed suit.

While WS is not our typical high-quality compounder, it offers compelling attributes: strong customer relationships, exposure to secular growth areas like electrical steel, a near-debt-free balance sheet, and a culture of operational excellence.

At current prices, we believe the shares offer attractive value, though we acknowledge the cyclical nature of the business and have sized the position accordingly.

Fund Name: TimesSquare Capital Management U.S. Small Cap Growth Strategy

Source: <https://tscmlc.com/wp-content/uploads/2025/04/TSCM-Small-Cap-1Q25-Commentary.pdf>

Company Name: Valvoline Inc. (VVV)

Market Cap: \$4.4B

Valvoline Inc., an operator and franchiser of vehicle service centers, slipped by 4%. Their fiscal first-quarter revenues and profits beat Street projections due to improving transaction counts and better same-store sales comparisons. They also announced the acquisition of **Breeze Autocare**, which operates 200 locations across 17 states.

Though down, the stock outpaced the index sector average return of -17%.

Company Name: The Chefs' Warehouse, Inc. (CHEF)

Market Cap: \$2.6B

Chef's Warehouse Inc. is a specialty wholesale distributor serving restaurants, hotels, country clubs, and fine food stores. Their fourth-quarter results were solid, and management cited growth opportunities in newer markets as well as category expansion. They also highlighted consistent demand strength across the customer base.

We opportunistically added to the position when its shares pulled back in late March, though the stock still gained 10% for the quarter.

Company Name: Boot Barn Holdings, Inc. (BOOT)

Market Cap: \$4.7B

Boot Barn Holdings Inc. is a specialty retailer of western and work-related footwear, apparel, and accessories. The December quarter results were in line with the company's preannouncement. Since then, Boot Barn's sales momentum has continued despite weather disruptions across retail.

However, tariff concerns have weighed on sentiment, with the shares pulling back by 29%.

Company Name: Freshpet, Inc. (FRPT)

Market Cap: \$4.2B

Freshpet Inc., a producer and distributor of fresh refrigerated pet food, tumbled 43%. Mixed fourth-quarter results included a miss on sales estimates but a beat on profits.

We decided to reduce the position due to slower growth among lower- and middle-income households.

Company Name: Magnolia Oil & Gas Corporation (MGY)

Market Cap: \$4.2B

Magnolia Oil & Gas Corp. is an exploration and development company with operations in Texas. Its share price surged 9% after the company reported solid fourth-quarter results, with profits above consensus driven by slightly better production, pricing, and operating expense management.

Company Name: Cactus, Inc. (WHD)

Market Cap: \$2.9B

Cactus Inc., a manufacturer of highly engineered wellhead systems and pressure control equipment, retreated by 21%. The decline was driven by a slight miss in the latest quarter's results and weaker guidance for its spoolable/flexible pipe business.

Another consideration for the stock is tariff risk. Historically, the company produced half of its pressure control equipment in China and the other half in Louisiana. In response, management built out capacity in Vietnam last year. That facility, which can handle the full U.S. and China product volume, is set to ramp up in the second quarter.

Company Name: Infinity Natural Resources, Inc. (INR)

Market Cap: \$268M

New to the sector this quarter was **Infinity Natural Resources Inc.**, an exploration and production company with operations in the Appalachian Basin. The company possesses compelling acreage containing oil and natural gas, with strong production growth projections and attractive well economics.

Company Name: MVB Financial Corp. (MVBF)

Market Cap: \$238M

MVB Financial Corp., a provider of financial services to individuals and corporate clients, dropped 16%. In the fourth quarter, higher expenses and lower net interest income were partially offset by higher fees and a lower loan loss reserve provision.

The bank improved its capital position through a sale-leaseback transaction involving four branches. This capped a year in which MVB invested heavily in building risk management and compliance controls amid heightened regulatory scrutiny for Banking-as-a-Service institutions. MVB also shrank its balance sheet due to uncertainty over potential changes to deposit rules and exited its crypto line of business.

Company Name: Paymentus Holdings, Inc. (PAY)

Market Cap: \$4.8B

New to the sector this quarter was **Paymentus Holdings Inc.**, a provider of cloud-based bill payment technology and solutions. The company is taking share from legacy providers and home-grown systems.

Company Name: Soleno Therapeutics, Inc. (SLNO)

Market Cap: \$3.7B

Soleno Therapeutics Inc. is a clinical-stage biopharmaceutical company focused on developing novel therapeutics for rare diseases. The FDA approved **Vyvkat** for treating Prader-Willi syndrome, a rare genetic disorder that causes life-threatening obesity in children.

The approval boosted the stock price by 60%, and we decided to book some of the profits by trimming the investment.

Company Name: Addus HomeCare Corporation (ADUS)

Market Cap: \$2B

Addus HomeCare Corp. provides in-home personal care services. Despite outpacing fourth-quarter estimates, its shares sold off by 21% on fears of potential Medicaid cuts tied to the House reconciliation process.

Of note, Addus does not believe its patient demographic—older adults and individuals with disabilities—will be the focus of these cuts.

Company Name: Day One Biopharmaceuticals, Inc. (DAWN)

Market Cap: \$633M

Day One Biopharmaceuticals Inc. develops and commercializes targeted therapies for patients with genetically defined cancers. Their lead drug, **Ojemda**, is used to treat certain types of brain tumors (gliomas) in patients six months and older. The launch has been promising, with 280 patients on therapy as of December.

Despite its early success, there are concerns about the addressable market and prescribing patterns. We decided to sell out of the position, which declined by 35% during the time it was held in the quarter.

There were two additions to the sector this quarter.

Company Name: CeriBell, Inc. (CBLI)

Market Cap: \$649M

Ceribell Inc. is a commercial-stage medical technology company focused on transforming the diagnosis and treatment of patients with serious neurological conditions. Its products enable early detection and management of seizures, allowing for more precise patient care.

Company Name: ACV Auctions Inc. (ACVA)

Market Cap: \$3B

ACV Auctions Inc. offers a digital marketplace for wholesale vehicle transactions and data services. The company reported a strong quarter with a revenue beat, supported by healthy underlying metrics, including units and pricing—demonstrating continued share gains.

Despite these positives, the stock pulled back by 35% due to initial 2025 guidance falling short of Street estimates. Management, which has a history of being conservative, is making incremental investments in technology and personnel.

Company Name: JFrog Ltd. (FROG)

Market Cap: \$4.9B

JFrog Ltd. provides a supply chain platform that enables organizations to store, update, and manage their software packages. Its shares rose 9% after the company reported better-than-expected results across all key metrics.

The combination of a growing partner ecosystem and a comprehensive platform—embedding security within a centralized hub for managing software—has created a strong value proposition for large enterprises looking to consolidate development operations.

We added to the position over the quarter.

Company Name: FormFactor, Inc. (FORM)

Market Cap: \$2.4B

FormFactor Inc. provides test and measurement solutions to the semiconductor industry. We exited the position due to incremental restrictions on its business with China, as well as general weakness in semiconductor volumes.

The stock was down 27% during the time it was held in the quarter.

Fund Name: Buckley Capital

Source: https://imoney-files.s3-us-west-1.amazonaws.com/1Q_BCP_2025_letter.05.pdf

Company Name: dentalcorp Holdings Ltd. (DNTL.TO)

Market Cap: \$1.7B

Dentalcorp is a business we have owned for over two years now. From 2022 through the end of 2025, Dentalcorp is expected to nearly double its free cash flow per share. It is the largest owner of dental offices in Canada. We were attracted to the model because of the consistency of dental practices through various economic environments. We also like Dentalcorp because it has less leverage than all of its private equity-owned peers, while at the same time outgrowing all of its competitors in Canada.

Dentalcorp is the acquirer of choice for independent dental practice owners, having acquired the largest number of practices in Canada. The company also boasts a 90% partner dentist retention rate since its inception in 2011. Dentalcorp operates with 1,850+ dentists, 2,600+ hygienists, and 5,750+ auxiliary dental health professionals across Canada. The average age of partner dentists is in their early 40s at the time of acquisition, allowing for continued growth within each practice. Partnering with Dentalcorp allows dentists to focus on what they love—their team and their patients—instead of managing the business side of operations.

Dentalcorp operates a cash-pay model. Most patients pay directly at the time of service, after which either the patient or Dentalcorp submits a claim to the insurance company. The patient is then reimbursed. This results in neutral to negative working capital and limited exposure to insurance companies or government payers.

Dentalcorp targets **4%+ medium-term same-practice revenue growth**. They also expect to average **\$30–35 million of annual acquired pro forma adjusted EBITDA**, a target they've met since 2018.

Synergies from acquiring practices include a **10–15% increase in practice-level EBITDA margins** immediately post-acquisition and **10–15% increases in patient visit frequency**. Revenue synergies are driven by expanding specialty service offerings, while cost synergies come from better labor management, national vendor procurement with preferred supplier pricing, and a tech-enabled platform that drives financial efficiency.

We also like **DNTL** because it's rare to find a business with **acyclical revenues and profits**, operating in a **large addressable market** where it is the **market leader**, faces **little competition**, and **trades at less than 10x free cash flow**. Typically, businesses of this nature trade at over 20x FCF.

Company Name: Liquidia Corporation (LQDA)

Market Cap: \$1.6B

Pulmonary arterial hypertension (PAH) is a serious and potentially life-threatening lung disease. Its root causes span a wide range—from hereditary factors and underlying cardiovascular health conditions to systemic diseases like HIV and connective tissue disorders. PAH affects an estimated **half a million individuals worldwide**, with approximately **50,000 American patients currently under treatment**.

Liquidia Corp. (LQDA) developed a product called **Yutrepia**, which uses **treprostinil** via a **dry powder inhaler** to treat **PAH** and a related disease, **pulmonary hypertension associated with interstitial lung disease (PH-ILD)**. LQDA began the regulatory approval process for Yutrepia in 2020.

This caught the attention of **United Therapeutics Corp. (UTHR)**, which had a near-monopoly on PAH and PH-ILD treatments. While Liquidia's Yutrepia was a better product than UTHR's products, the incumbent was able to delay its launch for years in the court system by alleging patent infringement.

Thus, **Liquidia** became a special situation where the main analytical questions were not scientific or regulatory, which traditional biotech investors focus on, but rather the ultimate litigation outcome between **LQDA** and **UTHR**, and then the commercial potential of **Yutrepia**, which fit our skill set.

In **September 2022**, following a legal ruling that adversely affected Yutrepia's potential timeline to launch, **LQDA** stock fell sharply and traded in the **\$4–\$5/share** range. In the base rate, Liquidia had an **85% chance** of winning its litigation war with UTHR (it's generally very difficult for biotech incumbents to defend themselves against new competitors by proving patent infringement). But LQDA's case was much stronger than the base rate: we felt the probability of **LQDA prevailing in the litigation was extremely high**.

We also felt that once the court battle with UTHR was over, LQDA would launch Yutrepia for the treatment of **PAH** and **PH-ILD** very successfully. Given the superiority of Yutrepia, we felt the probability of **LQDA taking over 50% or more of this market was high**, although we knew LQDA had to clear the legal process prior to launch.

Assuming LQDA splits the market with UTHR, we believe its stock could ultimately trade to **~\$50/share**, possibly more given that its market continues to grow.

Our initial purchases in September 2022 were between **\$4–\$5/share**. While it took longer than anyone expected, LQDA ultimately prevailed in court. The legal process is now largely behind them, and **Yutrepia is set to launch in May 2025**.

LQDA shares have performed well so far in 2025, as the company released data at the **J.P. Morgan conference in January**, further confirming what investors have always believed—that LQDA has superior products to UTHR.

We believe an outcome similar to **Verona's** is possible for Liquidia. Verona's share price has more than tripled since their product launch in **August 2024**. We think **LQDA could double this year**, and then **more than triple over the next few years** as Yutrepia begins to prove its potential as a new and disruptive blockbuster drug.

We think the **possibility of Liquidia being acquired after they launch is reasonable**, and would not be surprised if they were acquired in the next two years.

Fund Name: Lowell Capital

Source: <https://moiglobal.com/wp-content/uploads/LCVP-LP-Letter-March-2025.pdf>

Company Name: Leon's Furniture Limited (**LNF.TO**)

Market Cap: \$1.7B

Leon's Furniture Limited (LNF.TO) operates as a retailer of home furnishings, mattresses, appliances, and electronics in Canada. It operates in two segments: **Leon's** and **The Brick**.

The company provides repair services for household furniture, electronics, appliances, home office products, and more. It also operates as a commercial retailer of appliances to builders, developers, renovators, property management companies, hotels, extended care industries, and others.

Leon's Furniture sells its products through a network of retail stores under the **Leon's**, **The Brick**, **The Brick Outlet**, and **The Brick Mattress Store** banners. The company was founded in **1909** and is headquartered in **Toronto, Canada**.

LNF has several characteristics we like, including:

1. A highly resilient business model with strong market share and customer relationships.
2. A highly cash-generative business with modest capital expenditure needs.
3. A strong focus on value-added services, resulting in "stickier" customer relationships.
4. Durable demand expected to grow alongside the Canadian economy.
5. A strong competitive advantage, primarily due to scale.
6. An attractive valuation, trading at less than **5x adjusted EBITDA**, a **double-digit free cash flow yield**, and **10x earnings**.
7. A track record of strong growth in revenues, adjusted EBITDA, and adjusted EPS since **FY2013**.
8. A disciplined management team with a history of strong performance.
9. A "Ft. Knox" balance sheet with a **net cash position of approximately C\$110 million**.
10. A long-term strategy to grow sales.
11. A high-ROIC business model with limited capital requirements.
12. An additional catalyst from a **potential REIT spin-off**, which could unlock **C\$0.5 billion or more** in real estate value.

LNF has **68 million shares outstanding**, with a **share price of C\$23**, giving it a **market cap of approximately C\$1.6 billion**. With **net cash of about C\$110 million**, **LNF** has an **enterprise value of around C\$1.5 billion**.

Over the last 10 years, **LNF** has generated **over C\$1.5 billion in free cash flow** and has fully repaid the debt it took on to acquire **The Brick in 2013**. The company has actively **bought back stock** and **paid dividends** to shareholders.

LNF has a **Return on Invested Capital (ROIC) of ~20%**, illustrating strong return expectations. It also generates a **double-digit free cash flow yield**, supporting strong long-term growth potential at current price levels.

We believe **LNF** can continue to grow sales and maintain its net income margins at current levels while preserving its strong cash position. As the company executes its **high-ROIC, cash-generative business model**, we expect **adjusted EBITDA** could grow from current levels of around **C\$300 million** to **C\$350–C\$400 million** over the next several years.

We believe **LNF** could trade at a modest **7x EBITDA multiple**, which—based on **68 million shares outstanding**—would result in a **share price of C\$36 to C\$41 or higher**.

In addition, LNF owns **significant real estate assets**, which it may spin off into a **REIT**, potentially unlocking **C\$0.5 billion or more in additional value**.

Founded in **1909** and approximately **70% family-owned**, the company has a long track record of growth, leading to its position as the **largest furniture retailer in Canada**, with about a **15% market share** in the segments it operates in.

LNF operates **202 corporate-owned stores** and **101 franchised stores**. The company's **revenue breakdown** is as follows:

- Furniture: **50%**
- Appliances: **~30%**
- Mattresses: **15-20%**
- Electronics: **~5%**

The company experienced significant **inorganic growth** through its **acquisition of The Brick in 2012**.

In recent years, management has actively sought to **unlock value for shareholders**, believing that **LNF shares are undervalued**. They have:

- Increased investor materials and engagement
- Repurchased a significant number of shares
- Discussed **spinning off their real estate into a REIT**

LNF has a **resilient business model** that has performed well over its **100+ year history**, even in difficult economic environments. Over the past **14 years**, the company has demonstrated **steady financial performance**, maintaining:

- **Gross margins** in the **low to mid-40%** range
- **Net income margins** of **4% to 9%**
- **No recorded losses**

This impressive consistency reflects the company's dedication to a **conservative and efficient long-term approach**.

During **COVID-19**, LNF benefited from the investments made in its **e-commerce presence** that smaller competitors could not replicate. LNF's **omnichannel capability** allowed the company to continue to operate through the lockdown and post very high **year-over-year growth rates**.

LNF has an ability to manage through challenges as they arise. LNF has a **highly cash-generative business model** with **low capital expenditure needs**. LNF has generated approximately **C\$1 billion or more** of cash from operations over the past 5 years, which is **over 80% of its current enterprise value**.

The **free cash flow** generated by LNF puts the company in a **very strong financial position**. In 2013, LNF took on about **C\$500 million of debt** to buy The Brick. Since then, LNF has generated over **C\$1.5 billion** of free cash flow, which it used to **pay down its debt, repurchase shares, and pay dividends**.

LNF has a well-established track record as a retail operator. We like to invest in companies with a demonstrated track record of disciplined, successful growth over many years.

Between 2013 and 2023, LNF grew system-wide sales at a **cumulative annual growth rate (CAGR) of 3.7%, adjusted EBITDA by 7.4%, net income by 7.3%, and EPS by 8.8%**.

In that same time frame, the company:

- Repurchased **C\$410 million** of common shares
- Paid out over **C\$500 million** in dividends
- Repaid **C\$445 million** of debt

We believe that LNF will continue to grow as the company benefits from **macro tailwinds**. High levels of **immigration in Canada** are likely to drive an increased number of households, translating into increased **home furnishings sales** as people need **furniture, appliances, and mattresses** in their homes.

These macro tailwinds, along with its strong **distribution network** and core focus on **omnichannel capabilities**, should put LNF on a strong growth path over many years.

LNF has a “**Ft. Knox**” balance sheet with a **net cash position of C\$110 million**. We believe that LNF’s strong balance sheet substantially **reduces the long-term risk of investment**.

We also believe it gives LNF **significant optionality to return capital to shareholders**. Its strong balance sheet enables LNF to **conservatively fund investments** in existing businesses as well as additional opportunities.

With **70% insider ownership**, the original **Leon family** remains deeply involved in operations. **Leon’s** adopts a **customer service-centric approach**, led by **CEO Michael Walsh**, who places a strong emphasis on **enhancing customer experiences**.

With over **300 stores**, LNF is the **largest furniture retailer in Canada**. This extensive network provides them with a **valuable distribution system, convenient locations** for customers, **low prices through economies of scale, greater marketing resources**, and **preferential inventory purchasing**.

These advantages are particularly beneficial in **Canada's fragmented furniture retail industry**. LNF creates a **differentiated customer experience** by offering **name-brand products** with a broad selection that includes **value-priced items**.

Their approach is different from **Ikea**, which operates under a different model and targets a different type of customer. Ikea focuses more on **one-off pieces**, while LNF offers **sets and preassembled furniture**.

Additionally, Ikea has only **16 large stores** in Canada, each averaging **300,000 to 500,000 square feet**, compared to LNF’s approximately **300 stores**, which average **100,000 square feet per store** (excluding the BC locations). This allows LNF to **cater to a wider range of customer needs and preferences**.

As the **largest furniture retailer in Canada**, LNF is tied to how the **Canadian economy** performs over the long term. While there will be economic downturns in Canada's future, over the long term the Canadian economy should continue to **prosper as it has for the past decades**.

Canada's economic strength is further enhanced by its close ties to the **U.S. economy**, the largest and most influential in the world. The country's **richness in raw materials**, coupled with its **favorable rule of law** and **strong regulatory framework**, creates an environment conducive to business.

Additionally, Canada's **population growth**, driven significantly by **immigration**, has been a key driver of economic expansion. Canada leads the **G7** with its assertive immigration policy, welcoming **1.8 million people** in the past five years.

Over the next couple of years, another **1.5 million arrivals** are expected, which will further **boost the population and household numbers**.

With a population now at approximately **40 million** and a steady growth rate of around **~1.1% per year**, the country continues to offer a **growing market for businesses**.

Furthermore, Canada's **GDP per capita**, currently the **18th highest globally** at approximately **\$56,000**, has seen **robust growth** at an average rate of about **~3% annually** over the past two decades.

This economic stability and growth make Canada an **attractive place for investment and business**, ensuring a **favorable environment for LNF's continued success**.

LNF operates a **portfolio of brands** including **Leon's, The Brick, Appliance Canada**, and specialized outlets like **The Brick Outlet** and **Mid-Northern Appliance**. This **brand diversity** allows them to serve different market segments, from **high-end to budget-conscious consumers**, effectively covering a **wide range of customer needs across the country**.

We believe **LNF** can continue to grow sales and maintain their net income margins at current levels while maintaining their strong cash position.

As they execute their **high-ROIC, cash-generative business model**, we expect **adjusted EBITDA** could grow from current levels of around **C\$300 million to C\$350 million to C\$400 million** over the next several years.

We believe LNF could trade for a modest **7x EBITDA multiple**, which, based on **68 million shares outstanding**, would result in a **share price of C\$36 to C\$41 or higher**.

In addition, LNF has **substantial owned real estate assets**, which it may spin off into a **REIT**, potentially generating **another C\$0.5 billion or more in value**.

Fund Name: Greenhaven Road Partners

Source:

<https://static1.squarespace.com/static/5498841ce4b0311b8ddc012b/t/68279ba29ea154419f1692f6/1747426211103/Greenhaven+Road+Partners+Fund+-+2025Q1++FINAL.pdf>

Company Name: CrossingBridge Advisors, LLC (ENDI)

Market Cap: \$113M

The second hyper-concentrated fund, Arquitos, has traditionally had a concentrated portfolio, but one position has become "super-sized" through appreciation. The position in question is CrossingBridge Advisors ([OTCQB:ENDI](#)), a microcap company with a market capitalization below \$100 million.

CrossingBridge Advisors has a lengthy history, but over the past two years - through a merger and several divestments - it has transformed into a growing asset manager with a strong balance sheet. In his recent quarterly letter, Steven highlighted the company's operational progress, growing assets under management by 87% in 2024 and another 11% in Q1 2025.

The company reported outstanding 2024 results at the end of March. AUM increased by 87% to \$3.4 billion at the end of 2024 compared to the end of 2023. Subsequently, AUM has increased by an additional \$400 million through March 31, 2025. Revenue increased by 68% to \$14.6 million year over year. Adjusted EBITDA increased to \$6.5 million from \$2.1 million compared to the year before.

At quarter's end, CrossingBridge Advisors traded at \$12.70 per share with a market capitalization of approximately \$80 million. Steven makes a compelling case that the valuation should be substantially higher.

More importantly, the company entered into a value-unlocking transaction with its CrossingBridge subsidiary in early April. They effectively sold 25% of CrossingBridge for approximately \$26 million. This values the overall subsidiary at \$104 million. If you add the parent company net assets to this, it values ENDI itself near \$22 per share. Obviously future growth, even at a fraction of last year's growth, will cause that per share value to continue to increase. At the current price, we have plenty of room to go before shares are in the ballpark of fair value.

I recently spoke with Steven, who, without any hint of grandiosity, explained that it was not his intent to be so concentrated, but CrossingBridge Advisors is his "Buffett American Express Salad Oil investment." He was referring to the early days in Warren Buffett's career where he put more than 40% of his partnership assets into American Express in 1963. Steven's extreme concentration was opportunistic and not a permanent change in portfolio construction.

CrossingBridge Advisors possesses a fortress-like balance sheet, with approximately 60% of its market capitalization in cash and investments (following an early April transaction). It trades at approximately 5 times Steven's estimated EBITDA with a clear path to continued earnings growth through expanded distribution. Historical GAAP financials, which do not include the April transaction or AUM growth, are not indicative of the future earnings. The company has no sell-side analyst coverage and insiders own over 60% of the company.

CrossingBridge Advisors is an extremely illiquid stock - many days pass without a single share changing hands. Given its small size and limited liquidity, most funds simply cannot own it. In my judgment, CrossingBridge Advisors could rise very significantly from its quarter-end price if the AUM growth persists.

The Partners Fund is a diversified vehicle given the number of holdings and the characteristics of the funds, but there are pockets of hyper concentration. Our concentrated holdings appreciated in the first quarter. This won't always be the case but, generally speaking, concentration at the manager level is a feature, not a bug. I look forward to seeing what the teams at CTT, Carvana, and CrossingBridge Advisors accomplish in the coming years.

As noted earlier, I end each letter saying our fund of funds is going to be different. It will be smaller, the underlying holdings will be more esoteric, and I hope the managers will continue to collaborate more over time. I believe that it will be "good different," but only time will tell. Thank you for joining me on this journey. I will work hard to grow your family's capital alongside mine.

Fund Name: Greenhaven Road Capital Main Fund

Source:

<https://static1.squarespace.com/static/5498841ce4b0311b8ddc012b/t/68279cce9ea154419f16ca6c/1747426510543/Greenhaven+Road++2025+Q1+FINAL.pdf>

Company Name: Lifecore Biomedical, Inc. (LFCR)

Market Cap: \$255M

As previously discussed, Lifecore is a likely beneficiary of the trade policies. Their largest challenge and opportunity is to sell their excess capacity. As domestic capacity is not sufficient to support significant re-shoring, the new policies increase the likelihood that Lifecore fills out its excess capacity while pulling forward the timing and magnitude of profit margin improvement.

Company Name: PAR Technology Corporation (PAR)

Market Cap: \$2.8B

PAR does have a legacy hardware business that would be impacted by tariffs. PAR's supply chains primarily involve South Korea and Taiwan, so they should not be impacted by the super-sized China tariffs, and the company believes that tariff costs generally can be passed on to customers. That said, virtually nobody owns PAR for the hardware business, though it is helpful to be vertically integrated and subsidized hardware can be used to secure very high-margin software contracts. I cannot imagine an informed PAR investor selling their shares because of the impact of tariffs. Further, PAR's core customers are Quick Service Restaurants (Burger King, etc.), which generally do very well in a weaker economy as consumers "trade down."

PAR continues to execute and has expanded its relationship with Burger King to include its restaurant data analytics product, Deleat, which PAR purchased on December 31, 2024. The combination of new products, new features, new customers, cross-sell, up-sell, and price increases provide a sustained path to 20%+ revenue growth and much faster EBITDA growth because of

operating leverage. Multiple compression is always possible, particularly during a "trade war," but PAR is selling high-ROI, mission-critical software to resilient customers in a favorable competitive landscape. I still like our chances, even with 10% tariffs.

PAR is trading at sub-5X next year's Annual Recurring Revenue ([ARR](#)). Yes, the multiple could compress, but PAR will likely become a "Rule of 40" company, a category that currently and historically trade at higher valuations. If PAR continues to achieve 20%+ organic growth and we layer in accretive acquisitions that provide cross-sell opportunities, I believe that the share price should march higher.

Company Name: Cellebrite DI Ltd. (CLBT)

Market Cap: \$4.1B

As one of a very small handful of suppliers selling unique software and services critical to law enforcement, there is virtually no risk of Cellebrite being impacted from the tariffs. While there has been some concern about DOGE (Department of Government Efficiency) slashing government contracts, the 20% of Cellebrite's revenues that are related to the federal government mostly address high-profile priorities like securing the border and investigating the legal status of individuals. Cellebrite tools are unlikely to be cut.

What follows is pure speculation on my part, a simple connecting of dots. Cellebrite came public via a SPAC; their sponsor, True Wind Capital, has 1.5 M shares that will vest if the Cellebrite share price is above \$30 by their contractual deadline, providing a \$45M windfall. However, the fuse is getting shorter - they have until August 2026 for the share price to hit \$30, up from its current \$19-20 level. The interim CEO, Thomas Hogan, was an operating partner at Vista Equity Partners. I think he is True Wind's best chance of getting to \$30 in the next 16 months, and I think the Cellebrite CEO role is Thomas' best chance at generational wealth. I would not be at all surprised if Thomas is named permanent CEO with an options-heavy package in the \$30 range, and I would only be a little surprised if the company is sold for \$30 before August 2026.

Company Name: Kingsway Financial Services Inc. (KFS)

Market Cap: \$283M

Kingsway Financial is invisible to most financial market participants. With a market capitalization of \$225M, it is too small for many to invest in. The company has no sell side coverage, thus there are no "consensus numbers." In FactSet and other financial databases, the company is misclassified as a "multi-line insurer". To further compound the analytical challenge, GAAP accounting rules have the reported numbers understating the company's earning power. If I wanted to camouflage a company, the levers I would pull are all present here: small, no sell-side, mislabeled, and distorted GAAP financials.

You've likely never heard of Kingsway Financial Services. A decade ago, Kingsway was a mess - loaded with debt and a jumble of businesses: a Canadian insurance operation, railway yards, a hearing aid manufacturer's building, and a warranty business. It couldn't even file its financial statements on time. But, with the involvement of activist investors and a new CEO in 2018, things have changed. The turnaround has been slow but steady. It's simpler now. The railway yards and real estate are gone, and most of the debt is paid off. What's left is a warranty business, over \$600

million of NOLs (Net Operating Losses), an investment strategy, and some talented people. We're not paying a demanding multiple for this.

Let's start with the NOLs, which are leftovers from the old days of losing money in auto insurance. If Kingsway makes profits in the future, these NOLs can save them a lot on taxes. If the company doesn't succeed, they're worth little. They're a nice bonus and can add significantly to returns, but not the main reason we're investing.

The company's promising strategy is more central to the investment thesis. Kingsway is purchasing growing, assetlight businesses with recurring revenues and high margins. The company is building a portfolio of the types of businesses that we like to own and is typically paying 5X EBITDA for these businesses. You may be asking yourself, "where does one buy an asset-light, growing business, with high margins for 5X EBITDA?" One answer is by focusing on smaller businesses in the private markets.

If you are a 70-year-old person who has built a successful lifestyle business generating \$1M–\$3M in EBITDA per year, you have built a very nice life for yourself. However, there is a good chance that your children and/or employees are not a viable succession plan. There is value, but the pool of potential buyers is smaller than one might think. Maybe there is a competitor who will buy you out, but that is often not the case. A business with \$1M to \$3M in EBITDA is too small for private equity to purchase unless it is being absorbed by a "platform" company. Private equity typically wants to back an individual, not provide an exit for the current management. Even at "depressed" valuations of 4-6X EBITDA, a business generating \$1M to \$3M in EBITDA will transact for somewhere between \$4M and \$18M, which is beyond the purchasing capacity of most individuals.

As is often the case in capitalism, a group of people who have identified the opportunity. When I was at Stanford Business School, certain classes were difficult to get into. Each student had one "silver bullet" you could use to effectively guarantee you got into a specific class. The use of the bullet was highly considered. I used mine to take Jack McDonald's investing class, but a lot of students used their bullet for Professor Irv Grousbeck.

Professor Grousbeck was one of the wealthier faculty members, and he had real operating chops; he was not just an academic. He had grown and sold Continental Cablevision for \$11 B, which allowed him and his son to purchase the Boston Celtics. Professor Grousbeck taught Entrepreneurial Management, and one of the tools he evangelized was the search fund saying, "It's the most direct way I know for aspiring MBA entrepreneurs to get into business for themselves."

Historically, a search fund had a recent MBA graduate raise money from wealthy individuals to go and find a business to buy. The individuals would write small upfront checks of \$10 K or \$20 K, with the searcher ultimately raising a couple hundred thousand dollars to fund the search for 12-24 months. If the searcher found a business to buy, the initial funders would have the right, but not the obligation, to invest in the deal. Put simply, you have a bright, young, and hungry 28 -year-old scouring the country to buy and improve businesses from 70-year-olds who are rich and want to retire. The young guns pay a low market price, grow the business and EBITDA to a size where private equity can buy it at a higher multiple, and eventually sell it. Investors (hopefully) get the twin engines of business growth and multiple expansion to drive returns.

