SNOWBALL RESEARCH

MONTHLY REPORT

Significant Events & Situations

Dec 2022

https://promember.snowballresearch.com/

What is the objective of the report?

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

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

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

What is the advantage? What is the expected outcome?

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

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

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

SEVEN SCREENS

1. CEO/MANAGEMENT CHANGES

Every time a company (under $2.5 billion Market Capitalization) appoints a new CEO, we research the track record of the CEO.
Every year, hundreds of new CEOs are appointed. CEOs who have an A+ track record get hidden among others.
By uncovering an excellent CEO, you can uncover a great investment idea. The newly appointed CEO is not a magician that is able to bring changes in the blink of an eye. It takes time to fix things. The CEO's impact can be noticed only in the long run. So, this provides ample time for value investors to research the stock.

Q&A
a. Isn't business more valuable than jockey?
Well, this is not a "business vs. jockey" debate. We are not arguing that the CEO is more important than the business. Our message is simple: a CEO with a good track record generally gravitates to good companies.
By tracking good CEOs, we can uncover unique investment ideas, and the odds of success are higher for a company that has appointed a CEO who has a proven track record.

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

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

2. 8-K (KEYWORDS)
We predominantly use keywords to narrow down filings from the thousands of 8-K filings. The objective of this project is to capture "significant events" and "significant changes" that are not captured in the remaining screens that we run.
One example is to search for keywords like “strategic alternative” in SEC filings.

3. 13D/ACTIVISM
Even though we summarize all significant 13Ds filing, we flag companies with notable points – companies that experienced majority board changes, companies making sub stantial changes after activist involvement, significant settlement agreement terms and valuation insight, etc.

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

5. ACCOUNTING PROBLEMS
Accounting irregularities, restatement, delisting, and failure to file financial statements on time provides a unique opportunity to find both long and short ideas.
For long ideas, patience is required to identify the companies that emerge "clean" from the accounting problems. Typical characteristics include the termination of the responsible management/board members, consistent improvement in solving the accounting problem, and a solid business. A falling business that emerges from an accounting fiasco is not the right candidate. So, the ideal situation is to identify an operationally strong company that faces temporary airplane turbulence. For a short idea, identifying poor management/board's action and motivation is im portant.

6) INSIDER BUYING 7) PRICE CRASH

Self-explanatory.

Letter

Dear clients,

1. Management shakeups

We are working on a project where we identify companies that experienced "top management changes" after the appointment of a new CEO in 2021. We flag stocks that experienced at least a 40% management change within 2-2.6 years.

It is a manual task. We have done the initial weight lifting.

There are two ways to use this work:

a) You can skim through the companies and shortlist the stocks, OR
b) We have attached the Excel sheet. You can use your plugin and pull the relevant financial information to shortlist it further.

2. 13D –Commentaries to short list ideas

For the past couple of years, we have reviewed all the 13D filings and summarized the significant filings.

Now, we are adding small comments on the "initiated filings" to help you further narrow down the ideas. Out of this lot, we may write a report – ON24 is a good example.

3. Short notes

Since we are reading a lot of SEC filings, we've come across some weird things. I'm flagging them for you with a one- or two-sentence comment.

4. Price crash

We are actively shortlisting ideas from price crash.

4. Substack

I have moved the online database to Substack.

promember.snowballresearch.com

It has all monthly reports, and we are uploading all our individual reports as a separate post. We are still working on it. This way you can search for a company name and read the individual report. We have 300+ individual reports.

We will try to categorize the reports and other information under each section in the Substack account. For example, we have gathered a massive list of historical activist letters and presentations.

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We will consistently expand the Substack sections so this becomes a research hub for investors under $5 billion.

One of the benefits of Substack is that is has an app. You can access our publication from your tablet or phone.

Not only that, but you can also subscribe to various other publications (research + other areas of interest) in one platform. This is very powerful.

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

Thank you for your time.

Best,

Raghuraman
Founder & Head of Research
Snowball Research

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INITIATED		
HELIOGEN, INC. (HLGN)	69	William Gross, former CEO of Heliogen expressed his disagreement with the company
ON24 INC. (ONTF)	478	Lynrock Lake and ON24 had discussions regarding board representation
MOMENTUS INC. (MNTS)	80	Prime Movers Lab Fund seeks board representation in Momentus Inc
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ROGERS CORP (ROG)	2808	Starboard nominated director candidates to the Board of Rogers Corp
ANIKA THERAPEUTICS, INC. (ANIK)	455	Caligan Partners issues open letter to Anika board; Opines Anika could worth almost $60 per share
REWALK ROBOTICS LTD. (RWLK)	49	Lind Partners issued a letter to the Board of Rewalk Robotics
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HERON THERAPEUTICS, INC. /DE/ (HRTX)	320	Rubric Capital Management and Velan Capital reached agreement with Heron Therapeutics
SESEN BIO, INC. (SESN)	123	Bradley L. Radoff and JEC II Associates reached an agreement with Sesen Bio, Inc
SYLVAMO CORP (SLVM)	1949	ACR Group Paper Holdings reached an agreement with Sylvamo Corporation
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KVH INDUSTRIES INC \DE\ (KVHI)	192	Black Diamond Capital Management entered into a cooperation agreement with KVH Industries
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PURPLE INNOVATION, INC. (PRPL)	445	Coliseum Capital Management filed a lawsuit on Purple Innovation, Inc.
BATH & BODY WORKS, INC. (BBWI)	9568	Third Point expressed its concerns on Bath & Body Works
FIRST FOUNDATION INC. (FFWM)	848	Driver Management Company issued a letter to the Lead director of First Foundation
GLOBAL NET LEASE, INC. (GNL)	1476	Blackwells Capital launched a website to communicate with the stockholders of Global Net Lease Inc.

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ALKERMES PLC. (ALKS)	4453	Sarissa Capital desires shareholder representation on the Board of Alkermes
AMERISERV FINANCIAL INC /PA/ (ASRV)	69	Driver Management nominates director candidates to the Board of AmeriServ Financial
ARGO GROUP INTERNATIONAL HOLDINGS, LTD. (ARGD)	983	Brookfield Reinsurance to acquire Argo in $1.1 Billion transaction
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GREEN PLAINS INC. (GPRE)	2062	Ancora sends letter to Green Plains' Board regarding the need to explore a sale
LOANDEPOT, INC. (LDI)	758	Anthony Hsieh corrects the record on loanDepot's inaccurate claims
MERCURY SYSTEMS INC (MRCY)	3204	Mercury Systems announces strategic review
POLISHED.COM INC. (POL)	78	Morgan Dempsey Capital Management urges Polished.com to explore a sale of the company
REPUBLIC FIRST BANCORP INC (FRBK)	135	Norcross Braca Group issued a press release on Republic First Bancorp
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TUCOWS INC /PA/ (TCX)	364	Blacksheep Fund Management reduced its stake in Tucows
WALT DISNEY CO (DIS)	201604	Trian withdrew its nomination from the Board of Walt Disney

Zuora (ZUO): Recent price crash; Excellent growth rate; Quote-to-revenue software is deeply entrenched in customer's infrastructure

- M.Cap: $1.14 billion | Debt: $258 million | Cash: $401 million | EV: $997 million
- FCF: LTM Sep 2022: $(3.6) million / FY 2021: $9.9 million
- EV/Revenue: 2.6X
- Volume: 624,047
- Major shareholders: Vanguard: 10% | Blackrock: 8.4% | Praesidium Investment Management: 5.8% | Bank of New York Mellon Corp: 4.6%
- Screen: Price crash

I. RESEARCH

1. Recurring revenue; Software used by companies that run subscription business

- Most of the enterprise software systems manage their quote-to-revenue processes using software built for one-time transactions. It is not built for a subscription revenue model.
- The company provides a cloud-based subscription management platform that helps the company's recurring revenue business model.
- The company's platform automates the entire quote-to-revenue process, including quoting, billing, collections, and revenue recognition.
- Recurring revenue:
  - The company generated roughly 83% of revenue from recurring subscription revenue.
  - The company enters into non-cancellable agreements with its customers with a term of one to three years.
- Enterprise customers
  - The company supports predominantly enterprise-level customers. Its customers include over 25 of Fortune 100 companies and 12 of the top 15 auto manufacturers.
  - Enterprise business models are inherently dynamic, with multiple interactions, flexible pricing, global complexities, and continuously-evolving relationships and events. The capabilities to launch, price, and bill for products, facilitate and record cash receipts, process and recognize revenue, and analyze data to drive key decisions are mission critical and particularly complex for companies that operate at a global scale.
- Patents: As of January 31, 2022, in the US, the company held 19 issued patents that expire between 2033 and 2039, and it had 24 patent applications pending.
- Customers
- The company's S-1 document lists 50+ customers in different industries and provides plenty of case studies (please see pages 110–115) https://www.sec.gov/Archives/edgar/data/1423774/000119312518112169/d481302ds1a.htm#toc481302_10

2. Solid growth

- The company's subscription revenue grew from $68 million in FY 2016 to $326 million in LTM Oct 2022.

($, mm)	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**LTM Oct 2022**		**9M Oct 2021**	**9M Oct 2022**
Subscription revenue (a)	68.2	89.8	122.5	164.8	206.6	242.3	287.8	326.3		210.4	248.9
Professional services revenue (b)	23.9	23.2	48.6	70.2	69.5	63.1	58.9	57.5		45.6	44.2
Total revenue (a) + (b)	92.1	113.0	171.1	235.0	276.1	305.4	346.7	383.8		256.0	293.1
Loss from operations	-48.8	-39	-38.1	-70.4	-85.7	-73.9	-96.2	-122.1		-61.9	-87.8

- Increasing number of enterprise customers: Customers who pay more than $100K per year increased from 242 in FY 2016 to 747 in FY 2022.

	2016	2017	2018	2019	2020	2021	2022
Customers with ACV equal to or greater than $100K	242	292	415	526	624	676	747

3. FCF

- The company reduced its cash burn and generated positive free cash flow in FY 2022. It turned negative in the recent 9 months ended Oct 2022.

($, mm)	2016	2017	2018	2019	2020	2021	2022	LTM Oct 2022		9M Oct 2021	9M Oct 2022
FCF		-28.7	-29.5	-37.0	-25.0	-1.9	9.9	-3.6		2.3	-11.2

4. $400 million strategic investment from Silver Lake to accelerate growth

- In March 2022, the company issued $250 million convertible senior unsecured notes due in 2029 to Silver Lake. Moreover, the company has agreed to issue to Silver Lake up to an additional $150 million in senior unsecured notes. Investment agreement
- Conversion price: $20.00
- Current stock price: $8.90

5. Potential M&A & cross-selling

- After the capital raise from Silver Lake, the company is sitting on a cash pile of $401 million.
- In addition to spending the cash on product improvement, the company has plans to deploy its cash balance on acquisitions.

> Our customers just are having an insatiable demand. There's lots of areas that are adjacent to us and I think at this point, I'm not wanting to kind of go through and go through what we're looking at. But if we see a lot of opportunities, and especially having a really strong Balance Sheet in this volatile period, we think will turn out to be very helpful to us as we look to go through M&A.

The company sees an additional $450 million opportunity for cross-sell and up-sell.

II. OUR THOUGHTS

The company faces a long sales cycle since it targets enterprise customers. Adopting the company's software for quote-to-revenue is a big decision for a large enterprise – it is a company-wide decision. A company needs to take approval from all the departments and executive-level personnel before deploying the software. This very fact provides a competitive advantage to the company. How? It is hard for a competitor to woo the company's customer.

Moreover, the company's software is deeply entrenched into the core IT and operational infrastructure.

For a customer, it is a hassle to shift a billing system that is integrated into multiple departments' workflows. It is mission critical.

As long as the company doesn't screw up, it will be hard for it to lose customers.

To a great extent, this business is recession proof. Unless a company's customers shut down their recurring revenue business, this product is a necessity.

Other notes

1) Chargebee Vs Zuora

Chargebee: 1.7 million visitors
Zuora:459K total visits

The company achieves Chargebee's revenue with less than 1,000 customers.

The target customers are totally different.

As per Getlatka.com, Chargebee generated $115 million revenue with 18K customers in 2022.

2) Suggested further readings

https://www.trustradius.com/reviews/zuora-2018-06-27-18-16-47

GrafTech International (EAF): Recent price crash; Excellent FCF in the recent five years

- M.Cap: $1.46 billion | Debt: $931 million| Cash: $152 million | EV: $2.2 billion
- EV/Revenue: 1.7X; FCF: $252 million | FCF/EV: 11.5%
- Volume: 1.15 million
- Major shareholders: Brookfield Asset Management: 25% | FMR: 13% | Vanguard: 9.5% | Grantham, Mayo, Van Otterloo & Company: 5.8% | Blackrock : 5%
- Screen: Price crash

First things first-

- Even though the company's financials are tied to global steel production, it is worth your time to read the below write-up for the following reasons: 1) the company has the largest graphite electrode manufacturing capacity in the world, 2) the company's subsidiary provides a raw material that is limited in supply, 3) excellent capital allocation, and 4) solid free cash flow.
- The current EV is $2.2 billion, but the company generated total free cash flow of $2.67 billion in the last five years.

I. BASICS

Let's first understand the two processes of manufacturing steel and the role of the company's product.

a) Steel making process: Blast Furnace Vs Electric Arc Furnace
- There are broadly two ways to manufacture steel: blast furnace and electric arc furnace.
  - The blast furnace method uses iron ore, coal, and recycled steel as raw materials to produce steel.
  - Electric arc furnace (EAF): EAF uses up to 100% scrap steel as raw materials to produce steel.
- Benefits of an electric arc furnace? This steelmaking process results in lower carbon dioxide emissions compared to a blast furnace.

b) Where does the company's product fit into the steel manufacturing process?
- The company's product, graphite electrode, is used in the electric arc furnace method.
- Graphite electrode: Electrodes are made of graphite, due to its ability to withstand high temperatures. In an electric arc furnace, the tip of the electrode can reach 3,000º Fahrenheit, which is half the temperature of the surface of sun.
- The cost of graphite electrodes represents about 3% to 4% of the cost of producing steel in a typical electric arc furnace.

2. COMPETITIVE ADVANTAGES & MIGRATION TO ELECTRIC ARC FURNACES

a. Low cost manufacturing facilities
- The company operates the most competitive portfolio of low-cost graphite electrode manufacturing facilities anywhere.

b. Needle coke

- The primary raw material used for the production of graphite electrode is needle coke, which is currently in limited supply.
- The company is substantially vertically integrated into petroleum needle coke with its wholly owned subsidiary, Seadrift facility.
- This differentiates the company from its competitors, and gives the company a secure, low-cost, high-quality supply of petroleum needle coke.
- In the below blog (2017), the author argues that prices of needle coke are governed by a small number of players, and the graphite electrode manufacturers have been price takers. This explains the importance of the company's Seadrift facility. https://www.televisory.com/blogs/-/blogs/recovery-still-far-away-in-the-global-graphite-electrode-manufacturing-industry

3. Shift to the electric arc furnace ("EAF") method

- Shift to the EAF method
  - Due to the increasing availability of scrap steel and the government's regulation to reduce pollution, there has been a general increase in the production of steel though the electric arc furnace method.
- According to the World Steel Association, global (excluding China) EAF steel production grew at a 4% compound annual growth rate from 2015 to 2021 compared to 2% growth experienced by global steel production.
- The EAF method of steelmaking grew to 49% of the global (excluding China) steel production in 2021, compared to 44% in 2015, with share growth in nearly every region.
- USA
  - As per steel.org, EAFs accounts for over 70% of steel production in the United States, up from 57% in 2008.
- China
  - As per Fastmarket.com, in China, EAF-produced crude steel was around 11% in 2021 and is expected to exceed 15% by 2025 and 20% by 2030. Source

4. No commercial alternative for graphite electrode

- Graphite electrode is the only commercially-viable product that has high levels of electrical conductivity and the capability of sustaining the high levels of heat generated in an electric arc furnace producing steel.
- As per a few sources, there are no commercial alternatives for graphite electrodes.

5. Financial performance

As you can see below, the company's financial performance is very volatile. Every year, it is different.

- During 2015 to 2017, the company's revenue declined due to various reasons – a) the company's largest markets, USA & Europe, were flooded with large quantities low cost imports, primarily from China; b) overcapacity within the graphite electrode industry; c) a decrease in prices for graphite electrodes.
- Interestingly, in 2018, the price of graphite electrodes shot up by 235% due to the constrained graphite electrode supply(due to reduced manufacturing capacity) and limited supply of the key raw material, petroleum needle coke.
- 2019: Sales marginally declined as customers began to de-stock their inventory.
- 2020: Sales declined due to the pandemic and prolonged customer destocking.
- 2021: Sales increased due to increase in graphite electrode price.
- 2022: Sales declined predominantly due to the impact of the temporary suspension of its Monterrey, Mexico facility.

Industrial materials segment & recent financials

- Since the company exited its engineering solutions segment, we have provided two tables: historic performance of engineering solutions segment, which consists of electric graphite business, and total financials.
- Engineering solutions segment

($, mm)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**20**
Revenue	834	1,132.2	1,025	909	825	533	438	551	1,896	1,791	1,224	1,3

- Recent financials: The below financials were adjusted for the sale of non-core businesses.

($, mm)	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Revenue	437.9	550.8	1895.9	1790.8	1224.4	1345.8	1281
Gross profit	-30.2	87.7	1190.2	1040	660.5	644.5	554.9
EBIT	-94.1	31.8	1126.1	974.1	588.6	508.1	474.3
Net Income	-236	7.98	854.2	744.6	434.4	388.3	382.9

6. FCF

- The current EV is $2.2 billion, but the company generated total free cash flow of $2.67 billion in the last five years.

($, mm)	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
FCF	-5.1	1.87	768.6	741.3	527.6	384.7	252.4

7. Debt repayment – Excellent capital allocation

- The company raised a massive debt in 2018 to make payment to Brookfield, sole pre-IPO stockholder. The payment includes dividends ($1.1 billion) and repayment of principal outstanding on the Brookfield promissory note.
- Since the start of 2019, the company has repaid debt over $1.2 billion.

II. RECENT PROBLEMS & CHALLENGES

1. Mexican manufacturing suspended for two months

- In September 15, 2022, Mexico's environmental authorities temporarily suspended the company's manufacturing operations for two months.
- Importance of the facility: For the past several years, all the company's connecting pin production was performed at the Monterrey, Mexico facility. The connecting pins are used by customers to connect and fasten graphite electrodes together in a column for use in an EAF.1
- Impact:
  - The timing of the suspension coincided with the critical timeframe to secure customer orders for the first half of 2023.
  - As a result of the uncertainty caused by the suspension during this contract negotiation window, the company's ability to enter into new customer commitments for the first half of 2023 was affected.
  - As a result, the company estimates its sales volume for the first six months of 2023 to be approximately half the level the company reported in 2022.
  - The company expects the second-half sales volumes to recover as the company moves past the Monterrey suspension-driven uncertainty.
- Risk mitigation
  - As per the recent Q4 2022 CC, the company has restarted its St. Mary's Pennsylvania operation and is evaluating other alternatives for production of pin stock.

2. Declining demand

- In the fourth quarter of 2022, the global steel production (excluding China) declined by 11% compared to the same period in the prior year.
- High levels of inflation, supply chain pressures, and economic uncertainty impacted global markets, and the steel industry has negatively impacted demand for graphite electrodes and continues to do so.
- According to Fitchrating, the steel sector will not recover in 2023. https://www.fitchratings.com/research/corporate-finance/global-steel-sector-outlook-deteriorates-on-lower-consumption-13-12-2022
- Risk mitigation
  - As per the recent Q4 2022 CC, the company is proactively reducing production at its European electoral manufacturing facilities to approximately one-third of its capacity to align its production volume with the near-term outlook for graphite electrode demand.

COMMENTS

1. Solid medium- to longer-term growth

- The company expects the electric arc furnace steelmaking industry and the demand for graphite electrodes to experience accelerating growth in the medium to longer term.
- In the recent CC, the CEO mentioned that factoring an announcement of planned EAF capacity addition by steel producers and estimated production increases at existing EAF plants could result in an incremental annual graphite electrode demand outside of China of 200,000 metric tons by 2030.
- Steelmakers around the world are under pressure to cut CO2 emissions to tackle climate change. In August 2022, FE Steel, Japan's No.2 steelmaker, announced that it is considering building a new electric arc furnace (EAF) to replace the No.2 blast furnace to reduce its carbon dioxide (CO2) emissions.
- The company has sustainable competitive advantage, which is hard to overthrow. Moreover, the company has three of the highest capacity electrical manufacturing facilities in the world.

2. Elevated pricing of needle coke expected

- As you recollect, the company manufactures petroleum needle coke using its subsidiary.
- The company anticipates the demand for petroleum needle coke (key raw material) to accelerate, driven by its use in lithium ion batteries for the growing electric vehicle market.
- Based on estimates for growth in EV sales and battery pack sizes, this could result in global needle coke demand for use in battery applications increasing at the compound annual growth rate of over 20% through 2030.
- Huge growing demand for needle coke is another positive long-term trend for the business as higher demand should result in the elevated pricing.

Overall –

The company's management has demonstrated its excellent capital allocation – it used the cash to repay the debt.

Random thoughts/Important question/Questions to management

One has to figure out how much free cash flow the company can generate if revenue reaches $1 billion or $800 million.

What is the current market capacity? Is there a chance for over-capacity in the future?

How much does it cost to build a manufacturing facility to replicate the size of the company's production capacity?

Even though the company has repaid a lot of debt in the past four years, it still carries $930 million of debt in its balance sheet. The market seems to be worried about the huge debt, the falling demand, and the effect of Mexico crisis. Under what scenario could the debt pose a real risk?

Suggested further readings

Scrap use in the steel industry
https://worldsteel.org/wp-content/uploads/Fact-sheet-Scrap-use-in-the-steel-industry.pdf

The Costs Of Producing Steel With Electric Arc Furnaces
https://www.frcglobal.com/blog/the-costs-of-producing-steel-with-electric-arc-furnaces

Others
https://eurometal.net/italian-eaf-production-costs-drop-below-blast-furnaces/
https://www.marketwatch.com/press-release/global-electric-arc-furnaces-market-recent-report-2023-is-anticipated-to-expand-by-9886-million-at-a-cagr-of-63-during-2028-2023-01-15

Herbalife reappoints its former CEO; Excellent FCF; Stock price crash

- M.Cap: $1.9 billion | Debt: $2.9 billion | Cash: $508 million | EV: $4.3 billion
- EV/Revenue: 0.8X
- FCF: $196 million; In the last seven years, the company generated total FCF of $4.2 billion
- Volume: 888K
- Major shareholders: Vanguard : 13% | Route One Investment: 11% | Windacre Partnership: 9.4% | Blackrock: 7.5% | Renaissance Technologies: 6.6% | Morgan Stanley: 5.6% | Alua Capital Management: 4%
- Screen: Price crash

I. RESEARCH

Track record of the newly appointed CEO

In November 2022, the company appointed Michael Johnson as CEO.

1. CEO of Herbalife (April 2003 until May 2017)

- He served as CEO of Herbalife Nutrition from 2003 to 2017.
- 3.8X revenue growth: During his tenure as CEO, revenue grew from $1.16 billion in FY 2003 to $4.4 billion in FY 2017.
- 5.7X EBIT growth: During the same period, operating income grew from $107 million to $617 million.
- Stock price increased by 9X: During his tenure, stock price increased by 9X.
- He expanded its operations around the world from 58 to 95 markets.
- He brought back approximately 65% of all product manufacturing in-house.
- He drove many of the company's key marketing initiatives, including the sponsorship of more than 200 athletes and teams around the globe.

2. Walt Disney

- Prior to Herbalife Nutrition, Mr. Johnson led multiple departments of Walt Disney as president of those divisions, including Walt Disney International, Walt Disney Asia, and the Worldwide Home Entertainment division of Walt Disney Studios.

Challenging last four years:

(a) During the last four years of his tenure, the growth rate started to decline.

