

SNOWBALL RESEARCH NOTES

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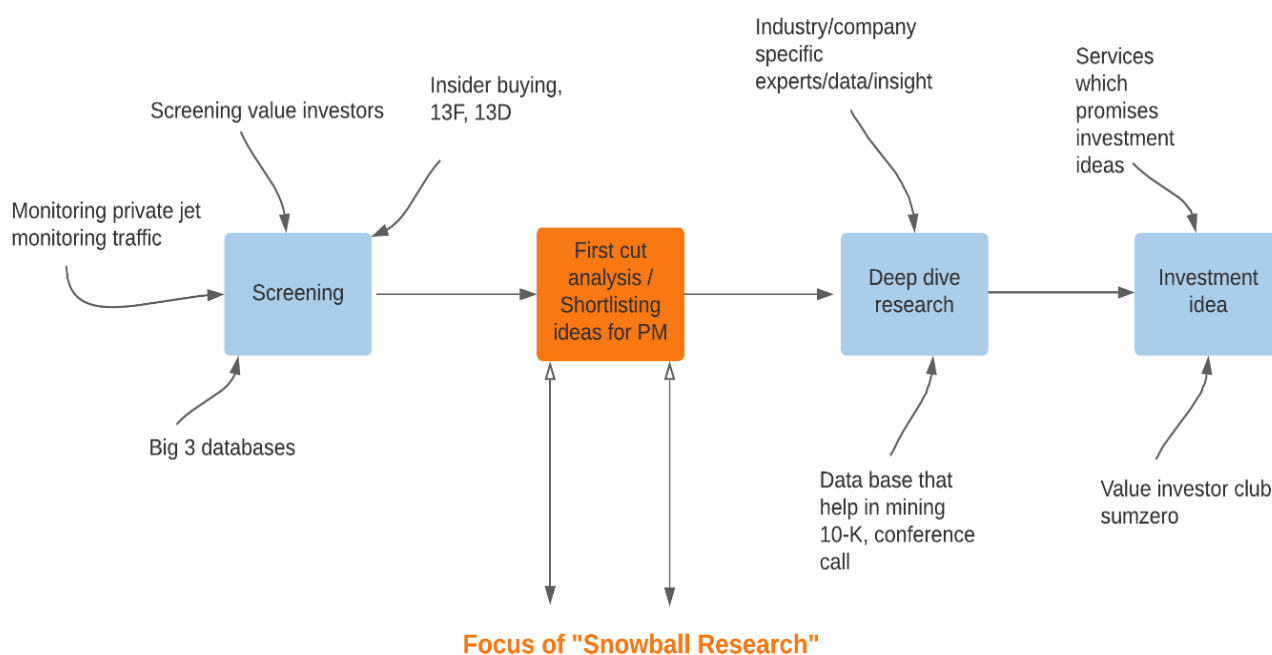
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Unique & niche project

Why is this report unique?

1. Shortlisting ideas

- 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. This includes sites like Value Investors Club, Sumzero, and subscription services that pitch stock ideas.
- Snowball Research focuses on the "most ignored" section in the equity research process: narrowing down ideas. We narrow down ideas from a list of five screens.



2. Process

The significant outcome of our report is tied to the "process." When you decide to trust us with your subscription cost, you are paying predominantly for the process.

Whenever there is a CEO change, 13D filing, non-management filings by activist investors, board change after activist involvement, significant changes after activist involvement, a settlement agreement between activist and the company, 13G, 13F, NT, and non-reliance filing, we review and research it. We write a report if it is significant.

3) Recurring and reading

- All the processes are "recurring" in nature.
- Our research process is heavily tied to "reading and researching,"

Next plans

- Our objective is to become an indispensable one-stop research hub for companies under \$2.5 billion market capitalization. It is a long journey. Our current publication is the first baby step in the journey.
- We are constantly thinking and brainstorming ways to add more value to buy-side professionals.
- We plan to add more "recurring screens" to the list and to expand our research scope.

To subscribe, please click [here](#)

Best,

Raghuraman S.S
Founder, Snowball Research

| Management change

AgroFresh Solutions: This micro-cap company attracts a top executive of \$80 billion Zoetis

Market Cap: \$113 million | AgroFresh Solutions, Inc. (Nasdaq: AGFS) is an AgTech innovator and global leader with a mission to prevent food loss/waste and conserve the planet's resources by providing a range of science-based solutions, data-driven digital technologies and high-touch customer services.

1. Track record of the new CEO

On April 12, 2021, the company appointed Clinton A. Lewis, Jr. as CEO.

a) Zoetis Inc. (NYSE: ZTS) (Market Cap: \$80 billion; revenue: \$6.6 billion)

Zoetis is the leading animal health company dedicated to supporting its customers and their businesses in advancing care for animals.

- Top executive: Mr. Lewis was one of the top 5 executives in the company.
- Mr. Lewis claims that he played a key role in the successful "spin out" and IPO of the company out of Pfizer in 2013, helping to create over \$40B in value creation.
- Mr. Lewis claims that as EVP Group President, International, Commercial Development, he was responsible for all markets outside of the United States, leading a \$3.0 billion business. Under Mr. Lewis's leadership, international revenues grew by over \$600 million, and operating margins increased by ten percentage points.

b) Pfizer Inc. (NYSE: PFE) (Market Cap: \$217 billion; revenue: \$41.9 billion)

Mr. Lewis joined Pfizer in 1988 and held various positions across sales, marketing, and general management, including senior vice president of sales, U.S.; general manager, Pfizer Caribbean; and general manager, U.S. Anti-Infectives.

c) Others

Mr. Lewis was on *Black Enterprise* magazine's 2017 list of the 300 Most Powerful Executives in Corporate America and *Savoy* magazine's Top 100 Most Influential Blacks in Corporate America in 2016.

2. Two core products

a) 1-MCP

The company generates roughly 84% of total revenue from the sale of the plant growth regulator (1-MCP) that is used to extend the shelf life of fresh produce.

How does 1-MCP work?

- Most apples emit ethylene gas, a natural plant hormone, as they start to ripen. The rising ethylene levels in the air signal the fruit to keep ripening until decay.
- 1-MCP temporarily blocks this signal by binding to the produce's ethylene "sniff" receptors so that the fruit's ripening process is suspended.
- After storage/transport, the 1-MCP biodegrades without residue and produce can go back to ripening to its peak.

Is 1-MCP widely used?

Yes - In the U.S., the company estimates that 90% of stored apples are treated with 1-MCP.

Pricing pressure after the expiry of the patent

- The company acknowledged growing competition since the expiration of the 1-MCP use patent in 2014.
- For example, during 2017 and 2018, the company decreased pricing in the U.S. to defend market share against increased competition. The situation stabilized during the 2019 season; however, in 2020, the company again faced significant price pressure.

b) Fungicides, disinfectants, and coatings

- This segment accounts for 14% of total revenue for FY 2020.
- Post-harvest freshness solutions include fungicides that can be applied to meet various customer operational requirements in either a foggable (ActiMist™) or liquid (ActiSeal™) delivery form.

3. Other notable points

a) Asset-light business with high margin

- The company uses a single third-party manufacturer for its key active ingredient, 1-MCP, and several other suppliers to formulate products and to provide packaging services.
- In the last three years, CAPEX was hovering between \$2.4 million to \$4.1 million.

b) Very few competitors

AgroFresh, Decco (UPL Limited), JBT FoodTech (JBT Corporation), and Pace (Sumitomo Chemical) are the four leading providers that account for an estimated 60% of global post-harvest sales.

c) Potential revenue growth from Harvista

- Harvista is used for the near-harvest management of apples, pears, cherries, and blueberries. It extends the harvest window.
- It is currently registered in eleven countries and working to obtain registrations in more than eight additional countries, including the European Union.
- The company faces a lengthy regulatory approval cycle in important markets like the EU. Nevertheless, the company secured emergency use permits in Italy, Poland, and Spain so that growers could utilize and take advantage of the benefits of Harvista ahead of the final EU approval anticipated in 2022.

d) Latest quarter results: Net sales for the fourth quarter of 2020 decreased 14.9% to \$51.9 million, compared to \$61.0 million in the fourth quarter of 2019. The revenue decrease was primarily driven by a smaller North American crop size resulting in lower storage volumes, a heightened competitive landscape, as well as difficult comparisons versus the prior year period in Europe as the industry experienced later than normal harvest seasonality which shifted sales from third to fourth quarter of 2019. Gross profit margin was 73.5% compared to 77.8% in the prior year period. The lower gross margin was primarily due to fixed costs on lower sales volume and product mix. Fourth quarter 2020 net loss was \$2.7 million, compared to net loss of \$22.2 million in the prior year period.

Overall-

Positives

- It is an excellent achievement for the company to attract Mr. Lewis as CEO.
- Despite massive interest expense, the company manages to generate significant free cash flow.

Concerns

- Stagnant revenue: For the past ten years, the company's revenue has hovered between \$150 million and \$180 million.
- Huge debt is a big drawback (term loan: \$268 million).
- The huge debt load could limit the new CEO's ability to engage in big-ticket acquisitions.

We will continue to track the company and monitor the CEO's plan of action.

(\$, mm)	FY 2019	FY 2020
Non-GAAP EBITDA	38.6	49.0
Non-GAAP Adjusted EBITDA	66.4	60.1
Interest expense	33.8	23.7
Cash from operation	20.1	26.7
Capex	-4.2	-2.4
FCF	15.9	24.3

Custom Truck One Source, Inc.: The new CEO is an entrepreneur and a solid operator

Market Cap: \$2.4 billion | Custom Truck One Source is the first true single-source provider of specialized truck and heavy equipment solutions.

CEO change

On April 01, 2021, Nesco Holdings acquired Custom Truck One Source, L.P., for a purchase price of \$1.475 billion. The combined company is led by Fred Ross, Custom Truck's co-founder and CEO.

Track record of Fred Ross

Custom Truck One Source is the first single-source provider of specialized truck and heavy equipment solutions.

- In 1996, Fred Ross founded the company with his siblings. The company's revenue grew to \$350 million in 2014. In 2014, Blackrock acquired a 70% stake.
- Subsequent Blackrock acquired plenty of related business under the company's umbrella.
- In December 2020, Blackrock entered into an agreement to sell the company to Nesco Holdings for \$1.48 billion.

Overall, under his leadership, the company grew from scratch to a billion-dollar business.

Suggested further readings

Custom Truck's Fred Ross talks business, success and growth <https://www.americancranesandtransport.com/news/Custom-Truck-s-Fred-Ross-talks-business-success-and-growth/2143845.article>

Custom Truck One Source Now a \$1B Company, as featured by Kansas City Business Journal <https://www.customtruck.com/news/custom-truck-one-source-now-a-1b-company-as-featured-by-kansas-city-business-journal/>

Cover Story: Family trucking business destination — \$1B and beyond <https://www.bizjournals.com/kansas-city/news/2018/08/31/custom-truck-one-source-blackstone-group-ross.html>

Video interview <https://www.youtube.com/watch?v=A68ISQCD2k&t=67s>

Lindblad Expeditions Holdings Inc. (LIND): The new CEO has a strong track record

Market Cap: \$867 million | Lindblad Expeditions Holdings, Inc. is an expedition travel company that focuses on ship-based voyages through its Lindblad Expeditions brand and on land-based travel through its subsidiaries, Natural Habitat Adventures, Off the Beaten Path and DuVine Cycling and Adventure.