Historically, search funds have worked quite well. A 2022 Stanford University Center for Entrepreneurial Studies analysis of 526 qualifying search funds found the median aggregate pre-tax

internal rate of return to be 35.3%, and the aggregate pre-tax return on invested capital to be 5.2x3. In general, the young and hungry buying companies from the older and more comfortable has worked well for all parties involved.

You are probably asking, what does Irv Grousbeck's search fund model have to do with Kingsway Financial? The simple answer is that the company is formalizing and scaling the search fund model. Under the "Grousbeck" model, searchers would have to source their limited partners (Grousbeck was often an LP), create deal flow from a standing start, negotiate a transaction, and arrange financing. Each step was filled with pitfalls for the first-time searcher.

Kingsway has created their Search Xcelerator, which takes would-be independent searchers and hires them as Operators in Residence (OIR). Kingsway provides capital and dedicated resources for the OIRs to consistently generate high-quality deal flow, removing two of the largest pitfalls of a searcher. Kingsway also provides a worldclass team of advisor, which serve as our third reason for investment. To me, it is both surprising and telling who the advisors are to the search business.

Will Thorndike, the author of *The Outsiders: Eight Unconventional CEOs and Their Radically Rational Blueprint for Success*, a book with a cult following among investors, is an advisor to the Kingsway Xcelerator. Will had a long and successful career at the private equity firm Housatonic Partners and has been an investor in search funds for two decades. It is also my understanding that his family office has a very concentrated equity portfolio, which includes Kingsway (KSF). Will is incredibly knowledgeable about search funds and has a seat on the inside. He has been a part of "making the sausage" and has invested personal capital on top of his time and reputation.

Another advisor to the Xcelerator is Tom Joyce, who retired as CEO of global science and technology innovator Danaher Corporation ([DHR](#)) in 2020 following three decades at the company. DHR tripled during his six-year tenure as CEO, where he spearheaded over two dozen strategic acquisitions and two spin-offs. Even more relevant to Kingsway and their cadre of business buyers/operators, Tom is a ninja in the Danaher Business Systems (DBS), a comprehensive framework rooted in lean and kaizen principles, driving continuous improvement across operations, strategic planning, and talent development. For first-time CEOs, having access to someone like Tom Joyce is unique. Tom is also on the Board of Roper Technologies and the \$6 B Medstar Health System of the Baltimore/Washington, DC area.

The third advisor OIRs have access to is Tyler Gordy, an early searcher for Kingsway. He was CEO of PWSC, a company Kingsway bought for \$5M and sold for more than \$50M less than five years later, creating wealth for Tyler and his family and providing some of the capital to pay off Kingsway's debt. Tyler is the most successful Kingsway searcher to date, and a proof point that the model can work within the Kingsway structure.

The advisors are indicative of the quality and ambition of Kingsway's search efforts, but if the search fund strategy is going to be successful, the quality of the searchers will be the most critical element. Tom Joyce advising a potato head is not going to work.

The company currently interviews 100 searchers for each one they hire. Here is the bio of one of their searchers, which is pretty typical of this group.

I would back this guy every day of the week. Navy pilot, Harvard Business School, Head of Operations for an industrial company. I like his chances to grow a small business quickly through basic blocking and tackling.

Fortunately, Kingsway has assembled a stable of talented searchers like Paul, making Kingsway an attractive way to get into business with the Paul's of the world at scale and with liquidity.

What are the searchers buying? The acquisition criteria for Kingsway are asset-light, recurring revenue, and high margins - which happen to be the types of businesses that Greenhaven Road wants to invest in and the attributes that the successful search funds have historically invested in. The Search Xcelerator business owns seven operating businesses spread across B2B services, healthcare services, vertical market software, and skilled trades. If the model works, the OIRs should complete two or three acquisitions per year, making way for additional searchers to look for more businesses to buy.

Kingsway's run-rate-adjusted EBITDA of Kingsway is approximately \$20M, including a legacy warranty business. With a market capitalization of approximately \$220M and \$30M in net debt, we are not paying an enormous multiple for the search fund model and the upside from future acquisitions. Over time, if the acquisitions are successful, the model becomes fully self-funding with the cash flow from existing businesses funding the acquisition of new businesses.

As per the previously cited Stanford study, searchers have historically grown their businesses in excess of 35%. Kingsway underwrites to 30% per year growth, and in the case of PWSC, their successful exit, they exceeded both growth rates. One would expect the growth in revenue and earnings to be back-end-loaded since the first few years are about learning the business, transitioning leadership, and investing in people and systems. Investments like adding sales resources or expanding into new geographies typically depress short-term earnings but are worthwhile for motivated operators, even if the payoff is delayed. This dynamic of depressed earnings after purchase that inflects upwards is commonly referred to as a J-curve because of the shape.

Currently, Kingsway owns seven businesses in its Search Xcelerator with the majority purchased in the last three years. It is difficult to conclude what their growth rates will be and how atypical the PWCS experience was; to be clear, this investment works out exceptionally well with 10% growth and absurdly well with 20%+ growth.

Three positive data points from the current crop of companies are:

1. Ravix, their financial services staffing business, has nearly doubled EBITDA in 3.5 years.
2. DDI, their remote healthcare monitoring business, is on pace to double revenues within four years after adding a second location.
3. SPI, their vertical market software company became a Rule of 40 company in less than two years.

As in any portfolio, there will be strong and weak performers, but in aggregate these are very bright and motivated operators buying businesses that have been undermanaged and underinvested in. There should be low-hanging fruit.

How might this all roll up over time? How might the earnings and share price grow? Most investments come down to one or two variables that matter. For Kingsway, it will be their ability to

grow and improve the businesses they purchase. Given the wave of retirees, I have little doubt they will be able to find a couple of businesses per year to purchase. I also think they will continue to pay approximately 5X EBITDA (historically they are sub-5X), but if they end up paying 6X or 7X, it will not blow up the model.

The following chart assumes different purchase activity per year on the left side at a 5X EBITDA multiple, assumes stock is issued until the model becomes self-funding, and assumes no multiple expansion for the parent company. Most importantly, along the top are different possible organic EBITDA growth rates per year. The output is the share price at the end of five years. As a point of reference, shares currently trade at approximately \$8 per share.

KSX Organic EBITDA Growth

Acq. Ebitda	--%	5.0%	10.0%	15.0%	20.0%	25.0%	30.0%
\$4,000	\$12.12	\$14.23	\$16.71	\$19.63	\$23.05	\$27.06	\$31.7
\$6,000	\$16.41	\$19.23	\$22.53	\$26.38	\$30.85	\$36.04	\$42.0
\$8,000	\$20.70	\$24.24	\$28.35	\$33.13	\$38.65	\$45.03	\$52.3

I don't think it is unreasonable that the searchers can collectively make \$6M in EBITDA acquisitions per year (middle row) and grow them at 15% per year (middle column). This would yield a \$26.38 share price, more than a triple from today's price and a 27% CAGR. Buying more EBITDA (bottom row) and growing it faster (right columns) will yield even better returns.

As an added cherry on top, in April, Kingsway welcomed two new board members, Adam Patinkin of David Capital and Josh Horowitz. Adam is one of the most thoughtful investors I know. I think Adam can be very helpful to the company from an investor relations perspective and increase the likelihood that they maintain or expand their multiple. David Capital has a path to owning over 9% of the company. Josh owns 1.5% of the company and has a terrific track record on public boards - he is currently Board Chairman of both BK Technologies ([BKTI](#)), which has gone from \$10/ share to almost \$50/ share in his two years on the Board, and former holding of ours Limbach ([LMB](#)), which is up from \$5 /share to \$80 /share in his four years on the Board.

At the core, this is a business model/jockeys bet. For a \$225M market cap company, the board and advisors are the A-team, Delta Force. The searchers are 100% backable. The model has worked in the past. This is currently the only way for investors to get exposure to search funds at scale and with liquidity. I think the upside/downside is skewed dramatically in our favor.

Fund Name: Atai Capital Management

<https://static1.squarespace.com/static/635cafa2259a125cc55eae33/t/66326048ad9f383bf1fb87dd/1714577481158/Atai+Capital+-+Q1-2024+Letter.pdf>

Company Name: Turning Point Brands, Inc. (TPB)

Market Cap: \$1.3B

Turning Point Brands is a manufacturer, marketer, and distributor of branded consumer products. The business has three segments, which we'll discuss shortly: Stoker's, Zig-Zag, and New-Gen.

Turning Point Brands has had a somewhat hectic past with a few strategic pivots and three CEOs over the past few years. This is not a well-loved company, and many investors have gotten burned since its 2016 IPO. As a quick anecdote, nearly everyone I've spoken to seems to have a negative opinion/story about Turning Point. However, therein lies the opportunity, and we believe the company is now set up for MSD or higher consolidated top-line growth (excluding its new-gen segment) and even faster bottom-line growth.

I do want to add some additional color here. Investors who have previously lost money on Turning Point Brands usually overpaid on the back of what they assumed would be rapid growth in one of its segments. In 2018-2019, their New-Gen segment was expected to continue its rapid growth trajectory through acquisitions and organic growth, but the FDA would crack down on Vapes/ECigs, leaving this business in limbo to this day. From 2020-2021, Zig-Zag was over-earning, and investors wrongly extrapolated this growth into the future.

On the flip side, those who have had success purchasing TPB did so when the "legacy" businesses were cheap (Zig-Zag / Stoker's), and that's our thesis today as well. This is also the first time the company has strongly emphasized organic growth and isn't talking about acquisitions. TPB shifted their focus to organic growth when they brought in a new CEO, Graham Purdy, in late 2022 (whom we'll talk about more later and have spoken to many times).

Stoker's (49% of Operating Income):

Stoker's has two main product offerings (Loose-Leaf Tobacco and Moist Snuff Tobacco) and a third they are working on (FRE Nicotine Pouches).

Loose-Leaf Tobacco (~32% of segment sales):

Stoker's is the market leader in the Loose-Leaf Chewing Tobacco category; they have a low 30's market share while also being the #1 discount provider. Loose-Leaf is in secular decline, and category volumes should be expected to continue their downward trend. Loose-leaf tobacco users are mostly older and lower-to-middle class, and very few competitors are focused on this category. Because of this, Stoker's has benefitted from their strong discounted offering and has consistently taken market share each year as they continue to benefit from further consumer trade-down and competitors' general lack of focus. We believe price increases and continued market share gains should lead to Loose-Leaf seeing flattish to LSD sales declines.

Moist Snuff Tobacco (~68% of segment sales):

Stoker's has HSD market share in the Moist Snuff Tobacco ("MST") category and operates as a low-cost provider. Like Loose-Leaf Tobacco, Moist Snuff Tobacco is also in secular decline. But unlike Loose-Leaf, Stoker's has and will continue to take enough market share to offset or grow volumes while also getting the added benefit of HSD pricing each year.

Stoker's is the best discount MST you can buy, and a quick scan of tobacco-related boards/threads/reviews will generally point out that the other discount brands are inferior products to Stoker's. There is only one discount competitor worth mentioning, Longhorn - which is a deeply discounted and not well-liked MST product priced significantly below Stoker's in most markets. The better-known and higher-priced brands, such as Copenhagen, Skoal, and Grizzly, don't benefit from diluting their brands and competing for market share with Stoker's. Instead, they focus on price increases to offset their market share losses and volume declines each year.

There are also a few reasons why the more prominent brands won't start competing with Stoker's in the discount category anytime soon. Since Stoker's is a lower-cost product, it also has lower margins, and if the big guys were to start discounting their product, they would have to hope they could take enough market share to offset the substantial decline in profit dollars/margins they'd see. The large tobacco companies aren't so irrational as to shoot themselves in the foot here. While some, like Altria ("MO"), do have a few discount brands (RedSeal/Husky), they are small, lack consumer loyalty, and are losing share to Stoker's. I am not a "dipper" myself, but those who have reviewed Stoker's seemingly always rank it as the best budget dip available - plenty of dippers even like it more than Skoal, Copenhagen, and Grizzly and will make the switch once they try it. I do think it's worth mentioning that there is a surprisingly strong community/culture around both MST and Chewing Tobacco.

Furthermore, Stoker's is only in ~67% of stores by volume, so the whitespace opportunity here is real. However, they won't ever be able to get near 100% because they prefer to target high-volume stores, and a lot of lower-volume locations don't make economic sense. They are in ~79k stores today and are targeting an additional ~30k-50k locations, which should get them near 90%. However, taking advantage of this whitespace opportunity will take time as it's mostly "trenchwarfare" - Stoker's enters most of these stores individually.

Moreover, Stoker's runway for price increases is long since the big guys are unlikely to stop taking significant price each year anytime soon. Stoker's is a price follower today, but given the brand loyalty and their continued volume growth, I believe that it's likely Stoker's could continue to take HSD pricing even if the big guys were to slow down. Why aren't they taking more price then? Stoker's, for now, benefits from being a price follower because it incentivizes more customers to try the product and potentially become long-term users. If they were priced similarly to Skoal/Copenhagen/Grizz, customers would likely stick to those and not try anything new.

Additionally, each incremental price increase Stoker's takes will help expand margins since each incremental dollar mostly goes straight to the bottom line. Operating margins are in the low 40s today, while margins for Skoal and Copenhagen are north of 70%-the difference here is mostly pricing.

It seems likely that their yearly price increases, white space opportunities, and continued market share gains should lead to MST seeing HSD+ sales growth for the foreseeable future.

FRE Nicotine Pouches (De minimis % of Sales):

Plenty of investors seem to think it's too late for Turning Point to enter the Nicotine Pouch market, or I've seen others claim this product has just been a total failure since we haven't seen any growth from it yet. I don't believe either is true; Turning Point is taking a similar approach to FRE as they

did with Stoker's, targeting high-volume stores with the goal of slowly but steadily taking incremental market share over time.

While FRE is not a discounted product like Stoker's, it does offer an interesting value proposition by having a higher nicotine content per pouch than most competitors: they also have a Mega Tin offering that is similar to Stoker's Tub offering (basically a massive container of MST). Furthermore, Turning Point is currently executing a national rollout after testing the product in select markets over the past two years. This roll-out won't happen all at once and will be similar to the "Trench Warfare" seen at Stoker's. Turning Point already has relationships with plenty of these stores through Stoker's, and management seems to think they can get \$100M+ worth of the nicotine pouch pie over time - I'm not going to give them any credit for FRE just yet, and while it is a lowermargin product than Stoker's MST, it's still an attractive opportunity.

FRE also recently went semi-viral on social media (mainly Instagram) for their Mega Tins. This led to increased demand and brand awareness across all platforms, which has led to online forums now more actively talking about FRE, and reviews have been mostly positive thus far. It's worth noting that older reviews have been mixed because of "aged" inventory that was out in the market from the initial rollout two years ago (pouches get hard and crusty over time but are still safe for consumption). And since going viral in early April, they quickly sold out of Mega-Tins. It seems like there are plenty of customers lined up to purchase the product again once it's available (plenty of people across social media are asking when they will be back in stock). Given the infancy of FRE, I don't think they were prepared to meet this increased customer demand for their Mega-Tins; some regular-sized tins are still available on their website but are mostly sold out as well. While it's important not to read into this increased demand much, it's undoubtedly positive and provides a decent "proof of concept" that FRE could potentially be viable in the long term.

Wait, Aren't Nicotine Pouches Going to Cannibalize MST?

While pouches have certainly impacted MST, these pouches likely expand the oral category much more than they cannibalize it. Dipping is usually seen as a masculine, tough thing that only manly men do, and proof of this is that only LSD MST users are female. However, if you look at who is using Nicotine Pouches, ~30% of all users ARE female. It's anecdotal, but I have plenty of friends who pop these addictive white pouches constantly, and they have never or would never put a dip in. I believe it's likely that MST and Pouches serve mainly two different customers, and I don't see most MST users switching to Pouches.

Without giving any credit to FRE, I believe consolidated sales growth for the Stoker's segment will be in the MSD+ range, with operating income growing HSD for many years to come.

Zig-Zag (51% of Operating Income):

The Zig-Zag segment comprises rolling papers, wraps, cones, and Clipper lighters. All of which are primarily used in Cannabis consumption. Zig-Zag is a 150-year-old brand, and you might recognize the name from songs like "Crazy Rap (Colt 45 & 2 Zig Zags!)." It's worth noting that they don't actually own the "IP" for the papers portion of Zig-Zag but instead license the brand through what is essentially a perpetual distribution agreement that renews every 20 years (the next renewal is 2032).

Like Stoker's, Zig-Zag has an attractive white-space opportunity in its alternative channel (Headshops/Dispensaries). Pen is just HSD today, and management believes it's a ~\$100M opportunity over time. They also have room to expand their product offerings at existing stores (For example, less than 50% of stores that carry Zig-Zag papers also carry Zig-Zag cones).

One concern I've heard brought up is that as states legalize Cannabis, consumers move their consumption preference towards pre-rolls/edibles/vapes and move away from traditional rolling papers/cones/wraps. While Zig-Zag's overall market share does decline once a state legalizes, the Cannabis pie gets a lot larger, offsetting Zig-Zag's share losses. An interesting opportunity that Zig-Zag is working on with some MSOs (multi-state operators) is for an MSO's pre-rolls to be ZigZag branded. Previously, during the "Cannabis Boom" of 2020-2021, dispensaries wanted everything under their own brand/banner, but some are slowly moving away from that.

This segment was over-earning during the COVID era since everyone stayed indoors, worked from home, and thus had more time to consume Cannabis. This also led to elevated distributor inventory to meet the increased demand and avoid supply chain issues. However, the papers and wraps business has now stabilized and should be growing sequentially moving forward.

Zig-Zag has historically had an older audience, but that is changing as the company works to target a younger demographic through social media. They are also working on turning Zig-Zag into more of a lifestyle brand, recently partnering with the clothing store Zumiez, and are actively looking for other similar partnerships. These partnerships essentially function as profitable marketing for Zig-Zag.

Clipper is a Cannabis centric lighter where customers frequently use its flint system to pack Cannabis. Clipper Lighters was a brand Turning Point picked up through a distribution agreement they signed in 2022. Clipper is the #1 reusable and #2 overall lighter globally but has very little presence in North America today, controlling just a 3% share of a ~\$500M market.

There are a few main growth drivers here, so you have Clipper, E-commerce, the alternative channel, more states legalizing Cannabis, and new product introductions. I think a reasonable assumption is that these add up to Zig-Zag growing MSD going forward.

New-Gen (De minimis % of Operating Income):

This is primarily a vape distribution business that we view as nothing more than a call option. It's EBITDA breakeven, not growing, and seems likely to be divested in the coming months/years. This segment used to represent a material portion of Turning Point's business, but after FDA regulatory scrutiny, I am assigning zero value to the business. However, In the rare event that the FDA actually does its job and cracks down on the selling of illegal Chinese vapes sometime in the near future, and if Turning Point were to get PMTA approvals for some of its vape products, this segment could eventually prove to be valuable.

Putting It All Together / Final Thoughts:

We've owned TPB for over a year, and over that time, it's grown from a small starter position to a double-digit allocation for us (through both share price appreciation and several additions over our holding period). During our time as owners, we've spoken to Graham Purdy (CEO) several times, including meeting with him in person in November of last year at the Southwest Ideas Conference

over in Dallas (where we also caught up with the management teams of two of our other largest positions AstroNova and Bel Fuse). Graham has worked at Turning Point for nearly two decades and played a crucial role in building the Stoker's MST business and expanding ZigZag's product lines. Our conversations with Graham have been positive; it's apparent that he is very passionate about both the Zig-Zag and Stoker's businesses, he's not afraid to tell you about the past marketing/product mistakes he's made, and we believe the role he's played in growing both Zig-Zag and Stoker's over the years makes him an excellent fit for the company moving forward, and his performance thus far has been encouraging. We're also looking forward to meeting the new CFO, Andrew Flynn, after their first-quarter earnings call later this week.

Turning Point is going to generate a good amount of cash over the next two years and is working to address its convertible notes due in July of this year (They have ~\$120M left). After that is knocked out, the company is likely to either pursue buybacks or pay down its \$250M senior notes due in February 2026. Whichever takes priority (buybacks/debt pay down) will depend on the rate environment at that time, but I believe we likely get a combination of both starting later this year.

In conclusion, I see them doing \$105M+ of EBITDA in 2025 (2024 EBITDA guide of \$95M-\$100M) on what I consider to be reasonable assumptions. The company is already run-rating near \$100M in EBITDA today before any additional cost savings they've been working on. Zig-Zag appears to have stabilized as of the most recent quarter and should return to solid growth soon. Moreover, the continued margin expansion in the Stoker's business will help accelerate the bottom line faster than the top line, and the company has two FRE call options (pun intended) with Nicotine Pouches and New-Gen, which we aren't assigning any value to.

Given Turning Point's growth opportunities and very low cyclicality, a 10.00x EBITDA multiple (HSD FCF yield) seems fair for TPB. Using this multiple and giving no credit for incremental cash flow or working capital release gets us to \$46/ share and attractive IRRs on what we consider to be both reasonable 2025 estimates and undemanding multiples.

Fund Name: TMR Capital

<https://hedgefundalpha.com/investor-letters/tmr-capital-1q25/>

Company Name: RH (RH)

Market Cap: \$3.8B

Long Restoration Hardware (RH)

Stock went from 451 earlier this year to a low of 145 and now back to 205 from tariff/consumer discretionary spend concerns despite business re-accelerating from the largest product refresh in the company's history.

RH is a leading retail and luxury lifestyle brand operating primarily in the home furnishings market. Furniture accounts for over 65% of its revenue. They have more than 80 retail (galleries) and over 40 outlet (damaged/returned products) stores.

RH benefits from scale advantages and intangible assets as the market leader in the high-end luxury home furnishing industry.

The stock has compounded at a 18% CAGR since it went public in 2012. This can be attributed to RH's brand and premium position in the industry, as well as Garry's bold capital allocation decisions.

RH has aggressively re-invested its FCF into opening new stores, improving stores, and sales & marketing. Occasionally, when the stock became depressed, RH has executed unusually large and rapid share buybacks. RH repurchased 50% of its shares in two months in 2017. More recently, RH repurchased 1/3 of its shares from 2022-2023.

RH is experiencing the "worst housing market in 30 years" in terms of home furnishing. They have continued to invest aggressively and currently going through their largest product transformation in their history, which is driving their recent growth and market share gains. Their transformation includes:

1. A massive 80% refresh of their product lineup, the largest in the company's history. This is substantially more than their typical 15-20% refresh rate.
2. Introduction of new collections and brand extensions. The company plans to fully transition their product lineup over a 12-month period, with multiple "contacts" (product releases) scheduled throughout 2025 and much more as part of the transformation.

The transformation has already led to growth acceleration and market share gains in the recent quarter.

As the industry recovers, and RH's own initiatives take fold, revenue should grow 15-20% over the next 2-3 years while EPS grows 50%+ each year for the next 2-3 years. We think this is a multi-bagger at current prices.

Fund Name: Hinde Group

<https://static1.squarespace.com/static/5908ee641b631b40f8111cb3/t/682b984899d0b028260bcf2a/1747687497950/Hinde+Partner+Letter+2025+Q1.pdf>

Company Name: Northeast Bank (NBN)

Market Cap: \$729M

Northeast Bank is a Maine state-chartered bank with \$4.2 billion of assets and \$468 million of equity as of March 31st. Led by industry veteran Rick Wayne, Northeast Bank originates and purchases commercial real estate loans nationwide. Wayne executed a similar strategy for nearly two decades as CEO of Capital Crossing Bank, a bank he founded with a partner in 1988, took public in 1996, and sold to Lehman Brothers in 2007 for nearly ten times its IPO price.

Trump's trade war will have only indirect effects on banks in general, but indirect does not necessarily mean immaterial. Weaker economic growth will slow loan originations and increase credit losses to some extent. The creditworthiness of borrowers in industries directly impacted by

the new tariffs will deteriorate, increasing eventual credit losses for their lenders. The creditworthiness of many households will suffer too as those households struggle to maintain their standard of living in the face of higher prices. Consumer loans will perform worse than they otherwise would. Finally, any decrease in the expected path of the federal funds rate due to a weaker economic outlook could put pressure on net interest spreads and margins for asset sensitive banks.

Northeast Bank is not immune to the headwinds that Trump's trade war will create for banks, but it is well-positioned to weather them. First and foremost, Northeast Bank's loan portfolio is conservatively underwritten. The portfolio's weighted average loan-to-value ratio was 50% as of March 31, 2025. The part of Northeast Bank's loan portfolio where credit losses would most likely materialize is the unguaranteed portion of SBA loans that Northeast Bank holds on its balance sheet. The weighted average LTV for those loans was 81% as of March 31, 2025; however, those loans totaled just \$92 million and represented just under 2.5% of the overall portfolio. Even a significant increase in credit losses in Northeast Bank's SBA loan portfolio would represent only a modest headwind to the Bank's overall profitability. Northeast Bank's loan portfolio is also well diversified by collateral type, with limited exposure to loans, borrowers and collateral types most likely to be directly and materially impacted by tariffs, such as consumer loans and loans against certain types of retail properties.

Second, Northeast Bank's interest rate sensitivity is relatively neutral at the moment. In its most recent 10Q, Northeast Bank estimated that a 200 basis point parallel increase in interest rates would decrease net interest income by 0.04% in the first year, and a decrease of the same amount would increase net interest income by 1.80%. Northeast Bank could also benefit materially from a sharp fall in interest rates if a significant portion of its purchased loan portfolio were to be paid off through refinancing. Northeast Bank carried a net discount on purchased loans of \$194.6 million, or roughly \$23 per share, on its balance sheet as of March 31, 2025. The Bank would recognize that amount as a component of net interest income if all its purchased loans were to be paid off through refinancing.

Finally, Northeast Bank's management team has an incredible track record of taking advantage of the opportunities created by periods of uncertainty and disruption. If history is a guide, any negative effects that the Bank experiences from the current episode of economic disruption will be more than offset by the benefits it realizes from the opportunities Rick Wayne and his team capitalize on.

Fund Name: [Bonhoeffer Capital Management](#)

Source: [https://mcusercontent.com/2511717cdf1bae9a0638c942a/files/47539240-3ff1-f2bb-0b8b-26d814d22b8e/Bonhoeffer Partner Letter Q1 2025.pdf](https://mcusercontent.com/2511717cdf1bae9a0638c942a/files/47539240-3ff1-f2bb-0b8b-26d814d22b8e/Bonhoeffer_Partner_Letter_Q1_2025.pdf)

Company Name: **United Bancorporation of Alabama, Inc. (UBAB)**

Market Cap: **\$170M**

UBAB continues to grow and is deploying excess capital from the ECIP program buybacks, increased low- income housing loans and ongoing examination of acquisition candidates. NB is also growing its SBA loan book as well as buying orphan loans from sellers. NB's had lower than expected loan growth in its FY' Q3 results , driven by the Trump administration's changes in the

SBA loan criteria. Management expects that once the SBA criteria are adjusted, its loan levels will return to expected growth. Also in FY'Q3, the delay of bank M&A versus expectations has reduced the pool of orphan loans that NB can review. However, NB has executed its ATM equity offering in FY'Q3, which typically means NB has identified loans to buy with the equity proceeds and associated deposit growth.

Company Name: FFB Bancorp (FFBB)

Market Cap: \$234M

FFB received a consent order in January associated with its higher risk third-party ISO transaction processing customers. The consent order allows FFB to repurchase common stock and allow continued on-boarding of low and moderate risk transaction processing customers. The estimated financial impact of the consent order is a loss of about \$10 million (or \$3-\$4 per share) based upon the loss of processing fees and low-cost deposits over the next 12 months and additional compliance costs. Earlier in 2024, FFB hired a former 8-year FDIC lawyer as head of compliance. If FFB can replace the high-risk customer revenue with low or moderate risk customers or other service fees, the financial impact will be more of a one-time event versus a recurring one. The recent compliance hire should facilitate the timely resolution of the consent order. If the consent order turns out to be a one-time event, then the current price is less than eight times current earnings.

Company Name: Mission Bancorp (MSBC)

Market Cap: \$271M

CASE STUDY - MISSION BANCORP (OTCPK:MSBC)

Mission Bancorporation ("MSBC") is a community bank located in California that provides banking service to small and mid-sized businesses ("SMEs") in the Central Valley (Bakerfield and Stockton), Central Coast (San Luis Obispo) and Southern California (Ventura and Los Angeles). MSBC also originates and services SBA and FarmerMac loans. MSBC operates out of its headquarters in Bakersfield, California with nine locations in California. MSBC has organically grown in Stockton, Ventura and San Luis Obispo by hiring local banking teams from larger banks similar to ServisFirst in the South. MSBC has a subsidiary, Mission Community Development LLC, who is a designated community development thus is eligible for US Treasury incentive payments including New Market Tax Credits. The current President and CEO, Andrew Antongiovanni, was appointed CEO in 2013. He was trained as a banker at Wells Fargo and joined MSBC in 2011. Mr. Antongiovanni grew up on a farm in the Bakersfield area.

MSBC has grown EPS by almost 19% per year over the past five years and 28% over the past ten years. This growth is driven by providing commercial and commercial real estate loans which have grown by 18% per year over the past ten years and 17% per year over the past five years. MSBC's lending franchise and loan purchase generates an average loan yield of 6.1% and has organically grown loans by 17% per year over the past five years. The strong loan growth is comprised of criticized plus watch list loans of 0.7%, non-performing loans ("NPAs") of 0.03% and a loan loss reserve to NPAs of 2,413%. MSBC finances its loans through non-interest bearing and interest-bearing deposits generating a low cost of funds of 1.8%. The resulting net interest margin is 4.3% and is sustainable as funding costs will decline with declining loan yields. MSBC's largest

shareholder is its management, which holds 53% of its common stock. Historically, MSBC has generated on average mid-teens percentage of its revenue from non-interest bearing or spread activities. From 2013 to 2023, MSBC realized operational leverage from its loan growth over a slower growing fixed cost base.

MSBC was founded in 1998 in Bakersfield, California to provide banking services to the Central Valley and Coast and Southern California region. In 2012, MSBC merged with Mojave Desert Bank located in Mojave, California. In 2015, MSBC's Ag division started working with the FarmerMac program. MSBC's growth from Bakersfield/Mojave came about from organic growth (opening branches) in Ventura (2017), Stockton (2018) and San Luis Obispo (2020). In each case, MSBC recruited an experienced lending team from a bank in each community. From 2013 to 2023, MSBC's book value plus dividends increased by 15% per year and EPS grew by 28% per year. From 2022 to 2023, MSBC repurchased shares at a rate of about 0.14% per year. These repurchases partially offset the 5% yearly stock dividend MSBC provides to shareholders.

A bank productivity measure is the efficiency ratio, non-interest expense divided by total revenues. A good benchmark for efficiency is a 50% efficiency ratio. The average efficiency ratio for commercial banks in Q1 2024 was 59%. MSBC's efficiency ratio is 45% for the trailing three quarters ending Q3 2024.

MSBC has generated on average returns on equity of 17% over the past five years. This has been an increase from an average of 11% in the previous five-year period. The average incremental return on equity over the past five years has been 23%, see the calculation below. The ability to generate these returns is the result of increased efficiency, expansion in existing and new markets and providing new services like 1031 exchanges. Loan growth has been robust with 20% per year growth from 2013 to 2018 to 17% per year growth from 2019 to 2023. Below is a return on incremental equity capital ("RoIEC") analysis for MSBC:

From this analysis, the RoIEC is about 20% with an average RoE of 17%. If this level of incremental rates of return is maintained, the RoE should approach 20%. MSBC has four levers for earnings growth:

- expansion into new markets;
- new services such as 1031 exchanges;
- increased efficiency; and
- distributing excess cash by buying back shares.