- FY 2014: 2.7%
- FY 2015: 9.8%
- FY 2016: 0.4%
- FY 2017: 1.4%

(b) 5-year battle with Bill Ackman

- In December 2012, Bill Ackman initiated a short campaign against the company claiming that it ran a pyramid scheme. He ended the campaign in early 2018.
- In mid-2016, FTC fined the company $200 million for misleading moneymaking claims but did not label the company as running a pyramid scheme.
- Bill Ackman presentation: https://www.businessinsider.com/bill-ackmans-herbalife-presentation-2012-12?IR=T#-332

$, mm	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Revenue	4,825	4,959	4,469	4,488	4,428	4,892	4,877	5,542	5,803	5,204

Operating income	735	514	584	458	617	683	568	641	734	545
Net income	528	309	339	260	214	297	311	373	447	321
Revenue break-up										
Weight management	3,064	3,178	2,865	2,864	2,843	3,106	3,014	3,314	3,371	2,956
Targeted nutrition	1,110	1,106	1,014	1,059	1,085	1,243	1,278	1,530	1,636	1,514
Energy, spots	256	263	250	274	266	308	351	438	551	552
Outer Nutrition	159	179	134	108	93	93	98	111	110	83
Literature, Promotional, & Other	236	233	206	184	142	142	137	150	133	99

COMMENTS

1. Weight management

Weight management products contribute roughly 57% to the total revenue.

As you can see above, weight management is more or less stagnant. The recent increase in revenue in FY2020 and FY 2021 could be due to the pandemic. This segment declined by 12% in FY 2022.

Obesity is a worldwide recurring problem.

At the same time, the company's weight management business is constantly under attack.

The company's weight management program includes meal replacement shakes. Many think that the company competes with Abbott or Amway for these shake powders.

No.

The company also competes with a plethora of weight loss options - home gym (Pelotons), non-invasive treatments/body contouring treatments, Dash Diet, paleo diet, Keto diet, the New Mayo Clinic Diet, intermittent fasting, etc.

Think about the non-invasive treatments – radio frequency methods to reduce fat is gaining popularity. Note: We researched "InMode" a few months back.

We are NOT arguing that these shake powders are the best. At the same time, people would think twice before drinking an unknown powder shake. Already the customer is facing a health problem. Why add another layer of problems by drinking an unknown brand powder shake? The trust factor is hard to dethrone.

The company's core competitive advantage relies on its solid network of independent distributors all around the world. Anyone can easily replicate the shakes – there is no secret ingredient. But it is incredibility hard to replicate the distribution network.

2. Targeted nutrition and energy sports
These two segments show a lot of promise. Together these two businesses grew from $1.36 billion in FY 2013 to $2.1 billion in FY 2022.

3. Excellent free cash flow
In the last 10 years, the company generated a total free cash flow of $4.2 billion.

$, mm	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Cash from operations	772.9	511.4	628.7	367.3	590.8	648.4	457.5	628.6	460.3	352.5
Capital Expenditures	-146.9	-173.7	-79	143.4	95.5	84	106.1	112	151.4	-156.4
Free cash flow	626	337.7	549.7	223.9	495.3	564.4	351.4	516.6	308.9	196.1

Our comments/Random thoughts

1. Stigma?
There is some negative stigma attached to the business model. Rest assured, this company has demonstrated that it is an ethical company.

The company faced the wrath of Bill Ackman for five years – millions of dollars of campaigns, media attention, and an FTC investigation. FTC investigated it and the company emerged clean.

There could not be a better way to prove that this is not a pyramid scheme.

2. Raising debt to buyback shares

Historically, the company has raised debt to buy back shares thinking that it could improve shareholder value. It didn't work. Moreover, we think the company went overboard – the current debt is a whopping $2.9 billion.

2. Lack of subscription-based business model

The company doesn't have any digital subscriptions.

Noom, a weight loss app, received a total funding of roughly $660 million and is currently valued at $3.7 billion.

The total funding of Noom roughly equals a few years of free cash flow for Herbalife.

Herbalife has an army of 6.2 million members, including 2.9 million preferred members (people who use the product) and 2.0 million distributors in the markets.

Even if we assume that 20% of the current members pay for the app, the company can generate $250 million of recurring subscription revenue in a year (1.2 million * $199 per annum). This is just the tip of the iceberg. Think of the number of subscribers the distributors can bring in by marketing the app.

Overall-

The current EV is $4.3 billion. In the last ten years, the company has generated a total FCF of $4.2 billion.

The company is currently trading at its lowest price in the last decade. The company traded below $20/share only on a few occasions – in early 2015 and in late 2012.

Wolverine World Wide (WWW): Insider buying; Stock trading near 10-year low; Cost-reduction initiatives, Securitization to raise cash (short notes)

- M.Cap: $1.3 billion | Debt: $1.35 billion | Cash: $131 million| EV: $2.5 billion
- EV/Revenue: 0.9X
- FCF: The company generated positive FCF till the last fiscal year. FY2022: $(215) million
- Volume: 1.74 million
- Major shareholders: Blackrock: 15.9% | Vanguard: 11.7% | Earnest Partners: 8% | Morgan Stanley: 3.8%
- Screen: Price crash

I. RESEARCH

1. Basics

- The company is a designer, marketer and licensor of a broad range of quality casual footwear and apparel, performance outdoor and athletic footwear and apparel, kids' footwear, industrial work boots and apparel, and uniform shoes and boots. The Company's products are marketed worldwide in approximately 170 countries and territories.
- The company has a portfolio of four largest brands - Merrell, Saucony, Sperry, and Sweaty Betty.

2. Financials

($, mm)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Revenue	2691.6	2494.6	2350	2239.2	2273.7	1791	2414.9	2684.8
EBIT	201.1	159.9	23.9	251.9	171	-137.1	155.7	-208.4

- After generating revenue of roughly $2.7 billion from 2013 to 2016, the company's revenue marginally and steadily declined to $2.27 billion in FY 2019.
- Subsequently, due to the COVID-19 pandemic (mandatory store closure), revenue declined drastically to $1.79 billion. Now, revenue has recovered to $2.66 billion in LTM Oct 2022.

3. Track record of the New CEO

In January 2022, the company appointed Brendan Hoffman as new CEO. For 1.5 years, he served as the president of the company.

- Turnaround at Vince Holdings (VNCE)
  - In October 2015, he was appointed as the CEO of the company. At the time of his appointment, the company was in a deep mess. In FYE Jan 2016, the company's revenue declined by 11% and operating profit fell by 74%.
  - Going concern: In the subsequent year, the company announced that it had substantial doubt about its ability to continue.
  - Under his watch, the company's revenue grew and turned profitable. Gross margin improved from 43.8% in FYE Jan 2016 to 47.6% in FYE Feb 2020.

- He focused on improving the direct-to-consumer segment by improving product assortments and enhancing the customer experience.
- He launched a mobile app in Q3 2017.
- He invested significantly in targeted marketing initiatives to enhance brand awareness and drive customer acquisition through mobile, e-commerce, and social media strategies.
- He opened new stores with short-term commitments and more favorable provisions.
- Mr. Hoffman hired the company's two co-founders as creative consultants and also engaged a strategic consulting firm to help the company develop a multiyear growth strategy.
- Suggested further readings: https://www.bizjournals.com/milwaukee/news/2015/10/26/boston-stores-former-whiz-kid-ceo-lands-a-new-job.html (subscription required)

II. WHY ARE WE FLAGGING THIS?

1. Stock price crash

- The company's current stock price is trading near a 10-year low.
- In 2016, the company hit its lowest stock price of $15.7. Again, in March 2020 (COVID pandemic), the stock price traded at $12-$13/share. Now, the company is trading at $14.9/share.

2. Insider buying

- An insider acquired shares worth $1.8 million in December 2022.

3. Recent significant announcements

- $175M securitization program to repay debt: In December 2022, the company finalized a new accounts receivable securitization program that is expected to generate $175 million in accelerated cash flow at a favorable pricing. The company expects to use the proceeds to pay down the debt.
- Selling Keds and licensing the Hush Puppies brand
  - In February 2023, the company sold the Keds brand to Designer Brands, Inc. "DBI" is the parent company of footwear retailer DSW.
  - The company announced that it intends to grant an exclusive license to DBI for Hush Puppies footwear in the United States and Canada.
  - The company expects these transactions to generate total cash of over $90 million. The proceeds will be used to pay down debt.
- Cost saving initiatives
  - In December 2022, the company initiated a workforce reduction and expects this initiative to result in approximately $30 million in savings in 2023.
  - The company plans to build on the supply chain cost initiatives and expects to realize approximately $20 million of savings in 2023.

FCF

($, mm)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
CFO	215.5	296.3	202.7	97.5	222.6	309.1	86.8	-178.9
Capex	-46.4	-55.3	-32.4	-21.7	-34.4	-10.3	-17.6	-36.5
FCF	169.1	241	170.3	75.8	188.2	298.8	69.2	-215.4

For the FY 2022, the company's free cash flow was $215 million – predominantly due to a significant increase in inventories. Change in inventories was a whopping $429 million in FY 2022.

The recent terrible performance is temporary and there is a high probability for the company to generate positive free cash flow in the future.

M.Cap: $1.15 billion
Debt: $1.5 billion (excluding lease obligation)
Cash: $136 million
EV: $2.5 billion

Normalized FCF: $150-$180 million

FCF yield: 6% - 7%

Duluth Holdings (DLTH): Consistently profitable and generates free cash flow; Recent stock price crash

- M.Cap: $203 million | Debt: $213 million | Cash: $9.4 million | EV: $407 million
- EV/Revenue: 0.6X
- FCF: Please see the FCF discussion below.
- Volume: 99K
- Major shareholders: Disciplined Growth Investors: 3.4% | Mill Road Capital: 3.2% | Blackrock : 2.6%
- Screen: Price Crash

RESEARCH

1. Functional apparel:

- The company has a recognized brand in workwear that transcends tradesmen and appeals to a broad demographic of men and women for everyday and on-the-job use.
  - Duluth by Duluth Trading Company is the company's workwear brand offering both men's and women's apparel with a focus on hard-working heritage. The products are infused with features and functions that solve the problems faced in their work and hobbies.
  - AKHG: It is an outdoor brand (hiking, camping and fishing) created for outside recreation under more severe conditions.
  - Brand names: Longtail T® shirts, Buck Naked™ underwear, Fire Hose® work pants and No-Yank™ Tank.
- Asset light business: The company do not own or operate any manufacturing facilities.
- Average customer reach (age): mid-50s
- The company's "ad https://www.youtube.com/playlist?list=PLC930D3EF0DA8A52D *(Ingenious solutions for the working man - and a sense of humor while showing them off in commercials)*

2. Financial performance

- In the last nine years, the company's revenue grew by 4X, from $163 million in FY 2014 to $682 million in LTM Oct 2022.
- One the major reason behind the growth is the opening of new retail stores.
  - In 2010, the company opened its first retail store and expanded it to four in FY ended Jan 2014. At that time, retail stores accounted for 10% of total revenue.
  - Subsequently, the company increased its store count aggressively from 9 in FY ended Jan 2016 to 62 in FY ended Jan 2021. The retail count remains today.
- Except for the recent 9 months ended October 2022, the company generated net profit since FY ended Jan 2014.

($, mm)	Jan-2014	Jan-2015	Jan-2016	Jan-2017	Jan-2018	Jan-2019	Jan-2020	Jan-2021	Jan-2022	LTM Oct 2022		9M Oct 2021	9M Oct 2022
Revenue	163.1	231.9	304.2	376.1	471.5	568.1	615.6	638.8	698.6	682.3		427.8	411.5
EBIT	16.2	24.0	29.2	35.0	37.1	37.2	28.1	24.2	44.1	19.9		19.8	-4.5
Net income	16.1	24.1	27.7	21.3	23.6	23.2	18.9	13.6	29.7	12.3		12.2	-5.2

3. Free cash flow

- The company's CAPEX includes both "maintenance" and the cost spent for opening new stores.
- During the period when the company aggressively expanded its retail footprint, the company's capital expenditure increased drastically, which resulted in negative FCF.
- What is the maintenance CAPEX? In FY Jan 2022, the company did not open any new store and spent $10.4 million towards CAPEX. This could be taken as the proxy for "maintenance CAPEX."

($, mm)	Jan-2014	Jan-2015	Jan-2016	Jan-2017	Jan-2018	Jan-2019	Jan-2020	Jan-2021	Jan-2022	LTM Oct 2022		9M Oct 2021	9M Oct 2022
CFO	16.4	22.6	14.2	20.3	29.7	31.1	8.4	50.8	91.9	8.1		32.8	-51.0
Capex	-3.9	-5.3	-7.3	-28.7	-46.5	-53.0	-24.4	-11.7	-10.4	-25.5		-9.1	-24.2
FCF	12.5	17.3	6.9	-8.4	-16.8	-21.9	-16.0	39.1	81.5	-17.4		23.7	-75.2
No. of stores	4	6	9	16	31	46	58	62	62	62		62	62

4. Recent notable changes under the new CEO

In April 2021, the company appointed Sam Sato as CEO.

a) Hiring of a new chief technology officer & redirected focus on warehouse management system

- In Q2 2022, the company hired a new CTO.
- Under the direction of the CTO, the company redirected its technology investments and prioritized a new warehouse management system to advance southeast fulfillment center capabilities and paused on the upgrade of its current ERP system.
- The upgraded warehouse management system will provide end-to-end supply chain and logistics process orchestration, resulting in vastly improved inventory management.

b) Women's footprint expansion: As per the recent Q3 2022 CC, the company expanded women-centric apparel in 20 of its stores to elevate women's business.

c) Others

- In October 2022, the company re-launched its website using headless site architecture.
- Logistics automation: The company is increasing its investments in automation across its logistics network to strengthen its supply chain resilience.
- The company is maximizing inventories and ultimately increasing speed from click to door.
- The company's current customers are roughly in their mid-50s. The company is actively trying to reach 40- to 50-year-olds. In fact, the company made adjustments to the media channel mix in the interest of gaining more visibility to its target customer of 40- to 50-year-olds.

WHY ARE WE FLAGGING THIS?

Stock price crash

The company's stock price traded around $6 only during two periods: in early 2020 due to the pandemic and right now.

OUR COMMENTS

The company generated free cash flow of $40 million in FY Jan 2020 and $80 million in FY Jan 2022.

Current EV: $410 million.

FCF/EV: 10% ($40M divided by $410M)

In the recent quarter, the company generated net losses. Also, the company recorded poor “cash from operations” of $51 million, predominantly due to the huge increase in inventory. The company front-loaded inventory receipts to de-risk supply chain challenges by taking early delivery of Q4 goods in Q3. In the recent 9M ended Oct 2022, change in inventory was $82 million. In addition to the huge working capital, the company also spent CAPEX on automation & software implementation projects. All this resulted in a massive cash outflow.

Historically, it has been a well-run company. Given the current macro-economic challenges, the company is bound to be affected. In our opinion, this company will bend but not break.

Risks

The company is focusing a lot on women’s apparel, and it is paying off. Moreover, the company is targeting customers who are in the age bracket of 40s to 50s. All this focus sounds good, but it should not result in the loss of its core customers, who are in their mid-50s. It is too early to comment on this.

Universal Technical Institute (UTI): Significant changes after the appointment of new CEO; Recent expansion masks free cash flow

- M.Cap: $257 million | Debt: $383 million | Cash: $163 million | EV: $477 million
- EV/Revenue: 1.1X
- FCF: $(33) million- but CFO minus maintenance CAPEX: $34 million
- Volume: 56K
- Major shareholders: Park West Asset: 7% | Blackrock: 6% | Vanguard: 5.3% | Dimensional Fund: 4.3% Private Management: 4.1%
- Screen: Significant changes after the appointment of new CEO

I. BASIC

- Founded in 1965, the company is a leading provider of transportation and technical training programs.
- Brands: Universal Technical Institute, Motorcycle Mechanics Institute and Marine Mechanics Institute, NASCAR Technical Institute and MIAT College of Technology.
- The company enrol students throughout the year, and courses typically start every three to six weeks.

II. WHAT WE LIKE

A. 70% of students graduate within two years; Top college for mechanics

- Nationally, just 40% of college students earn a certificate or degree within six years of beginning their post-secondary studies.
- At UTI, nearly 70% of the students graduate within two years.
- According to collegefactual.com, the company's five campuses rank in the top 10 popular college in "mechanics and repair."
- https://www.collegefactual.com/majors/mechanical-repair-technologies/rankings/most-popular/

B. Significant changes after the appointment of new CEO

- In October 2019, the company promoted Jerome A. Grant as CEO.

1. Management shakeup

- Within one year of the appointment of Mr. Grant as CEO, he hired six new top executives.
- Since 2019, the company experienced significant management changes - 8 out of 10 are new (including the CEO).
  - Sep 2019: CFO
  - Oct 2019: CEO
  - Jan 2020: Chief Strategy and Transformation Officer
  - Jan 2020: Chief Information Officer
  - March 2020: Chief Legal officer
  - July 2020: Chief Human Resources Officer
  - August 2020: Chief Commercial Officer
  - Dec 2022: President – Healthcare division

2. Revenue growth, cost-cutting and profitability

Under the new CEO's watch, the following has occurred:

- After almost eight years, the company recorded its first positive revenue growth of roughly 5% in FY 2019. After revenue declined in FY 2020 due to the pandemic, the revenue grew by 11.4% (FY 2021), 25% (FY 2022), and by 14% (3M Dec 2022).

- The company turned profitable after six years of continuous losses due to cost-cutting initiatives and growing revenue.

($, mm)	2015	2016	2017	2018	2019	2020	2021	2022	LTM Dec '22		3M Dec '21	3M Dec '22
Revenue	362.7	347.2	324.3	316.9	331.5	300.8	335.1	418.8	433.7		105.1	120
EBIT	-9.2	-18.6	-1.8	-35.3	-7.8	-3.9	14.9	22.4	13.3		13.6	4.5
Net income	-9.2	-47.7	-8.1	-32.7	-7.9	8.08	14.6	25.9	13.8		14.8	2.7
Preferred stock dividend	-	1.4	5.25	5.25	5.25	5.26	5.25	5.16	5.16		1.3	1.3

3. Expansions through new campuses, acquisitions, and new courses

- New campuses: The company opened two new campuses: Austin, Texas and Miramar, Florida.
  - In May 2022, the company opened the Austin, Texas campus
  - In August 2022, the company opened the Miramar, Florida campus
- Acquisitions
  - Under the new CEO's watch, the company acquired three businesses for $105 million.

Date	Target	($, mm)
Nov-2021	MIAT	26
Feb-2022	Lisle Campus	29
Dec-2022	Concorde	50

- Program expansions
  - 15 new & diverse programs:
    - In order to add diversity, the company added 15 new programs across its campus footprint, including Aviation, HVACR, Robotics, Industrial Maintenance, and Wind Energy Technician training to UTI and NASCAR Tech branded campuses, and initiated efforts to add an Auto and Diesel Essentials program to the MIAT Canton, Michigan campus.
    - Most of the 15 new programs came to the company by way of the MIAT acquisition.
  - Launched electric vehicle ("EV") technician training coursework.
  - Expanded its welding technology at various campuses.
  - Launched the BMW Fast Track program at many of the company's campuses.
- Consolidation
  - The company consolidated and reconfigured its UTI and MMI Orlando, Florida campus facilities into one site and the MMI Phoenix campus into its Avondale, Arizona building.

> Over the past 18 months, we've put in place acted on or accelerated action on all key components of the strategy. These include investments in new campuses, program expansions, such as welding, and strategic acquisitions like MI AT. Importantly, these high-level components of our strategy feed one another providing cross fertilization opportunities, like the planned MIAT program expansion across our UTI footprint beginning in 2023.

4. Improved free cash flow

- After the appointment of Mr. Grant as CEO, the company's free cash flow turned positive.
- FCF adjusted for maintenance CAPEX

- In recent years, the company's capital expenditure increased significantly due to the expansion (acquisition, opening new campuses, expansion of courses, etc.).
- For the FY 2022, the maintenance capital expenditure was roughly 15% of the reported CAPEX, i.e., roughly $12 million.
- FCF: Cash from operations minus the maintenance CAPEX was roughly $34 million in FY 2022.

($,mm)	2015	2016	2017	2018	2019	2020	2021	2022
CFO	8.2	7.4	1.2	-13.4	21.8	11.03	55.2	46
Capex	-29	-7.5	-8.2	-20.6	-6.5	-9.6	-61.6	-79.5
FCF	-20.8	-0.1	-7	-34	15.3	1.43	-6.4	-33.5

4. Goal

- In Q1 2023, the CEO announced that he expects to deliver in excess of $700 million in revenue and the adjusted EBITDA will approach $100 million in fiscal 2024.

Wireless Telecom (WTT): Possibly trading cheap

- M.Cap: $40.5 million ;
Please see below for all the calculations.
- Volume: 8.6K
- Major shareholders: Hollow Brook Wealth Management: 8.7% | Horton Capital: 5% | Renaissance Technologies: 3.7% | Vanguard: 2.7% |
- Screen: 8-K

The company specializes in the design and manufacture of advanced radio frequency and microwave devices which enable the development, testing and deployment of wireless technology.

WHY ARE WE FLAGGING THIS?

Sale of two segments

In December 2022, the company sold its CommAgility segment for $14.5 million (cash - $13.75M and notes payables: $0.75M).

Overall, in 2022, the company sold two out of three segments: CommAgility (Dec 2022) and Microlab (Feb 2022) .

The only remaining segment is "test & measurement" brands.

In December 2022, the CEO mentioned that the company is focused on its strategic alternative initiatives around the remaining test & measurement business. Moreover, the company is evaluating the opportunity for any tax efficient return of capital to the shareholders.

Expected cash balance

Current cash balance: $10.7 million

Expected cash balance: $24.45 million (after including the $13.75M cash received from the sale of CommAgility).

Test & measurement segment

- The test & measurement segment provides noise measurement, noise generation, and RF pulse power measurements. The segment's brands include Boonton, Holzworth, and Noisecom.
  - Holzworth: In 2019, the company acquired Holzworth for $17 million. At the time of acquisition, Holzworth had generated $4 million in FY 2018 and $5.7 million in FY 2019 (annualized).
  - Boonton: In the FY 2000, the company acquired Boonton for roughly $7 million.

($, mm)	2015	2016	2017	2018	2019	2020		9M Sep 2021	9M Sep

									2022
Revenue	11.6	11.1	13.4	14.2	13.6	NA*		16.8	15.6
Segment EBIT	0.7	-0.2	0.4	1.7	2.1	NA			

**Note: The company suspended providing segment financials in 2020.*

VALUATION THOUGHTS

<u>CEO's valuation input</u>

> We believe T&M segment analysis valuations compare favorably with other Test and Measurement companies, which typically trade as multiples of EBITDA and in the high single digits to low double digits.
>
> We believe that unique and differentiated value of our software stack and services compare favorably to other software technology providers, which traded a multiple of revenue.
>
> -CEO, Q2 2022

The CEO mentioned that T&M's EBITDA is above 20% and the business commands high single digits to low double digits of EBITDA multiple.

Annualized revenue of T&M segment: $20.8 million
EBITDA margin: 20%
EBITDA: $4.2 million
If we assume EV/EBITDA multiple of 9X-11X, the business could be worth between $36 million and $46 million.

Annualized T&M revenue	$20.8 million			
Scenario				
EV/Revenue	1	1.5	2	2.5
Value of T&M segment	$20.8M	$31.2M	$41.6M	$52M

As of writing this report, the company is trading an enterprise value (EV) of $31 million.

We expect the cash balance to be roughly $24.5 million.

As such, the market values the remaining test & measurement segment at a meager $6.7 million, i.e., EV/revenue of 0.32X.

This valuation gap hints a huge potential upside..