1. Track record of the CEO

On March 30, 2021, the company appointed Dolf Berle as CEO.

(a) Sale of Topgolf:

- He served as CEO of Topgolf Entertainment Group from 2018 to 2021. Topgolf generated approximately \$1.1 billion in revenue in 2019, and the revenue almost doubled during his tenure.
- In March 2021, he sold Topgolf to Callaway Golf for approximately \$2 billion.
- He claims that during his tenure, the company's venue-based core business expanded from 37 to 66 locations worldwide while also diversifying the company's business model from venue-based entertainment to include a range of technology-enabled businesses.

(b) Other: Prior to joining Topgolf, Dolf's career has included roles as president and COO of Dave & Buster's, president of Lucky Strike Lanes, COO at House of Blues, and executive vice president of hospitality and division head at ClubCorp.

2. Lindblad Expeditions: competitive advantages

a) Barriers to entry:

- The cruise industry in general is characterized by high barriers to entry. There are large investments required to build new, sophisticated ships; long lead times necessary to construct new ships; and limited newbuild shipyard capacity.
- Operators must also develop strong travel agent network partnerships, as well as acquire local permits or licenses required to operate in a diverse range of geographies.

b) Relationship with the National Geographic:

- The company began its strategic alliance with National Geographic in 2004.
- The Lindblad/National Geographic alliance includes a co-selling and co-marketing arrangement through which National Geographic promotes its offerings in its marketing campaigns and sells the company's expeditions through its internal travel division.

3. Growth story

- The company's gross revenue has grown at a CAGR of approximately 13% from 2010-2019.
- The company's adjusted EBITDA CAGR was approximately 16.5% from 2010-2019.

4. Bookings amid COVID-19 and plans to resume fleet in June 2021

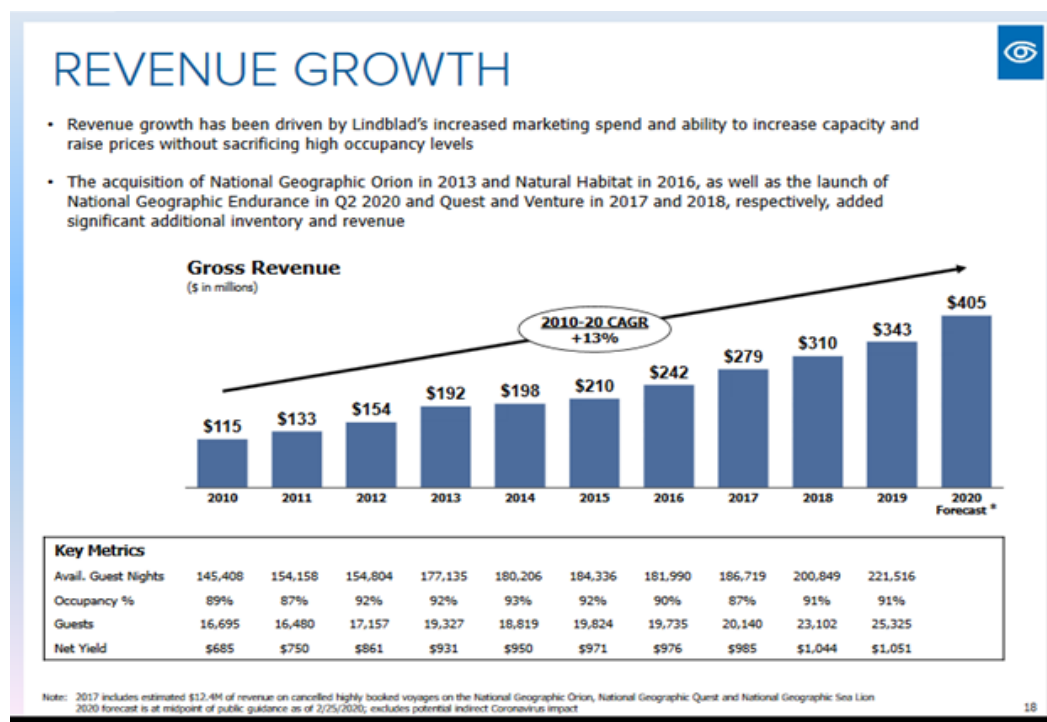
Despite the COVID-19 impact, the company still has substantial advanced bookings for future travel.

- Bookings for the second half of 2021 are in line with bookings for the same period in 2020 as of the same date a year ago and 31% ahead of bookings for the back half of 2019 as of the same date two years ago.
- Bookings for the full year 2022 are 37% ahead of the bookings for 2021 as of the same date a year ago.
- The company continues to see new bookings for future travel, including over \$115 million since March 1, 2020, and is receiving deposits and final payments for future travel.
- Moreover, the company has announced plans to resume fleet operations beginning with Alaska and the Galapagos during June 2021.

Heads-up

- In the fourth quarter of 2020, tour revenues decreased 100% compared to the same period in 2019 due to the COVID-19 pandemic.
- Huge debt: \$497 million. Note: (a) There are no material debt maturities until 2023. (b) Cash balance: \$187 million.

Given the above two facts, it is strange to find that its stock price is trading at an all-time high. It is worth tracking the company's stock price.

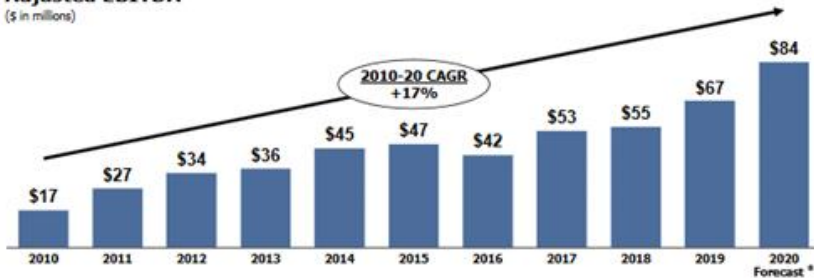


ADJUSTED EBITDA GROWTH



- Adjusted EBITDA margin anticipated to expand primarily from increased capacity and scale
- Stable cost structure enables majority of revenue expansion to translate into adjusted EBITDA growth

Adjusted EBITDA
(\$ in millions)



Key Metrics

Margin	15%	20%	22%	19%	22%	22%	17%	19%	18%	21%
Maint. Capex	\$2	\$5	\$4	\$6	\$6	\$5	\$6	\$9	\$11	\$23
Growth Capex / Acquisition	\$0	\$0	\$0	\$30	\$0	\$10	\$70	\$71	\$43	\$73

Note: 2016 reflects impact of Zika virus, terrorism, delayed marketing materials and voyage cancellations for unplanned repairs
 2017 includes estimated \$9.0M of adjusted EBITDA for cancelled highly booked voyages on the National Geographic Orion, National Geographic Quest and National Geographic Sea Lion
 2019 maintenance CAPEX includes \$6M of CRM and Seaware related expenses
 2020 forecast is at midpoint of public guidance as of 2/25/2020; excludes potential indirect Coronavirus impact

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Digimarc's major shareholder appointed as CEO for a \$1 salary

Market Cap: \$627 million | Digimarc Corporation is a pioneer in the automatic identification of media, including packaging, other commercial print, digital images, audio and video.

1. Company appoints its major investor as CEO

a) Investment by TCM Strategic

- TCM| Strategic is an investment fund managed by Riley McCormack.
- In September 2020, TCM|Strategic invested \$53.5 million (@ \$14.37 per share) in the company, and Riley McCormack was added to the board.
- As of March 2021, TCM holds a 22.2% stake in the company.
- TCM| Strategic's deck about Digimarc: <https://www.dropbox.com/s/ghl68bq6x3pshcg/TCM%20Strategic%20Final%20Deck%20-%20DMRC.pdf?dl=0>

b) CEO change - Riley McCormack; \$1 salary

- \$1 salary: On April 12, 2021, the company appointed Riley McCormack as CEO for an annual salary of \$1.00.
- Since 2015, Riley McCormack has served as managing member and CEO of McCormack Family Investments and founded and has served as managing member and CEO of TCM Strategic.
- Prior to McCormack Family Investments, Mr. McCormack was the founder, CEO, and PM of Tracer Capital Management, a \$1.5 billion New York-based global technology, media, and telecommunication hedge fund. Prior to Tracer, he was a partner at Coatue

Capital and a high-yield research analyst at Morgan Stanley, covering media and telecom companies.

2. Legacy business

- The company provides automatic identification solutions to commercial and government customers, and it licenses its technology and patented inventions to solution providers.
- For the last 20 years, the company's largest government customer has been the Central Banks, with whom the company has been developing, deploying, supporting, and enhancing a system to deter digital counterfeiting of currency using personal computers and digital reprographics.

3. Disruptive technology

In addition to the legacy business, the company is also providing an alternative to the conventional barcode.

How is this barcode different?

- Digimarc barcode is more versatile. It carries more data than a traditional barcode.
- The company's barcode can be used in packaging, labels, plastics, print, documents, images, e-book, audio, and fabric.

4. Patent-rich company

The company has over 1,150 issued and pending patents.

As per IEEE Patent Portfolio Strength Index (2007):

- The company is the fourth largest in the "computer software" category
- The company ranks #34 in patent strength in global basis

Overall-

Positives

1. The new CEO has invested over \$50 million in the company and is not taking any salary. He has deep skin in the game.
2. The company has an impressive patent portfolio. It is the only small-cap company in the top-40 list ranked by IEEE Patent Portfolio Strength Index (2007). It is beyond the scope of this report and our expertise to value the patent. Note: Given the patent portfolio, a traditional valuation metric might not be appropriate to value the company. Current EV/revenue multiple: 22X.

Heads-up

1. Even though we are excited with the rich patent portfolio, patents are similar to "excess" real estate. Unless the management takes steps to unlock the value, it will remain on paper for decades providing no tangible benefit to the shareholders.
2. It is tough to overthrow the 50-year-old conventional barcode in the retail industry. Why?

There three major players have to adapt to Digimarc's barcode –

1. Product manufacturers should start printing Digimarc's barcode labels.
2. Scanner manufacturers should enable their devices to read Digimarc's barcode.
3. Retailers – All the existing scanners and software used in retail shops should start reading Digimarc's barcode and update the data to their software/database.

The company mentioned that it had convinced barcode manufacturers to enable their device to read Digimarc's barcode. Nevertheless, there are two significant problems.

1. How to enable all the "existing" scanning devices that are currently used in the retail shops all over the US?
2. The new barcode data should be updated to the retailer's software database. How easy is that?

In our opinion, it is really hard for retailers to upgrade to a new device and software system. Unless retailers are ready, manufacturers may not be willing to commit to print the company's barcode into their packages.

The company is currently working with Walmart, so let's see how that works.

Research Solutions Inc. (RSSS): A short note about the interim CEO appointment

Market Cap: \$58 million | The company provides seamless access to scientific research and simplifies how organizations & individual researchers discover, acquire, and manage scholarly journal articles, book chapters and other content in scientific, technical, and medical (STM) research.