MSBC has economies of scale in the service markets it currently or historically competed in (local real estate and business loans). They also have scale based upon the volume of the loans they originate; so as they grow, they should become more efficient.

Fresno/Central Valley/Central Coast/Bakersfield and Loan Market

MSBC competes in California's Central Valley and Coast and the Los Angeles area banking markets. The table below illustrates the population, income and housing price growth over the past five and ten years in the five MSAs that MSBC competes in:

These are healthy population growth rates for MSBC to provide loans into. MSBC has an \$8 billion asset and an after-tax return on assets goal of 1.6% by 2028. This translates into \$128 million net income and \$49 per share EPS goals by 2028.

Downside Protection

MSBC's risks include both operational leverage and financial leverage. Operational leverage is based upon the fixed vs. variable costs of the operations. There are economies of scale related to some functions such as loan processing and cross-selling of banking services. For banks the amount of non-interest income can provide downside protection especially if this revenue is recurring as is the case for UBAB. Over the past five years, about 15% of MSBC's revenues were from non-interest income.

MSBC's balance sheet, as of September 30, 2024 is comprised of \$305 million of cash, \$234 million of securities and \$1.226 billion of loans. The securities have \$26 million mark to market losses which should decline as the securities mature. The largest part of the loan portfolio is owner occupied commercial real estate loans (42% of loans), followed by non-owner occupied commercial real estate loans (15% of loans), commercial and industrial loans (13% of loans) and farmland loans (11% of loans).

Financial leverage can be measured by the equity/assets and CET1 ratios. MSBC has higher equity/assets of 10.9% and CET1 of 17.2% than other niche lenders (like Northeast Bank, Merchants Bank of Indiana and FFB Bancorp). The historical financial performance for MSBC is illustrated below.

Management and Incentives

MSBC's management has developed a loan origination pipeline of C&I and real estate loans over time. MSBC has been awarded the Super Premier Bank award by Findley Companies for over twenty years.

Management compensation incentives are not disclosed by MSBC but overall efficiency (including management compensation) is reasonable at 45% during Q3'24. Board members have a significant investment in MSBC. The board and management own 1.419 million shares, about 53% of shares outstanding (\$134.8 million). Stock options provided to management and employees were equal to 1.4% per year of the shares outstanding over the past three years.

Valuation

The key to the valuation of MSBC is the expected growth rate. The current valuation implies an earnings/FCF increase of 0.6% in perpetuity using the Graham formula $((8.5 + 2g))$. The historical 5-year earnings per share growth has been 28% per year and the 5-year average return on equity of 17%.

A bottom-up analysis based upon MSBC's market growth rates (California housing and business development loan markets) and historical growth rates results in an estimated 17% projected EPS growth rate driven by expected loan growth rates of 15-20% per year consistent with history. Historically, MSBC's EPS growth rate was 30% per year driven by new service offerings and new customer relationships over ten years. Using a 17% expected growth rate, the resulting current

multiple is 36x of earnings, while MSBC trades at an earnings multiple of about 8.2x. If we use a 3% growth rate, the implied multiple is 15x. If we apply 15x earnings to MSBC's current earnings of \$11.54, then we arrive at a value of \$173 per share, which is a reasonable short-term target. If we use a 17% seven-year growth rate, then we arrive at a value of \$415 per share. This results in a five-year IRR of 34%.

Growth Framework

Another way to look at growth and the valuation of companies is to estimate the EPS five years into the future and see how much of today's price incorporates this growth. We are also assuming about 7% of net income will be used for buy-backs, consistent with the trailing buyback levels. Using the same revenue described above, we arrive at a 2029 EPS of \$25.70, or 3.7x the current price. If we assume a growth bank multiple of 15x, or \$389 per share, similar to the five-year-forward valuation above of \$415 per share.

Comparables and Benchmarking

Below are the highest growth specialty banks firms located in the United States. Most of MSBC's competitors are private banks. I have ranked the banks by expected return as calculated as the sum of the earnings yield plus the earnings growth rate. Compared to the specialty banks, MSBC has one of the highest 5-year average return on equity and TBV plus dividends growth and the lowest criticized loan amounts.

Risks

The primary risks are:

slower-than-expected market growth due to slower than expected loan growth; higher-than-expected efficiency ratios; and a lack of new investment opportunities (SBA and business development loans) and/or coupled with higher stock prices making buybacks less accretive.
Potential Upside/Catalyst

The primary catalysts are:

faster-than-expected SBA and business development loan growth; and lower than expected efficiency ratios due to economies of scale.

Timeline/Investment Horizon

The short-term target is \$173 per share, which is almost 82% above today's stock price. If the continued service growth due to geographic expansion plays out over the next five years (with a resulting 17% earnings per year growth rate), then a value of \$400, an average of \$389 and \$415 derived above, could be realized. This is a 35% IRR over the next five years.

Fund Name: [Recurve Capital Partners LP](#)

<https://imoney-files.s3-us-west-1.amazonaws.com/1Q%202025%20-%20Recurve%20Capital%20-%20Letter%20to%20Investors.pdf>

Company Name: Cogent Communications Holdings, Inc. (CCOI)

Market Cap: \$2.2B

Cogent Update

Let's zoom in on Cogent, one of our worst performers year-to-date—an unfortunate and surprising fact, given the utility-like nature of its business model that almost completely dodges tariffs. Cogent is down idiosyncratically.

I have spent thousands of hours studying and researching Cogent since the Sprint acquisition was announced. At this point, I am confident that I've done enough work to validate that Cogent's new wavelength network operates and scales as advertised. Real, large customers are using it, and more are onboarding every day. What Cogent has accomplished is remarkable and unprecedented in its industry. If you want to find a company that is built differently and that builds infrastructure differently in its industry, this is a great case study.

If it's been such an amazing story, why is the stock down so much? I think there are a few primary reasons:

1. All the work has been happening under the hood and has not yet translated into acceleration. The sequencing of this effort shifted and has been communicated poorly, based on *a priori* assumptions that did not prove to be true. It was originally communicated as:
 - a. Connect the top 50 data centers to the new wavelength network (late 2023)
 - b. Start generating meaningful revenue from those (mid 2024)
 - c. Finish the next ~750 locations by YE 2024
 - d. Generate meaningful revenues (2025 and beyond)

Instead, the sequence turned out to be (*red = deviation*):

- a. Convert top 50 sites (late 2023)
- b. Realize that the top 50 sites did not provide enough endpoint breadth to generate meaningful revenues without significant customized work (realized early 2024)
- c. Focus on finishing the network by YE 2024
- d. Generate meaningful revenues (2025 and beyond)

There have been a few lessons Cogent has learned about this network project, but hopefully one of them is the danger of overpromising investors on step-change growth. The intermediary endpoints for medium-to-long-term revenue in the wavelength business likely haven't changed much, but the shape of the curve is less linear than originally hoped for and communicated.

Additionally, the company's sprint to the finish line on the network was deeply prioritized over the funnel-building efforts of the sales force. Quoting and selling wavelengths requires coordination between sales and engineering teams as they negotiate the technical parameters required by each customer. Cogent put essentially all its engineering resources behind finishing the network. Now that the growth platform is built, new business can ramp meaningfully. Building the funnel and

earning trust with customers in a new segment takes time, but we expect Cogent to grow this business very meaningfully over the coming years.

2. Because wavelength revenues have been slower to ramp as described in #1 above, the company's balance sheet looks more levered than expected. This has led some analysts to call for a deviation from or reversal of Cogent's dividend growth strategy.

It's quite an interesting fact pattern: Cogent recently raised capital against its IPv4 lease portfolio at a 6.6% interest rate, but its dividend yield is about 8%. This is highly unusual.

I believe these are the two primary culprits for Cogent's underperformance—especially recently.

We recently published a tongue-in-cheek Insight role-playing Cogent's so-called Investor Relations department for a day (no such department exists at Cogent).

Cogent is quite complex today, but it will simplify into a great secular growth story within a few quarters. We may also benefit from some asset sales in the coming months that would materially reduce Cogent's leverage, which would add fuel to the equity story. We often lean into complexity discounts today while expecting those discounts to close when the growth story becomes clean and obvious to the market.

Company Name: Wayfair Inc. (W)

Market Cap: \$4.6B

Wayfair Update

We fully exited Wayfair in May after owning it for about four years. We had given the company plenty of rope to right the ship and return to growth, but it has been unable to do so. It is hard to pin down exactly why they've been able to gain share (i.e., grow faster than the market, i.e., shrink less than the market), but not grow in absolute terms. The succinct summary is that we believe Wayfair does not have a differentiated enough value proposition to be a secular winner. It can be an "alpha" winner by slightly outperforming its end market, but it is not disruptive enough to grow through choppy periods. We were extra patient with Wayfair because of the exceptionally severe industry headwinds it faced, but enough time has passed to convince us that it is more "alpha" than "secular."

We sold Wayfair at what was likely an inopportune price during the recent tariff-induced drawdown. However, our approach is to exit whenever we lose faith instead of hoping to sell at a higher price. In truth, this process of losing faith began in the second half of 2024, and it took me a disappointingly long time to arrive here. Even though we lost money on the Wayfair investment, we certainly earned some precious scar tissue that will surely help our idea filtering and portfolio sizing processes in the future.

Fund Name: Maple Tree Capital

<https://imonkey-files.s3-us-west-1.amazonaws.com/2025%20Q1%20MTC%20Letter%20to%20Shareholders.pdf>

Company Name: Upstart Holdings, Inc. (UPST)

Market Cap: \$4.3B

Our largest position, Upstart Holdings, reported favorable Q4 results and guided extremely well for FY 2025. However, the narrative around the macro caused a rapid risk-off environment, causing Upstart to fall significantly. The market still perceives Upstart to have more macro risk than it does, which we will touch on shortly. This market pessimism has continued into Q2 and has impacted our results.

We significantly increased our investment in Upstart, our largest holding, this quarter, following an exceptionally strong Q4 earnings report. In fact, we boosted our position by 12.67%, a significant size increase considering it was already our biggest position.

Let us be clear, our conviction in Upstart is unwavering. While shares have fallen roughly ~60% since February, our conviction has only grown. We took advantage of the market's pessimism and significantly added to our stake both in Q1, and in the start of Q2. Upstart reported \$219 million in Q4 revenue, smashing its own \$180 million guidance, topping Wall Street's \$182 million estimate, and exceeding our internal forecast of \$200 million.

More importantly, Q4 solidified that the Upstart comeback story we've been sharing with you all is in full force. Upstart is executing at a high level against an unfavorable macro backdrop while the market continues to underestimate the strength of its recovery. This only ends one way.

Upstart guided for \$200 million in Q1 revenue and \$1 billion for full-year 2025, both far ahead of consensus but in line with our expectations. Importantly, this guidance assumes no additional rate cuts and a flat UMI (Upstart Macro Index). With the recent macro developments surrounding tariffs, rate cuts are all but certain this year. The question then becomes the performance of Upstart's loans and UMI, which remain unknowns.

We feel confident, much more than the market, that Upstart's latest AI model enhancements, including m18 and m19, set the company up well to execute in this newly unfavorable environment. This parallels nothing similar to 2022, which Upstart CFO Sanjay Datta called "a nuclear winter" for credit.

Shortly after earnings, our founder Henry interviewed Upstart CFO Sanjay Datta for the second time in less than a year. In that conversation, Sanjay reaffirmed many of the core beliefs that underpin our thesis: Upstart is operating with a lean cost structure, its operating leverage is far greater than analysts appreciate, and that the business is structurally stronger than it has ever been.

Upstart's capital base is now significantly more durable than in prior years. Over 50% of funding now comes from long-term, committed capital. This is a major shift from the "at-will" capital structure that contributed to its drawdown in 2022. Additionally, Upstart continues to deepen its network of risk-sharing partnerships, which offer significant net interest income upside and attracted \$1.3 billion in new commitments during Q4 alone.

Upstart is also expanding horizontally. Small Dollar Loans now represent over 13% of new borrowers and continue to post strong credit performance. HELOC originations have surpassed 1,000 loans with zero defaults, are live in 36 states, and are positioning Upstart to eventually enter the purchase mortgage market, which has a massive long-term TAM. Auto, while still early, is expected to become a meaningful contributor to the P&L by 2026.

Analyst upgrades followed quickly, with price targets from Piper Sandler, Citi, Mizuho, and others now clustering north of \$100. But we believe the re-rating has only just begun. Upstart remains one of the most misunderstood growth companies in the market, and our belief in its long-term potential is stronger than ever.

Company Name: Lemonade, Inc. (LMND)

Market Cap: \$2.2B

Lemonade reported phenomenal earnings, continuing to demonstrate extreme operating leverage and a compelling roadmap for new products. Despite this, the risk-off environment seen in March caused shares to fall sharply from their post-Investor Day high of \$53.

Company Name: Grindr Inc. (GRND)

Market Cap: \$4.6B

Grindr reported fantastic earnings in early March, demonstrating their strong margins and free cash flow generation. They extinguished outstanding warrants and have set the stage for durable profitability in the years to come. Additionally, they announced a \$500m share repurchase plan, serving as further confirmation this business is capital light with high margins and high growth. Grindr shares have been a durable and stable portion of the Jonagold portfolio and we have no plans to unload our position anytime soon.

Company Name: Krispy Kreme, Inc. (DNUT)

Market Cap: \$503M

We have undoubtedly been wrong on Krispy Kreme. Since we started our position in March, the stock has gone down, vertically. And, on top of that, we initiated this in size. A pure double whammy to the downside, and the most significant negative impact on our performance.

While the McDonald's rollout has been slower than expected, Krispy Kreme still has that deal in place, with a very strong national brand. The stock is caught up in recession fears, high debt, and Ozempic fears adding fuel to the fire. Short sellers have gotten particularly interested in this stock, and a cyber-attack that occurred in Q4 caused Krispy Kreme to miss its sales and profitability estimates, further sinking shares.

We think that while these headwinds are real, the stock has been punished far too much. This is a kitchen sink. At face value, Krispy Kreme still has a balance sheet that is solvent, with a strong national brand, growing domestic and international presence, and a huge deal lined up with McDonald's. They continue to see heavy brand engagement and deliver a superior product that consumers love.

The stock currently trades at roughly 20x 2026 earnings estimates. While the story has soured since we purchased the stock, we believe it has corrected too far to the downside. We may exit the position at a loss in the future if 2025 does not bear fruit from the McDonald's partnership.

Company Name: Academy Sports and Outdoors, Inc. (ASO)

Market Cap: \$2.7B

ASO has been hit hard from the recent Trump tariffs, but what retailer hasn't? Undoubtedly, tariffs are bad for retailers and will hurt ASO's business. However, our original thesis is still intact and has always been the same.

Academy is struggling to currently grow sales as the sports and outdoors segment has not been doing as well post-COVID. In other words, that segment of the market was trendy. Academy now faces challenges in growing same store sales, but at the same time they have a solvent balance sheet, trading at TTM earnings of 6.3x and FWD earnings of 6x.

Any revenue growth here has the potential to result in a huge re-rating. Academy continues to buy back stock and return capital to shareholders in the meantime.

Company Name: Uranium Energy Corp. (UEC)**Market Cap: \$2.2B**

As we write this, President Trump just signed an executive order suggesting the use of coal to power the energy needs of data centers. Just today – uranium imports from China were also restricted.

UEC stands alone as the only American uranium energy company that has the potential to be a leader in powering the nuclear energy needs of America. UEC currently trades as a proxy to Uranium's spot price, but once a clear use case becomes more evident, the market should appreciate the infrastructure and pipelines they have developed.

Fund Name: McIntyre Partnerships

<https://hedgefundalpha.com/investor-letters/mcintyre-partnerships-1q25/>

Company Name: Veradigm Inc. (MDRX)**Market Cap: \$476M**

Strictly speaking, MDRX is not a new position. The fund had a large gain in the stock last year, and we have maintained a small position even after exiting the bulk of our position last spring. However, as we significantly resized our position in the first quarter, I am updating our thesis. Given our previous involvement, I will keep my remarks brief.

MDRX shares fell ~50% in Q1 as a result of a failed sales process. I am typically cautious around failed deals. If no one else wanted it, why should I? However, I was not surprised the deal failed, as I have always felt a deal was unduly complicated due to MDRX's lack of audited financials.

This is precisely why I sold our position, despite positive press reports and deal math that could theoretically support a healthy takeover premium in the low-to-mid teens when the stock was \$9. I do not believe those leaks, nor that math is wrong. I simply believe MDRX must get current on its financials and relist before selling the company.

To that end, MDRX finished its restatement and finalized its 2022 10-K in late March, which it published along with updated results for the past two years and 2025 guidance. However, the stock is still delisted and will not be able to relist until it publishes its 2025 10-K next year.

I believe the path forward is relatively straightforward: finish the audits, relist the shares in 2026, and then look to return cash to shareholders and/or sell the company if the market does not properly value it.

MDRX is presently \$4 with \$1/sh. in net cash, \$1/sh. in other investments, and should generate \$0.50–\$0.70/sh. in adjusted FCF in a normal year. In a deal with a strategic buyer, I believe \$120MM in synergies, or 20% of sales, could be achieved. This would add another \$1/sh. in FCF.

Once MDRX relists, I believe this math supports a takeout over \$10. If not, I am happy to indefinitely collect our ~30% FCF/EV yield on a stable, sticky healthcare software business.

Company Name: Sotera Health Company (SHC)

Market Cap: \$3.4B

Take, for instance, the surprising YTD divergence between SHC and GTX. From a fundamental perspective, SHC's business is far less cyclical than GTX's. You would be hard-pressed to find someone who would seriously claim that, if they lost their job, they would skip out on emergency room visits and instead buy a new car.

Given this dynamic, if at the start of the year I told you, "I think Trump's tariffs will shock and scare everyone, and the market will crash. As a result, I'm going to double our position in the auto parts supplier which has historically had 2x beta and sell the healthcare company that has grown through every previous economic cycle for the last 20 years," I think you would have quietly nodded and then told your friends, "Chris has lost his mind." Yet that is precisely what happened.

As of the end of April, when the Russell 2000 Value was down 12% YTD, SHC was down 16% while GTX was up 2%. One could logically ask if SHC missed earnings or had negative legal news; however, I do not think that lowering guidance by 0.5% explains such a negative reaction, and to the contrary SHC has settled ~25% of its remaining cases for a small sum so far this year.

All the more contradictory, SHC and GTX are both duopoly businesses, and the other sides of their duopolies, STE and BWA, respectively, are actually behaving as I would have expected. At the end of April, STE was up 8% YTD and BWA was down 11%.

Taking a step back, it frustrates me greatly that SHC, our largest position entering the year, has not behaved as I anticipated it would in the event of a market selloff. SHC's lower cyclical risk is a significant reason why I have been comfortable maintaining a large position, and I had hoped it would provide a degree of stability.

Over time, if the US economy does enter a recession, I still expect SHC's durable growth to eventually result in outperformance, but this investment logic cannot help in a rapid market decline.

Fund Name: Goehring & Rozencwajg

<https://4043042.fs1.hubspotusercontent-na1.net/hubfs/4043042/Content%20Offers%20%28commentaries%29/2025%20Q1%20Commentary/2025.Q1%20GR%20Market%20Commentary.pdf>

Company Name: W&T Offshore, Inc. (WTI)

Market Cap: \$205M

Investor reluctance has weighed heavily on crude itself. Adjusted for inflation, West Texas Intermediate ([WTI](#)) ended April below the depths of the Global Financial Crisis and at parity with the February 2016 trough. Since 2002, only once-April 2020, in the nadir of the COVID collapse have real oil prices been meaningfully lower. These levels have often marked key turning points over the last two decades, with prices typically finding their footing and moving higher thereafter.

FIGURE 3 Commitment of Traders - Speculator WTI Net Length

Source: Bloomberg. By another measure-one less often cited but deeply revealing-oil has rarely looked cheaper. At the end of April, a single ounce of gold could buy 56 barrels of crude, the second-highest reading on record. For context, over the past 35 years, the gold-to-oil ratio has averaged 17 barrels per ounce and has remained below 25 nearly 85% of the time. Even during the market chaos of March 2020, when COVID lockdowns brought demand to a standstill, the ratio only just crossed 40 barrels. It would briefly surge to 90 the following month, but that spike, like the moment itself, was fleeting.

FIGURE 4 Real WTI Oil Price (Year 2020 USD)

The implications are more than academic. Since 1990, the median forward 12-month return for spot WTI crude has been about 4%. But when oil has traded at these kinds of relative discounts-when an ounce of gold buys more than 25 barrels-that median return has jumped to 30%. Conversely, when the ratio has dipped below 20, WTI's forward performance has tended to be negative. In other words, when oil is this cheap, history suggests it rarely stays that way for long.

Fund Name: The Gabelli ABC Fund

https://gabelli.com/wp-content/uploads/2025/05/WEB_OEF_1Q25.pdf

Company Name: Cavco Industries, Inc. (CVCO)

Market Cap: \$3.7B

Cavco Industries, Inc. (NASDAQ: CVCO) designs, produces, and retails factory-built homes primarily in the United States. It produces park model RVs, vacation cabins, and factory-built commercial structures, including apartment buildings, condominiums, hotels, workforce housing, schools, and housing for United States military troops. Further, it provides conforming and non-conforming mortgages and home-only loans to purchasers of various brands of factory-built homes. Additionally, the company offers property and casualty insurance to owners of manufactured homes.

Company Name: Herc Holdings Inc. (HRI)**Market Cap: \$3.5B**

Herc Holdings Inc. (0.3%) (HRI – \$134.27 – NYSE), based in Bonita Springs, Florida, is the third largest equipment rental company in the United States. HRI was spun out of former parent Hertz on June 30, 2016. Underemphasized as part of a significantly larger car rental company, HRI has worked for the past three years to put its operating metrics in line with larger, better known peers such as United Rentals. The company is well positioned to generate considerable cash as the U.S. equipment rental market grows over the next several years. Additionally, management e-orts to improve profitability metrics to more closely align with its larger peers could result in valuation multiple expansion. The company’s recent announcement that it would be acquiring H&E Equipment Services in a cash and stock deal should enable the company to continue to expand its specialty rental offerings in fast growing U.S. markets.

Company Name: Modine Manufacturing Company (MOD)**Market Cap: \$4.7B**

Modine Manufacturing Company (NYSE: MOD) is a distributor of thermal management solutions to diversified markets and customers. The company provides engineered heat transfer systems and heat transfer components for use in on- and o-- highway original equipment manufacturer (OEM) vehicular applications, primarily in the United States. It offers powertrain cooling products such as engine cooling assemblies, radiators, condensers, and charge air coolers, and auxiliary cooling products, including power steering and transmission oil coolers.

Company Name: Nathan's Famous, Inc. (NATH)**Market Cap: \$414M**

Nathan’s Famous, Inc. (0.9%) (NATH – \$96.38 – NYSE) based in Jericho, New York, is a franchisor and operator of restaurants under the Nathan’s and Arthur Treacher’s brands, as well as a licensor of its brands for retail food products. It generates revenue and earnings from company-owned restaurants, franchisee fees, branded menu royalties, and license royalties from food products sold at retail. Nathan’s reported better-than-expected financial results for its fiscal third quarter ended December. Also, during the quarter, the management of Smithfield Foods, a key partner and supplier to the company, highlighted the importance of the Nathan’s brand to its national retail strategy. Lastly, a Financial Times article reported that Nathan’s is in preliminary talks to put itself up for sale, which could serve as a catalyst to unlock value for shareholders.

Company Name: Option Care Health, Inc. (OPCH)**Market Cap: \$5.1B**

Option Care Health (2.0%) (OPCH – \$34.95 – NASDAQ) Option Care Health is the largest independent provider of home and alternate site infusion therapy services in the United States, delivering advanced intravenous treatments for acute and chronic conditions. With over 40 years of experience, it offers customized care plans, cutting-edge medications, and nursing support to improve patient outcomes while reducing hospitalizations. Option Care outperformed in Q4, with

top-line growth of ~20% and gross profit expansion of 9%, increasing 2025 guidance. Management has historically outperformed guidance, and we have confidence that they can execute on their 2025 targets. We have a PMV of OPCH of \$38.

Company Name: Blackstone Mortgage Trust, Inc. (BXMT)

Market Cap: \$3.2B

Blackstone Mortgage Trust Inc. (5.6%) (BXMT – \$20.00 – NYSE) is a leading real estate finance company specializing in originating senior loans collateralized by commercial properties across North America, Europe, and Australia. As a subsidiary of Blackstone, the largest global owner of real estate, BXMT benefits from extensive market knowledge and deal flow. Management has noted that liquidity has returned to the real estate market, and believes we are in the midst of a recovery. BXMT continues to return capital to shareholders through strategic buybacks as well as their dividend of \$1.88 or a current yield of 9.4%.

Company Name: Applied Optoelectronics, Inc. (AAOI)

Market Cap: \$993M

The top detractors in the quarter were Applied Optoelectronics, Inc. (0.2%) and Havard Bioscience, Inc. (0.3%). Applied Optoelectronics is an integrated provider of fiber optic networking products. The company is pursuing multi-year DOCSIS 4.0 network upgrades in cable television infrastructure and 400G data center products. It formed a strategic partnership with Microsoft for the development of 400G products, including exposure to artificial intelligence infrastructure. It is planning to make a large capex investment of \$150 million in 2025 to build manufacturing capacity. It reported December quarter sales in line with its guidance and its shares declined 58% on the back of a sell-off in data center/AI exposed stocks. NVIDIA's plans to scale AI architecture using CPO (co-packaged optics) may present long-term revenue headwinds as the industry transitions from transceivers to CPOs. The company issued 7.9 million warrant shares to Amazon in March 2025, of which 1.3 million vested immediately on issuance, and with the remainder exercisable at \$23.69.

Company Name: Gencor Industries, Inc. (GENC)

Market Cap: \$197M

Gencor Industries Inc. (0.7% of net assets as of March 31, 2025) (GENC – \$12.16 – NYSE) designs, builds and sells equipment and materials used for the production of asphalt and highway construction machines. Shares appreciated during the quarter as its fiscal second quarter results outpaced expectations; Gencor reported over 30% sales and earnings growth. Additionally, its backlog rose to over \$50 million, a favorable indicator as it benefits from large scale highway and infrastructure projects associated with the 2021 Infrastructure Investment and Jobs Act.

Company Name: Strattec Security Corporation (STRT)

Market Cap: \$209M

STRATTEC Security Corp. (1.3%) (STRT – \$39.46 – NASDAQ) designs and manufactures access systems and security solutions such as key fobs and power lift gate systems for vehicles. Shares

appreciated following the release of its June results, which reflected growth across new products and pricing that contributed to higher margins. In June, STRATTEC named a new CEO, Jennifer Slater, who is undergoing a comprehensive review of the business, which we expect to conclude with a new operating strategy and financial targets. To date, Ms. Slater has identified several areas for operational efficiency improvements that should help drive greater profitability and gross margin predictability for the company.

Company Name: Anterix Inc. (ATEX)

Market Cap: \$503M

Anterix (3.0% of net assets as of March 31, 2025) (ATEX – \$36.60 – NASDAQ) is a wireless communications company focused on commercializing its spectrum assets to enable its targeted utility and critical infrastructure customers to deploy private broadband networks, technologies, and solutions. In February, ATEX announced that after receiving inbound interest in the company, it has engaged Morgan Stanley as its financial advisor to support a formal strategic review process.

Company Name: GATX Corporation (GATX)

Market Cap: \$5.1B

GATX Corp. (3.0%) (GATX – \$155.27 – NASDAQ) leases, manages, and remarkets assets in the rail and spare engine leasing markets in North American and internationally. North American railcar leasing is its largest business, along with a moderately sized European leasing business and a growing presence in India. Engine leasing, which has benefited from the recovery of international travel and delays in new widebody production, includes a 50/50 spare engine leasing JV with Rolls Royce and directly owned spare engines. GATX is the best-in-class railcar lessor. It has an industry high NA leasing utilization of 99% and leading renewal success rates, a function of its railcar mix, strong commercial organization, and maintenance capabilities. While lease rates have plateaued at healthy levels, fleet values continue to increase, given an older stock of railcars and a tighter market following years of heavy scrapping. Tari-s may limit or lift costs of new railcar production and higher steel prices may further lift secondary market values. Meanwhile, international rail and engine leasing should remain growth drivers.

Company Name: ALLETE, Inc. (ALE)

Market Cap: \$3.7B

ALLETE Inc. (1.6% of net assets as of March 31, 2025) (ALE – \$65.70 – NYSE) is a utility company serving 150,000 residents across Minnesota and Wisconsin. On May 6, 2024, the company signed an agreement to be acquired by a consortium of investors, including GIP and CPP Investments, for \$67 cash per share or a \$3.9 billion total deal value. The deal is still on track to close in the middle of 2025, subject to approval from the Minnesota Public Utility Commission.

Company Name: Southern First Bancshares, Inc. (SFST)

Market Cap: \$293M

SouthernFirst Bancshares, Inc. (1.4%) (SFST – \$32.92 – NYSE) is a bank holding company based in Greenville, South Carolina, with \$4 billion in assets and 12 branches located in South Carolina (8), North Carolina (3), and Georgia (1). The company has an impressive long-term track record, having grown TBV at an annual rate of approximately 12% over the last ten years, while maintaining strong credit quality (0.3% non-performing loan ratio; and 0.2% 30+ day delinquency rate). SouthernFirst has weathered the recent regional bank crisis well, with deposits increasing by 34% over the last three years and virtually no net charge-o-s. The company has managed its investment securities portfolio prudently, with only a \$15 million unrealized loss as of December 31, 2024, and no securities classified at Held to Maturity. The common stock trades at a 19% discount to TBV (\$40.47)

Company Name: Atlanta Braves Holdings, Inc. (BATRA)

Market Cap: \$2.5B

Atlanta Braves Holdings Inc. (15.2% of net assets as of March 31, 2025) (BATRA – \$40.01 – NASDAQ) primary assets are the Atlanta Braves baseball club and the mixed-use real estate development known as “The Battery” surrounding Truist Park. The Braves, founded in 1871, are the oldest continuously operating professional sports franchise in the nation with fans across the Southeastern U.S. The team has recently reclaimed much of its prior success and are reigning 2021 World Champions. Long term, team values should be supported by growing media revenue and the growth of recently legalized sports betting. Formerly a tracker stock of Liberty Media Corp., in July 2023 Liberty split-o- the Braves as asset-backed company, which should facilitate an eventual sale.

Company Name: H&E Equipment Services, Inc. (HEES)

Market Cap: \$3.4B

H&E Equipment Services Inc. (2.2%), a provider of equipment rental services to heavy construction and industrial end users, agreed to be acquired by Herc Holdings for \$78.75 cash and 0.1287 shares of Herc common stock, which valued the deal at \$102.60. The deal is subject to H&E shareholder and regulatory approvals, and is expected to be completed in the second quarter of 2025.