Newpark Resources (NR): Significant changes under the new CEO; Divestment; Repayment of debt; Board pay cut

- M.Cap: $380 million | Debt: $139 million | Cash: $23 million | EV: $496 million
- EV/Revenue: 0.6X
- FCF: $(53) million
- Volume: 384K
- Major shareholders: Ameriprise Financial: 9.6% | Bradley Radoff : 9% | Blackrock: 6.6% | Adage Capital: 6.4%
- Screen: 8-K

I. RESEARCH

1. SEGMENT BASICS

($,mm)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Fluids Systems						
Revenue	395.5	615.8	715.8	620.3	354.6	420.8
EBIT (Income from operations)	(43.63)	27.58	40.3	3.8	(66.4)	-19.01
Industrial solutions						
Revenue	76.0	131.9	230.74	199.8	138.0	193.9
EBIT (Income from operations)	14.7	40.5	60.6	47.47	13.5	39.73
Rig Count	639	1083	1223	1077	522	606

Fluid segment

- Fluid segment provides drilling, completion, and stimulation fluid products and related technical services to customers for oil, natural gas, and geothermal projects primarily in North America and EMEA. Typical customers are integrated and independent oil and natural gas E&P companies.
- During 2021, approximately 48% of segment revenues were derived from the 20 largest segment customers.
- In North America, the company primarily performs services either under short-term standard contracts or under "master" service agreements. Internationally, some customers issue multi-year contracts, but many are on a well-by-well or project basis.
- Acquisition:
  - 2019: Cleansorb for $18.7 million

Industrial solutions segment

- This segment provides temporary worksite access products and services to the power transmission, E&P, pipeline, renewable energy, petrochemical, construction and other industries. Demand is driven by infrastructure construction and maintenance activity levels in these industries.

- The company also sells its manufactured recyclable composite mats to customers around the world, with power transmission being the primary end-market.
- The company expanded this business segment by acquiring a few businesses:
  - 2017: Well Service Group & Utility Access Solutions for $77.4 million
  - 2021: Lentzcaping for $13.5 million

II. WHY ARE WE FLAGGING THIS?

1. Significant changes after the appointment of new CEO

a. Divestments in fluid segment
The below divestments pertains to the "fluids" segment. The management is taking all these efforts to transform the segment into a capital-light business model.

- Exit of "industrial blending" segment
  - In March 2022, the company shut down the industrial blending business and initiated a sales process to market the industrial blending and warehouse facility and related equipment.
  - In December 2022, the company sold its Conroe, Texas blending and warehouse facility.
- Exit of "mineral grinding" business
  - In November 2022, the company sold its Excalibar mineral grinding business.
- Exit from Gulf of Mexico
  - In Q3 2022, the company entered an agreement to sell substantially all assets associated with its Gulf of Mexico completion fluids operations.

$110M proceeds
As per the preliminary Q4 2022 press release filed on February 16, 2023:

- The company generated roughly $80 million of cash in the fourth quarter of 2022 from the divested business units.
- Moreover, the company expect roughly $30 million of cash flow in the first half of 2023 from the wind-down of remaining receivables and other working capital retained within the divested business units.

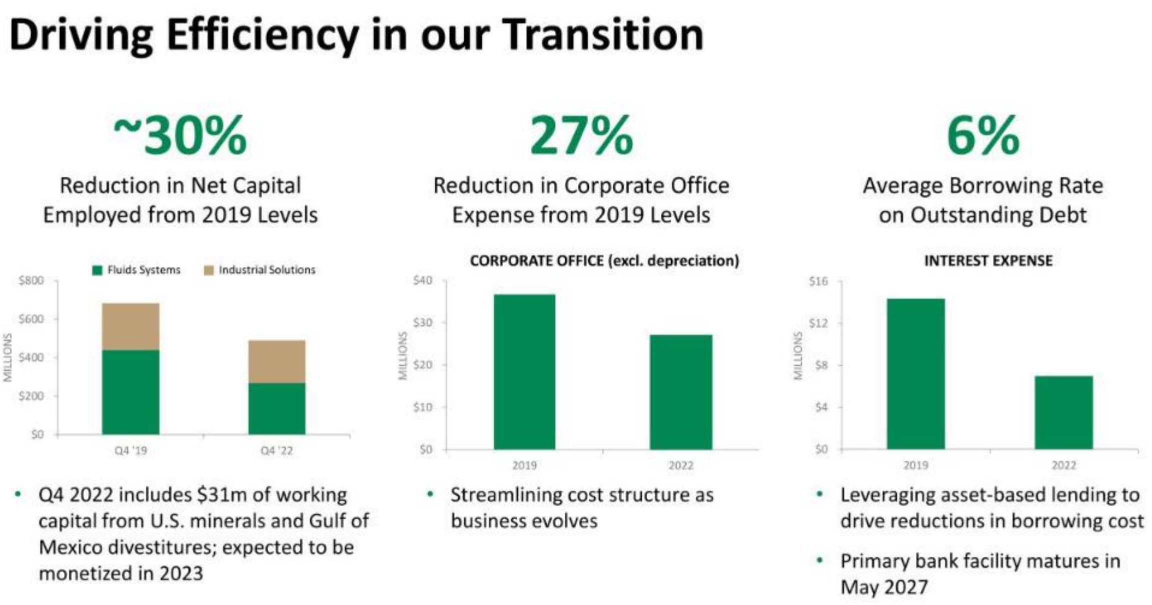
Divestment & office space consolidation reduced net capital employed by fluids systems segment to approximately $210 million. This represents a reduction of more than $200 million from 2019 levels.
Pro-forma financials
https://www.sec.gov/Archives/edgar/data/71829/000007182922000187/a20228knov30exhibit992.htm
b. Debt repayment
Out of the proceeds received from the divestment, the company repaid $47 million of debt.
c. Repurchased 5% of shares o/s: In Q4 2022, the company repurchased nearly 5% of its o/s shares.

2. Governance
a. The board agreed to take a 15% fee cut: In December 2022, the board elected to reduce the total compensation of its non-executive members (including the chairman of the board) by roughly 15%.

b. Chairman resignation; Reduction of board size: In December 2022, the chairman of the board notified his decision to retire, and the board decided to reduce the board size by 1.

3. Notable shareholders

- Bradley Radoff
  - As per the recent 13D filed in Aug 2022, Bradley Radoff owns 9% of the o/s shares of the company.
  - Average purchase cost: $3.12/share
  - Current stock price: $4.27
- Cannell Capital owns 3.5%



ON24 (ONTF): 20% share buyback program; Trading below the purchase cost of Indaba Capital

- M.Cap: $477 million| Debt: $10 million | Cash: $341 million | EV: $146 million
- EV/Revenue: 0.7X
- FCF: $(21) million
- Volume: 183K
- Major shareholders: Lynrock Lake: 15.4% | Indaba Capital: 8.9% | Blackrock: 6.6% | Greenhouse Funds: 5.5% | Vanguard: 5% | Hawk Ridge Capital: 4.5%
- Screen: 13D

I. RESEARCH

1. Product

- The company delivers digital experiences, which include interactive webinar experiences, virtual conferences that allow its customers to deeply engage with their prospects at scale and convert them into customers.
- The company collects all the first person data and integrates the data with many leading CRMs, marketing automation and business intelligence tool.
  (What is first person data? It is the data collected directly from interactions with its customers and audiences on its own channels.)
- The customer's sales teams will be able to take immediate action on first person data in near real-time increasing the return on engagement.
- Notable customers: Three of the five largest global technology companies, four of the five largest U.S. banks, three of the five largest global healthcare companies, three of the five largest global industrial and manufacturing companies.

-
- A webinar platform built with marketers in mind. The below slide explains the usefulness of the company's product. The company's platform provides so much information from a webinar attendee.

https://promember.snowballresearch.com/

2. Financials

The majority of the revenue is generated from recurring subscriptions.

($, mm)	**2018**	**2019**	**2020**	**2021**	**LTM Sep 2022**		**9M Sep 2021**	**9M Sep 2022**
Subscription (a)	66.1	72.6	122.6	175.9	174.8		130.9	129.8
Professional service (b)	16.5	16.5	34.3	27.7	21.5		20.7	14.5
Total revenue (a) + (b)	**82.6**	**89.1**	**156.9**	**203.6**	**196.3**		**151.6**	**144.3**
EBIT	-16.1	-16.1	21.8	-23.6	-55.6		-13.9	-45.9
Net income	-17.6	-17.5	20.8	-24.3	-55.7		-14.7	-46.1

FCF

($, mm)	**2018**	**2019**	**2020**	**2021**	**LTM Sep 2022**		**9M Sep 2021**	**9M Sep 2022**
CFO	-8.6	-11.4	37.5	5.2	-17.4		9.7	-12.9
Capex	-3.4	-1.2	-1.0	-3.6	-3.6		-2.4	-2.4
FCF	-12.0	-12.6	36.5	1.6	-21.0		7.3	-15.3

RECENT CHALLENGES

After experiencing double-digit growth rates, the company's revenue has been declining in the last four quarters.

Revenue growth

- Q3 2022: (4)%
- Q2 2022: (7)%
- Q1 2022: (3)%
- Q4 2021: (2)%

Most of the growth is NOT from one-time sales

No doubt, the pandemic accelerated digital transformation and increased the awareness of the product.

It is clear from the fact that revenue grew by 10% in FY 2019, but it grew by 69% in FY 2020 and 43% in FY 2021.

At the same time, it is not a one-time sales bump. Why?

In the recent 9 months ended September 2022, subscription revenue declined by only $1.1 million. This low attrition demonstrates that the customers are “sticking” with the platform.

Reasons for the recent decline in revenue–

a) Professional service revenue:
- As a percentage of revenue, professional services revenue was significantly higher than historical norms in 2020 due to unusually high demand during the peak of the COVID pandemic in 2020.
- The company expects the professional revenue to decline.
- Moreover, many customers are electing to be “self-service” and not utilize the company’s professional service offerings for implementation and deployment of the product. On a different note, this underlines the product’s ease of use.

b) ON24 Virtual Conference product
- In the recent CC, the CEO outlined the impact of the virtual conference product on the overall growth.
- “ON24 Virtual Conference” product provides a large-scale virtual event experience. It is NOT a core offering. This product experienced significant growth due to the pandemic.
- In the recent past, the demand for the company’s “ON24 Virtual Conference” product declined due to the return of large-scale, in-person events. Customers no longer need the large-scale virtual event experience functionality provided by this product.
- This product experienced a churn rate that is more than 2X greater than its core products over the past several quarters.

As per the recent CC, when excluding the virtual conference product and impact of foreign currency, the company’s ARR was essentially flat quarter over quarter. The core platform ARR, excluding the virtual conference product, has been stable, and it grew low single digits year over year in-spite of post-COVID normalization and current macro-headwinds.

II. WHY ARE WE FLAGGING THIS?

a) 20% buyback plan after pressure from Indaba
- In December 2022, Indaba Capital Management (8.8%) stated its belief that the board needs to urgently take proactive measures to improve the company's stock price, balance sheet, and valuation by exploring bold capital allocation decisions.
- On February 8, 2023, Indaba sent a letter to the board encouraging the board to buy back at least $150 million of the company’s o/s shares.
- On the same day, the company announced a $100 million buyback plan. If you want to read the board’s reply to Indaba’s demand, click here - DEFA14A (sec.gov).

b) Trading below the purchase cost of Indaba Capital
- The company is the third largest position of Indaba Capital ~ 7% of its portfolio.
- Average purchase price of Indaba Capital: $19.27 ($81.72 million/4.24 million shares; Source 13D).
- The current stock price is $10 ~ 48% down from the purchase cost of Indaba Capital.

Suggested further reading
This site has 1,000+ reviews: https://www.g2.com/products/on24/reviews

Under Armour (UA/UAA) appoints a top executive of Marriott International as new CEO

- M.Cap: $4.2 billion| Debt: $1.5 billion | Cash: $849 million | EV: $4.8 billion
- EV/Revenue: 0.85X
- FCF: The company generates positive FCF till last year. LTM Dec 2022: $(232) million
- Volume: 2.36 million
- Major shareholders: Vanguard: 9.9% | Blackrock : 7.6% | Dorsal Capital: 4.5% | ArrowMark Colorado: 3.7%
- Screen: New CEO appointment

I. RESEARCH

Revenue break-up

- In FY 2021, sales of apparel, footwear and accessories represented 68%, 22% and 8% of net revenues, respectively.

One among the top player in the industry

- According to the csimarket, the company enjoys approximately 4% market share in the Apparel, Footwear & Accessories industry.
- In May 2022, Newsweek ranked the company #2 out of 16 total companies in the Textile, Clothing, & Luxury Goods category. Newsweek recognized "Under Armour" in the inaugural report of the "Most Trustworthy Companies 2022". https://about.underarmour.com/en/stories/2022/05/newsweek-recognizes-under-armour-on-most-trustworthy-companies-2.html%20
- The company is the official outfitter of athletic teams in several high-profile collegiate conferences and professional sports organizations, supporting the athletes on and off the field.

Surpassed Adidas

- No #2 player: According to an article published in "Footwear Distributors & Retailers of America," the company surpassed Adidas to become the No.2 sports brand in the United States.
- https://fdra.org/latest-news/underarmour-surpasses-adidas-to-becomeno-2-sports-brand/

2. Financial performance

- 290X growth in 20 years: The company's revenue increased from $19.7 million in 2001 to $5.7 billion in 2021.
- Gross margins improved from 45% in 2017 to 50% in 2021, driven by lower promotional activity within the DTC channel and favorable pricing related to liquidation sales. Recently, the margins have been compressed due to heavy promotional activities and higher transportation costs.
- Stellar growth in international revenue:
  - In 2003, the company generated a meager revenue of $3.3 million from the international market. After aggressive expansion, revenue from the international market increased to a whopping $1.87 billion in FY 2021.
  - As a percentage of total revenue, the international market increased from roughly 3% in FY 2003 to 33% in FY 2021.

$, mm	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	LTM 2022		9M Dec 2021	9M Dec 2022
Revenue	4,833	4,989	5,193	5,267	4,475	5,684	5,762		4,426	4,505

Operating income	418	28	-25	237	-613	486	355	379	249
Net income	257	-48	-46	92	-549	360	294	282	216

FCF

$, mm	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	LTM 2022	9M Sep 2021	9M Sep 2022
Cash from operations	366.6	237.5	628.2	509	212.9	664.8	-76.2	815.4	74.4
Capital Expenditures	316.5	281.3	170.4	145.8	92.3	69.8	156.1	61.3	147.6
Free cash flow	50.2	-43.9	457.8	363.2	120.6	595.1	-232.3	754.1	-73.2

II. CURRENT CHALLENGES

1. Elevated inventories

The market is spooked with the elevated inventories.

The CEO in the latest CC argues that he is comfortable with the inventory level.

His argument is simple: In 2021, the company's inventory level was incredibly slim due to the constrained strategy and supply chain disruptions. So a large part of this increase and the increase over the next few quarters was simply normalizing to levels to being close to a $6 billion brand.

> Our inventory is right-sized for the way in which we expect our business to kind of evolve next year.
> ----------
> The sports industry is pretty bloated at this moment in time just because the amount of inventory that has hit the stores over the past six months, the overhang and I kind of call it the hangover from COVID a little bit where we had so much product that was late that was all kind of coming in at the same time as we saw perhaps a slowdown in demand somewhat, but we saw a correction in demand.
>
> So, you've got all of those things happening at the same time. So, you've just got a lot of inventory out there. And I think as we talked about already, I won't belabor the point, but I think it's going to take some while for that to kind of work its way through. – Interim CEO, Q3 2022 CC

2. Compressed margin

Higher promotions, discounting, and inflated logistics costs are affecting the company's gross margin. Gross margin is down from 51% in QE Dec 2021 to 44.2% in QE Dec 2022.

- QE Dec 2022: 44.2%
- QE Sep 2022: 45.4%
- QE June 2022: 46.7%

> you only have to go and look on websites to see how many people are running discounts out there to see how challenging it is – so yeah, again, I think it's just going to take some time for it to work through.

III. WHY ARE WE FLAGGING THIS?

1. Track record of the new CEO
In December 2022, the company appointed Stephanie C. Linnartz as CEO.

- 26 years at Marriott International (EV: $63 billion)
  - She served Marriott International for roughly 26 years (1997–2021)
  - She joined the company in 1997 and climbed the ladder to become the president of the company in February 2021.
- Top C-level executive of $64 billion Marriott:
  - She served as a top executive of Marriott International

2. Depressed stock price
The company is currently trading at a depressed level compared to its history.

3. Takeover valuation

- M&A multiple
  - In August 2021, Adidas entered into a definitive agreement to sell Reebok to Authentic Brands Group (ABG) for a total consideration of up to € 2.1 billion.
  - EV: € 2.1 billion
  - Revenue: € 1.646 billion (FY 2019)
  - EV/Revenue: 1.28X
- Current valuation
  - M. Cap: $4.4 billion
  - Debt: $674 million (excluding operating lease liabilities)
  - Cash: $849 million
  - EV: $4.2 billion (excluding operating lease liabilities)
  - Revenue: $5.2 billion
  - EV/Revenue: 0.8X

The company is trading below the acquisition multiple paid by Adidas to acquire Reebok.

OUR COMMENTS

This is a highly competitive industry, but the company has a solid position in the market and has demonstrated its ability to generate massive free cash flow.

Our approach to this company is simple: When the company emerges from all this bloated inventory, the company will start generating free cash flow.

Ligand Pharmaceuticals (LGND) attracts a new CEO who has rich PE experience & IP monetization; Ligant possesses major royalty-bearing assets

- M.Cap: $1.2 billion | Debt: $87 million | Cash: $211 million| EV: $1.1 billion
- EV/Revenue: 5.8X (Royalty-based revenue)
- FCF: $92 million (Annualized FCF)
- Volume: 179K
- Major shareholders: Vanguard - 10.64% | Goldman Sachs - 7% | Sylebra Capital - 5.05% | Blackrock - 3.93% | Slate Path Capital - 3.66% | First Trust - 2.43% | Ggv Capital - 2.31% | Deutsche Bank Aktiengesellschaft - 2.11%
- Screen: New CEO appointment

I. RESEARCH

1. Spin-off; pure-play royalty-bearing assets

- In November 2022, Ligand completed the spin-off of the OmniAb, an antibody-discovery business.
- The continuing business has economic rights to some of the world's most important medicines.
- The company provides drug research tools and its financial growth is primarily fueled by sharing in product revenue in the form of royalties on pharmaceutical products.

2. Ongoing revenue stream

After the sale of OmniAb, the company would generate revenue from three sources: a) Royalty, b) Captisol, and c) Contract revenue.

a. Royalty

- Four drugs (Kyprolis, Evomela, Teriparatide injection, Rylaze) account for 93% of the total royalty revenue.
- As per the recent CC (Q3 2022), the company expects its 2022 royalties to be in the range of $66 million to $69 million, up from the previous outlook of $61 million to $65 million.

b. Captisol

- This platform's technology is a patent-protected, chemically modified cyclodextrin with a structure designed to optimize the solubility and stability of drugs.
- Reason for significant increase in revenue from 2020:
  - In FY 2020, Captisol revenue grew to $109.9 million primarily reflecting higher sales of Captisol for use in the manufacturing of Veklury® (remdesivir), the first FDA approved anti-viral treatment for severe COVID-19.

Captisol							
($, mm)	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**LTM Sep 2022**
Revenue	22.5	22.1	29.1	31.5	109.9	164.3	113.0
Gross profit			22.8	20.2	79.5	102.1	69.8

- The company provides break-up of revenue generated from Captisol: a) Core and b) COVID. The COVID represents revenue on Captisol supplied for use in formulation with remdesivir.

($, mm)	9M Sep 2021	9M Sep 2022
Core	16.3	13.1
COVID	112.6	64.5
Total Captisol revenue	**128.9**	**77.6**

c. Contract revenue

- Contract revenue is often a variable consideration in the form of contingent milestone payments.

($, mm)	2018	2019	2020	2021	LTM Sep 2022
Contract revenue	93.8	41.8	42.7	63.9	59.6

3. FCF

In the recent 9M ended September 2022, the company generated roughly $69 million in free cash flow.
Annualized FCF: $92 million
EV: $1.24 billion
FCF/EV: 7.4%

4. Others

Pipeline

- The company has a lot of pipeline programs. For example, Sparsentan is a key pipeline program for Ligand. The company will earn a 9% royalty on sales should the drug be approved and commercialized.

II. WHY ARE WE FLAGGING THIS?

In December 2022, the company appointed Todd C. Davis as the new CEO.

Track record

- Initial stint: He served Abbott Laboratories and Elan Pharmaceuticals for roughly 9 years.
- PE firms (4 years)
  - Partner, Apax Partners: Apax is a PE firm that creates value by supporting transformational improvements in portfolio companies.
  - Paul Capital Partners: A PE firm made up of a fund of funds, secondary investments, and a healthcare direct investment business .
- Founder, Healthcare Royalty Partners (11 years, 2007–2018)
  - He founded an investment firm that purchases royalties and uses debt-like structures to invest in commercial or near-commercial stage assets.
- Founder, RoyaltyRx Capital, LL (2018)
  - Biopharma Investment Fund, syndicating family office capital for high return/low risk special situations.
- Deals
  - He claims that he partners with life science experts to realise value in assets that have high potential, are emerging, and have been undercapitalised, misunderstood, or undervalued.

- He claims that he led, structured, and closed over 40 additional IP licenses, as well as royalty-debt deals and has restructured and turned around multiple private and public companies.

New CEO's plan

The below thoughts are shared by the new CEO in the recent CC.
1. Under project finance, the company would provide capital for clinical development projects. Instead of receiving debt or equity securities in return for our capital, the company would draft customized royalty contracts that accommodate its partner's needs, but offer the company as an investor unique advantages as well.
2. The company would partner with clinical development companies to accumulate mid- to late-stage clinical royalty assets. The goal is to accumulate royalty interests. There are multiple ways to achieve this.
   a) The company would partner with existing technology platforms.
   b) The company would implement project finance.
   c) The company would identify acquisition opportunities of existing royalty contracts or companies with attractive royalty assets.

We have no expertise to comment on the CEO's new plan.

Opendoor Technologies (OPEN) appoints a former TPG Group's partner as CEO; Concerns over the business model (short notes)

- M.Cap: $1.1 billion | Debt: $5.4 billion | Cash: $1.2 billion | EV: $7.7 billion
- EV/Revenue: 0.5X
- FCF: $(5.8) billion
- Volume: 32 million
- Major shareholders: Vanguard - 10.64% | Goldman Sachs - 7% | Sylebra Capital - 5.05% | Blackrock - 3.93% | Slate Path Capital - 3.66% | First Trust - 2.43% | Ggv Capital - 2.31% | Deutsche Bank Aktiengesellschaft - 2.11%
- Screen: New CEO appointment

I. RESEARCH

Founded in 2014, the company is a leading digital platform for residential real estate.

How does this work?

- Sellers can go to Opendoor.com, receive an offer, and sign and choose their closing date. Buyers can download the Opendoor app, tour and visit both Opendoor and non-Opendoor homes, and make an offer, all with just a mobile device.
- Since launch, the company has bought and sold over 140,000 homes across the United States.

Revenue model

- The vast majority of the company's revenue and margins today are generated by acquiring homes directly from individual sellers and reselling those homes to buyers.
- The company also provides additional services to home sellers and home buyers, including title and escrow services, etc.

Track record of the new CEO

In December 2022, the company appointed Carrie Wheeler as CEO.

1. CFO: She had served as the CFO of the company since September 2020.
2. Partner, TPG Capital

- She served as the Partner & Head of Retail & Consumer at TPG Capital for roughly 21 years (1996–2017)
- TPG is a PE firm focused on leveraged buyouts and growth capital.

THOUGHTS

There are lot of inherent risks in the business model:

1. Unless a company buys "poorly maintained" properties (cracked surfaces, peeling walls, broken windows, overgrown lawns), fixes the property, and sells it at a premium, it is incredibility difficult to charge a lot of margin. It is hard to generate a lot of margin by being a reseller in the housing market.

2. If the company buys a lot of house inventory during an inflationary period, it will end up selling the properties at a loss. If the property market dries up, the company's capital will be stuck with an inflated inventory.

2. As per Zillow, the total value of private residential real estate in the U.S. grew by a record $6.9 trillion in 2021. Moreover, in 2021, the residential real estate market more than doubled the level from a decade ago to $43.4 trillion. The fact that the company recorded a whopping negative FCF of $(5.8) billion in FY 2021, a year when home value increased by 19.6%, underlines the inherent problem with the business model.

Moreover, the company has to spend a lot on advertisement to make sure "new seller" and "new buyers" are aware of its brand name.

Given the huge operating expense and the risk in business model, we believe it is better to wait and watch to study the actions of the new CEO.