We wrote about this stock in the February 2021 report.

Founder resigns as CEO: On March 29, 2021, Peter Derycz, founder of the company, resigned as CEO. He holds a 14% stake in the company.

Track record of interim CEO

On March 29, 2021, the company appointed Roy W. Olivier as interim CEO.

(a) Grew revenue by more than 5X; sale of the company

Mr. Olivier served as CEO of ARI Network Services from May 2008 to March 2020.

ARI Network Services is a provider of an award-winning suite of SaaS tools and marketing services to OEMs and dealers worldwide.

- From 2008 to 2016, the company's revenue increased from \$16.9 million in

2008 to \$47.6 million in 2016. In addition, he navigated their transformation from a legacy catalog business into a lead generation and e-commerce leader. In August 2017, the company was acquired by a PE firm for \$140 million.

- He continued to serve as the CEO of the company till March 2020.
- Subsequently, the company grew over \$100 million in revenue. Mr. Olivier claims that he grew the business of ARI from less than 80 employees to over 1,200 and revenues from under \$15 million to over \$100 million.

(b) Others: Mr. Olivier co-founded ProQuest Media Solutions in 1993. Prior to ProQuest Media Solutions, Mr. Olivier started and successfully sold two software startup companies and held various executive and managerial positions with other companies in the telecommunications and computer industries.

Overall -

Since he is an interim appointment, the "CEO change" is not super interesting. If the company appoints him as a full-time CEO, the stock will be worth a close look.

Waitr Holdings' CEO will get a \$5 million bonus if the company is sold for a stock price equal to or greater than \$2 per share

Market Cap: \$232 million | Waitr Holdings Inc. (Nasdaq: WTRH) operates an online ordering technology platform, providing delivery, carryout and dine-in options.

On April 23, 2021, the company amended and restated the employment agreement with its CEO, Carl A. Grimstad.

Pursuant to the amended terms, Mr. Grimstad will be paid a \$5 million bonus in the event that Mr. Grimstad is employed at the time of a change of control, in which holders of company common stock receive per share consideration that is equal to or greater than \$2.00.

Our comment: Given the fact that the current stock price is currently trading at \$2.13, the bonus criteria doesn't give any confidence to buy the stock at the current level.

Source:

https://www.sec.gov/Archives/edgar/data/1653247/000156459021021963/wtrh-ex101_7.htm

GTT Communications, Inc. (GTT) – Interim CEO

Market Cap: \$89 million | GTT Communications is a leading global cloud networking provider to multinational clients.

According to the Reorg Research Report, the company is considering a pre-packaged chapter 11 filing. The company appointed its interim CEO, Ernie Ortega, as its new CEO.

Steel Partners Holdings (SPLP) – Letter from Warren G. Lichtenstein

Market Cap: \$450 million | Steel Partners Holdings L.P. (www.steelpartners.com) is a diversified global holding company that owns and operates businesses and has significant interests in various companies, including diversified industrial products, energy, banking, defense, direct marketing, supply chain management and logistics, and youth sports

Letter:

<https://www.sec.gov/Archives/edgar/data/1452857/000145285721000021/exhibit991investorletter.htm>

Mr. Lichtenstein joined the board of Aerojet Rocketdyne Holdings when the stock price was at \$1.84. In December 2020, Lockheed Martin agreed to acquire the company for \$56/share.

Our initial investment in Aviat was made in October 2014. Since getting board representation in January 2015, we have worked together to substantially improve operating performance. We were able to work to successfully to change the board and management team, and with Pete Smith at the helm, we were able to implement a clear strategy to create shareholder value. In 2020, the share price appreciated, and we decided to sell the investment. Our initial investment was \$13.7 million at an average purchase price of \$10.19 per share. We exited the investment with total proceeds of \$28.5 million at an average sales price of \$21.24 per share for a total return of approximately 108%. When we reached a settlement to obtain board representation, the market cap was \$84.2 million. When we sold, the market cap was \$286.1 million creating \$201.9 million in value for all shareholders. In hindsight, we sold too early, as the stock is now trading at \$33 per share after the two for one stock split

Boxlight Corporation (BOXL): Significant changes under the new CEO's watch; Pioneer in the interactive projector; Huge market share

Market Cap: \$115 million | Boxlight Corporation is a leading provider of interactive technology solutions under its award winning brands Clevertouch® and Mimio®. The Company aims to improve engagement and communication in diverse business and education environments.

I. Basics

Boxlight is a technology company that develops, sells, and services interactive solutions predominantly for the global education market that are also sold into the health, government and corporate sectors.

The company generated approximately 88% of FY 2020 revenue from sales of interactive display products, consisting of projectors, interactive projectors and interactive flat panels.

Education sector

In the education sector, the company provides educators with hardware, engineering and manufacturing, software, and content development for use in the classroom.

The company's products are sold in approximately 60 countries, and its software is available in 32 languages, helping children learn in over 850,000 classrooms.

II. What we like?

1. Pioneer in interactive projects

- The company introduced the world's first interactive projector in 2007 and obtained patents to the technology in 2010.
- Since the company launched its patented interactive projectors in 2007, it has sold them to approximately 3,000 classrooms in 20 countries, including the Job Corp, the Library of Congress, the Centers for Disease Control and Prevention, the Federal Emergency Management Agency, nine foreign governments and the City of Moscow and numerous Fortune 500 companies, including Verizon, GE Healthcare, PepsiCo, First Energy, ADT, Motorola, First Data and Transocean.

2. Market share in Interactive Flat Panel Display (IFPD)

- Basics: What is an interactive flat-panel display (IFPD)? It is a replacement for projector technology large-format touchscreen display; it is ideal for meeting rooms and collaborative spaces. It is a higher-quality display with enhanced connectivity and built-in software solutions.
- As per the Q4 2020 research report from Futuresource Consulting, as of December 2020, the company is #4 in market share for IFPDs in EMEA, #3 in the U.K., #1 in Australia and Denmark, and #5 in the U.S.

- In Australia, the company has grown from almost nowhere to become the number one brand in IFPDs over the past 18 months.
- The company believes that it offers the most comprehensive product portfolio in today's education technology industry, along with best-in-class service and technical support.

How big is the industry?

- The IFPD market in EMEA is currently worth \$1.26 billion per annum.
- The U.S market for IFPDs is marginally bigger than EMEA at \$1.27 billion.

3. The only manufacturer to meet the stringent requirement – US/Israeli Army

- The US Army, in connection with the Israeli Defense Forces, found the Boxlight Group to be the only manufacturer able to meet the stringent requirements, leading not only to the original multi-year contract but to extensions for favorable execution and performance.
- In addition, the company custom built 4,000 projectors for the Israeli Defense Forces.

4. The only supplier based out of US among top five suppliers

- Boxlight is the only top-five IFPD supplier in the U.S. that is not directly owned by a foreign entity. The other four providers are either Chinese or Taiwanese-owned.

- The company has started to educate its partners and end-users on the importance of security and data sovereignty.

5. Significant changes under the watch of new CEO

In March 2020, the company appointed Michael Pope as CEO. Here is the list of significant changes the company executed under his leadership.

(a) Significant management changes

After the appointment of Pope as CEO, the company experienced significant management changes.

- March 2020: President and Head of Global Sales
- Sep 2020: Vice President Sales, North America
- Sep 2020: Vice President Sales, Platforms & Services
- Sep 2020: Vice President, Strategic Accounts.
- Nov 2020: Chief Technology Officer
- Nov 2020: Chief Financial Officer

(b) Big-ticket acquisition of Sahara Presentation Systems

On September 24, 2020, the company acquired Sahara Presentation Systems for \$74 million.

- Sahara has a strong presence in the EMEA interactive flat panel display (IFPD) market selling into education, health, government, military and corporate sectors.

- Profitable business: Sahara Presentation's revenue in 2020 was \$54.8 million and the pro-forma revenue with Sahara's acquisition was \$119 million.

(c) Relationship with Samsung

- In August 2020, the company entered into a strategic partnership with Samsung to bundle classroom displays, classroom software and professional development for the education market.
- Over the last several months, the company has developed MimioConnect software so that it can be deployed directly on Samsung's ties and operating system.
- The company expects that all Samsung IFPDs in the education market will ship with the MimioConnect companion app from this summer.
- The company has also developed a go-to-market plan with Samsung so that both sales teams have the ability to sell the solution into the channel. The CEO noted that this has not been a quick task, as changing the go-to-market sales processes within Samsung, a \$200 billion company is complex and has taken a huge amount of effort over the past 6 months.

(d) Appointment of an executive to capture non-K-12 opportunity

- Since the corporate sales enjoy a 45% gross margin (based on Q4 2020), and given the fact that the non-K-12 opportunity is significant, the company has decided to launch a dedicated sales team in the U.S. with the sole focus of developing these market opportunities.

- In September 2020, the company appointed Dan Deem as SVP of corporate sales in the U.S. Prior to this role, Mr. Deems spent three years as senior director of visual systems sales at Panasonic.

(e) Appointment of an executive to capture US K-12 funding

- In November 2020, the company appointed Don Gemeinhardt as director of strategic funding and grants to provide an additional resource to K-12 school districts in need of support to access various education grants.
- A significant amount of emergency funds are being made available for education as a result of COVID-19. In the U.S., the \$2.2 trillion CARES Act provided \$30.7 billion for education. The \$900 billion COVID Relief Act, signed into law in December, provided a further \$82 billion.
- The company estimates roughly \$3K for every school child in public education in the U.S. and about \$70K per classroom is available. All the solutions that Boxlight sells in the U.S. are eligible for these funds.

(f) Strong recent quarterly financials

- Revenues increased by 437% to \$31.9 million
- Customer orders increased by 453% to \$33.2 million
- Gross profit margin was 11.2%, as adjusted for the net effect of acquisition-related purchase accounting; it increased to 26.4%, an improvement of 84 basis points

- Net loss per common share improved by \$0.9 to \$(0.17)

OTHERS Awards

- During the fourth quarter of 2020, the company received three awards from THE Journal's Best New EdTech Product Awards for the company's MimioConnect Blended Learning Platform as Best Remote and Distance Learning Program, and the company's MyStemKits Virtual STEM Kits for both Best Robotics System/Curriculum and Best STEM/STEAM Program/Curriculum.
- Awarded Best of Show at ISTE 2020 for our MimioConnect Blended Learning Platform, MimioSTEM
- In 2020, UX Pro won Collaboration Innovation of the Year from AV News Awards, Best in Show for InfoComm

Awards and AvTechnology Europe Best of Show at ISE.

- IMPACT Plus won Innovation Design, high-quality, functionality, ergonomics and ecology from Plus X Awards in Germany, Collaboration Innovation from AV News Awards, Best in Show at InfoComm from Tech & Learning magazine, Best at Show at InfoComm from Installation magazine and Best at ISE Show from Installation.
- In 2019, Clevertouch won Interactive Display of the Year at AV Magazine's AV Awards, Keiba Awards, Best of Show from Installation and best of Show for IMPACT Plus at Best of Show Tech&Learning awards, as well as the Pro Series Technology for Conferencing and Collaboration at the Innovation Awards, and the AV Display Innovation of the Year at the AV News Awards.