Fund Name: Wasatch Micro Cap Fund

<https://wasatchglobal.com/wp-content/uploads/strategy-and-fund-documents/Micro-Cap-Fund-Commentary.pdf>

Company Name: Bowhead Specialty Holdings Inc. (BOW)

Market Cap: \$1.2B

Bowhead Specialty Holdings, Inc. (BOW) was the second-largest contributor to performance. Bowhead is a specialty lines insurance group focused on providing casualty, professional liability and health-care liability insurance products. The company announced stronger-than-expected earnings in February and expects to grow its top line by 20% in 2025. The stock responded positively to those solid fundamentals

Company Name: EZCORP, Inc. (EZPW)

Market Cap: \$818M

Another contributor to performance was EZCORP, Inc. (EZPW), a provider of pawn services and loans in the U.S. and Latin America. As a defensive stock, EZCORP was one that investors gravitated toward given its countercyclical demand. As discretionary income shrinks, EZCORP can be source of consumer credit. Additionally, the company recently announced the issuance of convertible senior notes in order to more favorably restructure its balance sheet

Company Name: Weave Communications, Inc. (WEAV)**Market Cap: \$720M**

Weave Communications, Inc. (WEAV) was a top detractor from Fund performance during the quarter. While investors reacted negatively to what we consider to be conservative guidance for 2025, we continue to have conviction in Weave's long-term growth potential. Weave offers an engagement software solution for dental offices and is expanding beyond its core clients to serve other medical practices and small businesses. It is also expanding vertically via Weave Payments, which helps improve customers' revenue cycle management.

Company Name: Xponential Fitness, Inc. (XPOF)**Market Cap: \$293M**

Boutique health and wellness franchisor Xponential Fitness, Inc. (XPOF) also detracted from performance. While its Club Pilates brand is healthy and profitable, other brands are not delivering sufficient economics for its franchisees to prosper. We exited our position in the quarter.

Company Name: Addus HomeCare Corporation (ADUS)**Market Cap: \$2B**

Addus HomeCare Corp. (ADUS) was another notable detractor to performance during the quarter. We believe the headline news of potential Medicaid cuts by the Department of Government Efficiency (DOGE) pressured many health-care stocks, such as Addus. However, the company provides much needed personal-care services in the home and is more efficient than inpatient care. The company's services also reduce readmittances. For these reasons, we think it can withstand potential Medicaid cuts and deliver strong growth.

Fund Name: Kathmandu Capital

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Company Name: GigaCloud Technology Inc. (GCT)**Market Cap: \$682M**

Tariffs on China were a dominant theme this quarter, with the unexpected U.S. tariff on Vietnam casting a wave of uncertainty over the furniture industry. Many Chinese suppliers had been routing shipments through Vietnam, raising concerns about broader supply chain impacts.

That said, we believe the company remains significantly undervalued and is well positioned to outperform peers. With a strong balance sheet relative to others in the industry, it has the financial flexibility to navigate the disruption and potentially capitalize on the current environment by acquiring weaker competitors and consolidating market share.

Company Name: Seaport Entertainment Group Inc. (SEG)

Market Cap: \$251M

We recently revisited the Seaport District—our first visit in nearly six months—and found that signs of operational improvement remain limited. The logistics of the space are still disorganized, and little meaningful progress has been made.

We initially viewed this as a potential quick-turnaround special situation, expecting management to monetize the adjacent vacant land and execute on quick-win operational improvements. Unfortunately, that has not materialized. As a result, we exited the position after the first quarter to pursue better opportunities.

Fund Name: Tourlite Capital

<https://static1.squarespace.com/static/61a421852b6f1364f41b2553/t/683601cf1d0fe5241914ca95/1748369871364/Tourlite+2025+First+Quarter+Letter.pdf>

Company Name: Sable Offshore Corp. (SOC)

Market Cap: \$2.9B

Since our last letter, Sable, an exploration and production (E&P) company, has made substantial progress in restarting operations at the Santa Ynez Unit, an offshore asset acquired from Exxon that had been offline since a pipeline spill. Notably, the California Coastal Commission (CCC) has retreated from its previous attempts to exert what we believed were unjust authority over Sable, who is now pursuing \$268 million in damages from the CCC for lost revenue.

As of May 18th, Sable has completed all required repairs outlined in the Consent Decree governing the onshore pipeline restart. Seven of the eight pipeline segments have successfully passed hydrotesting, and production has resumed from six wells at the Santa Ynez Unit. Management expects oil sales to begin in July. Encouraged by strong early results, Sable has also revised its 2025 guidance, doubling projected daily production while simultaneously lowering lease operating expenses.

Company Name: FTAI Infrastructure Inc. (FIP)

Market Cap: \$670M

Despite the year-to-date share price performance, we are very optimistic as FIP should experience a positive inflection in fundamentals and cash flow over the next 12 months. As these catalysts play out, we believe there could be over 100% upside to FIP current share price of ~\$5.

FIP is approaching a fundamental inflection point. After years of groundwork, the company is poised to more than double earnings, with run-rate EBITDA expected to hit \$300 million by year-end. There are several upcoming events such as new contracts and refinancing opportunities that could unlock meaningful value. In addition, FIP has multiple levers for growth including 1) datacenter development at Long Ridge this year, 2) incremental contracts at Jefferson, 3) a robust M&A pipeline at Transtar, and 4) further progress at Repauno with phase 3 permitting and phase 2 commencing operations in 2026.

FTAI Aviation

We believe FTAI has multiple positive catalysts in the coming months, including PMA approval and continued progress on its Strategic Capital Initiative (SCI). Through its first SCI fund, FTAI raised \$4 billion in debt and equity to acquire mid-life aircrafts, targeting a \$30 billion market opportunity as lessors look to offload older assets in favor of newer models. FTAI has become a go-to buyer for these transactions, and under this structure, it also secures the associated engine maintenance contracts and is expected to contribute approximately \$200 million in incremental annual aerospace EBITDA by 2026 once fully ramped.

In January 2025, FTAI was targeted by a short report alleging that it is merely a leasing company disguising itself as an aftermarket business through questionable accounting practices. We strongly disagree. In our view, FTAI is a value-added aftermarket maintenance business that adheres to industry-standard leasing accounting. Notably, the report failed to mention the SCI, which we believe is a transformative driver of long-term value.

Given the recent pullback in stock price, the overlooked value of SCI, and multiple upcoming catalysts, we believe FTAI is well-positioned for continued outperformance.

Fund Name: Long Cast Advisers

<https://static1.squarespace.com/static/581274a0f5e231316b7c8224/t/6841d6f93889fc229f5eb480/1749145337440/1Q25+letter.pdf>

Company Name: Research Solutions, Inc. (RSSS)

Market Cap: \$90M

Of our material positions, RSSS looks on its surface to be most vulnerable to executive orders cutting funding to research and science since it serves that industry. The company also faces headwinds from difficult year over year comparisons given that it has fully “lapped” the Scite acquisition, which has been a tremendous driver of recent growth and cash flow. (Last year, revenues grew 90%. They will certainly grow more slowly this year.)

Our concerns are offset by the long-term opportunities, which I think reasonably puts it within high probability of a five year double. The management team is capable and experienced. Since January,

the company has been investing to re-align, re-organize and re-train its sales force around new Scite features. These efforts are already visible on the income statement via the recent step up in gross profit and more dramatically on the balance sheet via new highs in deferred revenues, which represents expected future sales. Cash operating costs have grown slower than gross profit – a sign of managerial acuity - and importantly, the company has substantial NOL's (generated under prior management) that will shield profits for several years.

The largest player in the space is Clarivate ([CLVT](#)), which has a \$3B market value and \$4.2B in net debt. Its margins are best in class but it also has the highest prices in the space and therefore is arguably more at risk in an industry downturn. If RSSS can peel customers from the incumbent with an equal but lower priced offering, it can outgrow the overall space.

The time to own stocks is when the markets are fearful. At current prices the stock is trading at 15x EBITDA, implying cautious expectations for a SaaS company with \$20M in ARR, and growing. We could see some turbulence given potential for near term volatility but for patient investors, I see high potential for +15% IRR.

Company Name: CoreCard Corporation (CCRD)

Market Cap: \$237M

CCRD, our third biggest detractor in 1Q25, has already reversed those losses and is likely to be a top contributor in 2Q25. I believe that pathway remains firm for CCRD, which has the tailwind of easy comps driven by the re-priced Goldman Sachs contract as well as growing traction with new customers. Even at \$30, it would trade at just 15x trailing EBITDA multiple.

Fund Name: [Argosy Investors](#)

<https://us17.campaign-archive.com/?u=b31fc288ff34d8bcaac5a79ef&id=8e3d6bc3d1>

Company Name: Allient Inc. (ALNT)

Market Cap: \$576M

Allient (ALNT) the stock has been punished in the stock market far more than its own business has been. The cash flow generated by the business is significant relative to the enterprise value of the business, at a 15%+ FCF yield, and I believe ongoing plant consolidation efforts will result in higher future margins when the business emerges from a post-COVID slump. Many of its customers benefitted from the pandemic, whether it was industrial automation manufacturers or medical pump manufacturers who helped keep people alive on respirators. Like many businesses in the post-COVID world, there has been a noted slowdown even among best-in-class operators. Allient is yet another casualty of this phenomenon, but management's expectation is revenue and profit growth will resume later in 2025. I remain excited about this investment and management team, as they integrate many recent acquisitions and will come out the other side a stronger company.

<https://us17.campaign-archive.com/?u=b31fc288ff34d8bcaac5a79ef&id=82a1e6f8a9>

Company Name: Trisura Group Ltd. (TRRSF)

Market Cap: \$1.4B

I decided to trim Trisura during the quarter for predominantly portfolio management reasons, as it was a large percentage of many portfolios. Additionally, the company has expanded rapidly in recent years and while its multiple has contracted back to a level that I find reasonable, its underwriting has been a bit troubling in recent years with continuous negative reserve development for multiple years. The company needs to correct this trend and we believe is aggressively working on this, as their underwriting quality is key to the success of the business.

Company Name: Hovnanian Enterprises, Inc. (HOV)

Market Cap: \$611M

We also purchased shares in Hovnanian Enterprises (HOV), a homebuilder with a checkered history going back to the Great Financial Crisis, when the business almost went bankrupt. HOV's debt load stood at \$2.2B in 2008, and through a combination of dilutive equity offerings in 2008 and 2011-12 plus cash from operations, the debt load has been reduced to ~\$0.9B. With a still-high \$91MM interest and a ~10% interest rate, which is a 200-300bps premium to similar peers, there is still opportunity for improvement. In other words, this represents a \$14MM (\$2.00 per share) after-tax opportunity without any further improvement in the business. I purchased HOV for 3.2x last-twelve-months earnings, and believe that HOV could trade at a 10x multiple on a through-the-cycle earnings. Based on the price volatility in the stock, the market is not currently giving HOV credit for its balance sheet improvement, which could be a trigger for the valuation multiple to improve.

Fund Name: Donville Kent Asset Management

Source: <https://donvillekent.com/wp-content/uploads/2025/06/DKAM-ROE-Reporter-June-2025.pdf>

Company Name: Valhi, Inc. (VHI)

Market Cap: \$436M

VitalHub recently reported a phenomenal quarter. In addition, their acquisition of Induction is set to close ahead of schedule, which will increase VHI's revenue by ~30%. Also, factor in their large cash balance and no debt, we expect additional M&A imminently. The stock price was weak in May, and we heard a few "reasons", but they were all just trying to fit a narrative to the stock price. We have been using the pullback in the stock as a buying opportunity.

Since day one of meeting VHI, they have executed extremely well and like similar long-term compounders, the exponential growth doesn't get the respect it deserves. If VitalHub doesn't get acquired along the way, we can see them becoming our next 100-bagger, which seems like an aggressive statement, but the systematic math supports it.

Company Name: Propel Holdings Inc. (PRLPF)

Market Cap: \$944M

Propel's growth continues to be impressive as they expand their product offering as well as geographic reach. Their capital allocation decisions have done a great job balancing top line growth with growing profit margins as well as increasing their dividend.

Company Name: Zedcor Inc. (ZDCAF)

Market Cap: \$262M

We've included a simplified financial model of Zedcor below. They recently started to breakout Canadian versus US operating groups in their financials. This is notable because the Canadian business is more established and "built-out" while the US business is in "expansion" mode. The Canadian business grew 40% in Q1 2025 with +60% EBITDA margins!

As the business scales across the US, overall profit margins of the business should continue to grow, so earnings should grow at a much faster clip than revenue.

Our model focuses on Cash Earnings, which is cash the business generates that can be re-invested back into the business at +40% IRRs. The accounting treatment of depreciation versus the reality of necessary maintenance capital expenditures is an adjustment that needs to be made in order to get real cash earnings.

Fund Name: Macquarie Mid Cap Growth Fund

Source: <https://mim.fgsfulfillment.com/download.aspx?sku=COM-I-1815>

Company Name: Boot Barn Holdings, Inc. (BOOT)

Market Cap: \$5B

Boot Barn Holdings Inc. (BOOT), an off-benchmark holding specializing in western and work-related footwear, apparel, and accessories, significantly underperformed in the first quarter after announcing solid prior quarter results. The stock appears to be trading down due to the uncertainties in and around potential tariffs on Mexican-sourced boots as well as Chinese material imports.

Fund Name: Voya Small Company Fund

Source: <https://advisors.voya.com/document/investment-commentary/voya-small-company-fund-quarterly-commentary.pdf>

Company Name: ProAssurance Corporation (PRA)

Market Cap: \$1.1B

The overweight to ProAssurance Corp. (PRA) had a positive impact on performance. PRA earned a favorable model score due to its robust valuation metrics, notably book-to-price and earnings before interest, tax, depreciation and amortization (EBITDA) ratios. The models also had a positive outlook on the insurance industry short interest features were viewed positive, further driving the

score up. The stock price jumped in March after it was announced that PRA would be acquired by The Doctors Company.

Company Name: Mueller Water Products, Inc. (MWA)

Market Cap: \$3.7B

Our position in Mueller Water Products, Inc. (MWA) impacted relative returns positively. At the start of the quarter, driving the score up were the volatility, size, industry and valuation features. To a lesser extent, the momentum of fundamental factors feature also had a positive impact. MWA had a strong quarter after reporting solid 1Q25 earnings driven by strong operating momentum.

Company Name: Cohu, Inc. (COHU)

Market Cap: \$858M

The overweight to semiconductor stock Cohu, Inc. (COHU) had a negative impact on performance. At the start of the quarter, Cohu was viewed positively by the models driven by its strong quality (research and development intensity, earnings yield and minority interest) features in combination with its technical and volatility features. The stock struggled during the quarter as the semiconductor industry came under pressure.

Company Name: Steven Madden, Ltd. (SHOO)

Market Cap: \$1.7B

The overweight position in Steven Madden, Inc. (SHOO) was driven by the model's favorable assessment of its valuation features (operating cash flow to price and performance of valuation features) in combination with its technical and volatility features. However, the stock struggled during the quarter due to various headwinds, including tariffs out of China and Mexico, concerns over the consumer and softer demand for handbags with elevated inventory. Despite these challenges, the models retained their conviction in the stock at year-end.

Fund Name: Macquarie Small Cap Core Fund

Source: <https://mim.fgsfulfillment.com/download.aspx?sku=COM-480-print>

Company Name: Semtech Corporation (SMTC)

Market Cap: \$3.8B

On the negative side, Semtech Corporation was the largest detractor in 1Q25. In February, the company revealed that it would not meet its low-end revenue estimates for its active copper cable (ACC) product line due to changes to datacenter rack architecture by a major customer. Although this segment accounts for less than 10% of Semtech's revenue, the stock corrected by more than 40% due to the product ties to the AI buildout. Despite this setback, we believe the original thesis remains intact, supported by recovery in Semtech's other end market segments.

Company Name: Columbus McKinnon Corporation (CMCO)

Market Cap: \$441M

Columbus McKinnon Corporation was another notable detractor after it reported a decline in earnings that were well below market expectations. Management cited slowing industry demand; delayed customer decision-making related to U.S. policy uncertainty; and weakening European economies. Additionally, the company announced an acquisition that increased leverage to 5 times, raising concerns given current market conditions.

Company Name: Steven Madden, Ltd. (SHOO)

Market Cap: \$1.7B

Footwear manufacturer, Steven Madden, Ltd., was negatively impacted by the threat of potential tariffs. To mitigate the tariff impact, the company has been aggressively diversifying production out of China. It has already reduced the percentage of goods imported from China from 71% to 58% and is targeting low-40s levels by November 2025. Although the company had planned to shift production to Mexico, it is now monitoring the tariff situation and engaging with factories to seek price concessions. It plans to selectively raise prices on certain products to protect margins.

Fund Name: Voss Value Fund, LP

Source:

<https://static1.squarespace.com/static/601ae5e60b044d0313307aca/t/68408cdcdc7bfd6aa1d3e3cd/1749060831249/Q1+2025+Voss+Letter+to+Partners+-+VVMF+vF.pdf>

Company Name: Flywire Corporation (FLYW)

Market Cap: \$1.3B

New long: FlyWire – FLYW

We recently initiated a ~5% long position in Flywire and own ~5.6% of the company.ii

FLYW is a capital-light cross-border payments and software platform trading closer to a secular decliner than a structurally advantaged niche leader in education, travel, and healthcare. The company's original niche was to allow seamless cross-border payments options for students studying abroad. This cross-borders niche soon developed into a more holistic payments platform that could process all financial transactions at universities, expanded from US schools to Canada, Australia, the UK, and other European countries while simultaneously adding more pure software revenue streams to upsell.

Flywire then took its cloud payments/software platform to a few other "big ticket" payment niches such as exotic travel, B2B, and healthcare to create what is becoming a more diverse business that is still united by a common payments and software infrastructure.

Our core thesis is three-fold:

Here is your full text formatted cleanly, with consistent spacing and no changes to wording:

1. Despite short-term disruptions, study abroad programs are not in secular decline and will normalize, likely in 2026
2. Flywire has significantly better technology and execution than peers and will rebound decisively when the macro steadies
3. The company has quickly broadened their revenue base beyond cross-border tuition payments and will be more insulated from any future disruptions going forward

Flywire IPOed out of the gate at over 20x NTM sales in 2021 and is now under 2x NTM sales despite (up until recently) consistently growing at over 20% with rising margins. So, what happened? Although the ongoing derating has been a brutal grind downwards, their Q4 2024 report resulted in a real implosion in the stock as the company guided materially below consensus (12% growth versus consensus closer to 20%) while simultaneously making an expensive, significantly dilutive acquisition (Sertifi) that blew half their cash balance—a real double whammy.

Focus (both sell side and buy side) has been laser-focused on macro headlines—student visa caps in Australia and Canada (with some recent headlines in the US)—and extrapolated these into an unduly pessimistic narrative. To be fair, these headlines have materialized into temporary real business downside in those two regions, with Canada and Australia expected to be down nearly 30% this year.

Our view, though, is that this is more than priced in and has become a myopic focus. For instance, a recent sell-side report spent almost its whole time on a “worst case scenario” analysis while also noting that the stock had “decoupled” from fundamentals. Another recent initiation was almost apologetic in putting a Buy rating on the stock, noting that “we understand why investors may be cautious on Flywire given the shifting geopolitical climate” while giving no caveats to any of their other Buy-rated stocks.

Despite massive hits to Australia and Canada and some embedded conservatism in the US, Flywire still delivered a quarter that should be viewed as a sigh of relief, with double-digit organic revenue growth, rising margins, and guidance implying reacceleration of growth after Q2. Looked at another way, outside of some severe macro shocks in a few markets, the rest of the company is a 20%+ organic grower with rapidly expanding EBITDA and FCF margins. Perhaps even more importantly, Flywire is successfully diversifying beyond its historical reliance on international student payments.

The UK segment has now surpassed the US as Flywire's largest geography, and with good reason. The company has launched its Student Financial Services (SFS) package—a comprehensive, vertically integrated software solution that goes beyond simple payment processing. These contracts are 3–5x larger than Flywire’s legacy education agreements, carry higher recurring software revenue, and are less susceptible to macro-driven shocks like student visa quotas (since the contract is based on the entire student population, not just students studying abroad). In short, these contracts improve both revenue quality and predictability. The company highlighted four major wins like this in the UK that as of Q1 still had not rolled out. Based on our diligence, the UK and other markets (outside the US) have fragmented and archaic competitors. While Flywire has been somewhat successful in selling their full payments and software platform in the United States (for instance, a large contract with Texas A&M), the competitive environment there is admittedly

stiffer and was harder to underwrite true confidence in market penetration. We view Q1 commentary as a potential breakout that can ultimately change the narrative on the stock.

While the Sertifi acquisition was rightfully greeted with extreme skepticism given its timing and relatively poor explanation, it is beginning to show promise. The business is already EBITDA-positive, with margins above Flywire's company average in Q1. Sertifi offers both DocuSign-like functionality tailored to hotel bookings/excursions, with early traction with "hunting licenses"—the right to sell into the franchise base—at major chains like Hilton and Marriott. Management has identified four synergy levers: (1) accelerating Sertifi Pay adoption (e.g., moving beyond digital signature to process payments), (2) expanding internationally (Sertifi is 90%+ US revenue), (3) cross-selling Flywire's receivables software, and (4) leveraging Flywire's travel vertical expertise.

We're still cautious about the price paid and have some questions about direct synergies and how the business fits into the rest of their exotic travel segment, but the deal looks materially better than initial impressions and continues the theme of diversifying away from its more regulatory-prone cross-borders business.

FLYW's Healthcare segment (~6–8% of the revenues), previously another laggard piece of the business, is also quietly and somewhat suddenly performing well, landing some large contracts with hospitals on Epic Systems software—a nut they had not been able to crack previously. We believe the healthcare business reaccelerating gives added credibility to management's guidance implying reacceleration in the back half of 2025. Combined with the emerging dominance in the UK and diversified software platform revenues, we believe Flywire is on the cusp of narrative and financial re-acceleration.

The stock's valuation (<2x sales, <3x gross profit, and <10x 2026 FCF) is compelling with limited downside. Flywire boasts >60% gross margins, low capex, consistent cash conversion, and a large net cash balance. Transaction comps like AvidXchange and public trading comps like Payoneer trade at similar/higher multiples despite slower growth and inferior economics.

This is a business with durable competitive advantages and relatively weak competition trading at a temporary narrative-driven discount. If Flywire merely executes on current guidance and macro doesn't materially worsen (admittedly a key risk in the short term), the stock could re-rate meaningfully. In a scenario where macro headwinds abate, 20%+ organic growth becomes feasible again—a setup the market isn't remotely pricing in and could give the stock multi-bagger potential.

We believe FLYW would also be a very attractive acquisition candidate. Flywire's global financial network and unique relationship with universities around the globe would be attractive to numerous other FinTech players and frankly to banks as well, who always are looking for new ways to build relationships with the younger generation. Alternatively, its strong balance sheet and cash generation could make it attractive to private equity.

STRATEGIC INITIATIVES, ACTIONS & DIVESTMENTS

Bit Digital, Inc (BTBT) | M.Cap: \$418M | Capital Markets

On June 4, 2025, Bit Digital announced a strategic transition to become a pure-play Ethereum staking and treasury company. The company will wind down or sell its bitcoin mining operations and redeploy proceeds into ETH. [Link](#)

Keros Therapeutics, Inc. (KROS) | M.Cap: \$547M | Biotechnology

On June 9, 2025, Keros Therapeutics has concluded its strategic alternatives review and stated that it will return \$375 million in excess capital to shareholders. [Link](#)

Greif Inc (GEF) | M.Cap: \$3064M | Packaging & Containers

On June 4, 2025, Greif announced progress on key strategic initiatives in Q2 2025. The company is advancing the sale of its timberland business, with proceeds expected to fund debt reduction. It also accelerated its cost optimization program, achieving \$10 million in run-rate savings and confirming its target of \$15–25 million by fiscal year-end 2025. [Link](#)

Lands' End, Inc. (LE) | M.Cap: \$277M | Apparel Retail

On March 7, 2025, Lands' End, Inc. announced that its Board of Directors initiated a process to explore strategic alternatives, including a sale, merger or similar transaction involving the Company to maximize shareholder value. This process remains ongoing. [Link](#)

E2open Parent Holdings, Inc. (ETWO) | M.Cap: \$1010M | Software – Application

On May 25, 2025, E2open concluded its strategic review with a definitive agreement to be acquired by WiseTech Global for \$3.30 per share in cash, representing a 68% premium to its unaffected share price and an enterprise value of \$2.1 billion. [Link](#)

iTeos Therapeutics, Inc. (ITOS) | M.Cap: \$382M | Biotechnology

On May 28, 2025, iTeos Therapeutics announced plans to wind down operations following a strategic review. The Board intends to cease clinical and operational activities and focus on maximizing near-term shareholder value through the potential sale of assets, including EOS-984, EOS-215, and a preclinical obesity program targeting ENT1. [Link](#)

Zeo Energy Corp. (ZEO) | M.Cap: \$155M | Solar

On May 29, 2025, Zeo Energy Corp. (Nasdaq: ZEO) announced that it will acquire Heliogen, Inc. (OTCQX: HLGN) in an all-stock transaction valued at approximately \$10 million, concluding Heliogen's strategic alternatives review. [Link](#)

United Homes Group, Inc. (UHG) | M.Cap: \$193M | Residential Construction

On May 19, 2025, United Homes Group appointed Jack Micenko as CEO and Jeremy Pyle as co-COO, while launching a review of strategic alternatives to maximize shareholder value. The review, led by a special committee of independent directors, will consider options including a sale of the company, asset sales, or debt refinancing. [Link](#)

Paramount Group, Inc. (PGRE) | M.Cap: \$1418M | REIT – Office

On May 19, 2025, Paramount Group, Inc announced that its Board of Directors has initiated a review and evaluation of strategic alternatives to maximize shareholder value. [Link](#)

Embecta Corp. (EMBC) | M.Cap: \$568M | Medical Instruments & Supplies

On May 22, 2025, Embecta stated that it is pursuing a phased approach for value creation and has outlined its roadmap for transitioning the company to growth. This involves three strategic priorities: strengthening the core insulin injection business, expanding its product portfolio, and increasing financial flexibility. [Link](#)

Pitney Bowes Inc /DE/ (PBI) | M.Cap: \$1849M | Integrated Freight & Logistics

On May 21, 2025, Pitney Bowes stated that it intends to conduct a comprehensive strategic review over the remainder of 2025 to establish a clear strategy focused on maximizing value for shareholders and other stakeholders. [Link](#)

Goodyear Tire & Rubber Co /OH/ (GT) | M.Cap: \$2924M | Auto Parts

On May 22, 2025, Goodyear announced it will sell the majority of its Chemical business to Gemspring Capital for approximately \$650 million in cash, as part of its Goodyear Forward transformation plan. [Link](#)

Chegg, Inc (CHGG) | M.Cap: \$149M | Education & Training Services

On May 12, 2025, Chegg announced that it is undertaking a strategic alternatives process with Goldman Sachs to maximize shareholder value, exploring options including being acquired, a go-private transaction, or remaining a public standalone company. [Link](#)

Coherus BioSciences, Inc. (CHRS) | M.Cap: \$85M | Biotechnology

On May 12, 2025, Coherus completed a strategic transformation to innovative oncology in Q2 2025, focusing the company on its oncology portfolio, maximizing LOQTORZI revenues, and advancing novel immuno-oncology candidates and label expansions. This shift involved divesting the UDENYCA biosimilar business to concentrate efforts on the oncology pipeline, including combining LOQTORZI with internal assets like casdozokitug and CHS-114. [Link](#)

FiscalNote Holdings, Inc. (NOTE) | M.Cap: \$83M | Information Technology Services

On May 13, 2025, FiscalNote Holdings, Inc announced that it is continuing to review all strategic options available to maximize shareholder value, although no timetable has been set and there is no assurance that this review will result in any transaction or other outcome. [Link](#)

Atossa Therapeutics, Inc (ATOS) | M.Cap: \$101M | Biotechnology

On May 13, 2025, Atossa Therapeutics announced a strategic shift to advance (Z)-endoxifen as its lead program for metastatic breast cancer. [Link](#)

iTeos Therapeutics, Inc. (ITOS) | M.Cap: \$382M | Biotechnology

On May 13, 2025, iTeos has initiated a targeted review of strategic alternatives following the termination of the belrestotug program. They believe the best path forward is to promptly evaluate a full range of strategic alternatives to unlock the value of their assets and maximize shareholder value. [Link](#)

CareCloud, Inc. (CCLD) | M.Cap: \$101M | Health Information Services

In Q1 2025, CareCloud launched a self-funded AI Center of Excellence and completed two acquisitions, marking a strategic shift toward AI-driven growth. It also converted preferred shares to reduce dividend costs by \$7.7M and resumed dividend payments, positioning the company for sustained, profitable expansion. [Link](#)

Ironwood Pharmaceuticals Inc (IRWD) | M.Cap: \$110M | Drug Manufacturers

On May 7, 2025, Ironwood Pharmaceuticals stated that it is exploring strategic alternatives to maximize stockholder value across all areas of the business. In April 2025, the company engaged Goldman Sachs & Co. LLC to assist with this process. [Link](#)

Hain Celestial Group Inc (HAIN) | M.Cap: \$149M | Packaged Foods

On May 7, 2025, Hain Celestial announced a strategic review of its portfolio and is focusing on five key drivers to improve value, including simplifying the business, accelerating brand innovation, and implementing strategic revenue growth management. These initiatives aim to unlock the full value of the business through focused execution. [Link](#)

Korro Bio, Inc. (KRRO) | M.Cap: \$118M | Biotechnology

On May 7, 2025, Korro initiated a strategic plan to streamline its operations. This plan involves a workforce reduction of approximately 20%. [Link](#)

HilleVax, Inc. (HLVX) | M.Cap: \$93M | Biotechnology

On May 7, 2025, HilleVax announced that it is exploring business development-related activities and other strategic alternatives for its norovirus vaccine candidates, including the potential for continued development in adults and seeking partnerships or other strategic collaborations. [Link](#)

Blend Labs, Inc. (BLND) | M.Cap: \$825M | Software – Application

On May 7, 2025, Blend Labs, Inc announced strategic shift to a software-first model, which includes the strategic initiative and decision to exit the Title business, currently in an exclusive process for potential sale. [Link](#)

TransMedics Group, Inc. (TMDX) | M.Cap: \$4149M | Medical Devices

On May 7, 2025, TransMedics announced a strategic plan to open a design center of excellence and a new disposables manufacturing facility in Mirandola, Italy. [Link](#)

SHAREHOLDER ACTIVISM/13D

Mason Capital Management Sends Letter to Sec Requesting Immediate Investigation Into Proxy Advisory Recommendations Regarding JBS (JBSAY) Dual Listing Proposal

Key Summary: On May 15, 2025, Mason Capital Management (2.4%) urged SEC to investigate ISS and Glass Lewis over their recommendations against JBS S.A.'s proposed U.S. dual listing

Market Cap: \$15 billion | JBS S.A., together with its subsidiaries, engages in the processing of animal protein worldwide.

On May 15, 2025, Mason Capital Management (2.4%) urged SEC to investigate ISS and Glass Lewis over their recommendations against JBS S.A.'s proposed U.S. dual listing, citing material analytical flaws, omitted economic benefits, and potential ideological bias. Mason urges shareholders to vote in favor and calls on the SEC to act swiftly given the upcoming May 23 vote. [Source](#)

BBRC International Pushes for Leadership Change at Victoria's Secret (VSCO)

Key Summary: On June 9, 2025, BBRC International (12.9%) urged Victoria's Secret to address value destruction, citing a 64.1% shareholder return decline, over \$1B lost on buybacks and Adore Me, board independence concerns, lack of accountability, and excessive Chair tenure. It called for immediate governance changes and a refreshed Board.

Market Cap: \$1.7 billion | Victoria's Secret & Co. operates as a specialty retailer of women's intimate, and other apparel and beauty products worldwide.