Lyell Immunopharma (LYEL) appoints a new CEO who recently served as the CEO of a $2.9 billion biopharmaceutical company (ultra-short notes)

- M.Cap: $575 million | Debt: $67 million | Cash: $648 million | EV: $(6) million
- EV/Revenue: 39X
- FCF: $(192) million
- Volume: 948K
- Major shareholders: MWG Management - 8.09% | Orland Properties - 6.05% | Vanguard - 5.05% | Blackrock - 4.88% |Foresite Capita - 4.01% | State Street - 3.51% | Alphabet - 2.35% |
- Screen: New CEO appointment

Lyell Immunopharma is a T-cell reprogramming company dedicated to the mastery of T cells to cure patients with solid tumors.

The company has no products approved for sale and has never generated any revenue from product sales.

To date, the company generated revenue primarily from the recognition of a portion of the upfront payment under the GSK agreement that it entered into in May 2019. In October 2022, GSK provided notice to the company to terminate the GSK agreement.

New CEO
In December 2022, the company appointed Lynn Seely as CEO.
Track record
CEO Myovant Sciences ($2.9 billion)
- For roughly 5 years (2016–Jan 2021), she served as CEO of the company.
- Within two years after her exit, in October 2022, the company was acquired by Sumitovant for a total value of $2.9 billion.

Top C-level executive of $16 billion Medivation
- She served as the chief medical officer of Medivation for roughly eleven years (2005–2015).
- She was one among the top seven C-level executives.
- Within a year after her exit, the company was acquired by Pfizer for $14 billion.

Our comment
We have no expertise to analyse or comment on the business. Our message is simple: The newly appointed CEO has a solid track record.

13D: IDEA SHORTLISTING COMMENTARIES

Anika Therapeutics (ANIK): High conviction idea of Caligan Partners; Caligan argues the company's worth is double the current share price

OUR SHORT COMMENTS

a) 100% upside

- Caligan Partners' argument is simple – the company is trading below the intrinsic value of viscosupplement portfolio.
- Viscosupplement injections are used for extended pain relief from osteoarthritis (OA). Viscosupplement injections are predominantly performed at ambulatory surgery centers (ASCs), and the patient is discharged within a few hours of the procedure.
- The company's key HA products, Monovisc (single injection) and Orthovisc (three injections), are marketed by J&J's subsidiary. Monovisc and Orthovisc enjoy a 30% market share.
- The company receives ~30% of the end sales of Monovisc and Orthovisc.
- Caligan Partners argues that based on the existing approved viscosupplement portfolio alone, Anika could be worth almost $60 per share, double the current share price.

b) Ability to influence is high

- Insiders own around 1.5%, if you exclude stock options. So, the ability to influence the board is high.
- The board is staggered, so securing a majority board control would take time.

c) High conviction idea

- Caligan Partners' total value of the portfolio is roughly $121 million.
- This stock accounts for a whopping 14% of its portfolio. As such, the motivation to unlock shareholder value is very high.
- Notable track record of Caligan Partners: In 2019, Caligan Partners launched a campaign to replace four board members of AMAG Pharmaceuticals. The company entered into a settlement agreement with Caligan. Subsequently, the CEO resigned, the company agreed to divest two women's health drugs and cancelled the licensing agreement for Vyleesi. In 2020, the company was acquired by Covis for $647 million.

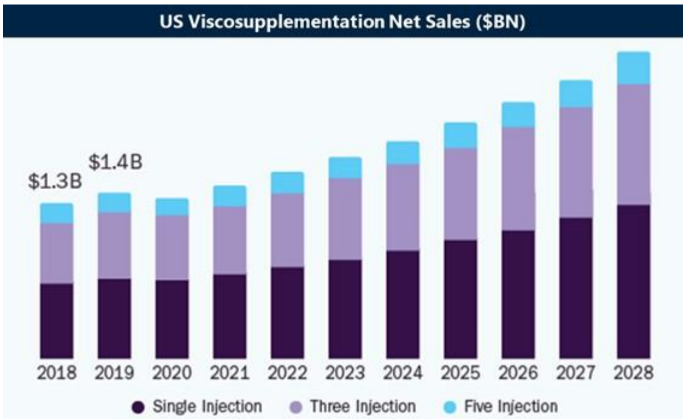
Based on the above facts, the situation is compelling.

> *Viscosupplement Market Overview*
>
> Hyaluronic acid (HA) is a naturally occurring polymer found throughout the body that facilitates joint health and tissue function. Anika manufactures a non-animal sourced cross-linked HA which allows for longer residence time and can support extended pain relief from osteoarthritis (OA). OA is a chronic, painful, degenerative joint disease and is the leading cause of disability.

There are an estimated 14 million individuals suffering from symptomatic knee OA in the US; predominantly older Americans. An aging population and higher proportion of obesity lead to market growth higher than overall population growth. While there are 31 million individuals with osteoarthritis in general (beyond the knee), HA is currently only indicated for the knee in the US, but in all joints in most ex-US countries. In 2019, 2.4 million HA viscosupplementation procedures were performed in the US, representing a $1BN+ market across all treatment regimens.[12]

In the current treatment paradigm for OA pain, HA injections are administered after a patient fails corticosteroid injections but before a patient receives a total knee replacement (TKR). Corticosteroids provide short-acting pain relief that wears off quickly while HA tends have a longer duration of effect with a delayed onset. For clinicians, a single injection regimen is favorable from an economic standpoint, increasing physician productivity and reducing the burden of multiple treatments for patients.

Grand View Research[12] projects that the US viscosupplement market will grow at an 8.4% CAGR from 2021-2028 driven by increasing demand for non-surgical treatments for OA, increased prevalence of poor lifestyle-caused disorders, and advancements in the development of HA-based therapies.

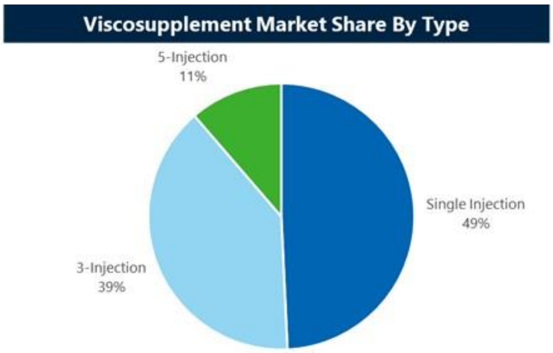


Source: Grand View Research

Viscosupplement injections are predominantly performed at ambulatory surgery centers (ASCs) and the patient is discharged within a few hours of the procedure. Japan is the 2nd largest market for viscosupplements globally, after the US.

[12] Grand View Research, Caligan Research

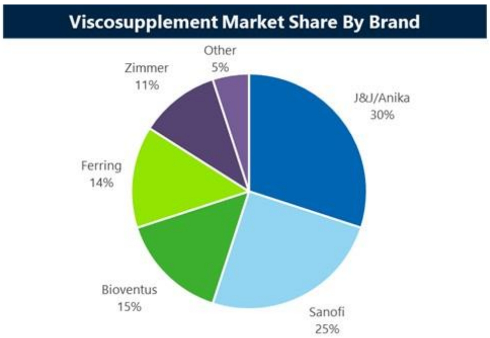
The convenience of a single injection drives growth in this category at the expense of declining utilization of the three- and five injection regimens. The single-injection market is projected to grow at a mid-single-digit CAGR and the three-injection market and five-injection markets are projected to decline in the low-single digits and low to mid-teens, respectively.[12]



Source: JP Morgan, Caligan Research

Monovisc & Orthovisc Market Positioning

Anika's key HA products, Monovisc (single-injection) and Orthovisc (three-injection), are marketed by J&J's subsidiary, Depuy Synthes; a highly resource efficient go-to-market strategy for Anika. Through a combination of an excellent product profile (safety/efficacy) and the commercial expertise of J&J, Monovisc and Orthovisc have the largest combined market share of the viscosupplement market.



Source: JP Morgan, Caligan Research

On each of Monovisc and Orthovisc, Anika receives:

- a transfer price calculated with reference to historical end-user prices in the market; and
- a fixed royalty rate per product on net product sales

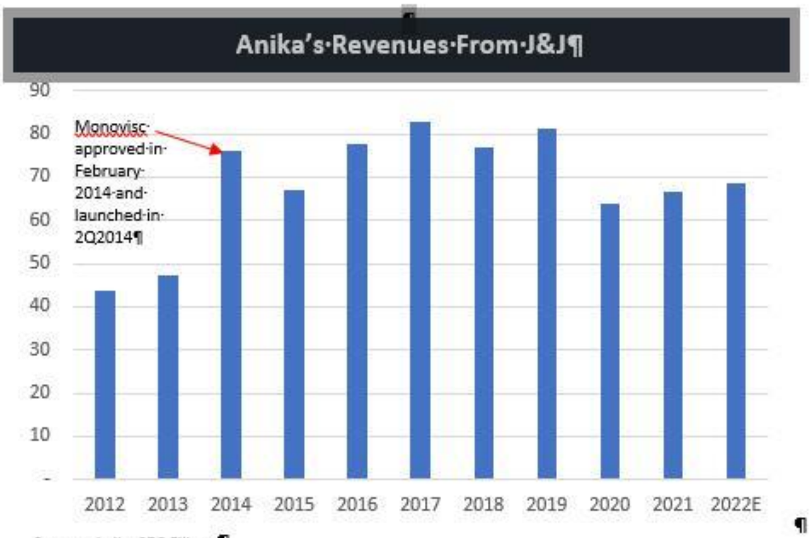
The net result of this relationships is that Anika receives ~30% of the end sales of Monovisc and Orthovisc[13]. The blended gross margin on those revenues is ~75% with ~33% operating margins.

Anika/J&J Relationship[13]

	LEGACY MANUFACTURING & PARTNERSHIP MODEL *(In Thousands)*
END-USER SALES	$1,000
ANIKA REVENUE	$300
PRODUCT GROSS MARGIN	70's%
OPERATING INCOME	$100

Source: Anika 2019 Investor Day Presentation, slide 176

Anika's revenues from the J&J partnership were relatively steady from 2017 – 2019 at ~$80MM; COVID impacted elective procedure volume and some competitive single injection regimens took market share in 2020 - 2021 though those headwinds have largely stabilized.

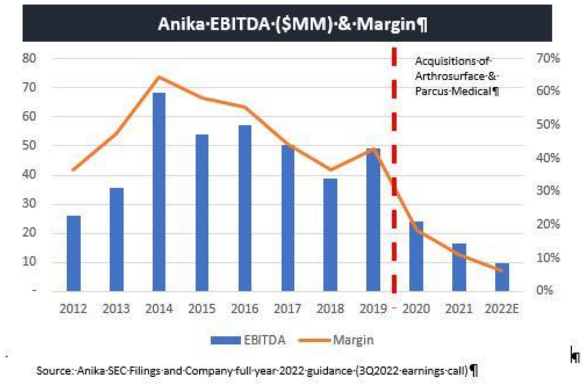


Source: Anika SEC Filings

Prior to Anika's strategic pivot into joint preservation, 71% of Anika's revenues were from the J&J relationship and 21% of Anika's revenues were from international distributors who sold Monovisc,

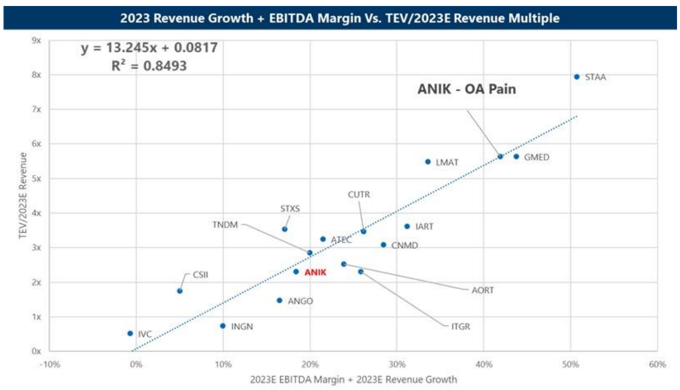
[13] Anika 2019 Investor Day, slide 176

Orthovisc, and Cingal (a steroid/HA combination not approved in the US) in non-US markets. Driven by this resource-efficient commercialization strategy, in 2019, Anika achieved 75% gross margins and 43% EBITDA margins. In 2022, Anika's guidance for Adjusted EBITDA margins are now mid-single digits, reflecting the excessive losses in the JP segment.



Value of Anika's Viscosupplement Portfolio

Public markets efficiently (near perfect correlation, see chart below) value small and mid-cap life sciences companies based on their profitability relative to their top-line growth profile. Caligan believes, based on the strong regression shown below, on a standalone basis (fully burdened by corporate costs and Cingal R&D), Anika's OA pain management segment would be valued at ~5.8x 2023 revenue/14.2x 2023 EBITDA, which implies an EV of $580MM. For a potential acquirer that could easily eliminate Anika's excessive corporate costs and decide the optimal path forward for Cingal, pro-forma EBITDA margins could be in the mid-50 percent range. Consistent with our earlier analysis, this implies that based on the existing, approved viscosupplement portfolio alone, **Anika could be worth almost $60 per share, double the current share price**.



Source: S&P CapitalIQ. As of December 5, 2022. Caligan Estimates Anika OA Pain 2023 Revenue of $100MM and $43MM of OA EBITDA. 2019 OA Revenue of $104MM and 2019 OA EBITDA of $49MM yielded a 43% OA EBITDA margin.

Starboard nominated director candidates to the board of Rogers Corp

On February 6, 2023, Starboard (6.5%) disclosed that on December 15, 2022, it delivered a letter to the company nominating a slate of six director candidates for election to the board at the 2023 AGM. Source

SHORT COMMENTS

The AGM is expected to be conducted in May 2023 – so just a few months away from the election.

It is a good activist target: a) Insiders own less than 1% of the o/s shares. b) The board is not staggered.

Starboard has high probability to secure a board seat.

In November 2021, the company entered into an agreement to be acquired by DuPont in an all-cash transaction at a price of $277.00 per share. Subsequently, in November 2022, DuPont terminated its agreement. The company received a termination fee of $163 million.

The company is profitable and generates positive free cash flow (except the LTM Sep 2022).

Possible action: Sale of segment

Starboard did not announce any plan.

In the past, the company reported "power electronics solutions" as a separate segment. Recently, it was consolidated with another segment. In 2019 and 2020, the power electronics segment generated losses, and except for a few years, this segment generated a wafer-thin margin. So, Starboard may push the company to sell this segment.

A final note – we believe the stock is worth your attention, not just because of the track record of Starboard, but due to the fact that the company is profitable and generates positive free cash flow. It is relatively wiser to research and invest in an activist situation where the target is profitable compared to betting on a turnaround of a declining business.

3. ON24 (ONTF): 20% share buyback program; Trading below the purchase cost of Indaba Capital

Since this stock is featured in the special report, this is not discussed in detail.

LoanDepot: Founder is seeking for board representation

Short comments

- LoanDepot is the country's fifth-largest mortgage provider. The company is suffering due to increased interest rates and a depressed mortgage industry outlook. Stock price crashed from $28.9 in Feb 2021 to the current price of $2.3/share.
- Anthony Hsieh founded the company in 2009 and took the company public in 2021.
- In Feb 2023, the board fired Anthony Hsieh as executive chairman (as per his recent letter). Now, he is trying to appoint his representative as a director. Given the massive voting rights (57.3%) enjoyed by Anthony Hsieh, he can win the election.
- This situation is not a typical activist investing situation (where an investor launches a campaign to improve shareholder value). The crux of the research is tied to the success of the business model and has nothing to do with the activism by Anthony Hsieh.
- After experiencing tremendous growth, the company has been bleeding with considerable losses in the last three quarters. Moreover, in the recent quarter (3rd quarter), loan origination volume was $10 billion, a decrease of 38% from the second quarter of 2022.
- Concern: https://www.nytimes.com/2021/09/22/business/loandepot-lawsuit-Anthony Hsieh.html.

> The below stocks generate very little revenue and burn a lot of cash.

Rubric Capital Management and Velan Capital initiate active stake in Heron Therapeutics

Market Cap: $386 million | Heron Therapeutics, Inc., a biotechnology company, engages in developing treatments to address unmet patient needs.

On February 6, 2023, Rubric Capital Management and Velan Capital (together 13.7%) stated that they had engaged, and intended to continue to engage, in communications with the board and management team regarding opportunities to enhance stockholder value and improve corporate governance, including through potential changes to the composition of the board. Source

Short comments
- Insiders own less than 1%. The two activist shareholders collectively own 13.7%. Given the ownership, these two funds can influence the board.
- Revenue: $98 million.
- Given the massive cash burn [FCF: 2021: $206 million; LTM 2022: $156 million], unless you have expertise in biotech stocks, you should avoid this stock from an "idea screening" perspective.

Prime Movers Lab Fund filed 13D in two companies: Momentus and Heliogen

- Venture capital firms typically don't file 13D and express their dissatisfaction – as such, this is a peculiar filing by Prime Movers Lab.

- Prime Movers Lab Fund is backed by various investors, including Bill Ackman and Dmitr Balyasny. To learn more, please read the article titled "Prime Movers Lab's New Fund Attracted Bill Ackman and Dmitry Balyasny - Its Founder Says SPAC Mergers Are Coming" https://www.primemoverslab.com/news/ .

Momentus
On February 9, 2023, Prime Movers Lab Fund (31.4%) stated that it had engaged with members of the board and management team to share its serious concerns with the trajectory of the company. Prime Movers Lab Fund has requested that the company immediately appoint Mr. Sloss to the board. Source

- The company is yet to generate any meaningful revenue. The company is burning cash – LTM 2022 FCF is $89 million.
- Insiders own less than 3%, and Prime Movers Lab owns 31.4%. As such, the fund could easily influence the board.
- Unless you have expertise in researching start-ups that generate no revenue, ignore this stock.

Heliogen
- Prime Movers Lab filed 13D in Heliogen after the company terminated the CEO.
- The former CEO also filed 13D, expressing his disappointment.
- Given the huge cash burn of $72 million and $14 million in revenue, this is another stock that requires expertise.

Lind Partners issued a letter to the board of Rewalk Robotics

- On February 22, 2023, Lind Partners (15.1%) issued a letter to the chairman of the board stating that the company was woefully undervalued.

- Insiders own less than 1%.
- Lind Partners is the largest shareholder. So, the ability to influence the board is high.
- The company generates roughly $5 million to $6 million in revenue.
- Recent cash burn: $18 million.
- Unless you have expertise in researching start-ups that generate little revenue, ignore this stock.

Management shakeup

This month we have compiled a list of 28 companies that experienced significant management team shakeup since 2021.

Company Name	Ticker	M. Cap ($, mm)	Percentage of management shakeup %	Total no of executives	Total changes	Total external appointments
Better Choice Co Inc.	BTTR	21	86%	7	6	5
Sunworks, Inc.	SUNW	67	80%	5	4	4
Lifevantage Corp	LFVN	49	100%	5	5	4
SIRIUSPOINT LTD. Formerly Third Point Reinsurance Ltd.	SPNT	1137	79%	14	11	9
STRATA Skin Sciences, Inc.	SSKN	40	100%	2	2	1
J.Jill, Inc.	JILL	279	67%	3	2	2
POWER SOLUTIONS INTERNATIONAL, INC.	PSIX	62	100%	3	3	2
InvenTrust Properties Corp.	IVT	1614	67%	6	4	0
Amerant Bancorp Inc.	AMTB	965	92%	12	11	5
Ontrak, Inc. formerly CATASYS, INC.	OTRK	19	69%	16	11	6
Atlanticus Holdings Corp	ATLC	463	50%	2	1	0
Seritage Growth Properties	SRG	677	60%	5	3	2
Stride, Inc.	LRN	1846	46%	13	6	1
Select Energy Services, Inc.	WTTR	935	50%	6	3	1
LA-Z-BOY INC	LZB	1398	50%	10	5	2
Edgio, Inc. formerly Limelight Networks, Inc.	EGIO	273	100%	8	8	8
Xenon Pharmaceuticals Inc	XENE	2420	56%	9	5	3
Surface Oncology, Inc.	SURF	42	63%	8	5	1
SI-BONE, Inc.	SIBN	584	58%	19	11	7
KORU Medical Systems (formerly: REPRO MED SYSTEMS)	KRMD	187	100%	9	9	7
California Resources Corp	CRC	3076	50%	6	3	3
VINCE HOLDING CORP.	VNCE	86	40%	5	2	1
Veris Residential	VRE	1492	73%	15	11	8

https://promember.snowballresearch.com/

Amalgamated Financial Corp.	AMAL	715	73%	11	8	3
Inogen Inc	INGN	378	100%	8	8	7
Daseke, Inc.	DSKE	519	50%	4	2	1
IRONWOOD PHARMACEUTICALS INC	IRWD	1750	50%	12	6	3
SPAR Group, Inc.	SGRP	30	56%	16	9	6

Better Choice Co Inc. (BTTR)

Percentage of management shakeup: 86%

Total no of executives: 7

Total change: 6

Total external: 5

1. Jan 2021: Ryan Wilson (Vice President, Marketing)	External appointment
2. Jan 2021: Jennifer Condon (Executive Vice President, Digital Sales)	External appointment
3. Jan 2021: Donald Young (Chief Sales Officer)	External appointment
4. Feb 2021: Alex Vournas (Vice President of Supply Chain & Logistics)	External appointment
5. Jun 2022: Robert Sauermann (Chief Operating Officer)	Promotion
6. Sep 2022: Lionel Conacher (Interim Chief Executive Officer)	External appointment

Sunworks, Inc. (SUNW)

Percentage of management shakeup: 80%

Total no of executives: 5

Total change: 4

Total external: 4

1. Jan 2021: Gaylon Morris (Chief Executive Officer)	External appointment
2. Aug 2021: Wayne Tomlinson (Chief Information Officer)	External appointment
3. Oct 2021: Jason Bonfigt (Chief Financial Officer)	External appointment
4. Feb 2022: Chris Monahan (Chief Legal Officer)	External appointment

Lifevantage Corp (LFVN)

Percentage of management shakeup: 100%

Total no of executives: 5

Total change: 5

Total external: 4

1. Feb 2021: Steve Fife (President and Chief Executive Officer)	Promotion
2. Mar 2021: Alissa Neufeld (General Counsel and Corporate Secretary)	External appointment
3: May 2021: Matthew Cooley (Chief Operating Officer)	External appointment
4: Oct 2021: Carl Aure (Chief Financial Officer)	External appointment
5: Jan 2022: Julie Boyster (Chief Marketing Officer)	External appointment

SIRIUSPOINT (SPNT)

Percentage of management shakeup: 79%

Total no of executives: 14

Total change: 11

Total external: 9

1. Feb 2021: David Govrin (Global Chief Underwriting Officer & President, Americas Reinsurance)	External appointment
2. Mar 2021: Monica Cramér Manhem (President, International Reinsurance)	Promotion
3. May 2021: Darryl Siry (Chief Technology Officer)	External appointment
4. Sep 2021: Patrick Charles (Global Head of Property and Casualty (P&C) Insurance and Services)	External appointment
5. Mar 2022: Andreas Kull (Chief Risk Officer)	External appointment
6.Sep 2022: Scott Egan (Chief Executive Officer)	External appointment
7. Oct 2022: Steve Yendall (Group CFO)	External appointment
8. Nov 2022: Dhruv Gahlaut (Chief Strategy Officer and Head of Investor Relations)	External appointment
9. Nov 2022: Karen Caddick (Chief Human Resources Officer)	External appointment
10. Dec 2022: Rob Gibbs (President and CEO of Sirius International)	External appointment
11. Feb 2023: Jimmy Yang (Interim General Counsel & Corporate Secretary)	Promotion

STRATA Skin Sciences, Inc. (SSKN)

Percentage of management shakeup: 100%

Total no of executives: 2

Total change: 2

Total external: 1

1. Oct 2021: Christopher Lesovitz (Chief Financial Officer)	Promotion
2. Mar 2021: Robert J. Moccia (Chief Executive Officer)	External appointment

J.Jill, Inc. (JILL)

Percentage of management shakeup: 67%

Total no of executives: 3

Total change: 2

Total external: 2

1. Feb 2021: CLAIRE SPOFFORD (CHIEF EXECUTIVE OFFICER AND PRESIDENT)	External appointment
2. Mar 2021: KYLE POLISCHUK (SENIOR VICE PRESIDENT, CHIEF HUMAN RESOURCES OFFICER)	External appointment