Industry Recognition

TECH & LEARNING BEST OF SHOW 2020 WINNER

2020 Tech & Learning 3 Best in Show Awards

- MimioConnect
- MyStemKits & Robo 3D
- Boxlight EOS PD

THE JOURNAL 2020 NEW PRODUCT AWARDS WINNER

2020 THE Journal 3 New Product Award Winners

- MimioConnect
- MyStemKits
- Mimio MyBot

TECH & LEARNING AWARDS OF EXCELLENCE WINNER

2020 Tech & Learning 2 Awards of Excellence

- MyStemKits
- Distance Teaching PD

2020 BEST OF SHOW InfoComm SPECIAL EDITION Installation WINNER

2020 Best in Show IMPACT Plus UX Pro

2020 BEST OF SHOW InfoComm SPECIAL EDITION AVTECHNOLOGY WINNER

2020 Best in Show UX Pro

AVnews AWARDS 2020 WINNER

2020 Collaboration Innovation of the Year IMPACT Plus

BEST OF SHOW AWARDS 2020 Installation WINNER

2020 Installation Best in Show ISE Impact Plus

BEST OF SHOW AWARDS 2020 AVTechnology WINNER

2020 AV Technology Europe Best of Show ISE UX Pro

Boxlight Corporation | February 2021

GEE Group Inc. (JOB): Repayment of debt and insider buying

Market Cap: \$64 million | GEE Group Inc. is a provider of specialized staffing solutions

The company provides permanent and temporary professional, industrial and physician assistant staffing and placement services.

- The Company's contract and placement services are principally provided under two operating divisions or segments:
 - o Professional Staffing Services (86.5% of revenue)
 - o Industrial Staffing Services (13.5% of revenue)

On April 23, 2021, Lind Global Macro Fund LP disclosed a 7.4% passive stake in the company.

What we like?

1. Insider buying

After the stock price crash from \$1.3 per share in April 2021 to \$0.58 per share on April 15, 2021, the company's CEO, CFO, and two directors bought approximately 0.48 million shares in the open market at approximately \$0.6 per share.

2. Repayment of debt

- In June 2020, the company eliminated approximately \$47.4 million in leverage, consisting of subordinated debt (\$19.7 million) and preferred stock mezzanine financing (\$27.7 million) as an initial step in the deleveraging process.

- In April 2020, the company raised \$50 million through an equity offering and used the amount to repay the debt.
- Overall, the company has reduced its outstanding indebtedness by approximately \$103 million. Also, the company expects to save over \$12 million per annum in interest and finance expenses as a result of the debt reduction transactions.

3. Largest staffing firm

In 2019, the company was ranked by staffing industry analysts (SIA) as one of the largest staffing firms in the United States.

4. Roll-up strategy under the CEO's tenure

Derek Dewan has been serving as the CEO since April 2015.

i) Track record

During his tenure as CEO, Derek led the sale of two staffing companies. a) He served as CEO of Scribe Solutions from July 2014 to April 2015 and sold it for \$7.7 million. b) He served as CEO of MPS Group and its predecessor from 1994 to 2010 and sold it for \$1.3 billion in January 2010. During his tenure as CEO of MPS Group, the company's revenue increased from \$401 million in 1994 to \$2.2 billion in 2008.

ii) Roll-up strategy

- Prior to the appointment of the CEO, the company's revenue hovered between \$37 million and \$47 million. Subsequent to his appointment, the

company's revenue increased from \$43 million in FY 2015 to \$165 million in FY 2018.

- Since 2015, the company has completed four acquisitions.
- In FY 2019 and FY 2020, the company's revenue declined by 8.2% and 14.4%, respectively.

iii) CEO Compensation

- In the last two years (2020 and 2019), the CEO did not receive any sort of compensation except his base salary of \$300K.
- In June 2018, the company granted 600,000 restricted shares of common stock to Mr. Dewan. Except for this re-

stricted stock award and his base compensation, he did not receive any other compensation in 2017 and 2018.

Overall-

- The company's 2019 revenue declined due to office consolidations and office closures and other reductions in its core workforce that were undertaken by the company to improve profitability.
- The company's revenue in FY 2020 and 1st quarter 2021 declined due to the COVID-19 pandemic.
- The company is waiting for the economy to emerge from the current pandemic.

Award Winning Service

GEE Group

GEE's brands are known and recognized for providing outstanding service to clients

GEE Group's SNI Companies' four main brands are Continual Winners of ClearlyRated's Best of Staffing® for Client and Talent Satisfaction including for 2021!

SIA 2020
Largest Staffing Firm in the US

GEE Group Named One of the Largest Staffing Firms in the U.S. for 2020 by Staffing Industry Analysts

BEST
Staffing Firms to Work For

Agile Resources Named One of the Best Staffing Firms to Work for by Staffing Industry Analysts

Customer Testimonials

"I enjoyed working with the entire GEE Group Inc. team. The entire experience was totally professional and absent of the customary search firm ticks and gimmicks. They took a personal interest in matching the needs of our position with the right candidate. I highly recommend GEE Group Inc."
- Avitdas, President & CEO







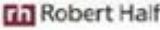

















"I have been impressed with the dedication and professionalism of the recruiter as well as the personal attention shown. It would be challenging to choose a single service interaction as each time I had communication with my recruiter I experienced exceptional customer service."
- Jason L. Regional Manager, Global Security

"From our first conversation with the team at SNI, we were struck by their extraordinary customer service. They took the time to get to know our nonprofit organization, our company culture and the specific needs we had in an accounting professional. They fielded wonderful candidates, were available onsite during interviews, provided detailed follow-up information and always had our best interests in mind. I would highly recommend the professionals at SNI. They are more than a recruiting firm, they are exceptional partners!"
- Karl Luther, President and CEO

GEE Group | March 2021

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Competitive Landscape

	Competitors	GEE Group's Competitive Strengths
IT	       	<ul style="list-style-type: none"> ✓ World-class applicant tracking system ✓ National recruiting call center helping fulfill jobs throughout the country ✓ Experienced and skilled recruiters with knowledge of the sector and projects combined with tenured, relationship focused sales teams
FA&O	     	<ul style="list-style-type: none"> ✓ Best in class people, process and service delivery backed by a world class applicant tracking system with a deep pool of professionals ✓ Long standing relationships with proven performance ✓ Experienced staff and hands on approach to ensure clients' needs are met
Engineering	    	<ul style="list-style-type: none"> ✓ Develops long-term relationships ✓ Extensive experience in technical and professional recruiting ✓ Utilizes sophisticated applicant tracking tools, systems and processes to ensure a steady stream of high quality applicants for clients
Healthcare	 	<ul style="list-style-type: none"> ✓ Scribe Training Program develops quality scribes with an excellent knowledge base and who can adapt to any documentation system ✓ Understand the demands physicians face and provide efficiency and accuracy
Light Industrial	  	<ul style="list-style-type: none"> ✓ Dedicated transportation service for all associates maximizes productivity at the client facilities ✓ Tenured local leadership and staff with a reputation for being consistent and credible ✓ Customizable services to meet client needs

Whole Earth Brands, Inc. (FREE): Signs of moat

Market Cap: \$501 million | Whole Earth Brands, Inc. is a global food company enabling healthier lifestyles by providing access to premium plant-based sweeteners, flavor enhancers and

Basics

- Branded CPG (64% of revenue) - focused on building a branded portfolio oriented toward serving consumers seeking zero-calorie, low-calorie, natural, no-sugar added and plant-based products. (Whole Earth®, Pure Via®, Swerve®, Canderel® and Equal®)
- Flavors & Ingredients (36% of revenue) - products provide a variety of solutions to its customers including flavoring enhancement, flavor / aftertaste masking, moisturizing, product mouth feel modification and skin soothing characteristics

What we like

1. Signs of moat in the sweetener industry

a) Brand awareness:

- The company's brand presence in its top markets - #4 in U.S., #1 in France, #1 in the U.K., #1 in Australia, #2 in Argentina, #1 in South Africa, and #1 in Thailand.
- Long-standing brands: The Company's flagship products in low-calorie sweetener brands, Canderel® and Equal®, have been in the market since 1979 and 1982, respectively.
- According to AC Nielsen retail data, Canderel® is a top-five sugar-free sweetener in the US, and Equal® is the

leading sugar-free sweetener in France, Belgium, the United Kingdom, and South Africa.

b) Market share: The Company enjoys an 11.7% market share in North America in natural sweeteners. Interestingly, the market share increased from 7.9% in 2017 to 11.7% in 2020.

c) Recent acquisitions strengthen its position: The below recent acquisitions significantly shifted the company's portfolio mix toward natural sweeteners, which now represent approximately 88% of its North American Branded CPG business.

- #1 organic sweetener brand: On February 8, 2021, the company closed on its acquisition of Wholesome, the #1 organic sweetener brand in North America.
- On November 10, 2020, the company closed on its acquisition of Swerve, L.L.C and Swerve IP, L.L.C.

d) Barriers to entry: The Company believes that the entrance of a new competitor using existing sweetening ingredients would find it challenging to overcome a highly loyal consumer base, established relationships with worldwide trade and distribution networks, the expense of brand building and lack of product differentiation.

2. Signs of moat in the flavors & ingredients industry

- Licorice derivatives are used to provide flavor, to mask undesirable tastes and to extend and intensify the sweetness and other flavors.
- Founded in 1850, Mafco Worldwide has been a leading global manufacturer

and supplier of licorice derivative and extract products.

- **Customized product:** As of December 31, 2020, the company has sold over 400 customer-specific licorice products, consistently meeting demanding taste, chemical, physical, microbiological and regulatory specifications and standards.
- **Exclusive supply contract:** The Company has an exclusive supply contract to purchase the output of licorice extract and certain licorice derivatives from a manufacturer with facilities in Uzbekistan.
- **Two years' inventory:** To avoid disruption in supply, the company maintains sufficient licorice raw material inventory and open purchase contracts to meet normal production needs for two years.

- The ingredients account for a small amount of the customer's cost of sales. The principal competitive advantage stems from the availability, supply security, and proprietary formulation. Given the fact that the company has an inventory for two years of demand and does customized licorice products, it is hard for a newcomer to disrupt the market.

3. Significant product innovation

- The company's new product launch fuels the long-term organic growth of the company.
- The company claims that in FY 2020, 16% of total sales are from new products (three-year rolling innovation).

Market Leading Brands and Product Platform for Today's Consumer



Source: Company Materials

WHOLE EARTH BRANDS
Open a World of Goodness™

Supplemental Earnings Presentation | 4Q20 | March 16, 2021

5

Market Leading Brands and Product Platform for Today's Consumer

Branded CPG		Flavors & Ingredients
	Sweeteners	
Products	Sugar-substitutes and Natural sweeteners	Natural, no sugar added / reduced sugar CPG foods
Brands	     	
Common Uses	<p>BAKING</p>  <p>BEVERAGE & FOOD CONSUMPTION</p> 	

Source: Company Materials

Charah Solutions Inc. (CHRA): Significant reduction in debt

Market Cap: \$152 million | Charah Solutions, Inc. is a leading provider of environmental services and byproduct sales to the power generation industry.