On June 9, 2025, BBRC International (12.9%) urged the Board to address sustained value destruction, including a 64.1% decline in total shareholder returns, over one billion dollars lost through poor share buybacks and the Adore Me acquisition, insufficient board independence with concerns over director nominations, lack of accountability for failed strategic decisions, and excessive tenure of Chair Donna James. BBRC called for immediate governance changes and substantive responses during the June 11 earnings call, emphasizing the need for a refreshed Board and a focus on delivering shareholder value. [Source](#)

Carronade Capital Nominates Four Directors and Proposes Changes to Boost Cannae Holdings (CNNE) Shareholder Value

Key Summary: On March 20, 2025, Carronade Capital announced it would nominate four director candidates for Cannae's 2025 Annual Meeting. Carronade criticized Cannae's underperformance and governance, proposing cost reductions, better capital allocation, and stronger governance to boost shareholder returns by at least 50%.

Market Cap: \$1 billion | Cannae Holdings, Inc. is a principal investment firm. The firm primarily invests in restaurants, technology enabled healthcare services, financial services and more.

- On March 20, 2025, Carronade Capital Management announced it would nominate four director candidates for election at 2025 Annual Meeting. Carronade criticized Cannae's underperformance and poor governance practices, citing persistent capital allocation issues and misalignment between management and shareholders. The firm proposed reducing overhead costs, improving capital allocation, unlocking portfolio value, and instituting stronger governance to increase shareholder returns by at least 50%. [Source](#)
- On April 7, 2025, Carronade issued a [press release](#) nominating four independent candidates for the Board. Carronade criticizes Cannae's recent actions as insufficient to address chronic underperformance, poor governance, and excessive executive payouts. The firm believes the current Board's behavior undermines shareholder value and that new independent directors are needed to unlock potential and address ongoing issues.
- On June 10, 2025, Carronade Capital Management filed proxy materials seeking support for its nominees.

Logos Global Urges Strategic Reset and Cash Return at Arvinas, Inc. (ARVN)

Key Summary: On June 10, 2025, Logos Global Management (6.4%) urged a strategic reset, calling for a shareholder distribution, leaner operations, a halt to early-stage investments, and partnership-led development of the lead asset.

Market Cap: \$539 million | Arvinas, Inc., a clinical-stage biotechnology company, engages in the discovery, development, and commercialization of therapies to degrade disease-causing proteins.

On June 10, 2025, Logos Global Management (6.4%) urged the board to pursue a strategic reset—recommending a special distribution to shareholders, halting early-stage pipeline investments, adopting a leaner cost structure, and avoiding independent development of the lead asset without a strategic partner. [Source](#)

Van Herk Investments sent a letter to the Board of ProQR Therapeutics (PRQR)

Key Summary: On May 23, 2025, Van Herk Investments B.V., holding over 10% of ProQR, opposes the reappointments of CEO Daniel de Boer and Chairman James Shannon, citing poor performance, repeated strategic failures, and governance violations.

Market Cap: \$179 million | ProQR Therapeutics N.V., a biotechnology company, focuses on the discovery and development of novel therapeutic medicines.

On May 23, 2025, Van Herk Investments (10.9%) sent a [letter](#) to the Board expressing strong opposition to the proposed reappointments of CEO Daniel de Boer and Chairman James Shannon at the June 2025 AGM. VHI cites repeated strategic failures, underperformance, and lack of board renewal, attributing poor oversight and entrenched leadership dynamics as root causes. VHI urges the Board to withdraw the reappointment proposals and initiate leadership changes to unlock the company's potential, warning that failure to act may prompt further steps.

Ghassemieh nominated Board candidates to Braemar Hotels & Resorts Inc (BHR)

Key Summary: On June 2, 2025 Mr. Bob Ghassemieh (together with other angry shareholders) nominated himself, Fred Ghassemieh and Samuel Jagger for election at the 2025 AGM. On March 22, 2024, Blackwells Capital LLC, along with its affiliates and Jason Aintabi, solicit support from

stockholders for significant changes at the upcoming 2024 Annual Meeting. On June 3, 2024, Wafic Rida Saïd of Al Shams Investments LTD (9.8%) emailed Braemar's Chairman, Monty J. Bennett, and CEO Richard J. Stockton, proposing management changes, such as terminating the agreement with Ashford Inc. and appointing independent directors. On July 2, 2024, the company reached a cooperation agreement with Blackwells Capital LLC, wherein Blackwells will withdraw director nominations, cease proxy solicitation, support Braemar's directors and proposals at the 2024 Annual Meeting. On July 4, 2024, Al Shams Investments LTD expressed concerns Regarding Braemar's (BHR) Cooperation Agreement with Blackwells Parties. On November 7, 2024, Al Shams Investments expressed concerns over Braemar's corporate governance, including conflicts of interest and excessive fees paid to Ashford Inc., leading them to consider a proxy fight and initiate an investigation.

Market Cap: \$176 million | Braemar Hotels & Resorts Inc. is a real estate investment trust (REIT) focused on investing in luxury hotels and resorts.

Bob Ghassemieh

On June 2, 2025 Mr. Bob Ghassemieh (together with other angry shareholders) nominated himself, Fred Ghassemieh and Samuel Jagger for election at the 2025 AGM. They also accused the board of manipulating the AGM timeline to obstruct nominations. They intend to continue engaging with management, the Board, stockholders, and others regarding their investment, Board representation, Board composition, and other strategic initiatives.

Blackwells Capital LLC & Al Shams Investments LTD

- On March 22, 2024, Blackwells Capital LLC, along with its affiliates and Jason Aintabi, solicit support from stockholders for significant changes at the upcoming 2024 Annual Meeting. The changes proposed are aimed at aligning the corporation's governance policies and board composition more closely with all stockholders' best interests. This effort is encapsulated in the Proxy Statement and involves the election of four Blackwells nominees — Michael Cricenti, Jennifer M. Hill, Betsy L. McCoy, and Steven J. Pully — to the board for one-year terms. Additionally, Blackwells proposes several governance changes:
Removing the Bylaws' Overreaching Advance Notice Provision
Preventing any current/former employee, director, officer, or control person of the Corporation or its affiliates from serving as chairman of the Board
Disclosing all extraordinary transaction proposals received in the past two years and their terms
Disclosing all compensation paid to the Bennett family, The Dallas Express, and its employees, directors, or agents
[Source](#)
- On March 29, 2024, Blackwells Capital filed proxy materials seeking support for its nominees and proposals.
- On April 9, 2024, Blackwells Capital issued a [presentation](#) regarding the management fees paid by the company to its advisor, Ashford Hospitality Advisors, LLC, a subsidiary of Ashford Inc.
- On April 10, 2024, Blackwells Capital issued a [press release](#) and launched a website, www.NoMoreMonty.com, to communicate with the shareholders in connection with the Corporation's 2024 AGM.
- On April 11, 2024, Blackwells Capital filed a lawsuit in the Northern District of Texas against the company and its directors. The complaint accused the corporation of rejecting Blackwells' nomination notice improperly, breaching its bylaws, and violating the Securities Exchange Act

of 1934 by issuing misleading statements and omitting necessary disclosures about The Dallas Express as a proxy participant. [Source](#)

- On May 2, 2024, Blackwells Capital filed proxy materials seeking support for its nominees and proposals. [Source](#)
- On May 9, 2024, Blackwells Capital issued a [presentation](#) entitled “Too Little, Too Late” regarding the company.
- On May 20, 2024, Blackwells Capital released a [presentation](#) entitled “*The Buffoonery of Monty Bennett*” exposing Monty Bennett’s buffoonery
- On June 3, 2024, Wafic Rida Saïd, Al Shams Investments LTD (9.8%), sent an email to Monty J. Bennett, the Chairman of the company, and Richard J. Stockton, the CEO and President of the company, setting forth certain recommendations relating to the management, including the termination of its management agreement with Ashford Inc., and replacement of some directors with independent directors. [Source](#)
- On June 10, 2024, Blackwells Capital released a presentation criticizing Monty Bennett's leadership. Blackwells, supported by independent shareholders, aims to end Braemar's management agreement with Ashford Inc. and reconstitute the Board. Brancous LP1 and Braemar's second-largest shareholder both voiced concerns about governance and called for changes. Blackwells urges shareholders to vote "FOR" their nominees and proposals on the WHITE proxy card and "AGAINST" Braemar's executive compensation resolution. [Source](#)
- On June 21, 2024, Blackwells Capital released a [letter](#) to shareholders criticizing Mr. Bennett and his associates for poor leadership, extracting nearly a billion dollars in fees, and misleading shareholders. Jason Aintabi, CIO of Blackwells, condemned Mr. Bennett's actions and called for change, supported by major shareholders like Campbell Capital Management (CCM) and Brancous LP. CCM highlighted the lack of long-term growth under Mr. Bennett and endorsed Blackwells' efforts to restructure Braemar for the benefit of all shareholders.
- On July 2, 2024, the company reached a [cooperation agreement](#) with Blackwells Capital LLC, wherein Blackwells will withdraw director nominations, cease proxy solicitation, support Braemar's directors and proposals at the 2024 Annual Meeting, and purchase 3.5 million shares of Braemar stock, partly financed by Braemar. Braemar will also add an additional independent director to its Board of Directors and will consider Blackwells' input in this selection.
- On July 4, 2024 Mr. Said, Al Shams Investments LTD sent an [email](#) to Mr. Stockton and Mr. Bennett expressing concerns about the terms of a Cooperation Agreement entered into on July 2, 2004 among the Company, Ashford Hospitality Trust, Inc. and Ashford Inc., on the one hand, and Blackwells Parties, on the other hand regarding the withdrawal of the Blackwells Parties' proxy campaign, dismissal of pending litigation involving the parties and certain other matters.
- On July 25, 2024 Mr. Said, Al Shams Investments LTD sent an [email](#) to Mr. Bennett and Mr. Stockton, expressing displeasure and frustration at the status of discussions with the company, reiterating key proposals in prior communications and requesting commitments from the company by the end of July 2024. [Source](#)
- On November 7, 2024 Mr. Said, Al Shams Investments LTD sent a [letter](#) to the shareholders expressing concerns over significant corporate governance issues, including conflicts of interest and excessive management fees paid to Ashford Inc., controlled by Braemar's board chair, Monty Bennett. Despite repeated requests for reforms—such as ending Braemar's management agreement with Ashford, renegotiating termination fees, and appointing independent board members—Braemar has not taken action. Al Shams is now considering a proxy fight and has initiated an investigation into potential breaches of fiduciary duty by Braemar's leadership. Al Shams believes that removing these conflicts and bringing in fresh leadership could restore Braemar's long-term success.

Allied Gaming & Entertainment Inc (AGAE) Sues Knighted Over Section 13(d) and Bylaw Violations

Key Summary: Since March 2024, Knighted Pastures (29.6%) has actively sought board representation at the company, escalating its campaign over time. It submitted multiple nominations and proposals, including bylaw amendments and the removal of several directors for cause. Knighted criticized delays in holding the 2024 annual meeting, filed a lawsuit in Delaware over the Yellow River transaction alleging board entrenchment, and most recently, on June 2, 2025, nominated additional Class C director candidates and proposed removing director Yangyang Li. On June 11, 2025, the company sued Knighted Pastures over alleged Section 13(d) and bylaw violations; Knighted Pastures disputes the claims and will contest them. On October 3, 2024, Ourgame (31.5%) requested a waiver to exceed the 10% ownership cap under the rights plan. It also nominated Li Zhang and Shaohua Ma to replace two existing directors, pending board approval.

Market Cap: \$134 million | Allied Gaming & Entertainment Inc. provides entertainment and gaming products worldwide.

Knighed Pastures

- On March 7, 2024, Knighted Pastures (29.6%) stated that it plans to engage in discussions with the management and board regarding potential board representation and may nominate individuals for election to the board.
- On July 17, 2024, Knighted Pastures LLC submitted an Amended and Restated Notice of Nomination for the 2024 stockholder meeting, proposing to nominate three candidates for the board, amend the bylaws related to board actions and special meetings, and remove directors Yangyang Li, Yushi Guo, and Yuanfei Qu for cause. [Source](#)
- On September 27, 2024, Knighted Pastures LLC sent a letter to the company demanding prompt scheduling of the 2024 Annual Meeting of stockholders. They criticized the company's delay, which exceeds fourteen months since the last meeting, as an attempt to disenfranchise stockholders. Knighted Pastures set a deadline of December 5, 2024, for scheduling the meeting, warning of potential legal action if the company fails to comply by October 4, 2024. [Source](#)
- On October 31, 2024, Knighted Pastures filed proxy materials seeking support for its nominees.
- On November 12, 2024, Knighted filed a civil lawsuit in the Delaware Court of Chancery against members of the Board and other parties involved in the Yellow River Transaction, which Knighted claims breached fiduciary duties. The lawsuit alleges that the Director Defendants entered into a Securities Purchase Agreement with Blue Planet to entrench the board and impede stockholder rights to elect directors. The case seeks to void the Yellow River transaction, including the issuance of shares to Blue Planet, and remove director Zongmin Ding from the Board. Knighted also filed motions to expedite the case and prevent the 2024 Annual Meeting until the Court resolves the claims. [Source](#)
- On June 2, 2025, Knighted nominated three Class C director candidates—Peter Chun, Howard Donaldson, and Adam Rymer—for election at the combined 2024–2025 annual meeting, alongside its previously nominated Class B candidates. Knighted also submitted a proposal to remove Class A director Yangyang Li for cause. [Source](#)
- On June 11, 2025, the company sued Knighted Pastures alleging failure to disclose a Section 13(d) "group" and violations of advance notice bylaws; it seeks injunctive relief and damages which Knighted Pastures dispute and intend to fight. [Source](#)

Ourgame International Holdings Limited

On October 3, 2024, Ourgame International Holdings Limited (31.5%) disclosed that on September 24, 2024, it requested the Board to grant a similar exemption to that provided to Knighted Pastures LLC and Roy Choi, allowing Ourgame to exceed a 10% holding without triggering the shareholder rights plan adopted in February 2024. Additionally, on October 3, 2024, Mr. Lu Jingsheng, representing Ourgame as a member of the company's Nominating Committee, submitted a Notice of Nomination for Directors. The Notice proposed Mr. Li Zhang and Mr. Shaohua Ma as replacements for Mr. Yushi Guo and Mr. Yuanfei Qu, pending approval by the entire board. [Source](#)

Global Value Investment Corp issued a letter to the shareholders of Hooker Furnishings Corporation (HOFT)

Key Summary: On June 5, 2025, Jeff Geygan of GVIC (5.1% holder) criticized Hooker Furnishings' 53% stock decline and poor financials, blaming strategic missteps, failed acquisitions, and a costly ERP rollout. He also flagged weak board ownership and accountability, and signaled plans to seek governance rights or nominate directors at the next AGM.

Market Cap: \$115 million | Hooker Furnishings Corporation designs, manufactures, imports, and markets residential household, hospitality, and contract furniture products.

On June 5, 2025, Jeff Geygan, founder of Global Value Investment Corp and holder of 5.1% of Hooker Furnishings, criticized the company's prolonged underperformance, citing a 53.2% stock decline since GVIC's 2020 investment and sharp deterioration in financial metrics. He attributed the decline to poor strategic decisions, failed acquisitions, flawed warehousing, and a costly ERP rollout. Geygan also flagged the board's lack of meaningful equity ownership and accountability, particularly targeting Chairman Beeler's 32-year tenure with minimal stock ownership. After two years of unsuccessful private engagement, GVIC plans to seek governance rights and may nominate directors ahead of the next annual meeting. [Source](#)

Forager Capital Management denies its offer was unsolicited and requests that Quipt Home Medical Corp (QIPT) terminate its standstill agreement

Key Summary: On June 4, 2025, Forager Capital Management (9.7%) refuted Quipt's claim that its \$3.10-per-share offer was unsolicited, citing prior communication and their February 2025 agreement. It urged Quipt to end the standstill, noting concerns over limited shareholder visibility into potential value-enhancing proposals. On January 25, 2025, Philotimo Fund (5.9%) notified the company of its intention to nominate Selim Bassoul, Jack Feidor, Garrett Larson, and Edward Smith for election to the Board at the 2025 Annual Meeting. On March 3, 2025, the Kanen Group (Mr. Kanen, KWM, and Philotimo) (6.9%) signed a Cooperation Agreement with the company.

Market Cap: \$92 million | Quipt Home Medical Corp., through its subsidiaries, engages in the provision of durable and home medical equipment and supplies in the United States.

Forager Capital Management

On June 4, 2025, Forager Capital Management (9.7%) responded to Quipt's description of its \$3.10-per-share offer as unsolicited, clarifying that prior communication with Quipt's Chairman and terms of their February 2025 agreement supported its actions. Forager expressed concern that the agreement may be interpreted in a way that limits shareholder visibility into potential value-enhancing proposals and requested Quipt to consider terminating the standstill. [Source](#)

Philotimo Fund

- On January 25, 2025, Philotimo Fund (5%) stated that it notified the company in accordance with the Federal "Universal Proxy Rules," that it intends to nominate Selim Bassoul, Jack Feidor, Garrett Larson, and Edward Smith for election to the Board of Directors at the 2025 Annual Meeting of Shareholders. [Source](#)
- On March 3, 2025, the Kanen Group (Mr. Kanen, KWM, and Philotimo) (6.9%) signed a [Cooperation Agreement](#) with the company, granting them access to quarterly meetings with a non-executive director, contingent on holding at least 3.5% of shares. Philotimo withdrew its proxy solicitation for the 2025 Annual Meeting, and the Kanen Group agreed to vote in line with the Board's recommendations during shareholder meetings.

Chain of Lakes Pushes Lantronix (LTRX) for Board Overhaul and Sale to Unlock Value

Key Summary: On June 2, 2025, Chain of Lakes Investment Fund said the shares are deeply undervalued, citing a 95% decline since the 2000 IPO, no dividends, and weak board performance. Believing the business is worth more to a strategic buyer, it estimates a \$6/share sale value. With little confidence in the current board, the fund plans a proxy contest at the 2025 annual meeting to replace a majority of directors and pursue a sale.

Market Cap: \$83 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.

Chain of Lakes Investment Fund

- On June 2, 2025, Chain of Lakes Investment Fund stated its belief that the shares are deeply undervalued and cited a more than 95% stock decline since the 2000 IPO, with no dividends and poor board performance. The fund argues that the business lacks scale and efficiency, making it more valuable to a strategic acquirer, and estimates a potential sale value of approximately \$6 per share based on forecasted FY2026 sales and margins. Lacking confidence in the current board to pursue strategic alternatives, they plan to nominate a new board majority via a proxy contest at the 2025 annual meeting to push for a sale. They intend to engage other shareholders and may take further actions as needed. [Source](#)

Orange River Partners

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](#)

Galloway Capital Partners Urges Babcock & Wilcox Enterprises (BW) to Unlock Value, Citing Growth and Strategic Opportunity

Key Summary: On June 2, 2025, Galloway Capital Partners (4.31%) urged B&W to unlock shareholder value, citing strong bookings, record backlog, EBITDA growth, and BrightLoop's \$1B potential by 2028. It also noted B&W's positioning to benefit from AI-driven power demand and called for engagement with management.

M. Cap: \$78 million | Babcock & Wilcox Enterprises, Inc. is a technology-based provider of fossil and renewable power generation and environmental equipment that includes a suite of boiler products and environmental systems, and services for power and industrial uses.

Galloway Capital Partners

On June 2, 2025, Galloway Capital Partners (4.31%) sent a [letter](#) to the company urging the company's leadership to unlock shareholder value, citing strong fundamentals: 2024 bookings surged 39% to \$889.6M, backlog hit a record \$540.1M, and adjusted EBITDA rose 13% (excluding BrightLoop). Galloway highlighted BrightLoop's commercialization potential—targeting \$1B in bookings by 2028—and B&W's strategic positioning to benefit from rising power infrastructure demand driven by AI data centers. The firm believes the company is undervalued and seeks engagement with management.

VIEX Capital Advisors:

Between October 2017 and March 2018, VIEX Capital, a significant shareholder, urged the company to monetize assets and cut costs due to underperformance in its renewable segment and declining share price. It warned of a potential board reconstitution if a credible plan wasn't presented by the Q3 2017 earnings call. VIEX held up to 8.4% but reduced its stake to 4.6% by March 2018.

Vintage Capital:

Vintage Capital disclosed a 14.9% stake in December 2017 and proposed new board candidates. In January 2018, the company agreed to expand the board and appoint three Vintage nominees. Later, in April 2019, Vintage signed agreements to gain governance rights, including board nominations, as part of broader Equitization Transactions and reverse stock split arrangements.

Steel Partners:

Steel Partners disclosed an 11.8% stake in February 2018 and revealed an earlier rejected \$6.00/share acquisition offer. They engaged the company on strategic alternatives, requested a Section 203 exemption, and entered into a confidentiality agreement in March. By May 2018, Steel Holdings proposed to acquire the company for \$3.00–\$3.50/share, citing ongoing discussions and the company's rights offering.

B. Riley & Vintage Capital:

In April 2019, B. Riley FBR and Vintage Capital entered into agreements with the company tied to credit amendments, committing to shareholder votes on increasing authorized shares, reverse stock split, and equitization. They secured governance rights, including nominating three directors each, formalized through an investor rights agreement maintaining a seven-member board.

BML Capital Opposes Ikena (IKNA) -Inmagene Merger, Urges Winddown and Cash Return

Key Summary: On June 16, 2025, BML Capital (8.4%) opposed Ikena's merger with Inmagene, calling Inmagene overvalued and urging a winddown of Ikena and return of cash to shareholders.

Market Cap: \$68 million | Ikena Oncology, Inc., an oncology company, focuses on developing therapies for patients in need that target nodes of cancer growth, spread, and therapeutic resistance.

On June 16, 2025, BML Capital (8.4%) sent a [letter](#) to the Boar opposing Ikena's merger with Inmagene, noting the deal values Inmagene at \$150 million while the pro forma valuation of the combined company is only slightly above its \$175 million cash balance—implying little to no value for Inmagene. BML called for a winddown of Ikena and return of capital to shareholders.

Joseph Stilwell Urges Central Plains Bancshares (CPBI) to Conduct Substantial Stock Buybacks below Tangible Book Value

Key Summary: On November 5, 2024, Joseph Stilwell expressed intent to collaborate with management and the Board to enhance shareholder value. On June 11, 2025, he urged the company to repurchase substantial amounts of its Common Stock while it trades below tangible book value.

Market Cap: \$58 million | Central Plains Bancshares, Inc. operates as the bank holding company for Home Federal Savings and Loan Association of Grand Island that operates as a federally chartered stock savings and loan association in Nebraska, the United States.

On November 5, 2024, Joseph Stilwell stated that he aims to collaborate with management and the Board to enhance shareholder value. [Source](#)

On June 11, 2025, Joseph Stilwell stated its belief that the company should be repurchasing substantial amounts of its Common Stock while it trades below tangible book value. [Source](#)

Galloway Urges Strategic Review to Address Undervaluation at Global Crossing Airlines Group (JETBF)

Key Summary: Galloway Capital Partners (4.33%) sent a letter urging the company to explore strategic options—including a sale, merger, or going private—via an advisor, citing significant undervaluation and a desire to work with management to enhance shareholder value.

Market Cap: \$39 million | Global Crossing Airlines Group Inc. provides air transport services in the United States, Europe, Canada, and Central and South America.

On May 22, 2025, Galloway Capital Partners (4.33%) sent a [letter](#) to the company stating that it believes the Company's shares are significantly undervalued. They propose working with management and the Board to enhance shareholder value and urge exploring strategic transactions like acquisition, merger, sale, or going private through an investment bank or advisor to create shareholder value.

BML Capital Urges AN2 Therapeutics, Inc. (ANTX) to Liquidate After Drug Failure

Key Summary: On May 7, 2025, BML Capital (19.1%) urged AN2's Board to sell or liquidate the company after EBO-301's Phase 3 failure, calling preclinical efforts too risky and vowing to withhold votes for all directors to push for a swift cash return.

Market Cap: \$37 million | Universal Electronics Inc. designs, develops, manufactures, and sells pre-programmed and universal control products, audio-video (AV) accessories, and intelligent wireless security and smart home products for video services, consumer electronics, security, home automation, climate control, and home appliance markets.

On May 7, 2025, BML Capital (19.1%) sent a [letter](#) to the Board urging them to either sell the company or liquidate and return cash to shareholders following the failure of its lead drug, EBO-301, in Phase 3 trials. BML argues that pursuing preclinical assets is too risky and unlikely to succeed, and plans to withhold votes for all directors at the upcoming annual meeting to signal support for a swift cash return strategy.

Theofilos and MAZ Partners plan to seek Board, Management changes at electroCore, Inc (ECOR)

Key Summary: On May 14, 2025, Charles S. Theofilos (6%) and MAZ Partners (1.8%) said they are evaluating changes to the board or management, including potential director nominations, declassification of the board, and governance reforms.

Market Cap: \$34 million | electroCore, Inc., a bioelectronic medicine and general wellness company.

On May 14, 2025, Charles S. Theofilos (6%) and MAZ Partners (1.8%) stated that they are evaluating the feasibility of a change in the present board or management, including plans or proposals to nominate one or more director candidates, to amend the company's charter and bylaws to remove the classified board, and other proposals to improve the corporate governance and transparency at the company. [Source](#)

Star Equity Fund nominated Board candidates to Gyrodyne (GYRO)

Key Summary: On June 5, 2025, Star Equity Fund nominated two director candidates to the Board. Star Equity Fund (5–5.4%) led an activist campaign from 2022–2023, challenging board entrenchment and executive pay, nominating directors, and gaining support from ISS, Glass Lewis, and GAMCO; a September 2023 settlement resulted in Star withdrawing its board nominations in exchange for governance changes. Separately, on July 26, 2023, Leap Tide Capital secured board representation through a Cooperation Agreement.

Market Cap: \$18 million | Gyrodyne, LLC. owns, leases and manages diverse commercial properties.

On June 5, 2025, Star Equity Fund 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 2025 annual meeting of shareholders.

(i) Star Equity Fund

- 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.
- 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.
- 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.
- On August 18, 2023, GAMCO (19.35) stated that it is open to the idea of Star Equity having representation on the Board. [Source](#)
- On September 5, 2023, Star Equity Fund and a company entered a settlement [agreement](#). The agreement includes the company proposing a new stock incentive plan at the 2023 annual meeting to replace the existing cash retention bonus plan for directors, with no increase in director fees. Star Equity Fund also withdrew its nomination of two Board candidates and compensation-related proposals.

(ii) Leap Tide Capital Management LLC

On July 26, 2023, the company entered into a Cooperation Agreement with Leap Tide Capital Management LLC, and pursuant to it, Mr. Loeb will be appointed to the Board and nominated for election at the company's 2023 annual meeting. [Source](#)

Charles Frischer urges Regional Health Properties (RHEP) to Engage on 99% Premium Offer

Key Summary: On June 18, 2025, Charles Frischer urged the Board to engage with a buyer offering a 99% premium, criticizing CEO Brent Morrison for not initiating talks.

M. Cap: \$5mm | Regional Health Properties through its subsidiaries own and manage skilled nursing facilities and assisted living facilities in the states of Alabama, Arkansas, Georgia, Missouri, North Carolina, Ohio, Oklahoma, and South Carolina.

On June 18, 2025, Charles Frischer (7.4%) sent a letter to the Board criticizing CEO Brent Morrison for not engaging with a May 6, 2025 asset purchase offer that reflected a 99% premium to the share price. He urged the Board to begin negotiations. [Source](#)

Past

(i) Charles Frischer

- On November 28, 2018, Charles Frischer (12.18%) and three other holders of the Preferred Stock, who together with Mr. Frischer in the aggregate hold 26.18% of the Preferred Stock, sent a letter demanding a special meeting of the holders of the Preferred Stock be called for the purpose of electing two additional directors. [Source](#)
- On December 2, 2019, attorneys for Charles Frischer and four other holders of the Preferred Stock, who, together with Mr. Frischer, hold 32.6% of the Preferred Stock, sent a letter demanding the company, correct a misrepresentation in the company's Proxy Statement. The Proxy Statement stated that no demand had been made for the special election of two additional directors by the holders of at least 25% of the Preferred Stock following a failure by the company to pay dividends for any four consecutive or non-consecutive dividends period. Such a demand, however, was made in that certain letter to the company dated November 28, 2018 from attorneys representing Charles Frischer and three other holders who together held 26.28% of the Preferred Stock. Such letter is described in Item 4 to Amendment No. 3 to the 13D. In addition to correcting the Proxy Statement, Mr. Frischer and the other holders reiterated their demand for a special election for two additional directors. The letter further requested that Mr. Charles Frischer and Mr. Kenneth Grossman be nominated to stand for election by the holders of the Preferred Stock to serve as directors of the company. [Source](#)
- On June 1, 2021, the company [announced](#) that it has filed a registration statement on Form S-4 with SEC relating to its proposed offer to exchange any and all of the outstanding shares of its 10.875% Series A Cumulative Redeemable Preferred Shares for newly issued common stock of the Company, no par value and may file amendments thereto. In exchange for each share of Series A Preferred Stock properly tendered in the Exchange Offer and accepted by the Company, participating holders of Series A Preferred Stock will receive 0.5 shares of Common Stock.
- On June 2, 2021, Charles Frischer sent a [letter](#) in response to the draft S-4 Registration Statement the company filed on June 1, 2021. In such letter, Mr. Frischer notified the company of that the proposed exchange offer was woefully inadequate.
- On July 1, 2021, Charles Frischer (14.2%) sent a letter to the company requesting, that the company call a special meeting of the holders of shares of 10.875% Series A Cumulative Redeemable Preferred Stock of the company for the purpose of electing two directors to the Board. The letter further requested that after the company has received requesters from holders of greater than 25% of the shares of the Preferred Stock, the company set a date for the referenced special meeting not greater than seventy five (75) days after the receipt of the sufficient number of such requests. [Source](#)

(ii) Park City Capital

Between 2013 and 2017, Park City Capital, a 5.2% holder later increasing to 7.1%, pushed for value unlock and governance changes. It argued the company was worth at least \$13/share, proposed a REIT conversion, and secured a board seat for its CEO, Mr. Fox. In 2017, after tendering its convertible notes, Park City (6.1%) publicly called for CEO William McBride's resignation due to resume falsification. The Board later terminated McBride for cause following an internal investigation confirming he misrepresented having an MBA from UCLA..

(iii) Ephraim Fields

In March 2016, Ephraim Fields (3.3%) urged the board to unlock value by selling ADK in whole or parts, halting acquisitions, and using excess cash for buybacks. Shortly after, the company announced it was exploring strategic alternatives and would hire legal and financial advisers. It also began divesting non-core assets, including a \$55 million sale of nine Arkansas properties in September 2016. Fields later reduced his stake to 3.2%.

(iv) Doucet Asset Management

Between 2014 and 2016, Doucet Asset Management, holding up to 8.4%, repeatedly urged the company to explore strategic alternatives, estimating asset sale values between \$6.44 and \$9.00 per share. In response, the company announced a transition to a healthcare property holding and leasing model in July 2014. Doucet later supported the buyback plan and reiterated its view that selling the company would unlock maximum value, suggesting board replacement if its plan was not pursued.

HIC 2, LLC to Nominate Additional Board Members to Boxlight Corp (BOXL)

Key Summary: On June 18, 2025, HIC 2, LLC announced its intention to nominate additional candidates for the board.

Market Cap: \$4 million | Boxlight Corporation designs, produces, and distributes interactive technology solutions for the education, health, corporate, military, and government sectors in the Americas, Europe, the Middle East, Africa, and internationally.