POWER SOLUTIONS INTERNATIONAL, INC. (PSIX)

Percentage of management shakeup: 100%

Total no of executives: 3

Total change: 3

Total external: 2

1. Jun 2022: Dino Xykis (Interim Chief Executive Officer)	Promotion

2. Apr 2022: Kenneth Li (Interim Chief Financial Officer)	External appointment
3. Sep 2022: Sidong Shao (Executive Vice President)	External appointment

InvenTrust Properties Corp. (IVT)

Percentage of management shakeup: 67%

Total no of executives: 6

Total change: 4

Total external: 0

1. Jun 2021: James Puzon (SVP, Corporate Finance and Portfolio Management)	Internal promotion
2. Aug 2021: Daniel J. ("DJ") Busch (President & Chief Executive Officer)	Promotion
3. Aug 2021: Mike Phillips (EVP, Chief Financial Officer and Treasurer)	Promotion
4. Nov 2021: David Heimberger (SVP, Chief Investment Officer)	Promotion

Amerant Bancorp Inc. (AMTB)

Percentage of management shakeup: 92%

Total no of executives: 12

Total change: 11

Total external: 5

1. Jan 2021: Jerry Plush (Chairman and CEO)	External appointment
2. Apr 2021: Silvia Larrieu (SVP, Chief of Staff to the CEO, and Head of Communications & Community Relations)	External appointment
3. Jun 2021: Christine Esteve (Executive Vice President and Chief Marketing Officer)	External appointment

4. Jun 2021: Sharymar Calderon (Senior Vice President and the Head of Internal Audit)	External appointment
5. Jun 2022: Howard Levine (SEVP, Head of Consumer Banking)	Promotion
6. Jun 2022: Mariola Sanchez (EVP, Chief People Officer)	Promotion
7. Jun 2022: S. Marshall Martin (EVP, Chief Administrative and Legal Officer)	Promotion
8. Jul 2022: Mark Jaundoo (Senior Vice President & Chief Digital Officer)	External appointment
9. Aug 2022: Laura Rossi (SVP, Head of Investor Relations & Sustainability)	Promotion
10. Sep 2022: Monica Limone (SVP, Head of Strategy)	Promotion
11. Jan 2023: Alberto Capriles (SEVP, Chief Risk Officer)	Promotion

Ontrak, Inc. formerly CATASYS, INC. (OTRK)

Percentage of management shakeup: 69%

Total no of executives: 16

Total change: 11

Total external: 6

1. Feb 2021: Bent Christiansen (SVP & GM, Customer Strategy and Solutions)	External appointment
2. Jun 2021: Jaime Prieto (Chief Marketing Officer)	Promotion
3. Aug 2021: Mary Louise Osborne (Co-President and Chief Commercial Officer)	External appointment
4. Aug 2021: Arik Hill (Chief Information Officer)	External appointment
5. Sep 2021: Lori Wheeless (Senior Vice President, Digital Services Operations)	External appointment

6. Oct 2021: Jenifer Donahue PhD (Vice President Provider Services and Operations	Promotion
7. Nov 2021: Len Bickman (Chief Artificial Intelligence Officer)	External appointment
8. Jun 2022: James Park (Chief Financial Officer)	Promotion
9. Jun 2022: Brandon LaVerne (Co-President and Chief Operating Officer)	Promotion
10. Jun 2022: Brianna Brennan (Senior Vice President Operations)	Promotion
11. Jul 2022: Judith A. Feld (Chief Medical Officer)	External appointment

Atlanticus Holdings Corp (ATLC)

Percentage of management shakeup: 50%

Total no of executives: 2

Total change: 1

Total external: 0

1. Mar 2021: Jeffrey A. Howard (President & CEO)	Promotion

Seritage Growth Properties (SRG)

Percentage of management shakeup: 60%

Total no of executives: 5

Total change: 3

Total external: 2

1. Mar 2021: Andrea Olshan (CEO and President)	External appointment
2. Jan 2022: Eric Dinenberg (Chief Operating Officer)	Promotion
3. Jan 2022: John Garilli (INTERIM CHIEF FINANCIAL OFFICER)	External appointment

Stride, Inc. (LRN)

Percentage of management shakeup: 46%

Total no of executives: 13

Total change: 6

Total external: 1

1. Jan 2021: James J. Rhyu (Chief Executive Officer)	Promotion
2. Jun 2021: Les Ottolenghi (Chief Information & Technology Officer)	External appointment
3. Jun 2021: Kevin P. Chavous (President/Senior Advisor to CEO)	Promotion
4. Jan 2022: Todd Goldthwaite (Managing Director, Portfolio Companies)	Promotion
5. May 2022: Janice Gruneberg (Superintendent of Schools)	Promotion
6. Jul 2022: Donna Blackman (Chief Financial Officer)	Promotion

Select Energy Services, Inc. (WTTR)

Percentage of management shakeup: 50%

Total no of executives: 6

Total change: 3

Total external: 1

1. Apr 2021: MICHAEL C. SKARKE (Executive Vice President and Chief Operating Officer)	Promotion
2. Aug 2021: Suzanne Colbert (Senior Vice President and Chief Technology Officer)	External appointment
3. Apr 2022: Chris George (Senior Vice President Corp Dev, IR, Sustainability & Treasurer)	Promotion

LA-Z-BOY INC (LZB)

Percentage of management shakeup: 50%

Total no of executives: 10

Total change: 5

Total external: 2

1. Jan 2021: Rob Sundy (Senior Vice President and Chief Commercial Officer)	External appointment
2. Apr 2021: Melinda Whittington (President and Chief Executive Officer)	Promotion
3. Apr 2021: Bob Lucian (Senior Vice President and Chief Financial Officer)	Promotion
4. Apr 2021: Raphael Richmond (Vice President, General Counsel and Chief Compliance Officer)	Promotion
5. Jun 2022: Carol Lee (Vice President and Chief Information Officer)	External appointment

Edgio, Inc. (EGIO)

Percentage of management shakeup: 100

Total no of executives: 8

Total change: 8

Total external: 8

1. Feb 2021: Bob Lyons (Chief Executive Officer)	External appointment
2. Mar 2021: Kathy Austin (Chief People Experience Officer)	External appointment
3. Sep 2021: Ajay Kapur (Chief Technology Officer)	External appointment

4. May 2022: Darrin Reynolds (Chief Information Security Officer)	External appointment
5. Aug 2022: Stephen Cumming (Chief Financial Officer)	External appointment
6. Aug 2022: Peter Gallagher (Chief Customer Officer)	External appointment
7. Oct 2022: Richard P. Diegnan (Chief Legal Officer and Secretary)	External appointment
8. Nov 2022: Nancy Maluso (Chief Marketing & Strategy Officer)	External appointment

Xenon Pharmaceuticals Inc. (XENE)

Percentage of management shakeup: 56%

Total no of executives: 9

Total change: 5

Total external: 3

1. Jun 2021: Ian Mortimer (President and Chief Executive Officer)	Promotion
2. Jun 2021: Sherry Aulin (Chief Financial Officer)	Promotion
3. Aug 2021: Christopher Kenney (Chief Medical Officer)	External appointment
4. Jan 2022: Sheila Grant (Executive Vice President, R&D Operations)	External appointment
5. Nov 2022: Andrea DiFabio (Chief Legal Officer and Corporate Secretary)	External appointment

Surface Oncology, Inc. (SURF)

Percentage of management shakeup: 63%

Total no of executives: 8

Total change: 5

Total external: 1

1. Apr 2021: Robert Ross (Chief Executive Officer)	Promotion
2. Apr 2021: Jessica Fees (Chief Financial Officer)	Promotion
3. Apr 2021: Alison M. O'Neill (Chief Medical Officer)	Promotion
4. Apr 2021: Henry Rath (Chief Business Officer)	External appointment
5. Dec 2021: Lisa McGrath (Chief People Officer)	Promotion

SI-BONE, Inc. (SIBN)

Percentage of management shakeup: 58%

Total no of executives: 19

Total change: 11

Total external: 7

1. Apr 2021: Laura Francis (Chief Executive Officer)	Promotion
2. Apr 2021: Anshul Maheshwari (Chief Financial Officer)	External appointment
3. Apr 2021: Michael Pisetsky (Senior Vice President of Operations & Administration and Chief Legal Officer)	External appointment
4. Apr 2021: Scott Yerby (Senior Vice President of Engineering & Chief Technology Officer)	Promotion
5. Jun 2021: Robyn Capobianco (Vice President Clinical Affairs)	External appointment
6. Oct 2021: Roxanne Simon (Vice President of Program Management and Quality & Process Improvement)	Promotion
7. Jan 2022: Geoff Maw (VICE PRESIDENT - US ACADEMIC AND COMMERCIAL DEVELOPMENT)	External appointment

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8. Jan 2022: Sarah Duranske (Vice President, Legal)	Promotion
9. Jul 2022: Jeff Bertolini (Senior Vice President of Operations and Information Technology)	External appointment
10. Aug 2022: Aimee Einstein (VICE PRESIDENT OF PEOPLE AND CULTURE)	External appointment
11. Sep 2022: Neville Lorimer (Vice President, International)	External appointment

KORU Medical Systems (KRMD)

Percentage of management shakeup: 100%

Total no of executives: 9

Total change: 9

Total external: 7

1. Mar 2021: Linda Tharby (Chief Executive Officer and President)	External appointment
2. Sep 2021: Brian Hertzog (Vice President of Business Development)	External appointment
3. Oct 2021: Rob Cannon (Vice President of Sales)	External appointment
4. Nov 2021: Thomas Adams (Vice President of Financial Planning and Analysis)	External appointment
5. Apr 2022: Brian Case (Chief Technology Officer)	External appointment
6. May 2022: Doug Miller (Vice President of Operations)	External appointment
7. Aug 2022: Chris Pazdan (Senior Vice President, Operations)	Promotion
8. Oct 2022: Brent Rutland (Vice President of Medical Affairs)	External appointment

9. Oct 2022: Joshua Bennett (Vice President of Strategy and Business Development)	Promotion

California Resources Corp (CRC)

Percentage of management shakeup: 50%

Total no of executives: 6

Total change: 3

Total external: 3

1. Jan 2021: President and Chief Executive Officer	External appointment
2. May 2021: Executive Vice President and Chief Commercial Officer	External appointment
3. Jun 2021: Executive Vice President and Chief Sustainability Officer	External appointment

VINCE HOLDING CORP. (VNCE)

Percentage of management shakeup: 40%

Total no of executives: 5

Total change: 2

Total external: 1

1. Mar 2021: Jonathan "Jack" Schwefel (Chief Executive Officer)	External appointment
2. Feb 2023: Amy "Levy" Trooskin (Chief Financial Officer)	Promotion

Veris Residential (VRE)

Percentage of management shakeup: 73%

Total no of executives: 15

Total change: 11

Total external: 8

1. Mar 2021: Mahbod Nia (Chief Executive Officer)	Promotion
2. Jun 2021: Anna Malhari (Chief Operating Officer)	External appointment
3. Jul 2021: Jay V. Minchilli (Senior Vice President of Operations)	External appointment
4. Aug 2021: Nicole Jones (Senior Vice President, Marketing)	External appointment
5. Dec 2021: Susan Epstein (Senior Vice President, Legal)	External appointment
6. Dec 2021: Brian Primost (Senior Vice President, Investments)	External appointment
8. Jan 2022: Karen Cusmano (Senior Vice President, Head of Sustainability & Esg)	Promotion
9. Apr 2022: Taryn Fielder (General Counsel and Secretary)	External appointment
10. Apr 2022: Jeffrey Turkanis (Chief Investment Officer)	External appointment
11. Apr 2022: Amanda Lombard (Chief Financial Officer)	Promotion
12. Apr 2022: Gwendolyn Marnell (Chief Accounting Officer)	External appointment

Amalgamated Financial Corp. (AMAL)

Percentage of management shakeup: 73%

Total no of executives: 11

Total change: 8

Total external: 3

1. Apr 2021: Jason Darby (Senior Executive Vice President, Chief Financial Officer)	Promotion
2. Jun 2021: Priscilla Sims Brown (President & CEO)	External appointment
3. Oct 2021: Ivan Frishberg (Senior Vice President, Chief Sustainability Officer)	Promotion
4. Nov 2021: Tye Graham (Executive Vice President, Chief Human Resources Officer)	Promotion
5. Apr 2022: Edgar Romney (Senior Vice President, Chief Revenue Officer)	Promotion
6. Apr 2022: Sean Searby (Executive Vice President, Chief Operations Officer)	Promotion
7. Jul 2022: Executive Vice President, Chief Credit Risk Officer and Interim Chief Risk Officer	External appointment
8. Jul 2022: Judith Frey (Executive Vice President, Chief Client Experience & Digital Officer)	External appointment

Inogen Inc. (INGN)

Percentage of management shakeup: 100%

Total no of executives: 8

Total change: 8

Total external: 7

1. Feb 2021: Nabil Shabshab (President, CEO and Director)	External appointment
2. Apr 2021: George Parr (Chief Commercial Officer)	External appointment
3. Jun 2021: Jason Somer (Executive Vice President, General Counsel)	External appointment

4. Oct 2021: Dr. Stanislav Glezer (Chief Technology Officer)	Promotion
5. Feb 2022: Jennifer Yi Boyer (Executive Vice President, Chief Human Resources Officer)	External appointment
6. Mar 2022: Kristin Caltrider (Executive Vice President and Chief Financial Officer)	External appointment
7. May 2022: Agnes Lee (Senior Vice President of Investor Relations and Strategic Planning)	External appointment
8. Aug 2022: Vijay Paliwal (Senior Vice President, Enterprise Enablement)	External appointment

Daseke, Inc. (DSKE)

Percentage of management shakeup: 50%

Total no of executives: 4

Total change: 2

Total external: 1

1. Aug 2021: Jonathan Shepko (Chief Executive Officer)	External appointment
2. Oct 2022: Aaron Coley (EVP, Chief Financial Officer)	External appointment

IRONWOOD PHARMACEUTICALS INC (IRWD)

Percentage of management shakeup: 50%

Total no of executives: 12

Total change: 6

Total external: 3

1. May 2021: Thomas McCourt (Chief Executive Officer)	Promotion
2. Jul 2021: Tammi Gaskins (Vice President of Brand Management)	Promotion
3. Aug 2021: John Minardo (Senior Vice President, Chief Legal	External

Officer)	appointment
4. Dec 2021: Sravan K. Emany (Chief Financial Officer)	External appointment
5. Dec 2021: Andrew Davis (Senior Vice President, Chief Business Officer)	Promotion
6. Sep 2022: Susanna Huh (Vice President and Head of Clinical Development)	External appointment

SPAR Group, Inc. (SGRP)

Percentage of management shakeup: 56%

Total no of executives: 16

Total change: 9

Total external: 6

1. Feb 2021: Mike Matacunas (President And Chief Executive Officer)	External appointment
2. Jul 2021: Ron Lutz (Chief Global Commercial Officer)	External appointment
3. Jul 2021: William Linnane (Global Chief Strategy And Growth Officer)	External appointment
4. Mar 2022: Maura Marks (Vice President Of Strategy)	External appointment
5. Mar 2022: Thomas Knight (Vice President Of Recruiting)	External appointment
6. Apr 2022: Lisa Cona (Senior Vice President Of People And Talent)	Promotion
7. Apr 2022: Danealle Craft (Vice President Of Marketing)	Promotion
8. Aug 2022: Rohini Nedadur (Vice President Of Finance And Corporate Controller)	External appointment

9. Jan 2023: Sonja-Rose Cowen (Senior Vice President Business Development)	Promotion

Risk alerts

CEO & CFO turnover

NeoGenomics, Inc. (NEO) (M.Cap: $1.47 billion - CFO resigned within 11 months
William B. Bonello, who was appointed as CFO in Jan 2022, resigned in December 2022
Funko, Inc. (FNKO) (Mcap: $448 million) - CEO resigned within 11 months
Andrew Perlmutter, who was appointed as CEO in Jan 2022, resigned in December 2022
Charlotte's Web Holdings, Inc. (CWBHF) (Mcap: $81 million) - CFO resigned within 6 months
Gregory A. Gould, who was appointed as CFO in Jun 2022, resigned in December 2022

Rocky Mountain Chocolate Factory: A director resigns citing difficulty bridging shareholder voice to board strategy

> December 8, 2022
>
> Mr. Jeff Geygan
>
> Chairman of the Board of Directors
>
> Rocky Mountain Chocolate Factory
>
> Dear Jeff,
>
> I am thankful for the opportunity to serve Rocky Mountain Chocolate Factory and its shareholders as a Board member and Chair of the Compensation committee. It is with shareholder interest in mind that I regret to inform you that I will be resigning from the Board of Directors. It has become increasingly difficult to bridge shareholder voice to Board strategy.
>
> Given the progress that has been made within the compensation committee and with fiduciary responsibility in mind I will await the nomination of a new Compensation committee chair and/or new Board member appointment. This will guarantee continuity and a correct transition with a not to exceed date of end of this fiscal year.
>
> Sincerely,
>
> /s/ Gabriel Arreaga

https://promember.snowballresearch.com/

Gabriel Arreaga
Cincinnati, Ohio

Playtika Holding Corp.: A director resigns complaining poor governance practices under the "management-controlled" board

November 30, 2022

Playtika Holding Corp. (the "Company")
c/o Playtika Ltd.
HaChoshlim St. 8
Herzliya Pituach, Israel

To the Board of Directors of the Company:

Reference is hereby made to that certain Stock Purchase Agreement dated as of June 27, 2022, by and between Playtika Holding UK II Limited (the "Seller") and Joffre Palace Holdings Limited ("Joffre" and, together with any of its affiliates, the "Joffre Stockholders") as amended on August __, 2022 (as so amended, the "SPA") and to the Stockholders Agreement dated as of July 11, 2022 between Joffre and the Company (the "SHA"). Capitalized terms used herein without definition shall have the meanings ascribed to such terms in the SPA.

Effective immediately, I hereby irrevocably resign from all positions I hold as a director of the Company, in accordance with the terms of the SHA and due to my disagreements with the Company which are set forth below.

As the Board well knows, I was excited to join the Board and took my role as a director extremely seriously. Upon becoming a director and after having observed significant deficiencies in the Company's current governance practices, I sent a letter to the Board on July 16, 2022 regarding those practices. I believed then, and still do today, that the Company's corporate governance practices need to be improved to bring the Company into alignment with market norms and best practices for listed companies.

In particular, I raised my discomfort around the fact that the Board is largely controlled by management, leading to several instances of conflicts of interest and the possible enrichment of management at the expense of stockholders. For example, among many other instances set forth in my letter, the Company's retention plan is administered by and subject to the sole interpretation of the CEO who also serves as the Chair of the Board and who also stands to gain the most from the plan. Beyond the retention plan, this lack of independent board oversight of management has also led to significant costs and write-offs in at least one related party transaction which I personally believe to have been avoidable. In addition, exacerbating the structural issues around a management-controlled Board, the Company entrenches management's conflicted position through the use of a springing "classified board" structure in the Company charter. I was not alone in my concerns about the Company's governance practices as Institutional Shareholder Services' Quality Score for the Company as of July 1, 2022 was "10"—the lowest rank possible and indicative of higher corporate governance risk.

I asked for the issues raised in my letter to be given due consideration by the Corporate Governance Committee specifically and the Board generally. I have not received a response which I deem satisfactory (or which I believe that independent stockholders would deem satisfactory). While I acknowledge the Company had commissioned an investigation in response to my letter, in my view, the situation has not changed in any sufficiently meaningful way.

Since the letter was sent, I have also observed other lapses and communication failures as a result of the structural issues I had highlighted which have prevented the Board from properly executing its required supervisory role.

It is now clear to me that Joffre was not able to proceed to Pre-Closing under the SPA in part because of management's domination of the Board, which is contrary to assurances made to me by the Seller and is a direct result of the Company's substandard corporate governance practices.

Sincerely yours,

/s/ James Fu Bin Lu
James Fu Bin Lu

GWG Holdings, Inc.: Letter from the former CEO detailing his dissatisfaction

Murray T. Holland
Dallas, Texas
December 1, 2022

VIA ELECTRONIC MAIL

Board of Directors
GWG Holdings, Inc.
325 North St. Paul St. Suite 2650
Dallas, TX 75201

Re: GWG Holdings, Inc.'s November 14, 2022 Form 8-K/A

To the Board and Management of GWG Holdings, Inc.:

I write this letter following my resignation as President and Chief Executive Officer on Sunday, November 13th, and my resignation as Director of GWG Holdings, Inc. ("GWGH" or the "Company") along with all offices and directorships of any direct and indirect subsidiaries of the Company on Friday, November 25th. As I noted in my prior letter, I resigned from the GWGH Board because I am committed to the goals of the proposed reorganization plan, which I believe will maximize value for the Company's stakeholders. My continued service on the Board should not distract from this core goal of having the Company emerge from bankruptcy as quickly as possible in a position of financial strength.

I also write to register my disagreement with statements in the Company's November 14, 2022 Form 8-K/A (the "Amended 8-K") amending the Form 8-K filed on March 11, 2021 (the "Original 8-K"). The Company's Amended 8-K asserts that resignations from three former Directors of the Special Committee of the GWGH Board on March 6, 2021 resulted from disagreements with the Company and known to management relating to certain operations, policies, or practices. Prior to the filing of the Amended 8-K during a November 13, 2022 GWGH Board of Directors meeting, I informed the Board that I did not have contemporaneous knowledge of a disclosable disagreement at the time the Original 8-K was filed and that I relied on the informed advice of the Company's disclosure counsel, Mayer Brown, which provided written advice to management on March 11, 2021 that it was reasonable to conclude that there was no disclosable disagreement. The Amended 8-K incorrectly states that at the time of these resignations I had knowledge of a disclosable disagreement resulting in the former Directors' resignations on March 6, 2021.

The Amended 8-K does not accurately describe the circumstances of the Original 8-K filing. First, the Amended 8-K omits a key point relevant to the circumstances of the Board's decision to dissolve the Special Committee. The Amended 8-K makes no reference to the Board's resolution during a March 4, 2021 special meeting of the Company's Board of Directors (the "Special Meeting") not to proceed with the Amended and Restated Certificate of Incorporation of the Company (the "Amended Charter"), nor to the Board's resolution to withdraw a Form S-4 registration statement and other SEC filings the Company made on July 6, 2020 connected to the Amended Charter. During the Special Meeting the Board voted to dissolve the Special Committee because the Board resolved not to pursue the Amended Charter.

The Company's Amended 8-K omitted the Board's resolution not to proceed with the Amended Charter because counsel for the investigations Committee of the GWGH Board of Directors (the "Investigations Committee") in oral presentations to management and to the Board in November 2022 found that the "real" reason for the dissolution of the Special Committee was not because the Board determined not to proceed with the Amended Charter, but rather because the Board could not reach an agreement with the Special Committee on funding The Beneficient Company Group, L.P. ("Ben"). The Investigations Committee concluded it was "clear and incontrovertible" that the Amended Charter project was abandoned before the middle of January 2021. This is not accurate. This conclusion is not based on any document or testimony, and the Investigations Committee's fact gathering on this issue was incomplete at the time the Company filed the Amended 8-K given that it had not interviewed key Directors, including the then-Chairman of the Board who was deeply involved in the process of pursuing the goals of the Amended Charter. As a result, the Company filed an Amended 8-K based on an incomplete investigation drawing conclusions unsupported by the evidence.

Second, the Amended 8-K states that the Board may not have known that "disagreements concerning the Ben Investment remained unresolved" when it voted to dissolve the Special Committee. This is also not accurate. During the March 4, 2021 Special Meeting, a resigning Director, Roy Bailey, said he would resign if the terms of a proposed investment the Company was considering in a Preferred Series C Unit Account of Ben did not take into account the requests of the Special Committee. The Special Committee, directly and through counsel, requested that the Company receive a senior security for funding Ben rather than a junior security used for prior funding. All of the attending Directors present at the Special Meeting heard first-hand the resigning Director' s position on the Company's proposed funding of Ben, including disclosure counsel from Mayer Brown who was also present at the March 4th Special Meeting. By contrast, I was not present at the Special Meeting where the resigning Director expressed his perspective on the Board's decisions. Indeed, Mayer Brown's written legal guidance on this issue memorialized the resigning Director's statement that he would resign were the Company to fund Ben without taking into account the Special Committee's requests.