1. Recurring service coupled with environmental compliance

- Coal-fired power plants consistently generate various waste byproducts throughout the power generation process: fly ash, bottom ash, and boiler slag.
- Coal ash management is mission-critical to coal-fired power plants' daily operations as they generally have on-site storage capacity for only three to four days of CCR waste accumulation.
- Moreover, power plants are highly regulated by environmental authorities.
- Power plant operators typically engage specialized service providers to conduct this critical recurring activity on-site alongside their personnel operating the plant.

2 High renewal rate, deep relationship and gross margin visibility

- High renewal rate: Over the last five years, the company's renewal rate for fossil services contracts has been approximately 90%.
- Embedded relationship: The Company's co-location and integration into the customers' daily operations result in direct relationships with key decision-makers at every level of the customers' organizations. This embedded partnership deepens customer connectivity and drives longer customer tenure. In some cases, these relationships have spanned over 20 years.

- Gross margin visibility: More than 90% of the services' work is time- and materials-based, cost reimbursable, or unit price contracts, which significantly reduces the risk of loss on contracts and provides gross margin visibility.

3. Limited competitors in a national scale

- The company operates in more than 20 states, whereas many of its competitors are localized.
- Moreover, the company claims that it has a limited number of competitors with a national scope.

4. Byproducts

- The company generates roughly 37% of total revenue from the sale of byproducts.
- Byproduct sales include the recycling of recurring and contracted volumes of coal-fired power generation waste byproducts, such as bottom ash, fly ash, and gypsum byproduct, each of which can be used for various industrial purposes.
- Note: After acquiring SCB International's ash beneficiation and mineral grinding technologies, the company significantly increased its sales from the byproduct.

Why are we flagging now?

1. Significant reduction in debt

On November 19, 2020, the company sold its subsidiary, Allied Power Holdings LLC, for \$40 million and used its net proceeds to repay debt.

2. Huge award win

From the fourth quarter of 2020 through March 2021, the company has converted just under \$1 billion of its pending bids pipeline into new long-term awards, including \$433 million of new business awarded in the fourth quarter, underpinned by the Dominion Energy beneficial use project. In the first three months of this year, the company has received additional awards totaling more than \$500 million, driven mainly by two long-term remediation projects for a large south-eastern utility.

- In 2020, the company won approximately \$715 million in contracted new awards, the largest in the company's history, compared to \$430 million in 2019 and \$106 million in 2018.
- In January 2021, the company was awarded a large-scale, 12-year marketing contract by Dominion Energy for the beneficiation and utilization of up

to 8.1 million tons of reclaimed ponded coal ash at its Chesterfield Power Station in Chester, VA. The beneficiated ash will be distributed through the company's MultiSource® materials network.

<https://ir.charah.com/investors/news/news-details/2021/Charah-Solutions-Awarded-Large-Scale-12-Year-Ash-Marketing-Contract-by-Dominion-Energy-for-Beneficial-Use-of-8.1-Million-Tons-of-Reclaimed-Ponded-Coal-Ash/default.aspx>

- As per the company's presentation, +\$3 billion in pending bids with awards expected in the near-term and insight into an additional \$7 billion of projects are to be awarded between now and the end of 2022.

VieMed: Growing revenue and high margin rental business

Market cap: \$378 million | VieMed provides equipment and home-based healthcare to serve patients with Chronic Obstructive Pulmonary Disease (COPD) and other respiratory issues.

Basics

- The company generates roughly 81% of total revenue from the rental of ventilator products.
- Non-invasive ventilators require substantial clinical expertise since the patient's condition can deteriorate over time. The accepted standard of care includes the expertise of a respiratory therapist to make regular home visits to ensure that the ventilator settings and interfaces are appropriate for the patient, particularly as the patient's needs change. Their services are covered through the monthly payment to home medical equipment suppliers, which also includes the cost of the equipment, servicing and maintenance, and accessories.
- The company's licensed RTs currently serve patients in 39 states.
- As of December 31, 2020, the company employed 262 licensed RTs, representing more than 51% of its company-wide employee count.

What do we like?

1. Revenue is growing even after removing one-time COVID-related sales

- The company claims that it is highly profitable, with a 45% CAGR in revenue growth since 2010.

- Excluding COVID-19 response sales and services, net revenue in 2020 increased \$16.7 million (or 20.8%) from the comparable period in 2019.
- Adjusted EBITDA increased from \$11.5 million in 2017 to \$41.3 million in 2020.

(\$,mm)	2017	2018	2019	2020
Revenue	46.9	64.5	80.3	131.3
COVID-revenue	0.0	0.0	0.0	17.1
Adj. revenue	46.9	64.5	80.3	114.2
Revenue growth		37%	25%	42%

2. Focus on organic revenue and self-funded

- The company expects to use an organic growth model whereby expansion is accomplished through existing service areas as well as in new regions through a cost-efficient launch that reduces location expenses.
- The company's primary sources of capital to date have been from operating income and the leverage of its manufacturer credit lines, and to a lesser extent, access to bank term loans.

3. Rural focus

Seventy five percent of the company's business is in rural sectors of the country.

4. CMS removed non-invasive vents from competitive bidding in April 2020

- Medicare covers non-invasive ventilators for neuromuscular disease, thoracic restrictive disease, and respiratory failure due to chronic obstructive pulmonary disease (COPD).
- Since its inception, non-invasive ventilators are covered under competitive bidding and are considered "respiratory assist devices" by CMS, even though the FDA classifies them as ventilators. They are paid under the statute's capped rental category.
- The "Competitive Bidding Program" changes the amount Medicare pays for certain durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS).
- In April 2020, CMS removed non-invasive ventilators from the competitive bidding that was scheduled to take effect on January 1, 2021.



OBJECTIVES FOR NEXT 24 MONTHS



- Grow active patient base while entering new target states through geographic expansion
- Roll out results of the third-party KPMG and Precision Health Economics research studies referral sources and payors in order to save more lives and increase penetration
- Diversify payor base – specific focus of bringing our solution to the VA and other commercial payors
- Expand technology capabilities in order to capture useful patient data and increase length of stay
- Expand service offerings and home-based product offerings to service additional disease states
- Pursue strategic acquisitions to augment strong organic growth model
- Provide holistic patient care through Viemed Clinical Services

National Research Corporation (NRC): Signs of moat; CEO's base salary is not hiked for more than 15 years

Market Cap: \$1.2 billion | National Research Corporation (NRC) is a leading provider of analytics and insights that facilitate measurement and improvement of the patient and employee experience while also increasing patient engagement and customer loyalty for healthcare organizations.

Basic

a) Voice of the customer ("VoC") (73% of revenue)

- Market Insights solutions are subscription-based services that allow for improved tracking of awareness, perception, and consistency of healthcare brands and real-time assessment of competitive differentiators.
- Experience solutions are provided on a subscription basis via a cross-continuum VoC platform that collects and measures data and then delivers business intelligence.
- Transparency solutions allow healthcare organizations to share a picture of their organization and ensure that timely and relevant content informs better consumer decision-making.

b) Legacy business (27% of total revenue)

- The company generates roughly 27% of total revenue from legacy experience and governance solutions.
- The company also provides legacy experience-based solutions and shared intelligence from industry thought

leaders and the nation's largest member network focused on healthcare governance and strategy to member boards and executives.

What we like:

a) Sustainable revenue model:

- The solutions provided by the company are also recurring in nature. The combination of subscription-based revenue, a base of ongoing client renewals and automated platforms creates a highly visible and scalable revenue model.
- The company believes that its exclusive focus on healthcare and serving the unique needs of healthcare organizations gives the company a distinct competitive advantage compared to other survey and analytics software providers.

b) Largest in the market:

- Market Insights is the largest U.S. healthcare consumer database of its kind, measuring the opinions and behaviors of approximately 300,000 healthcare consumers across the contiguous United States annually.
- The company also has the most extensive network explicitly focused on healthcare.

c) Limited competitors

The company claims that only a few competitors have offered specific services that compete directly with the company's solutions.

d) Owner-operator

- Michael D. Hays, the company's CEO, founded the company in 1981.
- Mr. Hays owns roughly 54% of the o/s shares of the company.
- His base salary is \$127K, which has remained the same since 2005.

e) Stellar financial performance

- The company's revenue grew from \$109 million in FY 2016 to \$133.2 million in FY 2020.
- The company's operating income margin increased from 28% to 33% in 2019 and decreased to 32% in FY 2020.

f) Recent problem

In 2020, the company's revenue growth was partially offset by revenue reductions due to COVID-19, as some clients have reduced or eliminated the services they purchase from the company as cost-reducing measures.

Third-party review sites have left a large imprint on consumer culture. Customers for all businesses — including healthcare — now expect to find reviews on sites like Yelp, Facebook, Healthgrades, and Vitals.

But these sites present problems for healthcare organizations because none of them can verify actual care experiences. There's no way to know if a patient who left a review on one of these websites ever saw the provider in question.

They also tend to capture the extreme voices of the most positive and negative patients, and they typically suffer from a *quantity* problem.

After analyzing the online ratings and reviews of more than 20,000 practicing physicians, we found that Facebook leads the pack, with an average of only **8 unverified ratings per provider**.

This pales in comparison to the large number of verified ratings being published annually by NRC Health. In the past two years, NRC Health has published more patient ratings than Facebook, Yelp, Google, Healthgrades, Vitals, RateMDs, WebMD and **all other online ratings websites, combined**.

We're currently publishing more than 600,000 new verified patient ratings and reviews each month. In fact, NRC Health recently published its 10 millionth verified patient rating, on the Cleveland Clinic website. This milestone equates to an average of **123 verified ratings per provider**.

The ratings and comments published by NRC Health come from verified patients who saw a provider and completed an independently administered patient experience survey during the past 12 months. And the majority of these surveys are federally-regulated.

Trained auditors screen every patient comment for profanity, libel, or Protected Health Information (PHI) that could compromise patient confidentiality. However, every patient rating counts toward a provider's overall rating, even if the patient comment cannot legally be shared with the public. This means that healthcare consumers can trust every rating that gets published.

Best of all, these ratings appear directly on each organization's own website and provider profile pages. This helps paint a more accurate picture of patient satisfaction than currently exists online, and turns the healthcare organization's website into the most trusted source for ratings and reviews about their doctors anywhere on the web. That's an essential step toward earning consumer and patient trust.

Source: August 28, 2017,
<https://nrchealth.com/8-10-healthcare-organizations-choose-nrc-health-transparency-partner-heres/>

NN, Inc. (NNBR): Turnaround by the new management team; 80% reduction in debt

Market Cap: \$314 million | NN, Inc., (NASDAQ: NNBR) is a diversified industrial company. It designs and manufacture high-precision components and assemblies for a variety of markets on a global basis.

During 2020, the company experienced a decline in sales volume as a result of lower demand during the COVID-19 pandemic.

What we like:

1. Significant management and board shake-up

- In February 2019, Legion Partners entered into a cooperation agreement with the company. As of now, seven out of eight directors were appointed on or after 2019.
- Subsequently to the involvement of Legion Partners, the company hired a new CEO and CFO. Moreover, three out of the top five executive officers are new.

As of March 2021, Legion Partners owns a 7.4% stake in the company.