On June 18, 2025, HIC 2, LLC (9.6%) stated that it plans to nominate additional board members for consideration. [Source](#)

Shareholders elected two company's director nominees and two Elliott nominees to the Board of Phillips 66 (PSX)

Key Summary: On March 4, 2025, Elliott Investment Management (5.5%) nominated seven independent candidates for Phillips 66's 2025 Board election, aiming to simplify the portfolio, enhance operations, and improve management oversight. On March 25, 2025, Elliott Investment Management filed a lawsuit against the company seeking an order for four board seats to be up for election at the 2025 Annual Meeting. At the AGM held on May 21, 2025, shareholders elected two company's director nominees and two Elliott nominees to the Board.

Market Cap: \$44 billion | Phillips 66 operates as an energy manufacturing and logistics company in the United States, the United Kingdom, Germany, and internationally.

- On March 4, 2025, Elliott Investment Management (5.5%) has nominated seven independent candidates for election to the company's Board at the 2025 Annual Meeting. Elliott's proposal aims to simplify Phillips' portfolio, enhance operational reviews, and improve management oversight. [Source](#)
- On March 6, 2025, Elliott issued an Investor [Presentation](#) titled "Streamline66 Presentation for the Wolfe Refining Conference"
- On March 21, 2025, Elliott Investment Management filed proxy materials seeking support for its nominees.
- On March 25, 2025, Elliott Investment Management filed a lawsuit against the company seeking an order for four board seats to be up for election at the 2025 Annual Meeting. Elliott argues the company's decision to reduce board seats from 14 to 12 violates its governing documents. Despite requests for clarification, Phillips has not disclosed the number of seats or its nominees. Elliott plans to withdraw the lawsuit if Phillips confirms at least four seats will be up for election. Elliott also announced a slate of seven director candidates. [Source](#)

- On April 3, 2025, Elliott Investment Management issued a [letter](#) to the shareholders advocating for an upgraded Board due to the company's underperformance compared to peers like Valero and Marathon, with Phillips 66 shares underperforming by -138% and -188% over the past decade. Elliott believes their "Streamline 66" plan could boost shares to \$200 or more. Their key concerns include management's unwillingness to prioritize shareholder value, resistance to accountability, failure to address long-term underperformance, high operating expenses, and a lack of trust in leadership. Management has hindered Elliott's efforts by reneging on adding directors, appointing the CEO as Chairman, refusing to engage with independent directors, and opposing a proposal for annual board elections.
- On April 8, 2025, Elliott Investment Management launched the "Streamline 66" podcast to spotlight its director nominees and campaign at Phillips 66, where it is a top five shareholder. [Source](#)
- On April 9, 2025, Elliott announced support from veteran energy executive Gregory Goff for its "Streamline 66" campaign aimed at driving strategic, operational, and governance improvements. Goff, former CEO of Andeavor and a key figure in one of the sector's most successful transformations, brings decades of experience from roles at ConocoPhillips, Andeavor, and Exxon Mobil. [Source](#)
- On May 12, 2025, Elliott Investment Management [announced](#) that Glass Lewis has recommended shareholders support meaningful boardroom change by voting for the election of three Elliott director nominees – Brian Coffman, Sigmund Cornelius and Michael Heim and ISS for all four of Elliott's nominees to the Company's Board of Directors at the 2025 Annual Meeting of Shareholders
- At the [AGM](#) held on May 21, 2025, shareholders elected two company's director nominees and two Elliott nominees to the Board.

Garden Investment Management entered into a Cooperation Agreement with Middleby Corp (MIDD)

Key Summary: On February 24, 2025, Garden Investment Management entered into a Cooperation Agreement with the company. Pursuant to the Cooperation Agreement, effective on February 24, 2025, Edward P. Garden was appointed as a member of the Board

Market Cap: \$8 billion | The Middleby Corporation designs, manufactures, markets, distributes, and services commercial restaurant, food processing, and residential kitchen equipment worldwide.

On February 24, 2025, Garden Investment Management entered into a Cooperation Agreement with the company. Pursuant to the Cooperation Agreement, effective on February 24, 2025, Edward P. Garden was appointed as a member of the Board, with an initial term expiring at the 2025 Annual Meeting of Stockholders and the Company agreed to nominate Mr. Garden to stand for nomination at the 2025 Annual Meeting. [Source](#)

Qorvo, Inc (QRVO) to Nominate Starboard's Feld; Starboard Withdraws Its Nomination

Key Summary: On April 14, 2025, Starboard nominated Peter A. Feld to the Board. On May 19, 2025, the company announced plans to nominate Starboard's Peter A. Feld to its Board following constructive engagement. In turn, Starboard withdrew its prior nomination of Feld.

Market Cap: \$5.5 billion | Qorvo, Inc. engages in development and commercialization of technologies and products for wireless, wired, and power markets worldwide.

- On April 14, 2025, Starboard (8.9%) delivered a letter to the company nominating Peter A. Feld, Managing Member, Portfolio Manager and Head of Research of Starboard, for election to the Board at the 2025 AGM. [Source](#)
- On May 19, 2025, the company announced its intention to nominate Peter A. Feld, Managing Member, Portfolio Manager and Head of Research of Starboard Value LP, for election to the Board at the 2025 Annual Meeting of Stockholders, following constructive engagement between the company and Starboard. In connection with this announcement, on May 19, 2025, Starboard delivered a notice to the company withdrawing its nomination of Mr. Feld for election to the Board at the Annual Meeting. [Source](#)

Stockholders elected all the four company's Director Nominees to the Board of National Health Investors (NHI)

Key Summary: On April 18, 2024, Land & Buildings Investment Management, LLC voiced concerns about undervaluation and governance, particularly regarding the lease renewal with National HealthCare Corporation (NHC). They plan to vote against directors Robert Webb and Charlotte Swafford at the next Annual Meeting for boardroom change. On February 19, 2025, Land & Buildings announced that it has nominated two candidates for election to the Board. At the AGM held on May 21, 2025, shareholders re-elected all the four company's director nominees to the Board.

Market Cap: \$3.6 billion | National Health Investors, Inc is a real estate investment trust specializing in sale, leasebacks, joint-ventures, senior housing operating partnerships, and mortgage and mezzanine financing of need-driven and discretionary senior housing and medical investments.

- On April 18, 2024, Land & Buildings Investment Management, LLC issued a [presentation](#) to shareholders expressing concerns about undervaluation and poor corporate governance at the company. They specifically criticized the Board's management of critical issues, such as the lease renewal with National HealthCare Corporation (NHC). L&B plans to vote against current directors Robert Webb and Charlotte Swafford at the upcoming Annual Meeting, advocating for boardroom change.
- On May 8, 2024, Land & Buildings criticized the company's recent actions as insufficient in addressing governance concerns. Land & Buildings urged full destaggering of the Board and collaboration with shareholders to appoint an independent director. They planned to vote against incumbent directors Webb and Swafford at the upcoming Annual Meeting. [Source](#)
- On May 15, 2024, Land & Buildings issued a [presentation](#) on National Health Investors reiterating their concerns.
- On February 19, 2025, Land & Buildings [announced](#) that it has nominated two experienced and independent candidates for election to the Board at the upcoming 2025 Annual Meeting of Stockholders.
- On March 24, 2025, Land & Buildings filed proxy materials seeking support for its nominees.
- On April 24, 2025, Land & Buildings issued an investor [presentation](#) titled "National Health Investors (NHI): A Governance Cure for a Healthier Future," reiterating their concerns.
- On May 8, 2025, Land & Buildings [announced](#) that Glass Lewis has recommended that stockholders vote "FOR" the election of Land & Buildings' independent nominees – Jim Hoffmann and Adam Troso – to the Company's Board of Directors at the 2025 Annual Meeting of Stockholders

- On May 12, 2025, Land & Buildings [announced](#) that ISS has recommended that stockholders vote “FOR” the election of Land & Buildings’ independent nominees – Jim Hoffmann and Adam Troso – to the Company’s Board of Directors at the 2025 Annual Meeting of Stockholders
- At the [AGM](#) held on May 21, 2025, shareholders re-elected all the four company’s director nominees to the Board.

Hill Path Gains Third Board Seat with One-Time Waiver at United Parks & Resorts Inc (PRKS)

Key Summary: At the June 13, 2025 meeting, stockholders elected Aayushi Dalal, Mr. Chambers, and Mr. Ross to the Board, with a one-time waiver granted to allow a third Hill Path-affiliated director.

Market Cap: \$2.3 billion | United Parks & Resorts Inc., together with its subsidiaries, operates as a theme park and entertainment company in the United States.

At the June 13, 2025 annual meeting, stockholders elected Aayushi Dalal of Hill Path, along with Mr. Chambers and Mr. Ross, to the Board. The Board granted a one-time waiver to allow Dalal’s appointment despite a Stockholders Agreement limit of two Hill Path-affiliated directors. [Source](#)

Brent Rosenthal, Hestia's nominee, appointed as independent director at Pitney Bowes (PBI)

Key Summary: In December 2022, Hestia Capital aimed to revamp Pitney Bowes’ Board by nominating new directors. It withdrew some nominees in March 2023. On May 9, 2023, Hestia Capital’s director nominees—Ms. Alberti-Perez, Mr. Everett, Ms. May, and Mr. Wolf—were elected to the Company’s nine-member Board of Directors. On April 4, 2024, Lance E. Rosenzweig was appointed as an independent director to replace William S. Simon. On June 17, 2025, the company announced that the Board appointed Brent Rosenthal as a director, effective as of June 16, 2025

Market Cap: \$1.8 billion | Pitney Bowes Inc., a shipping and mailing company, provides technology, logistics, and financial services to small and medium-sized businesses, large enterprises, retailers, and government clients in the United States, Canada, and internationally.

- On December 12, 2022, Hestia Capital (7.2%) issued a [press release](#) announcing its intent to overhaul the Board, following years of value destruction under the Board’s Chairman, Michael Roth, and the company’s CEO, Marc B. Lautenbach, by nominating a majority slate of director candidates to the Board, including a highly-qualified proposed interim CEO.
- On January 23, 2023, Hestia Capital issued a [presentation](#) titled “Pitney Bowes’ Failings During the Roth-Lautenbach Era” that details a sampling of current leadership’s failings that have led to significant stockholder value destruction. It has nominated seven candidates for election to the Board at the 2023 AGM.
- On February 27, 2023, Hestia Capital filed proxy materials seeking support for its nominees.
- On March 6, 2023, Hestia Capital withdrew its nomination of Messrs. Grassi and McBride as nominees for election at the annual meeting. With the withdrawal, Hestia Capital intends to solicit proxies to elect the remaining five nominees to the Board at the annual meeting. [Source](#)
- On March 16, 2023, Hestia launched a website to communicate with stockholders of the Company regarding the Annual Meeting. The website address is www.TransformPitneyBowes.com. [Source](#)

- On April 4, 2023, Hestia's Interim CEO candidate, Lance Rosenzweig sent a [letter](#) to the shareholders that includes turnaround strategy designed to lift share price above \$15 in coming years
- On April 6, 2023, Hestia Capital (8.5%) issued an open [letter](#) to employees of the company expressing its enthusiasm for bringing stability to the company and all its stakeholders. It stated that its nominees are committed to: Increasing investment in, and improving profitability at, SendTech and Presort; cutting excessive corporate costs; improving profitability of, and reviewing strategic alternatives for, Global Ecommerce; and establishing a capital allocation policy that reduces debt and retains the dividend.
- On April 11, 2023, Hestia issued an Investor [Presentation](#) titled “Transform Pitney Bowes” reiterating its detailed six-pillar plan for the company that targets a \$15+ stock price in the coming years.
- On April 19, 2023, Hestia issued a Rebuttal Investor [Presentation](#) titled “Facts that Reinforce the Urgent Case for Change at Pitney Bowes”
- On April 27, 2023, Hestia announced that ISS recommended shareholders support meaningful boardroom change by voting for Milena Alberti-Perez, Todd Everett, Katie May and Kurt Wolf at the Company’s 2023 AGM. [Source](#)
- On May 1, 2023, Hestia announced that Glass Lewis recommended shareholders support meaningful boardroom change by voting for Milena Alberti-Perez, Todd Everett, Katie May and Kurt Wolf at the Company’s 2023 AGM. [Source](#)
- On May 2, 2023, Hestia announced that Egan-Jones recommended shareholders support meaningful boardroom change by voting for all five nominees of Hestia Capital at the Company’s 2023 AGM. [Source](#)
- According to the preliminary voting results announced on May 9, 2023, Hestia Capital’s director nominees, Ms. Alberti-Perez, Mr. Everett, Ms. May and Mr. Wolf, were elected to the Company’s nine-member Board of Directors. [Source](#)
- On April 4, 2024, the company appointed Lance E. Rosenzweig as an independent director to fill the vacancy left by William S. Simon's resignation. This appointment was made in accordance with the company's By-Laws and the Cooperation Agreement with Hestia Capital. Rosenzweig will replace Simon as a Replacement Director and take on his roles on Board committees until the 2024 Annual Meeting, where he will be nominated for election to the Board. [Source](#)
- On June 17, 2025, the company announced that the Board appointed Brent Rosenthal as a director, effective as of June 16, 2025. The appointment of Mr. Rosenthal to the Board was made pursuant to the cooperation agreement, dated as of January 31, 2024. [Source](#)

Shareholders elected all the company’s director nominees to the Board of Dynavax Technologies (DVAX)

Key Summary: On September 16, 2024, Deep Track Capital (9.6%) announced plans to discuss the company’s performance, governance, and cash usage with management. On February 18, 2025, Deep Track (13.5%) submitted a notice to propose a stockholder proposal and nominate Brett A. Erkman, Jeffrey S. Farrow, Michael Mullette, and Donald J. Santel for election as directors at the 2025 Annual Meeting. At the AGM held on Jun 11, 2025, shareholders elected all the company’s director nominees to the Board.

Market Cap: \$1.2 billion| Dynavax Technologies Corporation, a commercial stage biopharmaceutical company, focuses on developing and commercializing vaccines in the United States.

- On September 16, 2024, Deep Track Capital (9.6%) announced its intention to discuss with the management and board several issues, including the company's performance, business operations, strategic opportunities, governance (particularly Board composition), and the optimal use of excess cash. [Source](#)
- On February 18, 2025, Deep Track Capital (13.5%) submitted a formal notice under the company's Bylaws to propose a stockholder proposal and nominate directors for the 2025 Annual Meeting. The notice includes the intention to nominate Brett A. Erkman, Jeffrey S. Farrow, Michael Mulette, and Donald J. Santel as director nominees. [Source](#)
- On March 10, 2025, Deep Track Capital sent a [letter](#) to the Board criticizing its capital allocation strategy and governance, particularly regarding its recent issuance of expensive convertible notes. Deep Track reiterated its nomination of four highly qualified candidates for the 2025 Annual Meeting, clarifying that its goal is not to take control but to ensure better shareholder representation.
- On April 7, 2025, Deep Track Capital filed proxy materials seeking support for its nominees.
- On April 16, 2025, Deep Track Capital criticized the board for rejecting its recent settlement proposal to appoint two nominees and rebalance board classes. Deep Track accused the board of entrenchment and ignoring shareholder interests, reiterating its call for investor-driven change and expressing commitment to pursuing board representation through the upcoming 2025 annual meeting.
- On May 23, 2025, ISS recommended stockholders Vote "FOR" all four of Dynavax's director nominees. [Source](#)
- On June 5, 2025, Deep Track Capital [announced](#) that Glass Lewis has recommended shareholders vote for its director nominees, Brett Erkman and Donald Santel, supporting board change at Dynavax's 2025 Annual Meeting.
- At the [AGM](#) held on Jun 11, 2025, shareholders elected all the company's director nominees to the Board.

Universal Electronics (UEIC) and Kent Lake Partners reaches agreement

Key Summary: On May 2, 2025, Kent Lake Partners and the company signed a Cooperation Agreement under which Michael D. Burger will join the Board as a Class II director. On December 21, 2023, the company and Toro 18 Holdings LLC (11.9%) entered a cooperation agreement. According to the agreement, the company will appoint Mr. Singer as a director until the 2024 Annual Meeting

Market Cap: \$70 million| Universal Electronics Inc. designs, develops, manufactures, and sells pre-programmed and universal control products, audio-video (AV) accessories, and intelligent wireless security and smart home products for video services, consumer electronics, security, home automation, climate control, and home appliance markets.

- On December 21, 2023, the company and Toro 18 Holdings LLC (11.9%) entered a [cooperation agreement](#). According to the agreement, the company will appoint Mr. Singer as a director until the 2024 Annual Meeting. Mr. Singer will also be included in the company's director nominee slate for the 2024 Annual Meeting.
- On May 2, 2025, Kent Lake Partners and the company signed a [Cooperation Agreement](#) under which Michael D. Burger will join the Board as a Class II director through the 2026 Annual Meeting and serve on the Operations Committee.

Wynnefield Partners entered into a cooperation agreement with Quest Resource Holding Corp (QRHC)

Key Summary: On May 7, 2025, the company entered into a cooperation agreement with Wynnefield Partners

Market Cap: \$51 million | Quest Resource Holding Corporation, together with its subsidiaries, provides solutions for the reuse, recycling, and disposal of various waste streams and recyclables in the United States.

On May 7, 2025, the company entered into a [cooperation agreement](#) with Wynnefield Partners (13.3%) and pursuant to it, the company agreed to expand its Board and appoint Robert Lipstein as a Class III director, who will also serve on the Audit Committee

22NW Fund reaches cooperation agreement with Culp Inc (CULP)

Key Summary: On April 12, 2024, 22NW Fund announced its intention to discuss enhancing shareholder value and improving corporate governance with the management and Board, including potential Board changes. On June 17, 2024, 22NW Fund entered into a cooperation agreement with the company and pursuant to it, it secured one Board seat. On June 6, 2025, 22NW Fund (14.8%) entered a cooperation agreement with the company under which the company will nominate three 22NW Fund's nominees the Board at the 2025 and 2026 AGMs

Market Cap: \$49 million | Culp, Inc. manufactures, sources, markets, and sells mattress fabrics, sewn covers, and cut and sewn kits for use in mattresses, foundations, and other bedding products in the United States, North America, the Far East, Asia, and internationally.

- On April 12, 2024, 22NW Fund (9.9%) stated that it intends to engage in communications with the management team and Board regarding opportunities to enhance shareholder value and improve corporate governance, including through potential changes to the composition of the Board. [Source](#)
- On June 17, 2024, 22NW Fund (9.9%) entered into a [cooperation agreement](#) with the company and pursuant to it, the company increased the size of the board from eight to nine directors and appointed Alexander B. Jones, 22NW Fund's representative, to fill the resulting vacancy.
- On June 6, 2025, 22NW Fund (14.8%) entered a [cooperation agreement](#) with the company under which the company will nominate three 22NW Fund's nominees (Jones, Collier, Heatherton) to the Board at the 2025 and 2026 AGMs and form a strategy committee including these nominees.

Gary S. Rosenbach reaches agreement with Harte Hanks (HHS)

Key Summary: On May 14, 2025, Rosenbach entered into a cooperation agreement with the company, agreeing to standstill provisions

M.Cap: \$35mm | Harte Hanks, Inc. (Harte Hanks) is a multi-channel marketing company.

On May 14, 2025, Rosenbach entered into a [cooperation agreement](#) with the company, agreeing to standstill provisions, including restrictions on proxy solicitation, influencing others, and acquiring additional shares. He also agreed to vote in line with the board's recommendations through the

2026 annual meeting, except on Extraordinary Transactions. The agreement terminates if Rosenbach's stake falls below 10%.

Past:

Between December 2017 and May 2021, Houston H. Harte and BLR Partners/Fondren Management pushed for governance reforms at Harte Hanks. On December 27, 2017, Harte (10.6%) filed a 13D urging actions to enhance shareholder value, including declassifying the board and enabling 10%+ holders to call special meetings. On January 12, 2018, BLR (5.9%) demanded immediate governance changes, including a new Chairman and board refresh. On February 14, 2018, Harte cited poor performance and urged operational improvements. On February 15, 2018, BLR reiterated calls for the Chairman's resignation and board overhaul. On March 1, 2018, Harte sent a follow-up letter reinforcing his demands. On May 11, 2018, BLR increased its stake to 8.3%. On May 17, 2018, the company signed a cooperation agreement with Harte, appointing four new directors and announcing four resignations, along with a proposal to declassify the board. On November 19, 2018, BLR trimmed its stake to 8.1%, then increased it to 9.4% on August 27, 2019. On April 29, 2021, BLR (9.9%) announced plans to nominate board candidates. On May 14, 2021, a second cooperation agreement led to the appointment of Mr. Radoff to the board and three committees.

Hale Capital Partners reached agreement with Vislink Technologies, Inc. (VISL)

Key Summary: On February 12, 2025, Hale Capital Partners initiated discussions with the company. On June 12, 2025, Hale Capital Partners and the company entered into a Cooperation Agreement under which the company agreed to nominate William Bender to the board and appoint Martin Hale as a board observer.

Market Cap: \$6 million | Vislink Technologies, Inc. provides solutions for collecting live news, sports, entertainment, and news events for the broadcast markets in North America, South America, Europe, Asia, and internationally.

- On February 12, 2025, Hale Capital Partners (12%) stated that it has engaged and expects to continue to engage in conversations with the board and its management regarding Board composition and corporate governance. [Source](#)
- On June 12, 2025, Hale Capital Partners and the company entered into a [Cooperation Agreement](#) under which the company agreed to nominate William Bender to the board and appoint Martin Hale as a board observer. The agreement also included board size limits, director replacement rights, and customary standstill and voting commitments. Hale Capital Partners later withdrew Bender's nomination

JANA Partners Sends Open Letter to Shareholders Reporting Overwhelming Support for Significant Board Change at Lamb Weston (LW)

Key Summary: On October 18, 2024, JANA Partners and Continental Grain Company announced plans to engage with the board and management on issues like shareholder underperformance, operational deficiencies, and strategic alternatives due to the company's poor performance history.

Market Cap: \$7.8 billion | Lamb Weston Holdings, Inc. engages in the production, distribution, and marketing of frozen potato products in the United States, Canada, Mexico, and internationally.

- On October 18, 2024, JANA Partners and Continental Grain Company (together 5.4%) announced plans to engage with the company's board and management to address key issues,

including shareholder underperformance, operational deficiencies, capital spending alignment, share repurchase strategies, investor communications, management compensation, environmental standards, resource oversight, corporate governance, and potential strategic alternatives due to the company's poor performance history. [Source](#)

- On December 16, 2024, JANA Partners and Continental Grain Company issued a [letter](#) to the Board criticizing the company's poor performance, citing operational failures, ineffective leadership, and mismanagement of capital and corporate governance. JANA attributed Lamb Weston's struggles to chronic mis-execution, questionable capital allocation, and inadequate Board oversight, leading to significant financial losses and reputational damage. JANA suggested a formal review of strategic alternatives, including a potential sale, to maximize shareholder value.
- On January 28, 2025, JANA Partners criticized the Board's recent decisions, citing ongoing poor financial performance and inadequate responses to shareholder concerns. Following a significant drop in stock value and multiple guidance cuts, JANA emphasized widespread investor dissatisfaction with the Board's leadership and calls for substantial changes at both the Board and executive levels. JANA offered to collaborate constructively or pursue alternative strategies if necessary to drive improved outcomes for shareholders. [Source](#)
- On June 5, 2025, JANA Partners issued an open [letter](#) highlighting overwhelming shareholder support for a major board overhaul. A third-party study covering ~80% of top shareholders found over 80% back significant board changes, with most favoring a full replacement. The survey showed near-zero confidence in the board and leadership, citing failures in oversight, capital allocation, CEO succession, and value creation. JANA urged shareholders to press the company for urgent board reform to restore confidence and unlock value.

Qorvo, Inc (QRVO) to Nominate Starboard's Feld; Starboard Withdraws Its Nomination

Key Summary: On April 14, 2025, Starboard nominated Peter A. Feld to the Board. On May 19, 2025, the company announced plans to nominate Starboard's Peter A. Feld to its Board following constructive engagement. In turn, Starboard withdrew its prior nomination of Feld.

Market Cap: \$5.5 billion | Qorvo, Inc. engages in development and commercialization of technologies and products for wireless, wired, and power markets worldwide.

- On April 14, 2025, Starboard (8.9%) delivered a letter to the company nominating Peter A. Feld, Managing Member, Portfolio Manager and Head of Research of Starboard, for election to the Board at the 2025 AGM. [Source](#)
- On May 19, 2025, the company announced its intention to nominate Peter A. Feld, Managing Member, Portfolio Manager and Head of Research of Starboard Value LP, for election to the Board at the 2025 Annual Meeting of Stockholders, following constructive engagement between the company and Starboard. In connection with this announcement, on May 19, 2025, Starboard delivered a notice to the company withdrawing its nomination of Mr. Feld for election to the Board at the Annual Meeting. [Source](#)

Impactive Capital Comments on Clear Message Sent by WEX Inc. (WEX) Shareholders That Board Change Is Needed

Key Summary: On March 6, 2025, Impactive Capital (6.7%) announced it has started discussions with the board and management regarding the company's performance and governance, including adding a shareholder representative to the Board. On May 2, 2025, Impactive Capital announced it will vote against three directors. On May 22, 2025, Impactive Capital (7%) criticized WEX's board

after directors VanWoerkom, Smith, and Neary received unusually low support, citing underperformance and poor engagement. Impactive plans to nominate at least four directors in 2026 unless the company shows meaningful improvement.

Market Cap: \$4.6 billion | WEX Inc. operates a commerce platform in the United States and internationally.

- On March 6, 2025, Impactive Capital (6.7%) stated that it has initiated discussions with the board and management concerning the company's operational and share price performance, along with specific corporate governance issues such as appointing a shareholder representative to the Board. [Source](#)
- On May 2, 2025, Impactive Capital announced it will vote against three directors—Jack VanWoerkom, Melissa Smith, and James Neary—at the 2025 annual meeting, citing long-term underperformance, lack of accountability, and the Board's refusal to add shareholder representation. Impactive criticized WEX's strategic oversight and widening gap in performance compared to peer Corpay, despite having similar starting points. [Source](#)
- On May 22, 2025, Impactive Capital (7%) criticized the board following the 2025 annual meeting, where directors Jack VanWoerkom, Melissa Smith (CEO/Chair), and James Neary received historically low support, signaling a crisis of investor confidence. Impactive attributed this to WEX's persistent underperformance and lack of meaningful engagement, despite its four-year effort to work constructively with the board. Unless WEX significantly improves performance or shareholder alignment, Impactive plans to nominate at least four directors for election at the 2026 annual meeting. [Source](#)

H Partners Accuses Harley (HOG) Board of Secret Vote Deals Ahead of Annual Meeting

Key Summary: H Partners Management disclosed an 8% stake in Harley-Davidson in December 2021, raising concerns about executive compensation, governance, and Board composition, which led to a cooperation agreement in February 2022 and the appointment of H Partners' Jared Dourdeville to the Board and key committees. However, on April 5, 2025, Dourdeville resigned, citing serious concerns over leadership and performance, following a letter urging the resignation of the CEO, Chairman, and a Director due to sustained underperformance and a call for new leadership to regain stakeholder trust and drive value.

Market Cap: \$2.8 billion | Harley-Davidson, Inc. manufactures and sells custom, cruiser, and touring motorcycles.

H Partners Management

- On December 16, 2021, H Partners Management disclosed a 8% active stake in the company and expressed its concerns regarding certain features of the company's executive compensation structure, corporate governance practices and Board composition. To address these concerns, H Partners has recently engaged, and expect to continue to engage, in discussions with the Board regarding suggestions aimed at improvements to align the company with the best interests of shareholders, including the addition of a representative to the Board. [Source](#)
- On February 3, 2022, the company entered into a [cooperation agreement](#) with H Partners Management (8.2%) and pursuant to it, Jared Dourdeville, a Partner at H Partners, has joined the Harley-Davidson Board of Directors. Mr Dourdeville has also been appointed to the Human Resources Committee and the Nominating and Corporate Governance Committee
- On April 5, 2025, Jared Dourdeville, a Partner at H Partners submitted his resignation, citing serious concerns about the company's leadership and performance. The move follows an April

1, 2025 letter urging the resignations of CEO Jochen Zeitz, Chairman Tom Linebarger, and Director Sara Levinson due to continued underperformance versus the S&P 500 and peers. Though once supportive of Zeitz's vision, the resigning member now calls for new leadership to restore stakeholder trust and unlock value. [Source](#)

- On April 16, 2025, H Partners (9.1%) issued an open [letter](#) urging shareholders to vote WITHHOLD on the re-election of CEO and Chairman Jochen Zeitz, Presiding Director Thomas Linebarger, and long-tenured director Sara Levinson at the 2025 annual meeting. Citing poor performance, absentee leadership, and entrenched governance, H Partners called for Zeitz's immediate removal, board reconstitution, and the appointment of an external CEO. They launched www.FreeTheEagle.com to mobilize support and provide campaign updates.
- On April 23, 2025, H Partners issued an investor [presentation](#) titled "Free The Eagle: The Urgent Need for Leadership Change at Harley-Davidson," urging leadership change at Harley-Davidson. They criticized CEO and Chairman Jochen Zeitz, Presiding Director Thomas Linebarger, and long-tenured director Sara Levinson for shareholder value destruction, weak execution, and poor governance. H Partners called on shareholders to vote "WITHHOLD" on these directors at the May 14, 2025 Annual Meeting, advocating for new leadership and an external CEO to revitalize the company. H Partners projects significant upside, suggesting Harley could recapture past valuations, targeting a \$150+ share price (7x current levels), referencing its 2006 market cap of \$19.2 billion versus \$2.6 billion in 2024.
- On April 29, 2025, H Partners released a rebuttal [presentation](#) titled "*Free the Eagle*" to counter Harley-Davidson's April 25 presentation, accusing the company of misleading shareholders and downplaying financial underperformance under CEO Jochen Zeitz, Presiding Director Thomas Linebarger, and long-serving director Sara Levinson. As a 9.1% shareholder, H Partners urges investors to vote "WITHHOLD" on the BLUE proxy card to unseat the three directors at the May 14, 2025 annual meeting and restore performance and accountability.
- On May 6, 2025, H Partners announced that two independent proxy advisory firms – Glass, Lewis & Co. and Egan-Jones have recommended that shareholders vote "**WITHHOLD**" on long-tenured directors Jochen Zeitz, Thomas Linebarger, and Sara Levinson at the Company's upcoming Annual Meeting of Shareholders. [Source](#)
- On May 8, 2025, H Partners alleges that the Company's Board made secret, undisclosed commitments to select investors ahead of the 2025 Annual Meeting in an apparent attempt to secure votes for directors Jochen Zeitz, Thomas Linebarger, and Sara Levinson. These commitments allegedly include intentions for these directors to exit the Board and appoint an external CEO. H Partners views this conduct as a violation of corporate governance norms and SEC proxy rules, suggesting a two-tier shareholder system. Given these concerns and questions about the directors' past performance, H Partners urges shareholders to vote "WITHHOLD" on these directors using the BLUE proxy card. [Source](#)

Impala Asset Management

- On March 18, 2010, Impala Asset Management (2%) announced that it has filed preliminary proxy materials in connection with its nomination of two director candidates for election to the Board at the 2020 annual meeting of shareholders. [Source](#)
- On March 27, 2020, the company entered into a [settlement agreement](#) with Impala. The agreement provides that one new director will be appointed to the Board after the 2020 Annual Meeting.