Third, and most importantly, the Amended 8-K makes no reference to the written guidance I received from disclosure counsel showing that I had no contemporaneous awareness of a disclosable disagreement related to the resignations of the Special Committee members. On March 5, 2021, a day after the Special Meeting, but prior to his resignation, I emailed former Director Roy Bailey with a notification of proposed funding of Ben in accordance with the resigning Directors' requested funding terms using a senior security. This notification of proposed funding was designed specifically to address the requests of the Special Committee so there would be no disagreement. The notification of proposed funding, which Ben determined to accept, was based, in part, on an email I received two days earlier from the Special Committee's counsel on March 3rd making clear that the Special Committee wanted a senior security in exchange for $14.8 million in funding to Ben. I believed these terms addressed the Special Committee's requests regarding the proposed transaction. My March 5th email to Mr. Bailey made clear this included the senior security Mr. Bailey identified as a priority. Mr. Bailey did not respond to my email.

The next day the Special Committee Directors resigned without providing any indication that a disagreement still existed in their respective resignation letters. After consulting with disclosure counsel, l emailed all three resigning Directors on March 9th and notified them that GWGH would pursue a funding transaction with Ben that addressed their requests and also provided them an opportunity to review and comment on GWGH' s proposed language for the Original 8-K, which stated their resignations were "not due to any disagreement with the Company." The response I received from Dan Fine on behalf of all three resigning Special Committee Directors was simply that their "resignations speak for themselves."

Based on all of the above, and at the request of management, the Company's disclosure counsel, Mayer Brown, provided written guidance that it was reasonable to conclude that the resignations were not the result of a disagreement with the Company regarding its operations, policies, or practices. Mayer Brown based its written guidance on a full understanding of all the material facts described above. Mayer Brown: 1) was present at the March 4, 2021 Special Meeting where Mr. Bailey expressed his views about the proposed Ben transaction, 2) heard first-hand the basis articulated by the Board for the dissolution of the Special Committee, 3) received the March 3rd funding requests from the Special Committee's legal counsel, 4) received the March 5th funding proposal I provided to Mr. Bailey the day prior to his resignation that addressed Mr. Bailey's requests, 5) received the resignation letters from each of the resigning Directors, and 6) received the March 9th communication to the resigning Directors, including Mr. Fine's response on behalf of the Directors that the "resignations speak for themselves "and where they declined to comment on the proposed disclosure language the Company filed in the Original 8-K.

Based on all this information, Mayer Brown provided legal guidance on the Company's disclosure obligations, and on which 1 reasonably relied in good faith to support my understanding that there was no disclosable disagreement that needed to be included in the Original 8-K. I agree with Mayer Brown's legal advice. I did not and do not now believe there was any remaining disagreement.

Counsel for the Investigations Committee—based on the same set of material facts available to Mayer Brown—came to a different conclusion that there was a disclosable disagreement at the time of the Original 8-K. However, the Investigations Committee's conclusion on this issue has no bearing on whether I knew that a disclosable disagreement existed at the time of the Original 8-K. Instead, the Amended 8-K merely reflects a difference in the legal judgment of two law firms reviewing the same facts nearly 20 months apart. As a result, the Amended 8-K is inaccurate where it concludes that I had contemporaneous knowledge of a disclosable disagreement. Ultimately, I believe this entire mix-up was caused by the failure of the resigning Directors to read, understand, and/or communicate with management after management notified them that their requests were being met.

The unsupported representations in the Amended 8-K regarding the circumstances surrounding the filing of the Original 8-K are a product of a fundamentally flawed and incomplete investigative process that did not provide the Board with an adequate basis from which to make public disclosures about my knowledge in the past. I have not had meaningful access to documents material to the investigation nor the benefit of the presence of my counsel during meetings or interviews with counsel for the Investigations Committee. The Investigations Committee refuses to provide written findings and documents on which they relied for its findings despite repeated requests. Furthermore, the Investigations Committee's conclusions about my knowledge of a disclosable disagreement are unsupported by any fact, document, or testimony I've been given access to, and are contradicted by the weight of the evidence showing otherwise, including the written legal guidance I relied on from Mayer

Brown. These inaccurate conclusions, now memorialized in the Amended 8-K, lack sound factual basis and impugn the integrity of management serving at the time of the Original 8-K, as well as the current Board that adopted the unsupported conclusions of the Investigations Committee. It is deeply concerning that the Board filed the

Amended 8-K drawing conclusions about my knowledge, candor, and credibility based on the flawed and incomplete process to date.

Phunware (PHUN): Special advisor may receive monthly payments in the form of "bitcoin"

- M.Cap: $110M
- In October 2022, the company's CEO resigned. In December 2022, he was appointed as an advisor to the Company.
- Gross compensation: $225K ~ monthly instalment of $18.75K.
- The Monthly Installment Payment may be made in the form of cash, Bitcoin or the issuance of common stock of the Company, in the Company's sole discretion.

Retractable Technologies spent $0.6 million analysing stock price movements; Is this a wise way to spend shareholders' money?

Retractable Technologies, Inc. (NYSE American: RVP) issues this press release to express the Company's concern regarding stock price anomalies in its Common Stock and disclose actions taken to date. Concerned about possible market manipulation, the Company engaged an independent highly reputable economic consulting firm in 2021 which analyzed millions of trades in the Company's stock in recent years. This in-depth analysis, costing the Company over $600 thousand, confirmed that there were statistically significant anomalies in the market's reaction to the Company's positive disclosures, meaning that the Company's stock price would often react negatively or in a statistically insignificant way following positive earnings reports and press releases. The Company's consultant presented its analysis to the U.S. Securities and Exchange Commission in March 2022. In late November 2022, the Commission informed the Company that it would not pursue the matter further from an enforcement perspective. In summary, the Company's management expresses its disappointment that the Company's stock price does not appear to correlate to the Company's actual value and advises its stockholders that an investment in the Company's stock is not likely to track the Company's operational performance based on historical data.

CEO and CFO change

Company Name	Ticker	Mcap	CEO 8-K date	CFO 8-K Date	Difference (in months)	Revenue
VirTra, Inc	VTSI	52	5/2/2022	12/1/2022	7.1	28
Opendoor Technologies Inc.	OPEN	1180	12/1/2022	12/1/2022	0	16530
SOLAR INTEGRATED ROOFING CORP.	SIRC	84	12/2/2022	12/2/2022	0	210
CalAmp Corp.	CAMP	135	12/2/2022	8/26/2022	3.3	275
LIGAND PHARMACEUTICALS INC	LGND	1177	12/5/2022	11/4/2022	1	242
Frontdoor, Inc.	FTDR	1886	5/20/2022	12/5/2022	6.6	1660
Tempo Automation Holdings, Inc.	TMPO	88	12/6/2022	12/6/2022	0	16
CURO Group Holdings Corp.	CURO	143	11/15/2022	12/6/2022	0.7	1030
Butterfly Network, Inc.	BFLY	618	12/6/2022	4/20/2022	7.7	73
NEOGENOMICS INC	NEO	1460	7/21/2022	12/6/2022	4.6	497
Custom Truck One Source, Inc.	CTOS	1674	12/7/2022	8/4/2022	4.2	1440
Fiesta Restaurant Group, Inc.	FRGI	169	12/8/2022	12/8/2022	0	379
HyreCar Inc.	HYRE	16	12/9/2022	9/19/2022	2.7	40
Funko, Inc.	FNKO	480	12/9/2022	12/9/2022	0	1330
TWINLAB CONSOLIDATED HOLDINGS, INC.	TLCC	19	9/26/2022	12/12/2022	2.6	59
Whole Earth Brands, Inc.	FREE	165	12/13/2022	1/10/2022	11.2	532
JELD-WEN Holding, Inc.	JELD	834	12/15/2022	6/21/2022	5.9	5080
PATTERSON COMPANIES, INC.	PDCO	2705	10/13/2022	12/15/2022	2.1	6380
Weber Inc.	WEBR	2323	12/16/2022	12/16/2022	0	1590
Permian Resources Corp	CDEV	4931	9/8/2022	12/16/2022	3.3	1690
Enfusion, Inc.	ENFN	995	8/22/2022	12/19/2022	4	142
REPUBLIC FIRST BANCORP INC	FRBK	131	12/22/2022	12/22/2022	0	163
Enfusion, Inc.	ENFN	1017	12/22/2022	12/19/2022	0.1	142
REPUBLIC FIRST BANCORP INC	FRBK	131	12/22/2022	12/22/2022	0	163
Enfusion, Inc.	ENFN	1017	12/22/2022	12/19/2022	0.1	142

13G

Ticker	Company name	Fund name	Revenue	M.Cap
OPTN	OptiNose, Inc.	GREAT POINT PARTNERS LLC	78	192
URGN	UroGen Pharma Ltd.	Stonepine Capital Management, LLC	62	194
RENT	Rent the Runway, Inc.	Divisar Capital Management LLC	267	85
FOA	Finance of America Companies Inc.	ADAGE CAPITAL PARTNERS GP, L.L.C.	863	82
OPTN	OptiNose, Inc.	ACORN BIOVENTURES, L.P.	78	190
SGRY	Surgery Partners, Inc.	Durable Capital Partners LP	2,440	3,244
FBC	FLAGSTAR BANCORP INC	MILLENNIUM MANAGEMENT LLC	1,390	2,002
EAR	Eargo, Inc.	BlackRock Inc.	34	303
EXFY	Expensify, Inc.	McLaughlin Steven J.	166	709
KPTI	Karyopharm Therapeutics Inc.	Avidity Partners Management LP	250	373
CVLY	CODORUS VALLEY BANCORP INC	FJ Capital Management LLC	80	224
W	Wayfair Inc.	Capital World Investors	12,370	4,044
BASE	Couchbase, Inc.	EVR Research LP	148	649
CARS	Cars.com Inc.	FMR LLC	644	904
PZZA	PAPA JOHNS INTERNATIONAL INC	T. Rowe Price Investment Management, Inc.	2,100	3,026
SGA	SAGA COMMUNICATIONS INC	HOAK PUBLIC EQUITIES, LP	114	176
ALOT	ASTRONOVA, INC.	KAMIN PETER	132	87
ANGO	ANGIODYNAMICS INC	MILLENNIUM MANAGEMENT LLC	321	474
GOGO	Gogo Inc.	Sancarin S.L.	388	1,921
GDRX	GoodRx Holdings, Inc.	MILLENNIUM MANAGEMENT LLC	796	1,973
GETR	Getaround, Inc	Mudrick Capital Management, L.P.	60	88
HBIO	HARVARD BIOSCIENCE INC	Leviticus Partners LP	118	96
SI	Silvergate Capital Corp	MILLENNIUM MANAGEMENT LLC	281	532
MIR	Mirion Technologies, Inc.	JANUS HENDERSON GROUP PLC	654	1,351
DHC	DIVERSIFIED HEALTHCARE TRUST	MILLENNIUM MANAGEMENT LLC	1,280	157
BBXIA	BBX Capital, Inc.	Mink Brook Partners LP	333	153
ACET	Adicet Bio, Inc.	EcoR1 Capital, LLC	31	340
DBD	DIEBOLD NIXDORF, Inc	MILLENNIUM MANAGEMENT LLC	3,550	104
KRP	Kimbell Royalty Partners, LP	REP HR II, L.P.	272	2,396
LFG	Archaea Energy Inc.	GLAZER CAPITAL, LLC	286	3,013
MHH	MASTECH DIGITAL, INC.	SINGH MANOJ P	244	140
LL	LL Flooring Holdings, Inc.	Cowen Financial Products LLC	1,130	165
ISSC	INNOVATIVE SOLUTIONS & SUPPORT INC	ESTATE OF GEOFFREY S. M. HEDRICK	28	142

GSHD	Goosehead Insurance, Inc.	DF DENT & CO INC	191	1,335

13D Summary - Jan 30, 2023 to Feb 24, 2023

INITIATED

William Gross, former CEO of Heliogen expressed his disagreement with the company

Market Cap: $68 million | Heliogen, Inc., a renewable energy technology company, operates in decarbonizing industry with concentrated sunlight.

- On February 13, 2023, Prime Movers Lab Fund (12.5%) expressed its disappointment that the company's Founder, Chairman and CEO, Bill Gross, was terminated by the board and that the board had appointed the company's then-serving CFO, Christiana Obiaya, as the CEO despite her not having any prior CEO experience. They believe that shareholder representation is desperately needed in the boardroom following Mr. Gross's departure and they have been engaging in discussions with the board about such representation. Source
- On February 16, 2023, William Gross (13.4%) stated that effective February 5, 2023, he no longer serves as the CEO of he company and as a member of the Board. He expressed his disagreement with the decision of the board with respect to certain changes in management of the company. Source

Lynrock Lake and ON24 had discussions regarding board representation

Market Cap: $477 million | ON24, Inc. provides a cloud-based digital experience platform that enables businesses to convert customer engagement into revenue through interactive webinar, virtual event, and multimedia content experiences worldwide.

Background

On December 20, 2022, Indaba Capital Management (8.8%) stated its belief that the Board needs to urgently take proactive measures to improve the company's stock price, balance sheet and valuation, including by exploring bold capital allocation decisions, and intends to actively engage with the Board regarding ways to unlock shareholder value. Indaba Capital urges the Board to improve their oversight of management, engage directly with the stockholder base and demonstrate greater responsiveness to stockholder input. Source

Update

On February 14, 2023, Lynrock Lake (15.3%) stated that in light of a press release issued by another shareholder on February 8, 2023, urging the company to add a shareholder representative to its board of directors, a director of the company invited

Ms. Paul, Lynrock Lake, to have a discussion. The two parties discussed the composition of the board in an effort to enhance value for all shareholders. Source

Prime Movers Lab Fund seeks board representation in Momentus Inc

Market Cap: $80 million | Momentus Inc., together with its subsidiaries, operates as a commercial space company.

On February 9, 2023, Prime Movers Lab Fund (31.4%) stated that it has engaged with members of the Board and management team to share its serious concerns with the trajectory of the company. It has appreciated the Board's willingness to engage in meaningful discussions to date. In communications with management and the Board, Prime Movers Lab Fund have requested that the company immediately appoint Mr. Sloss to the Board to ensure that there is a direct stockholder representative in the boardroom and requested that the company provide certain information regarding the company's capital expenditures, operational expenditures, plans to raise capital and growth forecasts. Source

Driver Management nominated director candidates to the Board of National Bankshares

Market Cap: $240 million| National Bankshares, Inc. operates as the bank holding company for the National Bank of Blacksburg that provides retail and commercial banking products and services to individuals, businesses, non-profits, and local governments..

On February 3, 2023, Driver Management nominated two candidates for election to the Board at the 2023 AGM. Source

Starboard nominated director candidates to the Board of Rogers Corp

Market Cap: $2.8 billion | Rogers Corporation designs, develops, manufactures, and sells engineered materials and components worldwide.

On February 6, 2023, Starboard (6.5%) disclosed that on December 15, 2022, it has delivered a letter to the company nominating a slate of six director candidates for election to the Board at the 2023 AGM. Source

Caligan Partners issues open letter to Anika board; Opines Anika could worth almost $60 per share

Market Cap: $454 million | Anika Therapeutics, Inc., a joint preservation company, creates and delivers advancements in early intervention orthopedic care in the areas of osteoarthritis (OA) pain management, regenerative solutions, soft tissue repair, and bone preserving joint technologies in the United States, Europe, and internationally.

On February 21, 2023, Caligan Partners (4%) issued an open letter to the board in connection with Anika's poor share performance, caused by the heavy losses it is incurring in its joint preservation segment, and its failure to maximize the value of Anika's viscosupplement portfolio. Further, it urges the company to consider strategic alternatives including a full sale, and is preparing to nominate directors to the board.

Valuation insight
Caligan believes, based on the strong regression, on a standalone basis (fully burdened by corporate costs and Cingal R&D), Anika's OA pain management segment would be valued at ~5.8x 2023 revenue/14.2x 2023 EBITDA, which implies an EV of $580MM. For a potential acquirer that could easily eliminate Anika's excessive corporate costs and decide the optimal path forward for Cingal, pro-forma EBITDA margins could be in the mid-50 percent range. Consistent with our earlier analysis, this implies that based on the existing, approved viscosupplement portfolio alone, Anika could be worth almost $60 per share, double the current share price.

Lind Partners issued a letter to the Board of Rewalk Robotics

Market Cap: $48 million | Rewalk Robotics is a medical device company designing, developing, and commercializing robotic exoskeletons that allow individuals with mobility impairments or other medical conditions the ability to stand and walk once again..

On February 22, 2023, Lind Partners (15.1%) issued a letter to the Chairman of the board stating that the Company is woefully undervalued - its stock price and equity market capitalization trade at a significant discounted by any/all metrics: capital invested to date, cash on balance sheet, value of intellectual property, commercial potential of its products, etc.

BOARD SEAT/ AGM RESULTS

Rubric Capital Management and Velan Capital reached agreement with Heron Therapeutics

Market Cap: $320 million | Heron Therapeutics, Inc., a biotechnology company, engages in developing treatments to address unmet patient needs.

- On February 6, 2023, Rubric Capital Management and Velan Capital (together 13.7%) stated that it has engaged, and intends to continue to engage, in communications with the Board and management team regarding opportunities to enhance stockholder value and improve corporate governance, including through potential changes to the composition of the Board. Source
- On February 21, 2023, Rubric Capital Management and Velan Capital entered into a Cooperation Agreement with the company and pursuant to it, the company agreed to appoint Craig Collard, former President & CEO at Veloxis Pharmaceuticals, and Adam Morgan, Chief Investment Officer at Velan, to the Company's Board of Directors. Additionally, as a result of Heron's ongoing refreshment process, the Company will appoint Kevin Kotler, Founder and Portfolio Manager of Broadfin Capital, to the Board. Current directors Stephen Davis and Kimberly Manhard will be leaving the Board. Heron also announced it

will separate the roles of Chairman and CEO after the conclusion of its 2023 annual meeting.

Bradley L. Radoff and JEC II Associates reached an agreement with Sesen Bio, Inc

Market Cap: $122 million | Sesen Bio, Inc., a late-stage clinical company, focuses on designing, engineering, developing, and commercializing targeted fusion protein therapeutics (TFPTs) for the treatment patients with cancer.

Background

- On September 20, 2022, the company and Carisma Therapeutics Inc**.** announced that they have entered into a definitive merger agreement to combine the companies in an all-stock transaction.
- On November 18, 2022, Bradley L. Radoff and JEC II Associates (together 5.7%) stated their belief that the proposed merger with CARISMA Therapeutics Inc. significantly undervalues the company and that the consummation of the CARISMA Merger is not in the best interest of the company or its stockholders. Bradley L. Radoff and JEC II Associates stated that they intend to vote against the approval of the CARIMSA Merger and the transactions related thereto. Source
- On December 1, 2022, Bradley L. Radoff and JEC II Associates increased their stake to 7.4%
- On January 5, 2023, Bradley L. Radoff and JEC II Associates (together 8.4%) reiterated their intent to vote **AGAINST** the Company's proposed merger with Carisma Therapeutics Inc. Source
- On January 25, 2023, Bradley L. Radoff and JEC II Associates (together 8.5%) issued an open letter to the Board of Sesen and the Board of CARISMA Therapeutics Inc.. In the letter, they reiterated their intent to vote against the proposed merger between the company and Carisma.

Update

On February 15, 2023, Bradley L. Radoff and JEC II Associates entered into a voting and support agreement with the company and pursuant to it, they agreed to vote their shares in favour of the merger. In connection with the Support Agreement, Sesen Bio and Carisma have further amended the previously amended merger agreement announced on December 29, 2022, which has been unanimously approved by the Boards of Directors of both companies.

- Increased the one-time special cash dividend expected to be paid to Sesen Bio stockholders to $75 million, $0.36 per share[1]. This represents an increase from the expected special cash dividend of approximately $70 million, approximately $0.34 per share, under the first amendment to the merger agreement, and an increase from the up to $25 million special cash dividend under the terms of the original merger agreement;
- Extended the period of time for payments under the Contingent Value Right ("CVR") related to any potential proceeds from the sale of Vicineum and Sesen Bio's other legacy assets to March 31, 2027, from December 31, 2023, under the previous terms. Under the CVR, Sesen Bio stockholders remain entitled to any proceeds from the potential milestone payment under the Roche Asset Purchase Agreement; and

    - Michael Torok will join the Carisma Board of Directors upon closing of the merger as the only Sesen Bio representative.

Source

ACR Group Paper Holdings reached an agreement with Sylvamo Corporation

Market Cap: $1.9 billion | Sylvamo Corporation produces and supplies printing paper in Latin America, Europe, and North America.

On February 14, 2023, ACR Group Paper Holdings (14.30%) entered into a Cooperation Agreement with the company and pursuant to it, the company agreed to add two new independent directors to its board.

Kirby Corporation reaches cooperation agreement with JCP Investment Management

Market Cap: $4.4 billion | Kirby Corporation operates domestic tank barges in the United States.

On February 3, 2023, the company entered into a Cooperation Agreement with JCP Investment Management, regarding the election of members of the Board. Pursuant to the Cooperation Agreement, the Company agreed to appoint Rocky B. Dewbre to the Board as a Class II director with a term expiring at the Company's 2024 AGM. Source

Black Diamond Capital Management entered into a cooperation agreement with KVH Industries

Market Cap: $191 million | KVH Industries, Inc. designs, develops, manufactures, and markets mobile connectivity products and services for the marine and land mobile markets in the United States and internationally.

On February 3, 2023, Black Diamond Capital Management entered into a cooperation agreement with the company and pursuant to it, the company agreed (i) to nominate and support Mr. Deckoff as a Class III director at the Company's 2023 AGM and (ii) to grant Black Diamond Capital a waiver under the stockholder rights plan adopted by the Company on August 18, 2022 allowing Black Diamond Capital to acquire up to 25% of the Company's outstanding Shares. Source

Past

VIEX Capital

- On March 4, 2021, VIEX Capital (3.4%) nominates two candidates for election as Class I Directors to the Board at the upcoming 2021 annual meeting of stockholders. It stated that it was deeply concerned by the Company's inadequate corporate governance, stale incumbent board and poor stock price performance. Source
- On April 18, 2021, Messrs. Radoff and Shaper joined VIEX's "group, for the purpose of seeking the election of the nominees to the Board at the 2021 AGM.
- On May 4, 2021, Potomac Capital Management joined VIEX's "group" for the purpose of seeking the election of the nominees to the Board at the 2021 AGM. Source

- On May 27, 2021, VIEX issued an investor presentation on the company titled, "The need for Stockholder-Driven change"
- At the AGM held on June 17, 2021, shareholders elected two incumbent nominees and the shareholder group nominees were not elected to the Board. In connection with the conclusion of the AGM, the parties in the shareholder group terminated the group agreement.
- On July 9, 2021, VIEX Capital reduced its stake to 4.3% from 5.8%.

Vintage Capital

- On February 6, 2020, Vintage Capital (9.4%) delivered a nomination notice to the company nominating two individuals, Robert Tavares and Sharon M. Leite for election to the board at the 2020 annual meeting of stockholders.
- On April 8, 2020, the company entered into a cooperation agreement with Vintage Capital Management and pursuant to it, that company increased the size of its board by one director and appointed Robert Tavares to the newly created vacancy as a Class II director with a term ending on the date of the company's 2022 annual meeting of stockholders.

ONGOING

Sarissa Capital seeks support from Amarin shareholders

Market Cap: $729 million | Amarin Corporation plc, a pharmaceutical company, engages in the development and commercialization of therapeutics for the treatment of cardiovascular diseases in the United States.