Legion Partners' average purchase cost: \$9.70/share

Current stock price: \$7.30/share

- Narrow downing losses

(\$, mm)	Revenue	Operating loss
3M March '20	199.7	-245
3M June '20	150.4	-8.20
3M Sep '20	113.7	-1.40
3M Dec '20	119	-0.90

2. Significant changes under new management

(i) Operational improvements

- Elimination of dividend: In October 2019, the company eliminated quarterly dividends, and it helped the company save approximately \$8-\$9million in 2020.
- SG&A costs - In October 2019, the company announced its process to streamline its facilities to reduce overall SG&A costs.
 - Terminated lease on 45,000 sq. ft. of underutilized office space.
 - In 2020, the company's SG&A costs as a % of revenue decreased from 14.0% in 2019 to 13.5%.
 - In 2020, the company negotiated with certain lessors to defer rent payments on leased buildings. In total, \$0.5 million of operating lease payments for continuing operations are being deferred over a period ranging from April 2020 to December 2020 and will be repaid over a period ranging from June 2020 through December 2022.
- Cut in Capex: Total capital expenditures for 2020 were \$15.9 million, or 3.7% of sales, versus \$32.6 million, or 6.7% in the prior year.

(ii) 80% debt reduction

- In October 2020, the company sold its Life Sciences business for approximately \$753.3 million.
- The proceeds reduced the company's debt from \$852 million in 2019 to approximately \$170 million in 2020.

(iii) Free cash flow

- The company claims that it improved the cash flow by approximately \$32 million in 2020.
- The company expects that the reduction in annual cash interest expenses on the debt will be approximately \$50 million.

3. Competitive advantage

The company believes that its production capabilities provide a competitive advantage as few other manufacturers are capable of meeting tolerance demands at any volume level requested by its customers.

- High-switching cost: The Company's engineering team works with the company's customers to provide specific design specifications for a given application. The close working relationship with customers developed significant trade secrets in designing.

As an added benefit, customers generally fund development, prototypes, and manufacturing tooling expenses.

- Long-term relationship with top customers: Relationships with top ten customers, in terms of revenue, average more than ten years. In 2020, the company's top ten customers accounted for approximately 45% of net sales.

4. Projection/Goal

In the latest investor presentation (Q4 2020), the company announced that it expects:

- Revenue to grow at a CAGR of 7.5% in the next five years to over 600 million.
- Targeted adjusted EBITDA as a% sales between 16% -18% by 2021.

Overall-

- The company's mobile segment (60% of revenue) is declining, and the power segment (40% of revenue) is growing at a lower rate. As such, it is hard for the company to grow organically to achieve its revenue target of \$600 million in 2025.
- In a recent conference call, the CEO hinted about executing acquisitions that could complement its business.

Sonim Technologies, Inc. (SONM): Significant changes after the appointment of new CEO

Market Cap: \$64 million | Sonim Technologies is a leading U.S. provider of ultra-rugged mobility solutions designed specifically for task workers physically engaged in their work environments, often in mission-critical roles

I. Significant management changes

Four out of six top executives were appointed between September 2019 and December 2019.

- CFO: September 2019
- CEO: October 2019
- EVP - Sales: October 2019
- Chief Marketing Officer: December 2019

II. New CEO: Track record, new transaction bonus and significant changes after his appointment

(a) Track record of the new CEO

In October 2019, the company appointed Wilkinson as CEO.

Mr. Wilkinson served as CEO of Zebra Technologies from October 2017 until the sale of the company to Xplore Technologies in 2018 for roughly \$90 million.

(b) Notable transaction bonus plan: CEO gets 5% of total consideration upon change in control

In December 2019, the company approved a transaction bonus plan.

- Pursuant to the plan, upon consummation of a change of control transaction,

executives will get 10% of the consideration payable to company stockholders.

- Out of the 10% bonus pool, the company's CEO would get 50%.
- As such, we can conclude that the CEO would get 5% of the consideration payable to the company's stockholders.

III. Significant changes after the appointment of the new CEO

(a) Outsourcing

- Since December 2020, the company began its transformation of manufacturing with ODM partners. It is expected to be completed by April 2021
- In December 2020, the company entered into an agreement to move manufacturing of its XP3, XP5, and XP8 devices to Unicair Communication Technology, an ODM based in China. It is expected to save more than \$450K in cost per quarter.
- In December 2020, the company agreed to transfer its India-based software development resources to Coforge.
- The company outsourced its final assembly to a supply chain partner and transferred twenty-two employees to that partner to enhance their efficiency in taking over its production work.

(b) Massive layoff: The company reduced its global headcount by roughly 37%, from approximately 500 employees at the end of 2019 to 317 as of December 31, 2020.

(c) Relocation of HQ: Relocated headquarters from San Mateo, California, to Austin, Texas - a lower-cost location.

(d) New products

- Ruggedized barcode scanner: The Company launched rugged SmartScanner devices (RS80 - eight-inch tablet with an integrated barcode scanner) in February 2021 (North America and Europe).
- Pipeline: The Company also expects to launch updated versions of the XP3 and XP5 in Q2 2021.

(e) Focus on Europe

- Even though the company's first mobile device was introduced primarily in Europe in 2006, the company's Europe and Middle East revenue over the period of time has decreased from \$10.1 million in 2018 to \$1.9 million in 2020.
- Since Q3 2020 (conference call), the CEO started explaining the steps the company is taking to expand its operations in Europe.
 - Sep 2020 - Somin entered into a partnership with Push to Talk International (PTTI) - a leading supplier of Push-to-Talk-over-Cellular services in the UK and Ireland. PTTI is to provide Sonim's ultra-rugged XP8 Android smartphone to its customers.
 - Oct 2020 - Somin entered into a partnership with Capestone. This helped the company to expand the distribution of Sonim's ultra-rugged mobility solutions throughout Europe.

IV. Others

- Sonim is one of only three companies that have made a commitment to engineering Mission Critical Push-to-Talk (PTT), the newest and most effective technology that is crucial for first responder communications.
- The company claims that push-to-talk capabilities are not available in all competitive devices.
- Patent: The Company holds 22 utility and design patents in the United States and 11 outside the United States.

V. Current problems

- The company's revenue declined from \$136 million in FY 2018 to \$64 million in FY 2020, a staggering 52% decline within a couple of years. Smartphone unit sales declined from 160K in FY 2018 to a meagre 50K in FY 2020.
- In 2018, for the first time in the company's history, three of the four largest U.S. wireless carriers and the three largest Canadian wireless carriers decided to stock the company's products. Even though "technically" it is a sale, the largest wireless carriers "stocked" the company's product for future sale. So, the decline in revenue could be due to the "overstocking" problem.
- Overall, the company's stock price crashed by 97% in the last two years.

Why are we flagging this now?

1) Launch of rugged scanner

- In Nov 2020, the company announced the launch of the RS60 and RS80 rugged SmartScanner devices.

- In Q1 2021, the company began shipping the first of its smart scanner product platform, the RS80.

2) Small sign of recovery

Even though net revenue for the fourth quarter of 2020 declined by \$1.4 million when compared to the fourth quarter of 2019, it increased sequentially when compared to the third quarter of 2020. Shipment of XP8 increased by 42% on a unit basis over the prior quarter. This was partially offset by a decline in sales of our feature phones of about 19% on a unit basis versus Q3 2020.

3) Agreement with Synnex

In April 2021, the company entered into an agreement with Synnex to distribute the company's RS60 and RS80 rugged SmartScanners and XP8 ultra-rugged smartphone across North America.

“The past few months have seen a shift as Sonim pivots from a recent focus on cost reduction, to positioning Sonim for future growth through new product launches and investment in sales and marketing. We believe that the new products will allow us to enter markets that have a four-fold increase in our addressable market. We are hopeful that expanded sales capabilities in North America and now in Europe driven by including new distributors and efficiency of future production through ODM relationships will enable Sonim to deliver on that growth opportunity,” - Tom Wilkinson, CEO, March 10, 2021

Overall, this stock is worth monitoring. But, most importantly, we need to observe the sales from the rugged scanners and how the distribution agreement with Synnex helps the company to generate additional revenue.

Screening using keywords: Our new pilot project

This is our pilot project.

The objective of this project is to capture "significant events" and "significant changes" that are not captured in the remaining five screens that we run.

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

Note: For various reasons, the list of keywords and the process used are confidential.

Colony Credit Real Estate, Inc.: Termination of agreement with an external manager

Market cap: \$1.1 billion| Colony Credit Real Estate (CLNC) is one of the largest publicly traded commercial real estate (CRE) credit REITs.

On April 4, 2021, the company terminated its management agreement with Colony Capital.

Upon the closing of the termination transaction, the company will cease to be externally managed and will no longer pay management or incentive fees to the manager for any post-closing period.

- **\$102 million termination fees:** The Company will pay a one-time termination fee of \$102.3 million, in cash.
- **Expected cost savings:** The Company currently anticipates generating operating cost savings of approximately \$14 to 16 million per year.
- **Management and board:** The Company's executive team is expected to remain unchanged. Colony Capital's board representatives will cease to have affiliated representatives on the board at the 2021 AGM.

This process is expected to close in the second quarter of 2021.

Accounting problems: Restatement, NT & Reportable events (audit firm change)

Ebix Inc (NASDAQ: EBIX) filed its delinquent filings

Market Cap: \$769 million | Ebix, Inc. (NASDAQ: EBIX) endeavors to provide on-demand software and e-commerce services to the insurance, financial, healthcare and e-learning industries.

I. Accounting fiasco

a) Audit firm resigns due to disagreement:

- On February 19, 2021, the company announced that RSM US resigned as an accounting firm.
- RSM informed the company that there was a disagreement with a pending acquisition - in December 2020, the company transferred \$30 million to a commingled trust account of its outside legal counsel that was not under the direct control of the company and classified the funds as cash or cash equivalent on its balance sheet. RSM argues that these funds could not be classified as cash or cash equivalent but could be classified as other current assets.
- Moreover, RSM resigned as a result of being unable, despite repeated inquiries, to obtain sufficient appropriate audit evidence that would allow it to evaluate the business purpose of significant unusual transactions that occurred in the fourth quarter of 2020. RSM also stated that the company's internal control over financial reporting was not effective.
- Share price crash: On this news, the company's share price crashed by 40%.

b) Delinquent filing

On March 01, 2021, the company announced that it would delay its 10-K for 2020.

c) New audit firm:

On March 5, 2021, the company appointed KGS as its new accounting firm.

II. Current update

Filed Delinquent filing

On April 27, 2021, the company filed its delinquent annual report filing for the year 2020.

Status: There are no pending filings.

Our comments:

a) Problem over \$30 million cash balance

How to account for the \$30 million that was transferred to a trust account on account of an acquisition is not a result of fraud or misappropriation. It is a matter of difference of opinion over the usage of accounting principles.

b) Unusual items

The audit firm expressed its concerns over the transactions related to the company's gift card business in India. It also added that the management did not have the necessary control over the gift or prepaid cards.