ISS recommends Penn Entertainment (PENN) shareholders vote “FOR” all three director candidates nominated by HG Vora Capital

Key Summary: On Jan 12, 2024, HG Vora Capital (9.6%) voiced concern over unequal board allocation at the company, citing legal violations, demanding prompt rectification. On January 29, 2025, HG Vora Capital Management announced the nomination of three independent directors to PENN’s Board. On April 25, 2025, the company announced that it intends to nominate Johnny Hartnett and Carlos Ruisanchez for election to its Board following discussions with HG Vora Capital Management, LLC . On May 7, 2025, HG Vora, a 4.8% shareholder of PENN Entertainment, sued the company for allegedly cutting a Class II board seat to block nominee William Clifford.

Market Cap: \$2.4 billion | PENN Entertainment, Inc., together with its subsidiaries, provides integrated entertainment, sports content, and casino gaming experiences in North America.

- On January 12, 2024, HG Vora Capital Management (9.6%) issued a [letter](#) to the company expressing concern about the unequal allocation of members across the company's Board of Directors. HG Vora argues that this unequal allocation violates the Pennsylvania Business Corporation Law and the company's Articles of Incorporation, which require classes of directors to be as nearly equal in number as possible. HG Vora expects the company to rectify this violation promptly and reserves the right to take action to ensure compliance with the law and articles.
- On January 29, 2025, HG Vora Capital Management (4.8%) announced the nomination of three independent directors—William J. Clifford, Johnny Hartnett, and Carlos Ruisanchez—to the Board. HG Vora criticized the Board for poor judgment, failed transactions, and value-destroying actions, particularly the reckless spending of nearly \$4 billion on online sports betting investments despite lacking industry expertise. [Source](#)
- On April 25, 2025, the company [announced](#) that it intends to nominate Johnny Hartnett and Carlos Ruisanchez for election to its Board following discussions with HG Vora Capital Management, LLC
- On May 7, 2025, HG Vora Capital Management sued the company alleging its board unlawfully reduced the number of Class II director seats to block shareholder nominee William Clifford from election. HG Vora claims the move violates federal and state laws and undermines shareholder rights. Despite PENN agreeing to nominate two HG Vora candidates, the firm seeks court intervention to restore the third board seat, correct misleading proxy disclosures, and allow full shareholder choice. HG Vora urges investors to use its GOLD proxy card to vote for all three of its independent nominees. [Source](#)
- On May 21, 2025, HG Vora Capital Management posted the investor [presentation](#) to their campaign website at www.WinAtPENN.com.
- On June 6, 2025, HG Vora Capital (4.8%) [announced](#) that ISS and Egan-Jones recommended shareholders vote *FOR* HG Vora’s three director nominees, citing PENN’s poor performance, failed interactive strategy, lack of board accountability, and insufficient gaming expertise

ISS Supports Compelling Case for Change to Brookdale Senior Living Inc. (BKD) Board of Directors and Recommends Vote on the WHITE Ortelius Proxy Card

Key Summary: Ortelius Advisors, on March 5, 2025, nominated six new board candidates for Brookdale, citing concerns over underperformance, including declining occupancy rates, margins, and free cash flow. Glenview Capital Management entered a support agreement with Brookdale in 2019, backing the board's nominees and leadership changes. Land and Buildings Investment

Management, in 2018 and 2019, criticized Brookdale's failure to monetize its real estate and called for shareholder-friendly governance, also nominating board candidates and releasing a valuation report showing significant upside potential.

M.Cap: \$1.6 billion | Brookdale Senior Living Inc. owns and operates senior living communities in the United States. It operates through five segments: Retirement Centers, Assisted Living, CCRCs Rental, Brookdale Ancillary Services, and Management Services.

Ortelius Advisors

- On March 5, 2025, Ortelius Advisors, L.P. issued a [letter](#) to the stockholders nominating six new board candidates. They cite concerns over declining occupancy rates, NOI margins, EBITDA margins, and free cash flow, underscoring a substantial drop in tangible book value per share and stock price underperformance relative to benchmarks over seven years.
- On April 24, 2025, Ortelius Advisors issued a [letter](#) to Brookdale Senior Living shareholders criticizing years of poor performance under the prior CEO and Board, highlighting stock declines, falling occupancy, and negative cash flow. With Cindy Baier's recent departure as CEO, Ortelius nominated six directors to drive strategic changes, including monetizing underperforming assets, reducing debt, exiting leases, and unlocking real estate value. Ortelius believes these actions could significantly increase shareholder value and urged stockholders to support its nominees for Board refreshment and long-term value creation.
- On June 16, 2025, Ortelius Advisors urged shareholders to support its six board nominees, citing years of mismanagement, poor oversight, and stockholder value destruction. Ortelius criticized the board's renewal of unprofitable lease agreements, failure to address \$4.1B in rising net debt, and weak execution on asset monetization. It proposes a materially different strategy—divesting underperforming assets, eliminating the leased portfolio, reducing leverage, and repositioning Brookdale as a real estate-focused operator (GoodCo PropCo), which Ortelius believes could unlock significant value far above the company's current market cap. [Source](#)
- On June 23, 2025, ISS recommended that stockholders vote FOR the election of Ortelius nominees to the Board. [Source](#)

Glenview Capital Management

On September 27, 2019, the company announced that it has entered into a support agreement with Glenview Capital Management (11.71%). Pursuant to the agreement, Glenview will vote all of its shares in favor of both the Company's Class II director nominees, Victoria Freed and Guy Sansone, and with the Board's recommendations on the other proposals at the 2019 Annual Meeting. In connection with the agreement, Brookdale also announced that if both Ms. Freed and Mr. Sansone are elected to the Board, Mr. Sansone will be appointed Non-Executive Chairman, effective January 1, 2020. [Source](#)

Land and Buildings Investment Management

- On September 12, 2018, Land and Buildings Investment Management issued an open [letter](#) to shareholders expressing concerns that the Board has failed to announce plans to materially monetize company's real estate. It expressed its disappointment that the board has not accelerated the de-staggering of board elections so that all directors up for election are elected to one-year terms. It stated that in the absence of any changes to more shareholder-friendly governance policies, it intends to vote against the three directors up for election at Brookdale's AGM.

- At the [AGM](#) held on October 4, 2018, the incumbent nominees were elected by the shareholders.
- On July 16, 2019, Land and Buildings Investment Management issued an open [letter](#) to shareholders nominating two candidates for election to the Board at the 2019 annual meeting of shareholders. It stated that it has engaged Green Street Advisors to independently value company and its real estate, leading to a net asset value estimate substantially above share price . Green Street Advisors believes there may be viable opco/propco reit structures, that could lead to a material higher share price –
- On July 30, 2019, Land and Buildings Investment Management issued an open [letter](#) to shareholders highlighting persistent operational failures, poor capital allocation and balance sheet mismanagement and reiterated that it nominates two candidates for election to the Board at the 2019 annual meeting of shareholders

Valuation Insight

Had the Company simply performed in-line with the Healthcare REIT peers, our estimated net asset value for Brookdale would be more than 50% higher.

- On August 13, 2019, Land & Buildings issued an open letter to shareholders releasing Green Street Advisors' Report Valuing Brookdale at \$13.60 per share. It stated that Green Street's findings are view, suggesting ~70% upside to the current share price

Key findings from the Green Street report include:

- **PropCo/OpCo Combined Value of \$13.60 per share, a ~70% increase over current share price**
- Owned real estate value of \$5.6 billion at a 6.9% cap rate
- Operator equity market cap of \$616 million at a ~10x EBITDA multiple

Key assumptions from the Green Street analysis, which was prepared using Brookdale's public disclosure, include:

- Brookdale PropCo valued at \$10.30 per share
 - Green Street believes it could trade at a 15% premium to NAV compared to 23% for comparable publicly traded healthcare REITs
 - 0% forward NOI growth
 - Owned senior housing assets are 100% in RIDEA structure
 - Equity offering at creation of REIT of \$1.5 billion at a 5% discount to fair value, equity
 - Net leverage similar to comparable publicly traded healthcare REITs
 - Leased assets remain in PropCo
- OpCo valued at \$3.30 per share
 - Asset-lite pure operator with no corporate debt
 - Earns fee from managing PropCo assets under a RIDEA structure, leaving OpCo with no lease obligations
 - Health Care Services in OpCo
 - Positioned as dominant manager in senior housing sector
- On October 8, 2019, Land & Buildings determined to withdraw its nominee for election to the Board of Directors at the Annual Meeting and issued a [press release](#) in connection therewith. Accordingly, Land & Buildings has terminated its proxy solicitation and will not vote

any proxies received from stockholders of the Company on the BLUE proxy card at the Annual Meeting.

Teleios Capital Pursues Strategic Engagement with Management of Quanex Building Products Corporation (NX)

Key Summary: On August 2, 2024, Teleios Capital Partners (9.8%) began talks with management to improve shareholder value through discussions on capital allocation, strategy, and governance. On June 18, 2025, Teleios Capital Partners announced ongoing engagement with management, aiming to enhance shareholder value through discussions on capital allocation, strategy, and governance.

Market Cap: \$858 million | Quanex Building Products Corporation, together with its subsidiaries, provides components for the fenestration industry in the United States, rest of Europe, Canada, Asia, the United Kingdom, and internationally.

- On August 2, 2024, Teleios Capital Partners (9.8%) announced their initiation of discussions with management aimed at enhancing shareholder value through future dialogue on capital allocation, strategy, and governance. Additionally, pursuant to a Board Observer Agreement dated August 1, 2024, Teleios Capital Partners holds a board observer seat. [Source](#)
- On June 18, 2025, Teleios Capital Partners (10.1%) stated that it is engaging with the management and plan to continue discussions focused on enhancing shareholder value, including topics such as capital allocation, strategy, and governance. [Source](#)

Weidong Yin Nominated to Board of Sinovac Biotech Ltd (SVA) in SAIF's Proxy Campaign Ahead of Shareholder Meeting

Key Summary: On March 18, 2025, SAIF Partners (15%) requisitioned a meeting to remove certain Sinovac directors and elect new ones, backed by Vivo Capital (8.2%) and Advantech Capital (8.1%) on March 25. On April 23, Vivo filed lawsuits against the 1Globe-controlled board over governance failures that triggered the auditor's resignation and delayed NASDAQ relisting. On June 11, Vivo urged shareholders to support board changes at the July 8 meeting to restore transparency and protect shareholder rights.

Market Cap: \$642 million | Sinovac Biotech Ltd. is a China-based leading biopharmaceutical company that focuses on the research, development, production, and commercialization of vaccines that protect against human infectious diseases..

- On March 18, 2025, SAIF Partners IV L.P. (15%) submitted a requisition to the board requesting a special shareholders' meeting to (i) remove directors David Guowei Wang, Pengfei Li, and Jianzeng Cao, along with any others appointed without shareholder approval after February 8, 2025, and (ii) elect nine new nominees to the board. [Source](#)
- On February 28, 2025, the company announced a new Board of Directors that excluded Mr. Shan Fu, Vivo Capital's (8.2%) designee since 2018, despite requests for his inclusion. Vivo Capital intends to take action to reinstate Mr. Fu and has aligned with SAIF Partners IV L.P.'s March 18, 2025 requisition to remove certain directors and elect new nominees, including Mr. Fu. Vivo Capital plans to vote in favor of SAIF's proposals and continue collaborating with other shareholders to influence the management, board, and corporate structure. [Source](#)
- On March 25, 2025, Advantech Capital (8.14%) stated that it intends to vote in favor of SAIF Partners' proposals at any scheduled meeting. [Source](#)

- On April 1, 2025, the company suggested that the new Board may challenge the validity of the Advantech Capital's shares and exclude them from a planned cash dividend. In response, the Advantech Capital took steps to protect their rights, including requesting on April 9, 2025, to join an arbitration filed by Vivo Capital in March 2025 at the Hong Kong International Arbitration Centre, seeking confirmation of their entitlements. [Source](#)
- On April 23, 2025, Vivo Capital issued a [press release](#) announcing it has filed multiple lawsuits against the current Board, controlled by activist investor 1Globe Capital, alleging value-destructive actions including resisting shareholder meetings, threatening to cancel 16% of common stock held since 2018 (including Vivo's stake), appointing 1Globe affiliates, and excluding Vivo's board representative. These actions triggered the resignation of Sinovac's independent auditor Grant Thornton, citing unreliable board resolutions, delaying Sinovac's NASDAQ relisting (halted since 2019) and risking compliance with U.S. securities laws. Vivo seeks to replace the board via a shareholder meeting and has initiated legal proceedings to challenge the board's actions and uphold shareholder interests.
- On April 28, 2025, SAIF Partners IV L.P., through Cede & Co., requisitioned a special shareholders' meeting to remove three directors—David Guowei Wang, Pengfei Li, and Sven H. Borho—and any others appointed after February 8, 2025 without shareholder approval, and to elect 10 new nominees to the board. [Source](#)
- On June 11, 2025, Vivo Capital issued a [letter](#) refuting the company's [April 29 claims](#) as false and misleading, particularly around dividend intentions and Vivo's role in past board control. Vivo defended its critical financial support during key moments—such as funding CoronaVac's development amid legal and capital constraints—and rejected allegations of seeking a “double-dip” on dividends. It highlighted governance concerns, including the resignation of Sinovac's auditor, board instability, and a looming NASDAQ delisting risk. Vivo urged shareholders to vote for qualified directors at the July 8 meeting to restore transparent governance and fair treatment for all investors.
- On June 17, 2025, Weidong Yin filed 13D stating that SAIF Partners IV L.P. had mailed definitive proxy materials for a July 8 shareholder meeting to nominate directors, including Weidong Yin to the board. [Source](#)

ADAR1 Capital Management issued a presentation to the shareholders of Keros Therapeutics (KROS)

Key Summary: On April 11, 2025, ADAR1 Capital called Keros undervalued but questioned the viability of KER-012 and KER-065, urging strategic actions like buybacks, cuts, asset sales, or liquidation, estimating value at \$40–\$50 per share. They are in talks with management and may revise their investment. On April 17, 2025, Pontifax Management entered into a Letter Agreement with the company, under which the Board agreed to nominate Mr. Nussbaum, Mary Ann Gray, and Alpna Seth for election at the 2025 Annual Meeting. On April 24, 2025, ADAR1 Capital demanded Keros Therapeutics' Board waive the nomination deadline, accusing directors of breaching fiduciary duties through actions including launching a strategic review after poor trial results, adopting a poison pill, and signing a restrictive agreement with Pontifax.

Market Cap: \$547 million | Keros Therapeutics, Inc., a clinical-stage biopharmaceutical company, develops and commercializes novel therapeutics for patients with disorders that are linked to dysfunctional signaling of the transforming growth factor-beta family of proteins in the United States.

- On April 11, 2025, ADAR1 Capital Management (13.3%) stated its belief that Keros shares are undervalued but raised concerns about the viability of KER-012 and KER-065. They urged the

company to consider strategic options, including a buyback, workforce cuts, asset sales, or liquidation, estimating potential value of \$40–\$50 per share. They are engaging with management and may alter their investment based on developments. [Source](#)

- On April 17, 2025, Pontifax Management (11.8%) entered into a Letter Agreement with the company, under which the Board agreed to nominate Mr. Nussbaum, Mary Ann Gray, and Alpna Seth for election at the 2025 Annual Meeting. [Source](#)
- On April 24, 2025, ADAR1 Capital Management demanded that the Board waive or amend the expired nomination deadline, citing recent board actions as breaches of fiduciary duties intended to entrench current directors. Specifically, ADAR1 highlighted the Board's initiation of a strategic review potentially leading to a sale, adoption of a poison pill, and execution of a standstill agreement with Pontifax restricting alternative board nominations. ADAR1 threatened litigation or a "vote no" campaign against certain directors if the Board fails to provide at least a ten-day window for alternative nominations and to cease enforcing the standstill provisions. [Source](#)
- On May 8, 2025, ADAR1 Capital Management issued an open [letter](#) to the shareholders expressing serious concerns about Keros' capital allocation, strategic direction, and prolonged underperformance, highlighting poor clinical results for drug candidates KER-012 and KER-065. Citing a loss of confidence in management and the Board, ADAR1 announced its intention to WITHHOLD votes for the re-election of directors Dr. Mary Ann Gray and Dr. Alpna Seth at the upcoming Annual Meeting on June 4, 2025. ADAR1 also supports significant stockholder representation on the Board, endorsing Ran Nussbaum of Pontifax.
- On May 12, 2025, ADAR1 Capital Management released an investor [presentation](#) outlining its rationale for withholding votes on the re-election of Dr. Mary Ann Gray and Dr. Alpna Seth to the Keros Board of Directors at the Company's upcoming Annual Meeting of Stockholders, scheduled for June 4, 2025.

Edward Smolyansky Nominated Seven Directors for Lifeway Foods, Inc's (LWAY) 2025 Annual Meeting

Key Summary: On October 15, 2021, Ludmila and Edward Smolyansky announced their plan to nominate up to three directors at the 2021 AGM. By March 11, 2022, Edward aimed to nominate several directors and push for CEO replacement and strategic review. After a settlement on July 27, 2022, Edward withdrew his proxy contest, with the Company agreeing to new board nominations and strategic reviews. On February 10, 2023, the Smolyanskys alleged breaches of this agreement. By May 5, 2023, Edward filed to nominate seven directors, and all were elected on June 15, 2023. On October 26, 2023, they nominated a new director per the agreement and on July 18, 2024, called for the resignation of several executives, including the CEO. On August 13, 2024, Ludmila Smolyansky and Edward Smolyansky filed proxy materials soliciting consent for the Board Removal Proposal and the Director Election Proposal. On December 30, 2024, Danone North America accused Lifeway Foods and CEO Julie Smolyansky of breaching a Shareholder Agreement by issuing nearly 300,000 shares without consent, declaring the action void. On March 3, 2025, Danone filed a lawsuit against the company and its Board, accusing them of breaching fiduciary duties and violating the shareholder agreement. On March 13, 2025, Edward Smolyansky sent the letter to the company notifying his intent to nominate seven directors for election at the Company's 2025 annual meeting of shareholders

Market Cap: \$361 million | Lifeway Foods, Inc. produces and markets probiotic-based products in the United States and internationally.

- On October 15, 2021, Ludmila Smolyansky, Chairperson of the Board, and Edward Smolyansky, COO of the company, disclosed 38.4% and stated that Edward Smolyansky intends to nominate up to three directors at the 2021 AGM. [Source](#)
- On February 21, 2022, the concerned shareholders (38.2%) notified the Board of their belief that the Company should replace the Company's CEO, and commence an exploration of the Company's strategic alternatives. [Source](#)
- On March 11, 2022, Edward Smolyansky notified the corporate secretary of the company of his intent to nominate himself, Ludmila Smolyansky, Robert Whalen, Austin Hollis and Lana Trifonova for election to the Board at the 2022 AGM. As Mr. Smolyansky continues to prepare for a potential proxy contest in connection with the 2022 AGM, he intends to continue to engage in discussions with the Board regarding his belief that the Company should replace the Company's CEO, and commence an exploration of the Company's strategic alternatives. [Source](#)
- On July 27, 2022, Edward Smolyansky entered into a [settlement agreement](#) with the Company which terminates his potential proxy contest or solicitation with respect to the appointment of new directors to the Board. Pursuant to the Settlement Agreement, the Company has agreed, that (i) the Board will nominate: Juan Carlos Dalto, Jodi Levy, Dorri McWhorter, Perfecto Sanchez, Jason Scher, Pol Sikar, Julie Smolyansky and Ludmila Smolyansky, and (ii) the Board's Audit and Corporate Governance Committee will oversee a review of strategic alternatives for the Company.
- On February 10, 2023, Ludmila Smolyansky and Edward Smolyansky provided a notice to the Company regarding potential breaches of the Settlement Agreement, dated as of July 27, 2022, as amended, among the Company, Ludmila Smolyansky and Edward Smolyansky (the "Settlement Agreement"). Under the Settlement Agreement, Ludmila Smolyansky's and Edward Smolyansky's "standstill" obligations under Section 6 of the Settlement Agreement terminate in the event of a material breach by the Company that is not cured within ten days by the Company. On February 22, 2023, the Company provided a written response, claiming that it had not materially breached the Settlement Agreement, and noting that a committee of the Company's board of directors had approved the engagement of a nationally recognized financial advisor, and that certain terms of the engagement were being negotiated and remained subject to approval by the committee. [Source](#)
- On May 5, 2023, Mr. Smolyansky again notified the Company, in accordance with the Company's bylaws, that he intended to nominate seven candidates for election as directors at the 2023 annual meeting.
- On May 9, 2023, Mr. Smolyansky filed proxy materials seeking support for its nominees.
- At the AGM held on June 15, 2023, all of the company's director nominees were elected to the Board.
- On October 26, 2023, Ludmila Smolyansky and Edward Smolyansky (together 31.1%) informed the company. that they are nominating a director in accordance with the Settlement Agreement from July 27, 2022. As per the agreement, the Board must appoint the nominee if approved by the Board and its Audit and Corporate Governance Committee in good faith, with no unreasonable withholding of approval. They also mentioned a second contingent nominee to be considered if the first nominee is not approved by the Board or the Committee. [Source](#)
- On July 18, 2024, Ludmila Smolyansky and Edward Smolyansky (together 8.4%) issued a press release demanding (i) the resignation of Julie Smolyansky, CEO and chairperson of the Company, (ii) the resignation of certain of the Company's directors, including Jason Scher, Pol Sikar, Jody Levy, Dorri McWhorter and Perfecto Sanchez, (iii) the termination of Jason Burdeen, the Company's chief of staff, (iv) the adoption of an anti-nepotism policy and (v) an operational and strategic review of the Company.

- On August 13, 2024, Ludmila Smolyansky and Edward Smolyansky filed proxy materials soliciting consent for the Board Removal Proposal and the Director Election Proposal. [Source](#)
- On December 30, 2024, Danone North America accused Lifeway Foods and CEO Julie Smolyansky of breaching a Shareholder Agreement by issuing nearly 300,000 shares without consent, declaring the action void. This follows rejected acquisition offers and Lifeway's leadership entrenchment, with Danone alleging shareholder value erosion through unauthorized stock grants and excessive compensation, hinting at potential litigation. [Source](#)
- On February 3, 2025, Ludmila Smolyansky and Edward Smolyansky issued a [press release](#) regarding a lawsuit filed against Mr. Smolyansky by Julie Smolyansky, the CEO of the Company and confirming Mrs. Smolyansky and Mr. Smolyansky's goals with respect to the Company's management and board of directors.
- On March 3, 2025, Danone filed a lawsuit against the company and its Board, accusing them of breaching fiduciary duties and violating the shareholder agreement. Danone seeks to have the share issuance rescinded and intends to continue pursuing legal action to enforce its rights under the agreement. [Source](#)
- On March 13, 2025, Edward Smolyansky sent the [letter](#) to the company notifying his intent to nominate seven directors for election at the Company's 2025 annual meeting of shareholders.
- On March 17, 2025, Mr. Smolyansky also made available a [letter](#) to Company shareholders on his website, www.freeLifeway.com
- On March 28, 2025, Ludmila Smolyansky and Edward Smolyansky filed proxy materials seeking support for their nominees
- On June 2, 2025, Edward and Ludmila Smolyansky (27%) filed a revised preliminary consent statement seeking to replace Lifeway Foods' board, citing weak Q1 results and poor governance. Despite a reported EPS increase, they argue earnings were driven by a one-time gain, not core operations. Key concerns include declining operating margins, weak sales, rising expenses, and insider stock sales. They criticized the Board's handling of Danone's offer, CEO/Chair Julie Smolyansky's compensation, and called for independent oversight and strategic review, asserting broad shareholder support for immediate change. [Source](#)

Findell Capital Releases Presentation on Oportun Financial (OPRT)

Key Summary: Findell Capital Partners (5.4%) criticized the company's poor stock performance compared to its competitor, OneMain Holdings, Inc. They suggested replacing board members, reducing expenses, changing leadership, and improving governance. On March 7, 2024, they nominated three director candidates for the 2024 AGM. On April 22, 2024, the company entered into a cooperation agreement with Findell Capital Management. On March 20, 2025, Findell Capital announced its plans to nominate two directors and believes Oportun is undervalued, proposing operational changes to boost its valuation to \$22-\$33 per share. On March 27, 2025, Findell Capital Management nominated Sandra Bell and Warren Wilcox to its Board

Market Cap: \$321 million | Oportun Financial Corporation provides financial services. It offers personal loans and credit cards.

- On November 27, 2023, Findell Capital Partners (5.4%) highlighted that the company's stock had performed poorly compared to its competitor, OneMain Holdings, Inc. Findell Capital Partners believed this was due to wasteful investments and unproductive expenditures by the CEO and a board of directors lacking industry-specific knowledge. Findell Capital Partners suggested the following actions to unlock the company's value: replace board members with subprime lending experience, reduce operating expenditure, replace the then-current

leadership team, and adopt shareholder-friendly governance. They intended to work constructively with the Board but reserved the right to take further action if needed to protect shareholder interests. [Source](#)

- On December 4, 2023, Findell Capital Partners issued a letter to the shareholders expressing serious concerns about Oportun's financial and stock price underperformance under CEO Raul Vazquez.

Valuation Insight

"Oportun's core business is a great one. Under the right cost structure, the Company should generate +\$3-\$4 in earnings per share and the stock should trade for +\$20 a share versus \$2.60 a share today."

- On March 7, 2024, Findell Capital Partners (6.7%) submitted a letter to the company nominating three director candidates – Susan Ehrlich, Scott Parker, and David Tomlinson – for election to the Board at the 2024 AGM. Findell Capital Partners has been in ongoing constructive and private discussions with the Board and management, aiming to reach a cooperative resolution. [Source](#)
- On April 19, 2024, the company entered into a [cooperation agreement](#) with Findell Capital Management and pursuant to it, the company appointed Scott Parker as a new independent director and Richard Tambor as an observer to its Board. Tambor will also stand for election at the 2024 shareholder meeting.
- On March 20, 2025, Findell Capital (9.1%) issued an open [letter](#) to the Board calling for leadership changes. It criticized CEO Raul Vasquez and Lead Director R. Neil Williams for their lack of lending experience and poor performance. Findell plans to nominate two experienced directors to replace them, believing Oportun is significantly undervalued. It proposes operational improvements and better leadership to increase the company's valuation to \$22-\$33 per share, aiming to remove obstacles posed by the current board.
- On March 27, 2025, Findell Capital Management nominated Sandra Bell and Warren Wilcox to its Board. Findell criticized the legacy Board for poor governance and attributed recent stock price recovery to their involvement. They urged stockholders to elect their nominees at the upcoming annual meeting to drive operational improvements and better governance. [Source](#)
- On May 5, 2025, Findell Capital Management sent a [letter](#) to the shareholders that it is pushing for board changes, citing poor oversight, excessive costs, and strategic missteps under CEO Raul Vazquez. Despite some progress with two new directors in 2024, Findell claims legacy board members remain aligned with management and lack lending expertise. It is nominating Warren Wilcox to restore independence, cut costs, and refocus on core lending to unlock shareholder value.
- On June 16, 2025, Findell Capital Management released an investor [presentation](#) criticizing the legacy board's oversight and urging the election of Warren Wilcox to add subprime lending expertise. Findell blamed former CEO Raul Vazquez for value destruction, including a \$1.5B capital loss and the \$211M Hello Digit acquisition, citing a 76% stock decline and poor performance vs. peer OneMain. It credited past improvements to its nominated directors and sees further upside if Oportun cuts \$80M in OpEx, removes the 36% rate cap, and targets >40% ROE, estimating a path to over \$22/share by 2026.

Engine Capital Pushes for Independent Board Appointment at Civeo Corp (CVEO)

Key Summary: On March 18, 2025, Engine Capital urged Civeo's Board to boost shareholder value by eliminating the dividend, repurchasing 25% of shares, cutting costs, and focusing on buybacks

rather than M&A. They believe this could increase the stock by 130% by 2027 and suggested exploring a sale of the company. Engine requested a meeting with the Board. On June 18, 2025, Engine Capital stated the Board would benefit from an independent director and is in ongoing discussions with the company about the appointment.

Market Cap: \$304 million | Civeo Corporation provides hospitality services to the natural resource industry in Canada, Australia, and the United States.

- On March 18, 2025, Engine Capital (9.8%) sent a [letter](#) to the Board stating that despite the company's strong assets and cash flow potential, it has failed to generate adequate shareholder returns. Engine proposes a major shift in Civeo's capital allocation, including eliminating its dividend, repurchasing 25% of shares through a tender offer, and reducing operational costs. They also recommend abandoning further M&A and prioritizing share buybacks. Engine believes these actions will unlock significant value, potentially increasing the stock's value between \$40 and \$54 per share, an upside of nearly 130% by 2027. They also suggest exploring strategic alternatives, including a sale of the company, to realize its full value. Engine requests a meeting with Civeo's Board to discuss these initiatives.
- On June 18, 2025, Engine Capital stated its belief that the Board would benefit from a highly qualified, independent director and are in ongoing discussions with the company regarding such an appointment. [Source](#)

ISS Supports Compelling Case for Change to AstroNova (ALOT) Board of Directors and Recommends Vote on the GOLD Askeladden Card

Key Summary: On March 17, 2025, Askeladden Capital Management (9.3%) expressed disappointment in the company's performance and lack of transparency regarding shareholder value. They are engaging with management and the Board to explore ways to maximize value, including potential actions like nominating directors, recommending strategic changes, or seeking Board representation. On March 20, 2025, they submitted a formal notice for a stockholder proposal and director nominations for the 2025 Annual Meeting.

Market Cap: \$68 million | AstroNova, Inc. designs, develops, manufactures, and distributes specialty printers, and data acquisition and analysis systems in the United States, Europe, Asia, Canada, Central and South America, and internationally.

- On March 17, 2025, Askeladden Capital Management (9.3%) expressed disappointment in the company's performance and transparency regarding shareholder value. They are engaging with management and the Board to explore ways to maximize value and may take further actions, including engaging other shareholders, recommending strategic changes, or seeking Board representation and management changes. [Source](#)
- On March 27, 2025, Askeladden Capital Management stated that they are engaging with the management and Board to explore ways to enhance shareholder value, including potential actions like nominating directors, suggesting strategic changes, or seeking board representation. On March 20, 2025, Askeladden Capital submitted a formal notice to present a stockholder proposal and nominate candidates for the 2025 Annual Meeting. [Source](#)
- On April 3, 2025, Askeladden Capital Management issued a [letter](#) to the shareholders stating that the company has seen significant shareholder value destruction, losing nearly 50% of its share price since the May 2024 acquisition of MTEX, a decision that led to a 70% writedown and an event of default due to poor due diligence. Despite its recurring revenue base, AstroNova's stock has underperformed both small and micro-cap benchmarks, with severe

profitability declines, including a nearly 40% reduction in expected EBITDA margins for FY 2026. Also Askeladden Capital nominated five candidates for election to the Board at the upcoming AGM.