Background

- On January 24, 2022, Sarissa Capital Management (6.06%) stated that it intends to engage in discussions with the company and others regarding its investment in the shares and ways to maximize the value of the company's assets. Source

- On June 3, 2022, Sarissa Capital Management expressed its disappointment with the company's first quarter results. Sarissa Capital believes that the meaningful decrease in share price following the earnings announcement reflects the company's insufficient adjustment to changing market conditions for its key drug Vascepa and investor concerns about the ability of leadership as currently constituted to navigate the company during this critical time. Sarissa Capital believes that the expertise and experience of its principals would be extremely beneficial to the company and intend to seek representation on the board. Source

- On June 15, 2022, Sarissa Capital announced that it intends to vote "ABSTAIN" at the upcoming AGM. It stated that "Even though such a vote will not impact the outcome of the upcoming election of directors, the United Kingdom, the jurisdiction in which Amarin is domiciled, contains laws and rights that protect the shareholder franchise even after the annual meeting. For example, under UK law and Amarin's articles, shareholders, like Sarissa, who own at least 5% of the outstanding shares can call a special meeting of shareholders to remove and replace directors AT ANY TIME. Therefore, immediately after the annual meeting, we could call a special meeting and seek to remove and replace some or all of the Amarin directors with the affirmative vote of the holders of a majority of the outstanding shares."

- On October 11, 2022, Sarissa Capital issued a press release indicating that it has commenced the process to call a special meeting of shareholders to remove and replace certain of the company's directors.
- On January 10, 2023, Sarissa Capital filed proxy materials submitting notice to call a special meeting of shareholders to add directors and remove Chairman Per Wold-Olsen. Source
- On January 18, 2023, Sarissa Capital filed proxy materials reiterating for Board refreshment. Source

Update

- On January 31, 2023, Sarissa Capital filed proxy materials reiterating for Board refreshment.
- On February 1, 2023, Sarissa Capital filed proxy materials urging shareholders to vote for its nominees.
- On February 2, 2023, Sarissa Capital issued a presentation reiterating its concerns and urged shareholders to vote for its nominees.
- On February 3, 2023, Sarissa Capital launches website www.freeamarin.com for shareholders and urges them to vote for its nominees.
- On February 7, 2023, Sarissa Capital released a presentation highlighting many of the inaccurate and misleading statements Amarin made in its attempts to thwart shareholder representation and oversight on the board.
- On February 17, 2023, Sarissa Capital issued a presentation detailing the need for change at the company.
- On February 21, 2023, Sarissa Capital filed proxy materials urging shareholders to vote for its nominees.

Camac Fund nominated director candidates to the Board of Forte Biosciences

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

Background

ATG Fund

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

Camac Fund

On August 17, 2022, Camac Partners (7.1%) expressed concerns regarding the Company's sizable trading price discount relative to its cash on hand and the Board's decision to conduct a highly dilutive equity capital raise following the emergence of four separate Schedule 13D filers. Source

BML Investment Partners

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

Funicular Funds

- On July 6, 2022, Funicular Funds disclosed a 7.5% active stake in the company and stated its belief that the Board could made an immediate value creation through a substantial buyback program, tender offer at a premium, or special dividend. Funicular Funds requested that the Board evaluate, in conjunction with the company's continued development program, a tender offer or other extraordinary transaction to return $20 million (or such other amount deemed appropriate under the circumstances) and promptly report back to holders.
- On July 19, 2022, Funicular Funds (9.9%) expressed its concerns regarding the company's adoption of poison pill. Source
- On August 24, 2022, Funicular Funds sent a letter to the Board expressing its concern with the Board's failure to address the legitimate concerns previously raised by stockholders and its decision to embark on a value-destructive, scorched-earth path with a dilutive and unnecessary capital raise, without so much as an

explanation for its actions. In the letter, the Fund urges the Board to immediately establish a special committee comprised solely of independent directors to: (i) thoroughly investigate recent actions taken in response to stockholder feedback, (ii) rectify the recent dilutive capital raise by formulating a plan to return capital to stockholders, (iii) consider and recommend a separation of the Chairman and CEO roles at the company, and (iv) exercise the Board's authority under the company's Bylaws to call a special meeting of stockholders to allow the owners of the company to determine its future direction.

Update

On February 17, 2023, Camac Fund delivered a letter to the company nominating Michael G. Hacke and Chris McIntyre for election to the board at the 2023 AGM.

Coliseum Capital Management filed a lawsuit on Purple Innovation, Inc

Market Cap: $445 million | Purple Innovation, Inc. designs and manufactures mattresses, pillows, and cushions.

Background

- On September 17, 2022, Coliseum Capital Management proposed to acquire the company for $4.35 per share. On January 12, 2023, the company rejected the Proposal.
- On January 13, 2023, Coliseum submitted a letter to the chairman of the Board setting forth a new proposal (the "Cooperation Proposal"), which included (i) expanding the size of the Board to nine members, which would consist of the company's current CEO, Robert DeMartini; Mr. Gray; two current independent directors of the Company to be agreed between the company and Coliseum; two additional Coliseum-affiliated directors; two directors identified by Coliseum who would be independent under Nasdaq Stock Exchange rules and not affiliates of Coliseum; and a new director to be agreed between the company and Coliseum who would be independent under Nasdaq Stock Exchange rules and not an affiliate of Coliseum, (ii) an agreement that Coliseum would formally withdraw the Proposal, (iii) an agreement that the company would terminate the Stockholder Rights Agreement, dated as of September 25, 2022, and (iv) an agreement that Coliseum would not acquire greater than 50% ownership of the Common Stock, subject to certain exceptions. On January 16, 2023, the Special Committee provided a response to the Cooperation Proposal that, in Coliseum's view, did not provide a basis for agreement. While Coliseum would prefer to reach agreement with the company, in the absence of such an agreement, Coliseum intends to nominate a slate of directors for election at the 2023 AGM, which slate would constitute a majority of the Board. Source

Update

- On February 13, 2023, Coliseum Capital Management (44.7%) submitted a notice to the company of its intention to nominate five candidates for election to the board at the 2023 AGM. Source

- On February 21, 2023, Coliseum Capital filed a lawsuit in the Delaware Court of Chancery to invalidate Purple's recently issued "Proportional Representation Preferred Linked Stock," which Coliseum believes deprives Purple stockholders of a fair and democratic election of directors at the Company's 2023 Annual Meeting. Source

Third Point expressed its concerns on Bath & Body Works

Market Cap: $9.6 billion | Bath & Body Works, Inc. operates a specialty retailer of home fragrance, body care, and soaps and sanitizer products.

Background

On December 8, 2022, Third Point (6.02%) stated its belief that certain decisions by the Board raise questions about the adequacy of current governance practices. Third Point believes that the company, through the compensation committee of the Board, has made errors in structuring its executive compensation such that excessive awards have been made that are untethered to important performance metrics. In addition, Third Point has significant concerns about financial discipline, investor communication, and Board composition, including the ability of current Board members to make long-term value-maximizing decisions through responsible and thoughtful capital allocation. Source

Update

On February 22, 2023, Third Point (6%) sent a letter to the Board stating its plans to nominate Board candidates. It expressed its concerns about the Company's corporate governance and decision-making processes.

Driver Management Company issued a letter to the Lead director of First Foundation

Market Cap: $847 million | First Foundation Inc., through its subsidiaries, provides personal banking, business banking, and private wealth management services in the United States.

Background

- On January 13, 2023, Driver Management Company stated that it intends to file a preliminary proxy statement and accompanying WHITE universal proxy card with SEC to be used to solicit votes for the election of its slate of highly-qualified director nominees at the 2023 AGM. Source

- On January 18, 2023, Driver Management sent a letter to the Board stating that on December 30, 2022, it has nominated 2 women for election to the board at its 2023

AGM. Driver Management stated that it has nominated the nominees due to its concerns about the adequacy of the Board's oversight of the Company's business and senior management team. Driver Management added that it has little confidence that Scott Kavanaugh, CEO of the company, and his management team is capable of repositioning the Company under the best of circumstances, let alone while simultaneously facing a proxy fight. Driver Management stated that to the extent that the Board would like to avoid a proxy fight, please do not hesitate to contact J. Abbott R. Cooper at ac@drivermgmtco.com to arrange a time to discuss how the Board might be reconstituted in order to better preserve and increase shareholder value and what other steps might be taken towards that end.

- On January 24, 2023, Driver Management filed proxy materials seeking support for its nominees.

Update

- On January 31, 2023, Driver Management sent a letter to the company's CEO stating that it is writing to confirm the substance of its very brief phone conversation, specifically that CEO, on behalf of the Company, do not want to have any discussion whatsoever regarding any potential settlement that would preclude a contested election of directors at the Company's 2023 AGM.

- On February 2, 2023, the company issued a statement, " First Foundation is committed to acting in the best interests of all its stockholders and the communities and clients that we serve. It is not our practice to comment publicly on specific engagements with stockholders. However, given Driver's refusal to engage in a constructive manner, and repeated efforts to misrepresent First Foundation's concerted efforts of engagement, we are compelled to make the observations about Driver's self-serving campaign against the Company" Source

- On February 2, 2023, Driver Management sent a letter to the Company's CEO regarding the inaccuracies in the statement issued by the company.
- On February 17, 2023, Driver Management filed proxy materials seeking support for its nominees.

- On February 21, 2023, Driver Management sent a letter to the Lead director of the company regarding Christopher Naghibi's service, from December 22, 2021 until September 6, 2022, as a director of both Friendly Hills Bancorp and its banking subsidiary Friendly Hills Bank while simultaneously serving as chief credit officer of First Foundation Bank, the banking subsidiary of First Foundation, Inc. Mr. Naghibi's simultaneous service (the "Naghibi Interlock") as a director of Friendly Hills and chief credit officer of FFWM would appear to constitute a prohibited "interlock" under the Depository Institution Management Interlocks Act (12 U.S.C. §§ 3201 et seq.) and the Board of Governors of the Federal Reserve System's related rule. Driver Management enquires whether FFWM submitted an exemption request with respect to the Naghibi Interlock to the appropriate federal depository regulatory agency or determined that an applicable statutory or regulatory exemption existed.

Blackwells Capital launched a website to communicate with the stockholders of Global Net Lease Inc.

Market Cap: $1.4 billion | Global Net Lease, Inc. (NYSE: GNL) is a publicly traded real estate investment trust listed on the NYSE focused on acquiring a diversified global portfolio of commercial properties.

Background

- On October 25, 2022, Blackwells Capital announced it has nominated two candidates for election to the board at the upcoming 2023 AGM and plans to pursue a number of corporate governance initiatives. Additionally, Blackwells announced its intent to propose two additional independent directors for the 2024 AGM. Blackwells Capital stated its belief that immediate steps required to reverse long-term shareholder value destruction include:(i) Explore a full range of strategic alternatives, (ii) Explore a full range of options to replace or renegotiate the external management agreement and (iii) Explore Board refreshment with shareholder representatives.
- On December 1, 2022, Blackwells Capital filed proxy materials seeking support for its nominees.
- On December 19, 2022, Blackwells Capital announced the filing of a complaint in Maryland state court against the company in response to company's meritless rejection of Blackwells' director candidate nominations. Source

Update

On February 22, 2023, Blackwells Capital launched a website, StopARGlobal.com, to communicate with the stockholders of Global Net Lease, Inc and thereafter posted a presentation, which discusses, among other things, Blackwells' plan to maximize value for GNL stockholders.

Blackwells Capital launched a website to communicate with the stockholders of Necessity Retail REIT

Market Cap: $841 million | The Necessity Retail REIT (Nasdaq: RTL) is a publicly traded real estate investment trust listed on Nasdaq focused on acquiring and managing a diversified portfolio of primarily service-oriented and traditional retail and distribution related commercial real estate properties in the U.S.

Background

- On October 25, 2022, Blackwells Capital announced it has nominated two candidates for election to the board at the upcoming 2023 AGM and plans to pursue a number of corporate governance initiatives. Blackwells plans to reform RTL as a leader in proper governance standards by pursuing the following agenda, (i) Nominating highly qualified director candidates with the necessary character and fiduciary experience to lead RTL, (ii) Proposing the repeal of the existing poison pill and other anti-takeover measures, which are due to expire, (iii) Proposing the repeal of the recently enacted bylaw, which requires the continued representation of certain of RTL's advisors on the board of directors, (iv) Proposing changes to the board of directors, including the declassification of the board of directors and the adoption of a director resignation policy, (v) Proposing that the board of directors designate a strategic review committee, comprised only of independent directors, to conduct a strategic review process to pursue possible extraordinary transactions, including the power to engage a financial advisor to evaluate a potential sale of the Company; and (vi) Proposing an amendment to the Company's bylaws to allow stockholders the ability to amend the bylaws.
- On December 9, 2022, Blackwells Capital filed proxy materials seeking support for its nominees.
- On December 19, 2022, Blackwells Capital announced the filing of a complaint in Maryland state court against the company in response to company's meritless rejection of Blackwells' director candidate nominations. Source
- On December 23, 2022, Blackwells Capital filed proxy materials seeking support for its nominees.

Update

On February 22, 2023, Blackwells Capital launched a website, StopARGlobal.com, to communicate with the stockholders of The Necessity Retail REIT, Inc. ("RTL") and thereafter posted a presentation, which discusses, among other things, Blackwells' plan to maximize value for RTL stockholders

Star Equity Fund sought support for its nominees at Servotronics

Market Cap: $27 million | Servotronics, Inc. designs, manufactures, and markets control components and consumer products in the United States and internationally.

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.

Update

- 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 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.
- On February 24, 2023, Star Equity Fund filed proxy materials seeking support for its nominees.

Hestia Capital nominated director candidates to the Board of Pitney Bowes Inc

Market Cap: $762 million | 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.

Background

- 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.

Update

On February 24, 2023, Kurtis J. Wolf, Managing Member of Hestia Capital Management, LLC, took part in an interview with Yahoo! Finance. Kindly click here to read the transcript

Argyle Group issued a press release commenting on the credit agreement by Broadwind

Market Cap: $91 million | Broadwind, Inc. manufactures and sells structures, equipment, and components for clean tech and other specialized applications primarily in the United States.

Background

On January 18, 2023, the Argyle Group (1%) nominated six candidates for election to the Board at the 2023 AGM. It delivered a letter to the shareholders stating its belief that a new set of strategic priorities is needed. A high-level and preliminary overview of these priorities includes:

- Enhance Corporate Governance
- Optimize the Balance Sheet and Use of the NOL's
- Assess Management and Improve Human Capital
- Increase the Creation of Intellectual Property
- Strengthen Existing Business Segments
- Explore Accretive M&A to Supplement Organic Growth
- Prioritize Transparent Investor Relations

Update

On February 24, 2023, the Argyle Group issued a press release commenting on a Form 8-K filed by the company. In the Form 8-K, the Company disclosed that it amended a Credit Agreement after failing to meet the lender's minimum EBITDA threshold of $2.5 million for the twelve month period ended December 31, 2022, which created an event of default under the Credit Agreement.

Edward Smolyansky provided a notice to Lifeway Foods

Market Cap: $89 million | Lifeway Foods, Inc. produces and markets probiotic-based products in the United States and internationally.

Background:

- 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 Iana Trifonova for election to the Board at the 2022 AGM. As Mr. Smolyansky continues to prepare for a potential proxy context 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.

Update:

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

Murchinson Ltd calls for removal of four board directors from Nano Dimension Ltd

Market Cap: $658 million | Nano Dimension Ltd., together with its subsidiaries, provides additive electronics in Israel and internationally.

Background

On January 22, 2023, Murchinson Ltd and certain funds (5.1%) delivered a letter to the Board demanding that the company convene a special general meeting of shareholders to allow shareholders to vote upon resolutions proposed by the Proposing Shareholders to improve the company's corporate governance by way of (i) amending certain provisions of the Company's Amended and Restated Articles of Association, including to allow shareholders to fill Board vacancies and remove directors at a general meeting by a simple majority vote, (ii) removing several members of the Board, namely, the Chairman of the Board and CEO Yoav Stern, and current directors Oded Gera, Igal Rotem and Dr. Yoav Nissan-Cohen and (iii) appointing two new highly-qualified, independent and experienced director nominees, Kenneth H. Traub and Dr. Joshua Rosensweig, as directors of the company(such demand, the "Special Meeting Demand"). The Special Meeting Demand instructs the Board to immediately, and no later than February 12, 2023, call the Special Meeting, and hold it no later than 35 days thereafter, as required by the Companies Law. Source

Update

On February 13, 2023, Murchinson Ltd (5.1%) called on the company to hold a special meeting to remove four incumbent directors, including its chairman/CEO, and install two independent board members. Source

Luxor Capital files preliminary proxy statement to oppose Ritchie Bros

Market Cap: $6.9 billion | Ritchie Bros. Auctioneers Incorporated, an asset management and disposition company, sells industrial equipment and other durable assets through its unreserved auctions, online marketplaces, listing services, and private brokerage services.

Background

- On November 7, 2022, the company entered into an Agreement and Plan of Merger and Reorganization with IAA, Ritchie Bros. Holdings, Inc. Source
- On January 18, 2023, Luxor Capital (3.6%) files proxy statement in connection with its opposition to proposals to be presented at the upcoming special meeting of shareholders relating to RBA's proposed merger with IAA, Inc. At the Special Meeting, Luxor intends to vote **AGAINST** the proposal to approve the issuance of RBA common shares to IAA stockholders. Source
- On January 23, 2023, the company announced that it has entered into a securities purchase agreement with Starboard Value pursuant to which Starboard will make a concurrent $485 million convertible preferred equity and $15 million common share investment in Ritchie Bros. In connection with the investment, Starboard CEO Jeffrey Smith will be appointed to the Ritchie Bros. Board of Directors effective

following the later of the required approvals by Ritchie Bros. shareholders and IAA shareholders in connection with the company's pending acquisition of IAA, Inc. Also, Ancora Holdings Group, which owns about 4% of IAA, agreed to vote its shares in favor of the transaction. Source
- On January 24, 2023, Luxor Capital (3.6%) issued a press release that it is deeply concerned that management and the board chose to further entrench themselves by entering into a completely unnecessary financing with Starboard Value. Luxor continues to believe that the IAA Merger risks the permanent destruction of over US$1.8 billion of shareholder value and that RBA's standalone businesses offer the clearest and most logical path for the Company to deliver the optimal outcome for all of its common shareholders. Luxor looks forward to continuing its opposition to this ill-conceived merger, which has illuminated for all common shareholders RBA's missteps and egregious corporate governance. Source

Update

- On February 6, 2023, Luxor Capital filed proxy materials opposing the proposed merger.
- On February 17, 2023, Luxor Capital released a presentation to RBA shareholders detailing its reasons for why RBA shareholders should oppose the proposed merger with IAA, Inc

Sarissa Capital desires shareholder representation on the Board of Alkermes

Market Cap: $4.4 billion | Alkermes plc, a biopharmaceutical company, researches, develops, and commercializes pharmaceutical products to address unmet medical needs of patients in various therapeutic areas in the United States, Ireland, and internationally.

Background:

- On May 10, 2021, Sarissa Capital (5.9%) disclosed that in December 2020, it nominated a director candidate for election to the board at the 2021 AGM. On April 29, 2021, Sarissa Capital reached an agreement with the company and secured the right to designate a director to the board. Sarissa Capital stated its belief that the company has attractive and underappreciated assets that can drive meaningful value creation. Source

- On November 18, 2021, Sarissa Capital's (8.17%) nominee, Cato T. Laurencin, was appointed to the board. Sarissa Capital believes the nomination of Dr. Laurencin is a positive outcome for shareholders. Source

- On January 7, 2022, the Sarissa Funds (8.68%) filed a notice with the company indicating its intention to nominate directors for election to the Board at the 2022 AGM. Source

- On July 6, 2022, Sarissa Capital issued a press release indicating that it intends to vote "for" the Alkermes slate of directors (which consists entirely of recently appointed directors) at the upcoming annual meeting. Moreover it stated that if, however, a Sarissa representative is not soon appointed to the Alkermes board, then it will take steps under Irish law to quickly call another shareholder meeting that seeks to selectively remove and replace certain board members with those that Sarissa believes will act in the best interest of shareholders.

- On October 7, 2022, the Sarissa Funds (8.55%) stated that it continues to believe that the company is significantly undervalued, and that Sarissa Funds can help unlock shareholder value with their representatives on the Board. In addition, it noted that while CEO Richard Pops remains an impediment to the creation of shareholder value at the company, certain members of the Board will seek to do the right thing for shareholders even in the face of resistance from Mr. Pops. Source

Update:

On February 3, 2023, Sarissa Capital filed a notice required under the company's organizational documents reserving its rights to nominate directors for election to the Board at the 2023 AGM. Source

Driver Management nominates director candidates to the Board of AmeriServ Financial

Market Cap: $68 million | AmeriServ Financial, Inc. operates as the bank holding company for AmeriServ Financial Bank that provides various consumer, mortgage, and commercial financial products.

Background

- On January 13, 2023, Driver Management filed proxy materials stating that it intends to nominate director candidates for election to the Board at the 2023 AGM. Source

- On January 17, 2023, Driver Management (8.6%) delivered a letter to the company nominating a slate of director candidates: J. Abbott R. Cooper, Julius D. Rudolph and Mr. Simmons, for election to the Board at the 2023 AGM. Source

- On January 20, 2023, Driver Management delivered a letter to the CEO of the company stating that it is exercising its right to inspect certain books and records and demands to inspect certain documents.

- On January 25, 2023, Driver Management filed proxy materials seeking support for its nominees.

Update

On February 8, 2023, Driver Management filed proxy materials seeking support for its nominees.

Brookfield Reinsurance to acquire Argo in $1.1 Billion transaction

Market Cap: $982 million | Argo Group International Holdings, Ltd. underwrites specialty insurance and reinsurance products in the property and casualty markets.

Background

Capital Returns Management

- On March 11, 2022, Capital Returns Management filed proxy materials nominating two candidates for election to the Board at the 2022 AGM. Also, Capital Returns Management stated its belief that the Board should retain an independent financial advisor to engage in a comprehensive strategic review of all opportunities, including a focus on the sale of the whole Company, to achieve maximum value for shareholders. Source

- On April 28, 2022, the company issued a press release announcing that the Board initiated an exploration of strategic alternatives and will consider a wide range of options for the Company, including, among other things, a potential sale, merger or other strategic transaction.

- On October 18, 2022, Capital Returns Management filed proxy materials nominating two candidates for election to the Board at the 2022 AGM. It expressed its view that the company's stock price does not accurately reflect its true value because of the Company's erratic and poor underwriting results, decisions to fill key executive management positions with woefully weak leadership, and misallocation of capital to a far flung array of poorly performing international businesses. It also stated that Argo's over-dependence on reinsurance, and its misguided focus on international growth initiatives has significantly contributed to its stock price decline. Source

- On October 31, 2022, Capital Returns Management filed proxy materials seeking support for its nominees.

- On November 1, 2022, Capital Returns Management issued a press release and open letter to shareholders explaining why it believes urgent change is needed at Argo and highlighting the steps it believes the Company must take to maximize value for shareholders.

- On November 15, 2022, Capital Returns Management released a presentation titled "Enhancing Shareholder Value with New Board Members," highlighting the compelling reasons that shareholders should vote to change the composition of Argo's Board of Directors. The presentation highlights Argo's significant underperformance and the Board's repeated errors in judgment, in addition to describing the relevant backgrounds of Ron Bobman and Dave Michelson, the two candidates nominated by Capital Returns

- On December 12, 2022, Capital Returns withdrew its slate of nominees for election to the Board at the AGM. Accordingly, Capital Returns has terminated its proxy solicitation and will not vote any further proxies received from shareholders of the Company on the WHITE proxy card at the AGM. Source

Voce Capital Management

- In January 2020, the company entered into a cooperation agreement with Voce Capital Management to effect changes to the composition of the Board
- On August 8, 2022, the company announced the August 4, 2022 appointment of J. Daniel Plants, Voce Capital Management (9.5%) as an independent member of the Board and to each of the Board's Strategic Review Committee and the Human Resources Committee

Update

On February 8, 2023, the company and Brookfield Reinsurance announced they have entered into a definitive merger agreement whereby Brookfield Reinsurance will acquire Argo in an all-cash transaction valued at approximately $1.1 billion. In connection with the execution of the merger agreement, Voce Capital Management LLC entered into a voting and support agreement whereby Voce Capital Management LLC agreed to vote all of the common shares held by it in favor of the merger . Source

Compagnie Maritime Belge seeks for the dismissal of five members from the Board of Euronav

Market Cap: $3.3 billion | Euronav NV, together with its subsidiaries, engages in the transportation and storage of crude oil worldwide.