- It is not significant: The unaudited operating income from the gift card business was less than \$1.4 million for the full year 2020 and less than \$1 million for Q4 2020. So, this is not a significant amount.
- Even though it is not significant, is there any misappropriation? As of now, no misappropriation has been reported. In Q4 2020, the company's gift card business revenues grew substantially due to the increased use of digital money in India during the Covid-19 pandemic.

Emmaus Life Sciences, Inc. (EMMA): Delinquent filing

Market Cap. \$71 million | Dolphin Entertainment, Inc. (NASDAQ: DLPN) is a leading independent entertainment marketing and premium content production company.

SIGNIFICANT SITUATION

Delinquent filing

On March 31, 2021, the company [announced](#) that it would delay its annual report on Form 10-K for the period ending December 31, 2020.

The company anticipates filing its Form 10-K on or by April 15, 2021.

On this news, the company's share price crashed from \$1.71 per share on March 31, 2021, to \$1.45 per share on April 01, 2021.

Status: Pending

13D

A10 Networks, Inc. (ATEN): Significant changes after the involvement of VIEX Capital

Market Cap. \$664 million | A10 Networks (NYSE: ATEN) is a leading provider of secure application services and solutions.

Example of product portfolio/services:

- a) Advanced server load balancing
- b) SaaS platform designed to boost the delivery and security of applications and microservices across public, private, and hybrid clouds; solution provides high-volume, large-scale protection for customers' networks and server resources against massive DDoS attacks.
- c) Eliminates the inherent blind spots created by SSL encryption

I. Significant changes after the involvement of VIEX Capital

a) Majority board change

- In March 2018, VIEX Capital secured a board seat, and in July 2019, the company secured another board seat (Eric Singer).
- In November 2019, the company entered into another letter agreement with VIEX Capital, and the company appointed a new CEO.
- Between March 2018 and April 2020, a few of the company's incumbent directors resigned, and the company appointed new directors. As of April 2020, four out of seven directors were new.

b) CEO change: In November 2019, the company appointed Dhruvad Trivedi as CEO.

c) Recent turnaround: Five consecutive quarterly revenue growth; profitability

- Revenue in the first quarter of 2021 was \$54.8 million, up 2% year-over-year.
- Q1 2021 quarter marks the company's fifth consecutive quarter of organic growth.
- In Q1 2021, the company's adjusted EBITDA grew by 80.9% and its EPS by 135% compared to the first quarter of last year.
- After a series of losses, the company reported an operating profit and net income in FY 2020.
- Total operating expense declined by 14.5% and 12.8% in 2019 and 2020 (adjusted for restructuring expenses).

II. Additional notes

a) No debt with cash and cash equivalents to \$161 million.

b) Recurring revenue

- The recurring revenue discussions are mostly found in the conference call.
- Recurring revenue defined as support in subscription revenue grew 8% year-over-year to \$25.6 million in the first quarter of 2021.
- Recurring revenue on December 31, 2019, was \$94 million and grew to approximately \$105 million by the end of last year.

c) Significant customer base: The Company serves many Fortune 500 companies. It claims that it serves 10 of the top-10 telecom operators, 2 of the top-3 cloud providers, and 5 of the top-10 media companies.

d) Customer concentration: During the years ended December 31, 2020, 2019, and 2018, purchases from 10 largest

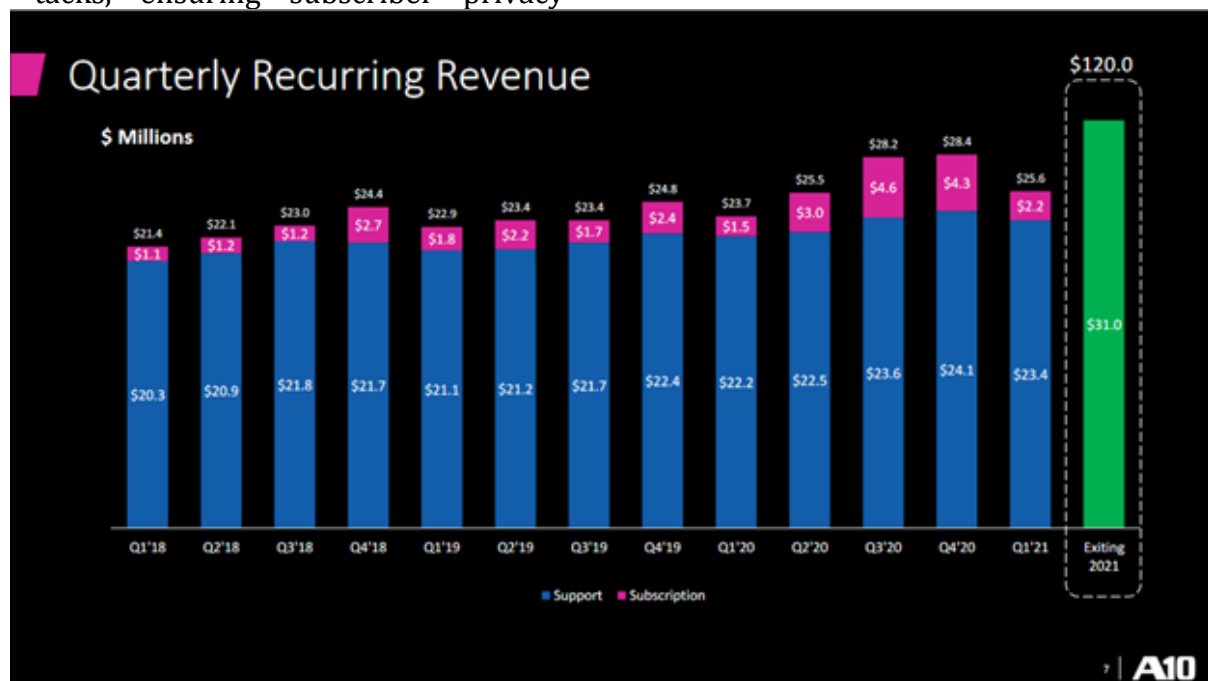
end-customers accounted for approximately 41%, 36%, and 37% of total revenue, respectively.

e) Awards

- March 18, 2021: A10 Networks received a Peer Award from IT Central Station for Thunder ADC based on the strength of customer reviews. IT Central Station's 2021 Peer Awards are based on an annual average of IT Central Station's ranking algorithm.
- June 18, 2020: The prize is in recognition of the DoH capability in Thunder CFW that provides end-to-end encryption for DNS queries for DNS servers, to protect against man-in-the-middle attacks, ensuring subscriber privacy

without any loss of performance or response speed.

- June 18, 2020: The prize is in recognition of the ability of A10 Thunder TPS Virtual to enable service providers to deploy flexible DDoS defense infrastructures that can gradually be expanded to address the scale of any DDoS attack.
- July 9, 2020: A10 Networks has been named a Leading Lights finalist for innovative technology that helps service providers maintain secure, network availability and protect networks against DDoS attacks during transition to cloud-native architectures and distributed (MEC) topology.



Huttig Building Products, Inc.: Worth a revisit after a rebound in residential construction

Market cap: \$169 million | Huttig Building Products, Inc., together with its subsidiaries, distributes millwork, building materials, and wood products for new residential construction, home improvement, remodeling, and repair work in the United States.

Background

After receiving an acquisition proposal (\$2.75 per share) from Mill Road Capita, In October 2020, 22NW issued a public letter expressing its belief that the offer price was far too low. Subsequently, the company rejected the acquisition proposal.

Why are we flagging it now?

1. Aaron English of 22NW argues that the company could be worth between \$9 and \$12 per share

In the letter sent in October 2020, Aaron English of 22NW argued that the company can achieve an EBITDA run rate of

\$32 million, and the stock could be worth between \$9 and \$12 per share.

2. Recent significant improvements

- Improved profitability in 2020: Even though revenue declined by 2.4% in 2020, operating expenses (excluding restructuring and goodwill impairment) decreased by 12.1% in 2020 compared to 2019. Moreover, adjusted EBITDA increased to \$20.1 million in 2020 compared to \$5.2 million in 2019.
- Revenue growth in the last couple of quarters: In Q4 2020, the company's revenue increased by 2.3%, and in Q1 2020, the company's revenue increased by 5.8%. Strong demand in residential construction is fuelling the company's growth.

Taronis: Majority board changes & management change

Market Cap: \$18 million | Taronis Fuels, Inc. operates as a renewable fuel and power generation company in the United States.

Majority board change & management change

- In February 2021, Thomas Wetherald and Tobias Welo launched a proxy campaign to appoint five of its nominees to the company's board.

- Majority board change: On April 08, 2021, the company [entered](#) into a settlement agreement with Thomas Wetherald and Tobias Welo. Pursuant to the agreement, they expanded the size of the board to six directors, including the five designees of the shareholder's group and one incumbent director, Peter Molloy. As such, five out of six directors are new.

- Subsequently, the company appointed a new interim CEO (Tobias Welo) and a new CFO (Mary Pat Thompson).

II. Accounting problem

Non-reliance of previously issued financial statement

- On April 08, 2021, Edward J. Fred (outgoing CFO) informed that certain revenues and gross profit in the third quarter of fiscal 2020 were recognized prematurely or inaccurately.
- On April 10, 2021, the company [announced](#) that the previously issued financial statements for the year 2019 and for each of the interim quarterly

periods in fiscal 2020 should not be relied upon. On the same day, the directors commenced an investigation. On April 10, 2021, the board suspended Tyler B. Wilson, the company's VP, secretary, and general counsel, and former CFO and treasurer, pending an investigation.

- Status: Pending

Our comments: We will track the company and update it after the company emerges from the accounting restatement.

Sierra Wireless, Inc. (SWIR): Significant changes after the involvement of Lion Point

Market Cap. \$506 million | Sierra Wireless (NASDAQ: SWIR) (TSX: SW) is the leading IoT solutions provider that combines devices, network services and software to unlock value in the connected economy.

Significant changes after the involvement of Lion Point

On April 6, 2020, Lion Point Capital disclosed a 5.9% and stated its belief that the company had substantial opportunities to unlock stockholder value, including through operational changes and margin improvement initiatives.

Within ten days, Lion Point Capital entered into a cooperation agreement.

Note: As per the first SC13D filed on April 06, 2020, the aggregate purchase price was \$8.35 per share.

(a) Major board changes

- Pursuant to the settlement agreement with Lion Point, the company added two representatives of Lion Point to

the board. Within a month, three more new directors joined the board.

- As of 2021 AGM, the board seat was set at 11, out of which five directors are newly appointed.

(b) Management changes

- January 2021 - The company announced the planned retirement of Kent Thexton from his position as CEO.
- January 2021 - SVP and General Manager, Enterprise Solutions
- May 2020: SVP – Americas Sales

(c) Divestment

In November 2020, the company sold its Shenzhen, China-based automotive embedded module product line for \$165 million in cash.

(d) Debt-free; huge cash

- No interest-bearing debt.
- Long-term obligations include accrued royalties, deferred revenue and finance lease liabilities.

- The company's cash increased from \$71 million in 2019 to \$160.5 million in 2020.

Other notes:

Ransomware attack:

- On March 23, 2021, Sierra Wireless announced that it was the subject of a

ransomware attack on its internal IT systems.

- On this news, the company's share price crashed by roughly 12%.
- On March 26, 2021, Sierra Wireless announced that it resumed production and started to recover internal systems after the ransomware attack.