- On May 15, 2025, Askeladden Capital Management filed proxy materials seeking support for its nominees.
- On June 3, 2025, Askeladden Capital issued an open [letter](#) urging shareholders to vote for his five board nominees at the July 9 annual meeting, citing strategic missteps, poor governance, and value destruction under current leadership. Askeladden's research, supported by extensive industry interviews, criticizes AstroNova's overreliance on Memjet, flawed MTEX acquisition, outdated marketing, weak customer support, and declining organic growth. The firm argues that a refreshed board with relevant turnaround and operational experience is essential to unlock value and restore performance.
- On June 11, 2025, Askeladden Capital issued a [presentation](#), "Building a Better AstroNova," detailing the case for change at the company.
- On June 27, 2025, ISS recommended shareholders vote on the GOLD card for nominees Samir Patel and Jeff Sands. [Source](#)

Allen Hartman Calls for Haddock's Removal Over Excessive Stock Grant at Silver Star Properties REIT (SLVS)

Key Summary: In Oct 2023, Allen R. Hartman advocated for Silver Star's liquidation and criticized mismanagement, leading to legal disputes regarding annual meetings. In Dec 2023, Hartman was sued by Silver Star for alleged misconduct. In Jan 2024, the company is conducting a Consent Solicitation to re-elect directors, which Hartman opposes, citing board actions that thwart stockholder choices and violate the company's charter. On March 21, 2025, Allen R. Hartman delivered a letter to the company nominating a slate of three director candidates for election to the board at the 2025 Annual Meeting of Stockholders. On April 10, 2025, Al Hartman criticized Silver Star CEO Gerald Haddock for awarding himself 1 million shares, calling it excessive and a breach of duty.

Market Cap: \$28 million| Silver Star Properties REIT, Inc. is a self-managed real estate investment trust that is currently repositioning in an orderly manner into the self storage asset class.

- On October 17, 2023, Allen R. Hartman (15%) expressed his belief that Silver Star should pursue a liquidation strategy and return capital to investors due to perceived mismanagement. He argued that most stockholders would prefer their capital returned in a Texas commercial property REIT rather than risking it in a national self-storage strategy. Mr. Hartman attributed Silver Star's declining value to mismanagement by the Executive Committee, led by Gerald Haddock. He accused Silver Star of adopting a short-term liquidation approach with asset sales at discounted prices and overinvestment in self-storage ventures at high costs to investors. Silver Star hadn't held an annual stockholder meeting since 2013, leading Mr. Hartman to file a lawsuit for a 2023 meeting. In response, Silver Star changed its Bylaws to allow stockholders to act without a meeting, a move contested by Mr. Hartman as violating Maryland law. Additionally, he and vREIT requested access to Silver Star's stock ledger, which was denied, claiming a lack of a "legitimate purpose." [Source](#)
- On October 19, 2023, Mr. Hartman and vREIT filed a First Amended Complaint in the Maryland Litigation to compel a 2023 annual meeting, inspect the stock ledger, and declare the Purported Bylaw Amendment unlawful. [Source](#)

- On December 14, 2023, Allen R. Hartman issued a [press release](#) disclosing that he object to the ongoing consent solicitation and that he is going to vote “NO” to the proposal in the Consent Solicitation for the re-election of Jack I. Tompkins, Gerald W. Haddock and James S. Still to the Board.
- On December 14, 2023, Silver Star Properties REIT, Inc. initiated legal proceedings against Allen R. Hartman and related parties, alleging multiple charges including fraud, conspiracy, slander of title, and breach of contract. The company contends that the Hartman Defendants engaged in self-dealing, misused company resources, breached fiduciary duties, and conducted fraudulent litigation, resulting in substantial damages. These legal actions seek to address the alleged misconduct and facilitate the recovery of damages. [Source](#)
- On January 8, 2024, Silver Star Properties REIT, Inc. stated that it is conducting a Consent Solicitation to re-elect incumbent directors while seeking to reduce the board's size, effectively removing Allen Hartman. Hartman, the largest stockholder, strongly opposes the re-election, alleging that the board is avoiding an annual meeting, violating the company's charter, and preventing meaningful stockholder choices. [Source](#)

Silver Star has not held an annual meeting of stockholders in a number of years. The Entrenched Directors have blocked all of Hartman’s efforts to hold an annual meeting where stockholders could have a choice between re-electing the Entrenched Directors versus an alternative slate that has a different vision of the Company. This summer, Hartman reminded the Company of its obligations under law and its charter to hold an annual meeting for the purpose of electing directors and asked when one would be scheduled. Rather than schedule a meeting, the Board enacted a bylaw amendment in an attempt to avoid an annual meeting where stockholders would have a choice, and instead the bylaw amendment would permit directors to be elected by stockholder consent obtained through a consent solicitation. The Hartman Group believes the bylaw amendment was made in bad faith by the Entrenched Directors, is a blatant manipulation of the corporate machinery by them to remain in office, and violates Silver Star’s charter and Maryland law. Hartman has been forced to resort to litigation, and has in fact sued the Company and the Entrenched Directors to declare the bylaw amendment invalid and to compel an annual meeting.

- On January 12, 2024, Allen Hartman and the Hartman Group sent an email to the shareholders, expressing frustration with the current Board and advocating for the liquidation of the company instead of pursuing a self-storage strategy. They proposed a new board focused on selling properties, paying down debt, and returning capital to shareholders. They cited an estimated conservative value of \$8.00 per share and urged investors to revoke their consent solicitation votes to push for liquidation. [Source](#)
- On January 18, 2024, Allen Hartman and the Hartman Group sent a [letter](#) to the shareholders countering Haddock's (CEO of the company) claims and the ongoing Consent Solicitation. Hartman denied using the company for personal gain, unlike Haddock, who took fees and awarded himself convertible units. He criticized Haddock's lack of experience and mismanagement, leading to poor company performance and auditor issues. Hartman emphasized the need for liquidation as per the company's charter, opposing the Board's new strategy. He called for a shareholder meeting to decide on asset sales and capital return, urging shareholders to revoke consent to the Board's current plans.
- On Feb 1, 2024, the company [announced](#) that its consent solicitation closed on January 29, 2024. A Maryland court granted a preliminary injunction preventing the Company from counting votes until further notice. The Company is evaluating its options, but existing directors, including the Executive Committee, will remain in place regardless of the vote outcome.

- On March 21, 2025, Allen R. Hartman (7.9%) delivered a letter to the company nominating a slate of three director candidates, Allen R. Hartman, Brent Longnecker and Benjamin Thomas, for election to the board at the 2025 Annual Meeting of Stockholders. [Source](#)
- On April 1, 2025, the Hartman Group issued a [letter](#) to the shareholders criticizing Silver Star Properties' leadership under Haddock, blaming them for destroying \$278 million in net asset value since 2022 through their failed "New Direction Plan." They disputed SSP's financial claims, highlighted past tenant satisfaction, and accused management of poor asset sales, mismanagement, and excessive compensation. The letter referenced a court order requiring a shareholder vote within six months to choose between liquidation and an alternative strategy, urging shareholders to consider replacing the board and holding management accountable.
- On April 10, 2025, Al Hartman issued a [letter](#) to Silver Star shareholders condemning CEO Gerald Haddock's award of 1 million shares to himself, calling it excessive and lacking endorsement from reputable compensation experts. Hartman said he spoke with 35 major shareholders representing nearly 20% of shares—97% of whom want Haddock removed. He accused Haddock of breaching fiduciary duty and prioritizing self-enrichment despite the company's poor performance, suggesting legal action may follow his removal.
- On May 27, 2025, Al Hartman, former CEO and largest shareholder of Silver Star Properties REIT, urged shareholders to vote in an upcoming proxy to replace current leadership, citing drastic value destruction under CEO Haddock. He highlighted the company's NAV decline from \$412M in 2020 to \$134M by mid-2024 and accused Haddock of fiduciary breaches, financial non-disclosure, and misuse of funds to delay the shareholder meeting set for July 7. [Source](#)
- On June 12, 2025, the Hartman Group urged shareholders to vote for its plan to return capital, criticizing current leadership for selling \$395M in legacy assets and reinvesting in speculative, cash-negative properties, while insiders enriched themselves. It opposes a \$50M preferred equity raise that would dilute common shareholders. [Source](#)
- On June 19, 2025, the Hartman Group issued a [letter](#) blaming Silver Star Properties' collapse on poor leadership following Al Hartman's forced exit. They cited plunging occupancy, distressed asset sales, and negative cash flow, contrasting it with Hartman's past performance, including high occupancy and profitable exits. The letter urged shareholders to vote the BLUE proxy card to restore former leadership and stop further value destruction.
- On June 23, 2025, the Hartman Group, owning ~7.8% of Silver Star Properties, alleges the Board triggered a poison pill and changed the Annual Meeting date and record date to entrench its control and dilute their stake. They call it a second misuse of the poison pill to suppress dissent. The group urges shareholders to vote the BLUE proxy card to remove key Board members, reject the company's strategy, and support asset liquidation and capital return. Legal action is being considered. [Source](#)

Beaver Hollow Wellness Withdraws Proxy Campaign Following TransDigm Agreement with Servotronics' (SVT)

Key Summary: On January 9, 2025, Beaver Hollow Wellness, led by CEO Paul L. Snyder, nominated four director candidates for Servotronics' 2025 annual meeting. On February 16, 2023, Brent D. Baird (10.9%) signed a Cooperation Agreement with the Company, which agreed to appoint him to the board until the 2023 AGM. On March 26, 2025, Beaver Hollow Wellness, LLC, criticized Servotronics for denying its request to inspect corporate records, raising concerns about transparency and governance during the strategic review. In 2022, Star Equity Fund launched a campaign against Servotronics, criticizing the board for poor governance, supporting an

unprofitable division, and failing to address CEO misconduct. The fund's efforts led to several board changes, including a new CEO and independent directors. Despite a rejected merger proposal, Star continued advocating for board changes and strategic alternatives. In 2023, Star nominated director candidates, criticized the board's lack of expertise, and emphasized the need for the company to explore strategic alternatives for all its assets. Star later withdrew its nominations ahead of the 2023 AGM. On March 25, 2025, Star Equity Fund (6%) commented on Servotronics' strategic alternatives review. On May 22, 2025, Beaver Hollow Wellness ended its proxy campaign after the company agreed to be acquired by TransDigm

Market Cap: \$27 million | Servotronics, Inc. designs, manufactures, and markets control components and consumer products in the United States and internationally.

Beaver Hollow Wellness, LLC

- On January 9, 2025, Beaver Hollow Wellness, led by CEO Paul L. Snyder, nominated four director candidates for Servotronics' 2025 annual meeting. On January 17, Snyder highlighted the need for board change to address Servotronics' financial struggles, following executive departures and the sale of Ontario Knife Co. [Source](#)
- On January 30, 2025, Beaver Hollow Wellness issued a formal demand to the Board for an internal investigation into potential unjust enrichment and breaches of fiduciary duties. Concerns arise from excessive CEO and Board compensation totaling over \$3,000,000 amidst substantial financial losses exceeding \$13,000,000 and a sharp decline in unrestricted cash reserves. [Source](#)
- On February 5, 2025, Beaver Hollow Wellness urged immediate action to address critical financial instability threatening the company. Despite previous offers of support being declined by the Board and CEO, they proposed the S.A.V.E. (Shareholder Action for Value and Employees) plan to enhance manufacturing capabilities, restore customer and employee confidence, and reverse the decline in shareholder value. They criticized current leadership for enriching themselves at the company's expense and proposed a new slate of expert directors to execute this plan effectively. [Source](#)
- On March 26, 2025, Beaver Hollow Wellness, LLC criticized the company's denial of its request to inspect corporate records. Servotronics rejected the request, citing insufficient purpose, which Beaver Hollow disputes, raising concerns about transparency and governance, especially during the ongoing strategic review. Beaver Hollow plans to pursue legal action to ensure accountability. [Source](#)
- On April 23, 2025, Beaver Hollow Wellness criticized the company's amended proxy statement for including "change of control" provisions aimed at protecting executive payouts if directors are replaced. Beaver Hollow accused the board of prioritizing executive compensation over shareholder value and reaffirmed its commitment to operational reform and responsible governance. Beaver Hollow urged shareholders to reject these tactics and vote for its four nominees. [Source](#)
- On May 13, 2025, Beaver Hollow Wellness issued a [presentation](#) expressing its concerns and Hollow urged shareholders to vote for its four nominees.
- On May 22, 2025, Beaver Hollow Wellness ended its proxy campaign after the company agreed to be acquired by TransDigm (TDG), a deal praised for preserving local jobs and delivering over a 250% return since BHW launched its board campaign in January 2025. [Source](#)

Star Equity Fund

Update:

On March 25, 2025, Star Equity Fund (6%) commented on Servotronics' strategic alternatives review. While supportive of the review, Star Equity Fund believes it should have occurred earlier and stresses the need for significant progress to unlock the company's full value. [Source](#)

Background:

- On March 2, 2022, Star Equity Fund filed proxy materials soliciting votes for the election of its director nominees at 2022 AGM. It stated that under the incumbent board's watch, the Company's previous CEO abused his authority and perpetuated a culture of harassment at the expense of employees and shareholders (as alleged by a lawsuit filed by a former employee on June 7, 2021), with an internal investigation finding that he committed willful malfeasance in violation of his employment agreement with the Company. In addition, the incumbent board has overseen and continued to support the Company's unprofitable Consumer Products Group without having taken meaningful action to maximize shareholder value. In addition, the incumbent board has a track record of poor corporate governance. Proxy advisory firms ISS and Glass Lewis have cited numerous issues with Servotronics's board of directors and the Company's corporate governance, including in its report on the Company's 2021 annual meeting. [Source](#)
- On April 8, 2022, Star Equity Fund filed [proxy materials](#) urging the company to schedule 2022 AGM.
- On May 13, 2022, Star Equity Fund stated that it was pleased to announce that its campaign at Servotronics, including the nomination of director candidates and advocacy for various improvements in the Company's corporate governance, caused the Company to take several positive steps it likely would not have taken independently. The Fund stated that under pressure from its campaign, the company recently announced several Board composition and governance changes including, (i) the appointment of a new CEO, (ii) the addition of Karen Howard and shareholder representative Evan Wax to the Board, (iii) the naming of independent director Christopher Marks as Chairman of the Board, (iv) the resignation of Jason Bear from the Board, (v) the termination of its poison pill, and (vi) the reconfirmation that Kenneth Trbovich would not be nominated for election at its 2022 annual meeting. Further, Star Equity Fund stated that it was pleased with the two new additions to the Board and plan to withdraw its nomination for this year's annual meeting. [Source](#)
- On October 20, 2022, Star Equity Holdings presented a non-binding indication of interest to explore a potential combination with the company. On November 2, 2022, after refusing to even engage in conversations with Star Equity Holdings regarding details of a proposal, the Board responded to Star Equity Holdings that a transaction is not in the best interests of the shareholders.
- On November 14, 2022, Star Equity Fund (5.6%) issued a [press release](#) noting the Board's rejection of Star Equity Holdings' proposal without genuinely engaging, and strongly questioning the incumbent directors' commitment to the shareholders. Star Equity Fund also asserted, the Board's actions make clear that further change to the Board's composition needs to occur.
- On February 9, 2023, Star Equity Fund (5.4%) delivered a letter to the company nominating six director candidates for election to the Board at the 2023 AGM. [Source](#)
- On February 14, 2023, Star Equity Fund filed proxy materials seeking support for its nominees.
- On February 24, 2023, Star Equity Fund filed proxy materials seeking support for its nominees.
- On March 29, 2023, Star Equity Fund withdrew the nomination of four candidates and issued a [press release](#) announcing that it would be proceeding with the nomination of two candidates for election to the Board at the 2023 AGM.
- On April 17, 2023, Star Equity Fund filed proxy materials seeking support for its nominees.
- On May 1, 2023, Star Equity Fund filed proxy materials seeking support for its nominees.

- On May 19, 2023, Star Equity Fund issued an investor [presentation](#) titled “Our Plan for Change at Servotronics, Inc.”
- On May 19, 2023, Star Equity Fund filed proxy materials urging all stockholders to vote the **WHITE** proxy card to elect G. Mark Pomeroy and Richard K. Coleman, Jr. to the board at the company's 2023 AGM. [Source](#)
- On May 31, 2023, Star Equity Fund issued in a press release where it reiterated its belief that the incumbent Board, specifically, Edward Cosgrove, Christopher Marks, and William Farrell lacks the necessary experience and expertise to change the trajectory at the company. Star Equity Fund also emphasized that although the company announced its intent to sell its Consumer Products Group after pressure from Star Equity Fund's campaign, intent does not drive shareholder value, but rather execution drives value. Star Equity Holdings further stated its belief that the long-suffering shareholders would be better served by the company exploring strategic alternatives with strategic buyers for ALL its assets, which includes both its Consumer Products Group and Aerospace segments, in addition to real estate assets.
- On June 1, 2023, Star Equity Fund withdrew its nomination of Messrs. Coleman and Pomeroy for election to the Board at the annual meeting. [Source](#)

Brent D. Baird

On February 16, 2023, Brent D. Baird (10.9%) entered into a [Cooperation Agreement](#) with the Company. Pursuant to the Cooperation Agreement, the Company agreed to appoint him to the board, effective as of February 16, 2023, with a term expiring at the company's 2023 AGM.

Galloway Capital Partners Considering Legal Action Against Weight Watchers International, Inc. (WW)

Key Summary: On April 25, 2025, Galloway Capital Partners (2.87%) opposed the company's rumored Chapter 11, citing strong performance and no near-term debt maturities, urging debt restructuring instead and threatening to form an Equity Committee if bankruptcy proceeds. On May 22, 2025, Galloway Capital Partners stated that it is considering legal action against the company over its Chapter 11 bankruptcy plan.

Market Cap: \$24 million| WW International, Inc. provides weight management products and services in the United States, Germany, and internationally.

- On April 25, 2025, Galloway Capital Partners (2.87%) opposed rumored Chapter 11 plans, arguing the company's debt isn't due until 2028-2029 and its strong Q4 results, growing clinical business, and large membership base suggest viability. Galloway warned that bankruptcy would severely harm shareholders and breach fiduciary duties, recommending instead a debt restructuring similar to Regis Corporation's, which led to an 8x stock increase. Galloway cited the recent stock drop (from \$1.40 to \$0.14) due to bankruptcy rumors and threatened to form an Equity Committee if Chapter 11 proceeds. [Source](#)
- On May 22, 2025, Galloway Capital Partners stated that it is considering legal action against the company over its Chapter 11 bankruptcy plan, stating it unfairly benefits lenders (91%) by nearly wiping out existing shareholders despite WW's recent financial improvements and potential. They argue the bankruptcy is unnecessary, shareholders lack representation without an Equity Committee, and the plan benefits management and lenders at shareholders' expense. [Source](#)

The Founders Group, comprising Ransom and Valerie Wuller, Luis Dussan, and Pamela Bauer nominated Board candidates to AEye, Inc (LIDR)

Key Summary: On April 11, 2025, the Founders Group, comprising Ransom and Valerie Wuller, Luis Dussan, and Pamela Bauer nominated Board candidates.

Market Cap: \$12 million | AEye, Inc., together with its subsidiaries, provides lidar systems for vehicle autonomy, advanced driver-assistance systems, and robotic vision applications in the United States and Europe.

- On April 11, 2025, the Founders Group, comprising Ransom and Valerie Wuller, Luis Dussan, and Pamela Bauer, collectively holding 474,214 shares in AEye, Inc., seeks significant changes to the company's board due to severe underperformance, including a 99% stock price decline over three years, massive dilution exceeding 70%, and excessive compensation to directors and the CEO. They propose electing two independent nominees, Pamela Bauer and Ransom P. Wuller, aiming to bring genuine oversight and enhance shareholder value. Additionally, Luis Dussan has introduced a proposal (Proposal 6) to limit authorized common shares to 125% of the fully diluted shares outstanding. Shareholders are encouraged to vote via the GREEN proxy card to support these initiatives at the May 15, 2025, Annual Meeting. [Source](#)
- On April 21, 2025, the Founders Group filed proxy materials seeking support for its nominees.
- On May 6, 2025, the Founders Group stated that the company's market cap has plummeted 99% since its 2021 IPO—from \$1.3B to just \$13M—under the current board's watch, marked by excessive compensation, 70%+ dilution, loss of key partnerships like Continental, and no RFQ wins. The Founders Group—long-time shareholders and original builders of AEye—are urging change by nominating Ransom Wuller and Pamela Bauer to restore oversight, enforce pay-for-performance, cap dilution, and realign strategy. They urged shareholders to reject the Company's white proxy and vote GREEN to declassify the board, limit authorized shares, and support candidates with a credible plan to rebuild value. [Source](#)

Orbic Revises Bid to Acquire Majority of Sonim (SONM) Assets for \$25M

Key Summary: On March 21, 2025, AJP Holding and Orbic North America announced plans to nominate five candidates for the Board at the 2025 Annual Meeting. On April 10, 2025, AJP Holding and Orbic, representing over 1.9 million shares, rejected Sonim Technologies' claim that their board nomination notice was deficient, calling it a tactic to entrench the current board. On April 24, 2025, AJP and Orbic filed a complaint in the Delaware Court of Chancery against the company and its Board, seeking to block actions preventing director nominations. On June 2, 2024, AJP and Orbic voluntarily dismissed the Delaware Action without prejudice through a stipulated agreement with the Director Defendants. On June 26, 2025, Orbic offered \$25M to buy most of Sonim's assets and, along with AJP, urged stockholders to back their board nominees at the July 18 meeting.

Market Cap: \$10 million | Sonim Technologies, Inc. provides ruggedized mobile phones and accessories for task workers.

- On March 21, 2025, AJP Holding and Orbic North America announced plans to nominate five candidates for the Board at the 2025 Annual Meeting. They criticized Sonim's Board for resisting strategic discussions, which they believe have harmed stockholder value, and aim to bring operational and financial improvements through their nominees. [Source](#)
- On April 10, 2025, AJP Holding and Orbic North America strongly objected to Sonim Technologies' April 7, 2025 rejection of their board nomination notice, calling it a baseless and

improper attempt to entrench the current board. They argue the notice fully met disclosure requirements, detailing the nominees' extensive qualifications. Citing legal precedents, stock underperformance, governance concerns, and recent financial losses, they accuse the board of violating fiduciary duties. AJP demanded the rejection be reversed and warned they would pursue all legal options if the board persists in blocking shareholder rights. [Source](#)

- On April 16, 2025, AJP and Orbic filed a preliminary proxy statement with the SEC to solicit votes for their director nominees to the board at the 2025 annual meeting.
- On April 24, 2025, AJP and Orbic filed a complaint in the Delaware Court of Chancery against the company and its Board, seeking to block actions preventing director nominations per the company's bylaws and alleging fiduciary breaches by the directors. [Source](#)
- On June 2, 2024, AJP, Orbic and the Director Defendants entered into a Stipulation of Dismissal pursuant to which AJP and Orbic voluntarily discontinued the Delaware Action without prejudice. [Source](#)
- On June 26, 2025, Orbic submitted a revised non-binding proposal to acquire substantially all of Sonim's assets for \$25 million in cash, subject to specified terms. The same day, AJP and Orbic issued an open [letter](#) urging Sonim stockholders to support their slate of independent nominees at the July 18, 2025, Annual Meeting.

Engine Capital Withdraws Board Slate Following \$750M Buyback Commitment by Lyft (LYFT)

Key Summary: On April 16, 2025, Engine Capital owning ~1%, nominated Alan L. Bazaar and Daniel B. Silvers for election to the board. On May 8, 2025, after the Company announced a \$750M buyback authorization—including \$500M over 12 months and plans for Rule 10b5-1 trades—Engine withdrew its Board nominees and will not vote proxies.

Market Cap: \$4.6 billion | Lyft, Inc. operates a peer-to-peer marketplace for on-demand ridesharing in the United States and Canada.

- On April 16, 2025, Engine Capital, owning ~1%, nominated Alan L. Bazaar and Daniel B. Silvers for election to the board, citing years of value destruction, weak governance, and underperformance versus Uber. Engine criticized the board's founder control, shareholder dilution, and poor capital allocation, and said private engagement failed as the board refused to consider its nominees. It is now pursuing a proxy contest to drive shareholder-led change. [Source](#)
- On April 29, 2025, Engine Capital, owning ~1% of Lyft, released a [presentation](#) urging boardroom changes due to poor governance and capital allocation, including a dual-class structure, staggered board, excessive dilution, and an underutilized \$831M cash position. It recommends a \$750M share buyback, elimination of the dual-class setup, and de-staggering the board. Engine nominated Alan L. Bazaar and Daniel B. Silvers to replace Sean Aggarwal and Betsey Stevenson, citing the nominees' strong board experience and value creation track records.
- On May 8, 2025, following the Company's public announcement of increasing its share repurchase authorization to \$750 million, committing to utilize \$500 million within the next 12 months (including \$200 million over the next three months), and intending to enter into one or more Rule 10b5-1 trading plans, Engine withdrew its slate of nominees for election to the Board and will not vote any proxies received from stockholders. [Source](#)

CEO & CFO CHANGES

Company Name (Ticker)	M.Cap	Revenue	Industry	Difference (in months)
BGSF, INC. (BGSF)	64	267	Staffing & Employment Services	3.2
John Wiley & Sons, Inc. (WLY)	2382	1678	Publishing	11.6
Maravai Lifesciences Holdings, Inc. (MRVI)	815	242	Biotechnology	0.5
Staar Surgical Co (STAA)	828	279	Medical Instruments & Supplies	4
Asana, Inc. (ASAN)	3043	739	Software - Application	9.8
Blink Charging Co. (BLNK)	86	109	Engineering & Construction	9.3
BigBear.ai Holdings, Inc. (BBAI)	1121	160	Information Technology Services	4.7
Trimas Corp (TRS)	1090	940	Packaging & Containers	2.7
Moelis & Co (MC)	4338	1284	Capital Markets	3.4
Avis Budget Group, Inc. (CAR)	4438	11668	Rental & Leasing Services	3.9
Joint Corp (JYNT)	191	53	Medical Care Facilities	7.9
Vera Bradley, Inc. (VRA)	53	372	Footwear & Accessories	0
Granite Ridge Resources, Inc. (GRNT)	781	391	Oil & Gas E&P	0
Sutro Biopharma, Inc. (STRO)	76	66	Biotechnology	2.7
Quantum Corp (QMCO)	83	286	Computer Hardware	2
Outdoor Holding Co (POWW)	199	135	Aerospace & Defense	8.2
Wolfspeed, Inc. (WOLF)	215	777	Semiconductors	2.1
Jack In The Box Inc (JACK)	385	1553	Restaurants	1.9
Photronics Inc (PLAB)	1077	863	Semiconductor Equipment & Materials	12.1
OP Bancorp (OPBK)	187	81	Banks - Regional	2.9
Acadian Asset Management Inc. (AAMI)	1082	520	Asset Management	7.6
Talos Energy Inc. (TALO)	1460	1972	Oil & Gas E&P	3.5
Skillsoft Corp. (SKIL)	188	531	Education & Training Services	8.6
Bel Fuse Inc (BELFA)	906	559	Electronic Components	3.4
Synaptics Inc (SYNA)	2398	1010	Semiconductors	12.4
Blink Charging Co. (BLNK)	72	126	Engineering & Construction	8.8
Pitney Bowes Inc (PBI)	1805	2027	Integrated Freight & Logistics	3.3
1 800 Flowers Com Inc (FLWS)	368	1758	Specialty Retail	8.4

Axogen, Inc. (AXGN)	573	187	Medical Devices	9.1
Vestis Corp (VSTS)	829	2772	Rental & Leasing Services	3.3
MeridianLink, Inc. (MLNK)	1374	316	Software - Application	9.2
Sensata Technologies Holding (ST)	3997	3933	Scientific & Technical Instruments	5
Helen of Troy Ltd (HELE)	583	1910	Household & Personal Products	0
Lions Gate Entertainment Corp (LGF-A)	1930	3870	Entertainment	0

NEW CEO APPOINTMENTS

8-K Date	Company Name	Ticker	M.cap	Revenue	CEO Name
6/16/2025	Fastly, Inc.	FSLY	1048	555	Charles ("Kip") Compton
6/23/2025	Regis Corp	RGS	51	199	Jim Lain
6/23/2025	BGSF, INC.	BGSF	64	267	Kelly Brown
6/23/2025	BGSF, INC.	BGSF	64	267	Keith Schroeder
6/23/2025	DMC Global Inc.	BOOM	158	635	James O' Leary
6/23/2025	Global Medical REIT Inc.	GMRE	853	138	Mark O. Decker
6/25/2025	Asana, Inc.	ASAN	3043	739	Daniel Rogers
6/16/2025	Smartrent, Inc.	SMRT	170	166	Frank Martell
6/16/2025	Fastly, Inc.	FSLY	1048	555	Charles ("Kip") Compton
6/9/2025	Maravai Lifesciences Holdings, Inc.	MRVI	873	242	Bernd Brust
6/9/2025	Trimas Corp	TRS	1090	940	Thomas Snyder
6/9/2025	Moelis & Co	MC	4338	1284	Navid Mahmoodzadegan
6/11/2025	Vera Bradley, Inc.	VRA	53	372	Ian Bickley
6/11/2025	Fortrea Holdings Inc.	FTRE	491	2686	Anshul Thakral
6/12/2025	Perma-Pipe International Holdings, Inc.	PPIH	116	158	Saleh Sagr
6/12/2025	Granite Ridge Resources, Inc.	GRNT	781	391	Tyler Farquharson
5/29/2025	OP Bancorp	OPBK	187	81	Sang K. Oh
6/3/2025	Quantum Corp /De/	QMCO	83	286	Hugues Meyrath
6/5/2025	NB Bancorp, Inc.	NBBK	675	169	Joseph B. Reilly
6/5/2025	BJ's Restaurants Inc	BJRI	994	1368	Lyle D. Tick
5/27/2025	Marketwise, Inc.	MKTW	297	409	David Eifrig
5/28/2025	Outdoor Holding Co	POWW	199	135	Steven F. Urvan
5/28/2025	Photronics Inc	PLAB	1077	863	George Macricostas
5/29/2025	Op Bancorp	OPBK	187	81	Sang K. Oh
5/19/2025	United Homes Group, Inc.	UHG	105	464	John G. (Jack) Micenko
5/19/2025	Twin Hospitality Group Inc.	TWNP	272	354	Kim Boerema
5/19/2025	Ies Holdings, Inc.	IESC	5048	3128	Matthew J. Simmes
5/21/2025	Proto Labs Inc	PRLB	941	499	Suresh Krishna
5/21/2025	Synaptics Inc	SYNA	2398	1010	Rahul Patel

5/22/2025	Pitney Bowes Inc /De/	PBI	1805	2027	Kurt Wolf
5/8/2025	1 800 Flowers Com Inc	FLWS	368	1758	Adolfo Villagomez
5/8/2025	Indivior Plc	INDV	1056	1170	Joe Ciaffoni
5/9/2025	Vestis Corp	VSTS	829	2772	Jim Barber
5/12/2025	Gaia, Inc	GAIA	119	90	Kiersten Medvedich
5/12/2025	Pamt Corp	PAMT	342	687	Matthew T. Moroun
5/12/2025	Fortrea Holdings Inc.	FTRE	470	2696	Peter M. Neupert
5/12/2025	Meridianlink, Inc.	MLNK	1374	316	Laurence E. Katz
5/12/2025	Cannae Holdings, Inc.	CNNE	1181	453	Ryan R. Caswell
5/14/2025	Diodes Inc /Del/	DIOD	2261	1311	Gary Yu
5/14/2025	Txnm Energy Inc	TXNM	4929	1971	Joseph D. Tarry
5/15/2025	Luminar Technologies, Inc./De	LAZR	180	75	Paul Ricci
5/15/2025	Horizon Technology Finance Corp	HRZN	305	98	Michael P. Balkin
5/5/2025	Boot Barn Holdings, Inc.	BOOT	3436	1846	John Hazen
5/6/2025	Helen Of Troy Ltd	HELE	583	1910	Brian Grass
5/7/2025	Hain Celestial Group Inc	HAIN	131	1663	Alison E. Lewis
5/7/2025	Establishment Labs Holdings Inc.	ESTA	962	166	Fillipo "Peter" Caldini