Background

On January 16, 2023, Compagnie Maritime Belge NV (CMB) (25%) delivered a letter to the company seeking for the dismissal of all five members of the Board following the failed merger with Frontline. It has issued a request to the company requesting for a special general meeting of the Supervisory Board as soon as possible.

Update

- On February 4, 2023, by letter to CMB, the company requested that CMB consider a change to the Supervisory Board to include four (4) of the current five (5) independent members, two (2) newly appointed "non-independent" members nominated by CMB (being Messrs. Marc Saverys and Patrick De Brabandere) and two (2) newly appointed non-independent members to be nominated by Famatown Finance Limited. On February 6, 2023, CMB responded to the company via email reiterating its call for the dismissal of all current members of the Supervisory Board.
- On February 6, 2023, the company posted to its internet website the Convening Notice for the company's Special Meeting of shareholders to be held on March 23, 2023. The convening notice includes the agenda items requested by CMB to remove the five directors comprising the Supervisory Board and to appoint five new directors: Mr. Marc Saverys (one of the Original Saverco Parties, who served as Chairman of the company's Supervisory Board from 2003 to July 2014 and Vice-Chairman of the company's Supervisory Board from July 2014 to

December 2015); Mr. Patrick De Brabandere (a Director of CMB); Mrs. Julie De Nul; Mrs. Catherina Scheers; and Mr. Patrick Molis.

- On February 9, 2023, at the request of the Financial Services and Markets Authority of Belgium, CMB issued a press release summarizing CMB's reasons for proposing to replace the Supervisory Board of the company with five nominees for director at the Special Meeting and its view on Euronav's strategy.

Ancora sends letter to Green Plains' Board regarding the need to explore a sale

Market Cap: $2 billion | Green Plains Inc. produces, markets, and distributes ethanol in the United States and internationally.

Background

On November 17, 2021, Ancora Advisors (7.1%) stated that it was encouraged by the company's recent efforts to improve its corporate governance and refresh its Board however, Ancora Advisors believes these actions only address a portion of the myriad of corporate governance issues plaguing the company. Ancora Advisors expressed its concerns as follows: (i) their belief that the Board, as presently constituted, may not possess the requisite experience and skill sets necessary to lead the company at this critical juncture and successfully implement its transformation strategy; (ii) their belief that the interests of the Board may not be appropriately aligned with the interests of stockholders, particularly in light of the company's recent capital raise and ongoing capital investment strategy, and given the recent and significant sales by insiders and the lack of stockholder representation on the Board; and (iii) their belief that the recent, long overdue corporate governance changes appear reactionary in nature and, importantly, fail to address certain key items such as the classification of the Board and the lack of an independent Chairman. In light of its concerns, Ancora Advisors are considering certain alternatives, including seeking Board representation and/or submitting a shareholder proposal for consideration by stockholders at the 2022 AGM. Source

Update

On January 31, 2023, Ancora Advisors (7.1%) issued a press release and sent an open letter to the Board detailing its view that the Board should commence a review of value-maximizing strategic alternatives. Ancora Advisors believes the Board should commence a robust strategic review process in an effort to maximize value for all shareholders.

Anthony Hsieh corrects the record on loanDepot's inaccurate claims

Market Cap: $757 million | loanDepot, Inc. engages in originating, financing, selling, and servicing residential mortgage loans in the United States.

- On February 7, 2023, Anthony Hsieh, as the founder and largest voting stockholder (68.9%) of the company delivered a letter to the company nominating Steve Ozonian for election to the Board at the 2023 AGM. He stated hes belief that the Nominee's experience with consumer fintech and real estate leadership will be crucial to assisting the company in overcoming the challenges the company now faces

- On February 8, 2023, Anthony Hsieh issued a statement to correct the record with respect to certain matters referenced in loanDepot's press release of February 8.

- On February 8, 2023, the company announced that Anthony Hsieh has stepped down as Executive Chairman, pursuant to a mutual agreement unanimously approved by LDI's Board of Directors.

Mercury Systems announces strategic review

Market Cap: $3.2 billion| Mercury Systems, Inc., a technology company, engages in the manufacture and sale of components, products, modules, and subsystems for aerospace and defense industries in the United States, Europe, and the Asia Pacific..

Background

JANA Partners
On December 23, 2021, JANA Partners (6.6%) intends to have discussions with the board and management regarding maximizing value for shareholders including evaluating strategic alternatives including a sale of the company, operations, capital allocation, corporate governance, board composition, and compensation practices. Source

Starboard
- On January 13, 2022, Starboard (7.3%) delivered an open letter to the board stating its belief that the Rights plan adopted by the company on December 27, 2021 is not in the best interests of the shareholders. It asked that the Board immediately eliminate the Rights plan. Alternatively, if the Company is unwilling to fully remove the Rights Plan, Starboard stated that it would expect the Company to, at the very least, (1) raise the ownership threshold which triggers the Rights Plan from 7.5% (or 10% in the case of a passive investor) to 15% for all shareholders and (2) thereafter put the Rights Plan to a vote of all shareholders.

- On June 23, 2022, Starboard Value and JANA Partners entered into an agreement with the company and pursuant to it, the company agreed to immediately increase the size of the Board from nine (9) to eleven (11) directors and expand the size of Class I directors by two (2) directors and appoint Howard L. Lance (the "Starboard Appointee") and Bill L. Ballhaus (the "JANA Appointee" and together with the Starboard Appointee, the "New Independent Appointees") to the Board as Class I directors.

Update

- On January 31, 2023, the Company announced that its Board of Directors has approved a plan to explore strategic alternatives, including a potential sale of the Company. Source

- On February 3, 2023, JANA Partners (4.6%) appreciates the constructive dialogue it has had with the Board and management and applauds the Board's decision to enhance shareholder value by engaging financial advisors and exploring a sale. Source

Morgan Dempsey Capital Management urges Polished.com to explore a sale of the company

Market Cap: $77 million | Polished.com Inc (formerly 1847 Goedeker Inc.) operates an e-commerce platform for appliances and furniture in the United States.

Background

- On January 26, 2023, Morgan Dempsey Capital Management(7.9%) stated its belief that as a result of its ongoing analysis, the ideal way to optimize value for all shareholders in the current environment is a prompt sale of the Corporation to a strategic or financial acquirer in a private-market context. It urges the company to engage a well-regarded investment bank to solicit offers that will establish and then realize the fairest value for shareholders given the uncertain financial market and macroeconomic circumstances extant at this time. To emphasize its investment conclusion, Morgan Dempsey Capital Management voted its shares against the Corporation's proposal to increase the number of common shares authorized for issuance to 250 million from 200 million, a proposal that remains pending at this time given the temporary adjournment of the annual meeting of shareholders on January 19, 2023. Source

- On January 19, 2023, the company announced that the meeting was adjourned to February 2, 2023.

Update

- At the AGM held on February 3, 2023, the stockholders of the Company did not approve the Charter Amendment to increase the number of shares of common stock.

- On February 3, 2023, Morgan Dempsey Capital Management reiterated its belief that the ideal way to optimize value for all shareholders in the current environment is a prompt sale of the Corporation to a strategic or financial acquirer in a private-market context. Source

Past

- On June 8, 2021, Kanen Wealth Management/ Philotimo Fund (6.6%) stated its plans to engage in discussions with management and the Board regarding Board representation and the composition of the Board, specifically in regard to founder of CarParts.com(PRTS) Mr. Mehran Nia who's most recent professional success was the turnaround at PRTS whereby the stock increased from approximately $1 to $18 per share. He is considered an expert in Ecommerce. Kanen Wealth Management/

Philotimo Fund remains prepared to engage in a continued constructive dialogue with the Board. Source

- On September 9, 2021, Kanen Wealth Management/ Philotimo Fund (5.5%) nominates five candidates for election to the Board at the 2021 AGM. Source
- On September 23, 2021, Cannell Capital stated that it has studied the September 9, 2021 proposal of Kanen Wealth Management, LLC ("KWM") for the Board of Directors. Cannell Capital considers most of the KWM candidates to be superior to those of GOED. Accordingly, Cannell Capital neither consents, nor approves of GOED allocating any cash (cash which rightfully and legally belongs to Cannell Capital and other shareholders) to defend its position. Cannell Capital calls on GOED to immediately reach a fair and reasonable settlement with KWM. Source
- On October 15, 2021, Kanen Wealth Management/ Philotimo Fund (5.8%) entered into a Cooperation Agreement with the company and pursuant to it, the company agreed to appoint two independent directors, Selim Bassoul and Alan Shaw to the Board. The New Directors were selected by the Kanen Group from a list of five candidates provided by the company.
- On October 19, 2021, Mr. Kanen sent Chairman Ellery Roberts a note apologizing for comments that appeared in a story published by the St. Louis Post-Dispatch on the day prior. Mr. Kanen noted to Mr. Roberts that he is pleased to have reached an amicable agreement with the company, is supportive of CEO Albert Fouerti and wishes Mr. Roberts and the company much success in the future. Source
- On November 16, 2021, Kanen Wealth Management/ Philotimo Fund reduced its stake to 3.3%.

Norcross Braca Group issued a press release on Republic First Bancorp

Market Cap: $135 million | Republic First Bancorp, Inc. operates as the holding company for Republic First Bank that provides a range of credit and depository banking products and services to individuals and businesses.

(a) George E. Norcross, III

- On January 31, 2022, George Norcross, a South Jersey Democratic power broker and the executive chairman of insurance firm Conner Strong & Buckelew, released a letter to the board calling for leadership changes, saying that the bank's stock price has underperformed relative to its underlying value. Norcross was joined on the letter by his brother, Philip Norcross, and former T.D. Bank CEO Gregory Braca. Collectively, they own 6.6%. They stated their belief that the company's depressed stock performance over several years is directly attributable to weak operating results, including return on assets and return on capital of less than half that of its peers and efficiency ratios and cost of funds for its deposits running higher than industry norms. Among other changes, the shareholder group suggested that one of their members, former T.D. Bank executive Gregory Braca, would be an outstanding candidate to become CEO of Republic First Bancorp Inc. Source
- On February 3, 2022, the shareholder group increased its stake to 7.8%.
- On February 7, 2022, the group increased its stake to 8.8% and delivered another letter to the board requesting a meeting with the firm's directors. The group stated that it was very disappointed by the lack of a substantive response to an earlier request to meet with directors.

- On February 9, 2022, the group led by George E. Norcross, III and Greg Braca (9.6%) filed notice with the SEC that it would oppose the reappointment of Vernon Hill, Barry L. Spevak and Theodore J. Flocco, Jr., at the next meeting and support the slate nominated by Driver Management Company, LLC (Peter B. Bartholow, Pamela D. Bundy, and Richard H. Sinkfield III). . The Group has not communicated with Driver and has no intention of acting in concert with Driver on the proxy solicitation process or otherwise. Source
- On February 16, 2022, George E. Norcross, III submitted a demand to the company to inspect the books and records of the company. As stated in the Books and Records Demand, the purpose of making such demand is to allow the shareholder group to communicate with fellow shareholders of the company and to determine whether the board properly discharged its duties with respect to related party transactions. Source
- On February 25, 2022, George E. Norcross, III and Greg Braca (together 9.6%) delivered a letter to the Board requesting that they be allowed to exceed a 10% ownership stake in the bank without triggering certain restrictions.
- On March 7, 2022, George E. Norcross, III submitted a supplemental demand to the company for certain books and records with respect to related-party transactions. Source
- On March 8, 2022, George E. Norcross, III, Gregory B. Braca and Philip A. Norcross (the "Plaintiffs") filed a complaint (the "Complaint") in the Court of Common Pleas of Philadelphia County against the company and Vernon W. Hill, II, Theodore J. Flocco, Jr., Brian Tierney and Barry Spevak (collectively, the "Defendants"). In the Complaint, the Plaintiffs allege that the Defendants have engaged in and are engaging in inequitable conduct designed to curtail the fundamental voting rights of the shareholders in violation of Pennsylvania law, in an effort to entrench defendant Vernon W. Hill, II, the company's Chairman and CEO. Plaintiffs seek injunctive and declaratory relief to protect the shareholder franchise, including an order declaring that any amendments to the company's executive employment agreements or executive compensation plan to alter the definition of "Change of Control" are invalid and enjoining the company from making any such amendments until after the 2022 annual meeting. Source
- On March 14, 2022, the group led by George E. Norcross, III, Greg Braca and Philip A. Norcross has issued a proposal to the Board to inject $50 million into its operations through the purchase of newly-issued non-voting preferred stock and obtain up to a majority stake in the company via the purchase of common stock in a subsequent transaction. The proposed additional investment by the Norcross Braca group in the Company could total as much as $156 million. Since the Norcross Braca group first announced its acquisition of 6.6% of Republic First's outstanding shares on January 31, 2022, it has increased its holdings to 9.6%. Source
- On March 15, 2022, the group led by George E. Norcross, III, Greg Braca and Philip A. Norcross submitted a shareholder demand requesting that the Board appoint a special committee of independent, disinterested directors to investigate and, if appropriate, take remedial action for breaches of fiduciary duty, corporate waste, unjust enrichment and other misconduct by certain directors of the company. Source
- On March 23, 2022, Norcross Braca Group sent a letter to the company expressing "disappointment and concern" about the lack of substantive response to offer to inject $50 million into bank, purchase up to a majority of company

- On March 30, 2022, George E. Norcross, III, filed a lawsuit to compel the company to make available for inspection the Company's books and records. Source
- On April 11, 2022, Norcross Braca Group delivered a letter to the Board insisting them to immediately convene a meeting to approve the immediate suspension of Mr. Hill and Brian Tierney from the Board and placement of Mr. Hill on paid administrative leave during the pendency of the investigation into related-party transactions in which they are allegedly directly implicated. They also urged the Board to adopt protocols and measures that will ensure Messrs. Hill, Tierney and any directors directly or indirectly involved in any of the transactions that are subjects of the independent investigation are removed from all discussions and decision-making regarding the investigation, including hiring of independent counsel to conduct the investigation and any reports regarding the progress of the investigation.
- On April 20, 2022, Norcross Braca Group calls for appointment of monitor to Break 4-4 Board Stalemate in amended complaint as evidence of Board's dysfunction and paralysis grows and damage to shareholders builds. Source
- On May 3, 2022, Norcross Braca Group announced they have voted proxies for their shares for the slate of Board member nominees proposed by Driver Management for election at the Company's annual meeting. The Company has not yet called or scheduled the annual meeting.
- On May 3, 2022, the company announced it has removed Vernon W. Hill, II as the Company's chairman effective immediately.
- On May 17, 2022, Norcross Braca Group announced that it supports new board leadership and majority at the company and stated that it has withdrawn all litigation filed against company and certain directors. Source
- On May 27, 2022, U.S. District Court ordered a special shareholder board election to fill the unexpired term of the late Theodore Flocco and the appointment of a Custodian to oversee that process. Norcross Braca Group delivered a letter to the Board stating that in light of the Court's decision and assuming an election process consistent with the foregoing protections and transparency, the group inform that Gregory Braca will be its candidate to fill the vacancy on the Board. Source
- On June 3, 2022, Norcross Braca Group notified Driver Management Company LLC that the Group was revoking any proxies previously provided for the 2022 AGM in light of the delayed annual meeting and the upcoming special election of shareholders for the election of a director to replace the late Theodore J. Flocco, Jr. on the Board. Source
- On July 7, 2022, Norcross Braca Group (8.1%) delivered a letter to the Board reiterating its request to immediately meet with the Board for the betterment of the shareholders. Also, it requests that the Board grant permission to increase its ownership above 10%. Source
- On September 15, 2022, the company announced that it is initiating a strategic review in light of inquiries by multiple parties expressing interest in one or more potential strategic transactions with the Company.
- On September 16, 2022, Norcross Braca Group (9.9%) delivered a letter to the Board regarding the company's announcement of Strategic Review process. Norcross Braca Group noted a golden parachute package in Madonna's newly amended contract. In addition to a salary of $500,000, Madonna will earn at least $1 million if the bank is sold. The Norcross-led group called it a "golden parachute package that would result

in him receiving millions of dollars at the expense of the shareholders if certain transactions, like a sale of the company, were to occur."

- On September 22, 2022, Norcross Braca Group delivered a letter to the Board reiterating that a financially attractive proposal from a strategic acquirer is highly unlikely given the financial position of the Company. Source
- On October 20, 2022, Norcross Braca Group (8.1%) submitted a shareholder demand to the company (the "Second Special Committee Demand") that the Board appoint a special committee of independent, disinterested directors to investigate and, if appropriate, take remedial action for breaches of fiduciary duty, corporate waste, unjust enrichment and other misconduct committed by the current Board and all officers and employees of the company who participated in the misconduct.
- On October 25, 2022, Norcross Braca Group submitted a demand to the company to inspect the books and records of the company and also delivered a letter requesting a special meeting of shareholders. Source
- On November 1, 2022, Norcross Braca Group delivered a letter to the Board raising questions about the recent departure of CFO. It demands the Company to provide immediate disclosure and transparency to the investment community as the issues raise troubling concerns about the financial integrity of the Company's operations, senior management and Board oversight or the lack thereof during these critical times.
- On November 7, 2022, Norcross Braca Group delivered a letter to the Board calling for the immediate resignation of Harry Madonna (both as Interim CEO and Chairman of the Board). Source
- On November 11, 2022, Norcross Braca Group delivered a nomination notice to the Secretary of the company nominating Gregory B. Braca for election to the Board at the 2022 AGM. Source
- On November 16, 2022, the company stated that it has reviewed the Notice Materials and has determined that the Purported Nomination Notice was invalid. Source
- Subsequently, Norcross Braca Group sued the Company and its directors in the Court of Common Pleas of Philadelphia County seeking, among other things, a declaratory judgment that the Company's rejection of the Purported Nomination Notice was improper. The Norcross Group has filed a motion for a preliminary injunction seeking, among other things, to adjudicate the propriety of the Company's rejection of the Purported Nomination Notice.
- On December 9, 2022, Raymond James & Associates, Inc. submitted an updated non-binding proposal to the company's financial advisors, Keefe, Bruyette & Woods, Inc., on behalf of Norcross Braca Group. The Updated Term Sheet sets forth certain key terms of Norcross Braca Group's proposal to make a direct investment of $75,000,000 through the purchase of newly-issued non-voting preferred shares of the Issuer. The Updated Term Sheet also sets forth certain governance arrangements, including that upon executing a transaction agreement, Norcross Braca Group will have the right to nominate three directors to the board and Republic First Bank and the Board will appoint Mr. Gregory B. Braca, effective upon receipt of any required regulatory approvals, as the company's CEO. Source
- On January 25, 2023, the company announced that the Court of Common Pleas set April 25, 2023 for a hearing on the Norcross Group's motion and in the meantime, the Company may not hold any shareholder vote with regard to any vacancy on its

board of directors until May 31, 2023 at the earliest. In compliance with the Order, the Company will convene the 2022 AGM on January 26, 2023, and immediately adjourn the meeting until at least May 31, 2023 without conducting any business. Source

(b) Driver Management

- On December 9, 2021, Driver Management nominated three candidates for election to the board at the 2021 AGM. Source
- On January 14, 2022, Driver Management filed proxy materials seeking support for its nominees.
- On February 2, 2022, Driver Management sent a letter to the board stating that it agrees with Norcross Group's assessment of FRBK's stock price performance and operating results and thereby reiterates that radical change is needed.
- On February 7, 2022, Driver Management filed proxy materials seeking support for its nominees.
- On February 23, 2022, Driver Management filed proxy materials seeking support for its nominees.
- On March 8, 2022, Driver Management filed proxy materials seeking support for its nominees.
- On April 13, 2022, Driver Management delivered a letter to the Board stating that in February 2022, it has demanded a shareholder list but the company has not yet provided the list and to that end Driver Management assume that the company's refusal is a tactic intended to interfere with both the ability to solicit proxies for the 2022 Annual Meeting and shareholders' right to elect directors of their choosing.
- On April 26, 2022, Driver Management filed proxy materials seeking support for its nominees.
- On May 2, 2022, Driver Management filed a complaint against the company seeking to compel to hold its 2022 AGM on May 10, 2022.
- On May 4, 2022, Driver Management was notified by Broadridge, the election coordinator, that the management had notified Broadridge that the 2022 AGM would not take place on May 10, 2022 and was being postponed indefinitely. Driver Management does not believe that the management has the authority to either postpone or change the date of the AGM. Absent any statement by the Board that it had authorized the management to contact Broadridge to postpone the 2022 AGM, Driver Management can only assume, consistent with the allegations made in its May 2 complaint, that the management is continuing to commit ultra vires actions in an attempt to usurp the Board's sole and exclusive authority to set the date of the 2022 AGM.
- On May 19, 2022, the company announced that it has received written notification from The NASDAQ Stock Market on May 13, 2022 that the Company is not in compliance with the Nasdaq Listing Rules because the Company has not yet filed its Quarterly Report on Form 10-Q for the quarter ended March 31, 2022.
- On June 2, 2022, Driver Management filed proxy materials nominating a candidate for election to the Board at a court ordered Special meeting of shareholders to elect one director to fill an existing vacancy on the Board.
- On June 22, 2022, Driver Management filed proxy materials seeking support for its nominee.

- On September 20, 2022, Driver Management delivered a letter to the Board expressing concerns regarding the employment agreement between the company and the interim CEO, Madonna. It urges that the Board should publicly disclose the members of the Strategic Review Committee and, if necessary, reconstitute the committee to exclude Mr. Madonna.
- On October 4, 2022, the company disclosed that on September 28, 2022, the company entered into a cooperation agreement with Driver Management and pursuant to it, the Company appointed Peter B. Bartholow to the board as a Class III director. Additionally, Driver has agreed to withdraw its notice of intent to nominate director candidates for election at the 2022 annual meeting.

Update

- On February 3, 2023, the Group delivered a letter to the Board expressing disappointment regarding the lack of engagement displayed by the Board with respect to its non-binding proposal submitted to the Company's financial advisors on January 7, 2023.

- On February 7, 2023, the Group Calls on Harry Madonna and Andrew Cohen to stop blaming others for their management failures, and urge them to engage in negotiations. Source

OTHERS

Blacksheep Fund Management reduced its stake in Tucows

Market Cap: $364 million | Tucows Inc. provides network access, domain name registration, email, mobile telephony, and other Internet services in Canada, the United States, and Europe.

Background:

On December 20, 2022, Blacksheep Fund Management (10.6%) stated that it had and anticipate having further conversations with members of the management and board regarding possible ways to enhance shareholder value. Source

Update:

On February 7, 2023, Blacksheep Fund Management reduced its stake to 9.1% and reiterated its suggestions. Source

Trian withdrew its nomination from the Board of Walt Disney

Market Cap: $201 billion | The Walt Disney Company, together with its subsidiaries, operates as an entertainment company worldwide.

Background

- On January 12, 2023, Trian Fund filed proxy materials for the election of Nelson Peltz, its CEO and Founding Partner, to the Board at 2023 AGM. Trian believes that Disney's recent performance reflects the hard truth that it is a company in crisis with many challenges weighing on investor sentiment. While we acknowledge that Disney, like many media companies, is undergoing a challenging pivot to streaming, Disney also benefits from owning best-in-class intellectual property, a more diversified business mix, and a Parks business that is enjoying all-time high profitability. As such, we believe that the Company's current problems are primarily self-inflicted and need to be addressed immediately, including poor corporate governance, prro strategy and operations and poor capital allocation. Source

- On January 20, 2023, Trian Fund filed proxy materials seeking support for its nominees.

- On January 27, 2023, Trian Fund filed proxy materials seeking support for its nominees.

Update

- On February 2, 2023, Trian Fund issued a press release and a letter to shareholders related to the company, which Trian also simultaneously published to its website, located at www.RestoreTheMagic.com

- On February 9, 2023, Trian Fund congratulated the company on its recently announced operating initiatives, which are a win for all shareholders and broadly align with Trian's thinking, and, pursuant to which, Trian announced it is withdrawing its nomination of Nelson Peltz to the board of directors of the Company. Source