Significant 13D filings (April 2021)

Maguire Asset Management argues that Yatra Online is trading at a lower multiple compared to its peer group

Market cap: \$185 million | Yatra Online, Inc. operates as an online travel company in India and internationally. It operates through Air Ticketing, and Hotels and Packages segments.

On April 6, 2021, Mr. Timothy J. Maguire, Maguire Asset Management (6.2%), delivered a [letter](#) to the CEO, Dhruv Shringi.

Yatra is radically undervalued compared to its peer companies, MakeMyTrip and Easy Trip. MakeMyTrip trades at 5X FTM revenue and Easy Trip trades at 12X TTM revenue. Yatra trades at 2.5X FTM revenue.

Domestic air travel in India is back to 80% of 2019 levels with passenger traffic for March 2021 at 66% of 2019 levels. Recovery was on the right track but the recent rise in cases in India has somewhat impacted demand. However, you expect the recovery to rapidly accelerate as vaccinations propagate throughout the population. India aims to vaccinate over 250 million people by July.

India's air passenger traffic is expected to grow six-fold to 1.1 billion per year by 2040. Yatra is well positioned to experience a multi-year cycle of sustained elevated revenue growth similar what Priceline.com (now Booking.com) and Expedia experienced for the last 20 years.

Yatra's new SaaS offering is being extremely well received by customers. Yatra is the largest online corporate travel services provider with over 700 corporate customers and 35,000 SME customers. This creates a tremendous cross sell opportunity.

JCP Investment Management initiates discussion with Westwood Holdings Group

Market cap: \$150 million | Westwood Holdings Group, Inc., through its subsidiaries, manages investment assets and provides services for its clients.

On April 29, 2021, JCP Investment Management (10.4%) stated that it intends to communicate with the management, board, and other interested parties, about a broad range of operational and strategic matters, and to discuss with such persons a potential sale of the company as a means of enhancing stockholder value. [Source](#)

Legion Partners nominates a slate of seven candidates and argues that the company's stock price can double

Market Cap: \$702 million | Genesco Inc. is a retailer and wholesaler of footwear, apparel and accessories.

Background:

In April 2018, Legion Partners Asset Management secured two board seats.

Update:

- On April 12, 2021, Legion Partners Holdings (5.6%) delivered a letter to the company nominating a slate of seven candidates for election to the Board at the 2021 AGM. In its letter to the shareholders, Legion Partners detailed its views for why the board needed to be substantially refreshed, including that the board has overseen chronic operational and share price underperformance, a long history of questionable capital allocation decisions, and a compensation plan that appears to pay for underperformance. [Source](#)

Valuation insight

Legion Partners believes that if its nominees are elected and its strategic plan is fully implemented, Genesco can produce \$7.50 in earnings per share by fiscal 2023 and see its stock double from current levels. In its view, this level of earnings is possible by achieving a 6% operating income margin, monetizing non-core assets and implementing a prudent capital allocation framework that contemplates organic investments and share repurchases.

- On April 20, 2021, Ms. Ross notified Legion Partners to withdraw her candidacy as a nominee for election at the AGM for personal reasons. Subsequently, Legion Partners nominated Mr. McCarthy as a nominee for the board for election at the AGM. [Source](#)

Cedar Realty Trust reaches agreements with Camac Partners, Ewing Morris & Co., and Barington

Market Cap: \$212 million | Cedar Realty Trust, Inc. is a fully-integrated real estate investment trust which focuses on the ownership, operation and redevelopment of grocery-anchored shopping centers in high-density urban markets from Washington, D.C. to Boston.

Multiple activists

- Ewing Morris: On February 25, 2021, Ewing Morris (8.1% delivered a letter to the company nominating Darcy Morris, EM Partner's co-president and chief executive officer, for election to the board at the company's 2021 AGM.
- Camac Fund:
 - On February 1, 2021, Camac Fund (4.8%) released a presentation and argued that the company is trading below its liquidating value (discount to liquidation NAV: -34%). It outlined a list of recommendations including a) board representation and improve corporate governance, b) sell non-core assets to deleverage the business, and c) stop all value destruction projects and monetize development portfolio through sales and implement a capital allocation policy that maximizes ROIC, preserves cash flow and improve portfolio quality.
 - On February 26, 2021, Camac Fund (5.2%) submitted a nomination notice to the company nominating seven individuals for election to the Board at the Board at the 2021 annual meeting of shareholders. The Nomination Notice also includes a proposal concerning the repeal of any provision or amendment to the company's By-laws adopted by the Board without stockholder approval after October 27, 2020. [Source](#)
 - On March 3, 2021, Camac Fund filed proxy materials seeking support for its nominees.
- Barington Companies Equity Partners: On February 26, 2021, Barington Companies Equity Partners (1.5%) expressed its intention to nominate two persons for election as directors at the 2021 AGM. [Source](#)

Update:

- Settlement agreement: On April 28, 2021, the company announced that it has agreed to appoint three new independent directors to the board: Ewing Morris and two nominees of Camac Fund. Moreover, two incumbent directors resigned, and upon the conclusion of the 2021 AGM, the board size will be reduced to eight directors, seven of which will be independent. [Source](#)

Inclusive Capital Partners secured a board seat in Strategic Education, Inc.

Market Cap: \$1.8 billion | Strategic Education, Inc., through its subsidiaries, provides a range of post-secondary education and non-degree programs in the United States.

Background:

On March 1, 2021, Inclusive Capital Partners disclosed a 6.1% active stake and stated that William Slocum, a partner at Inclusive Capital Partners, has been invited by the company, and has agreed, to serve as a nominee for election to the board at the 2021 AGM. Inclusive Capital Partners was launched in June 2020 by Jeffrey Ubben after stepping away from ValueAct. [Source](#)

Update:

On April 27, 2021, William Slocum, a partner at Inclusive Capital Partners, was elected to serve as a director on the board.

Harmonic enter into a cooperation agreement with Scopia Capital Management

Market Cap: \$814 million| Harmonic Inc., together with its subsidiaries, provide video delivery software, products, system solutions, and services worldwide.

On April 12, 2021, Scopia Capital Management (9.6%) entered into a [cooperation agreement](#) with the company and pursuant to it, Scopia Capital has the right to appoint two directors to the board during the next year.

Kohl's and Investor Group reach an agreement

Market Cap: \$9.5 billion | Kohl's Corporation operates as a retail company in the United States. Its stores and Website offer apparel, footwear, accessories, beauty, and home products.

Background:

- On February 22, 2021, Macellum Advisors disclosed that on January 11, 2021, Macellum Advisors GP LLC, Ancora Holdings Inc, Legion Partners Asset Management LLC, and 4010 Capital LLC (together holds 9.5%) nominated a slate of nine candidates for election to the Board at the company's 2021 annual meeting of shareholders. In their letter to the Board, they argued that the company's poor retail execution and strategy has led to stagnant sales, declining operating margins and a chronically underperforming stock price. They also set forth recom-

mentations to improve the company's strategy, including changes in merchandising, inventory management, customer engagement and expense rationalization, as well as the potential to unlock \$7-8 billion of real estate value trapped on the company's balance sheet through sale leaseback transactions.

- On February 22, 2021, the company rejects an investor group's attempt to seize control of its board, saying it would disrupt the momentum it has had in revamping its business. Although Kohl's said it's been talking with the group since early December, the company said this was the first time the investors detailed their plans. "Our new strategic plan already includes several initiatives they propose and we have also determined that other ideas they propose would not be accretive to shareholder value," it said. The company said its board and management team will continue to engage in talks with the group, with the goal of "identifying new ideas that could enhance shareholder value."
- On March 11, 2021, Macellum Advisors withdrew its nomination of Marjorie L. Bowen, James T. Corcoran, David A. Duplantis, and Margenett Moore-Roberts as nominees for election at the annual meeting. With the withdrawal, Macellum Advisors intends to solicit proxies to elect the remaining nominees (five candidates) to the board at the annual meeting.
- On March 26, 2021, Christopher Kiper, managing member of Legion Partners Holdings, gave a presentation at the University of Alabama regarding the company. Also, the investor group issued a press release and a letter to the shareholders highlighting the egregious executive compensation at the company.

Update:

On April 13, 2021, the Investor Group entered into a [settlement agreement](#) with the company. As part of the agreement, two new independent directors nominated by the Investor Group, Margaret Jenkins and Thomas Kingsbury, will join the Kohl's board. Moreover, an additional independent director identified by Kohl's and the investor group will join the board at the same time.

Corre Partners Management secured a board seat in Horizon Global Corp.

Market Cap: \$188 million | Horizon Global Corporation designs, manufactures, and distributes a range of towing, trailering, cargo management, and other related accessory products worldwide.

Background:

- On November 1, 2018, Spitfire Capital (4.85%) stated that it may seek to nominate candidates to the board. It stated that the poor performance of the company demands improved corporate governance, management oversight and capital allocation. It stated that it has written to the company's Secretary requesting a director questionnaire as required by the company's amended and restated bylaws.

[Source](#)

- On March 11, 2019, Atlas Capital Resources (10.9%) delivered a nomination notice to the company nominating two candidates for election to the board at the company's 2019 AGM. On April 4, 2019, the company announced the appointment of Frederick A. Henderson, representative of Atlas Capital, to the board. In connection with such appointment, Atlas Capital Resources agreed to withdraw its notice of nomination. [Source](#)

Update:

On April 20, 2021, Corre Partners Management (9.99%) stated that it had discussions with the management and has accepted an invitation from the company to join the board effective April 9, 2021.

BLR Partners/Fondren Management plans to nominate director candidates to Harte Hanks

Market Cap: \$34 million | Harte Hanks, Inc. is a multi-channel marketing company.

Background

i) Houston H. Harte

- In December 2017, Houston H. Harte, son of one of the founders of the company (10.6%), filed 13D stating his belief that the company needs to take actions to enhance and preserve shareholder value.
- In May 2018, the company entered into a cooperation [agreement](#) with Houston H. Harte, and pursuant to it, the company announced the appointment of four new directors to the board.

ii) BLR Partners/Fondren Management

- In January 2018, BLR Partners/Fondren Management urged the company to enhance its corporate governance. [Source](#)
- In February 2018, BLR Partners/Fondren Management demanded that the chairman resign and that the board be meaningfully reconstituted. [Source](#)

Update:

- On April 29, 2021, BLR Partners/Fondren Management (9.9%) stated that it intends to nominate one or more nominees for election to the board at the upcoming AGM. [Source](#)

Stephen Fleming, co-trustee of the Jon S. Kelly Administrative Trust, nominates two board candidates to Bank of Marin Bancorp

Market cap: \$482 million | Bank of Marin Bancorp operates as the holding company for Bank of Marin that provides a range of financial services primarily to professionals, small and middle-market businesses, individuals, and not-for-profit organizations in San Francisco Bay Area, California in the United States.

- On April 5, 2021, Stephen Fleming, Co-Trustee of the Jon S. Kelly Administrative Trust (8.2%) delivered a letter to the company nominating Sanjiv Sanghvi for election to the Board at the 2021 AGM. [Source](#)
- On April 26, 2021, Stephen Fleming nominated an additional nominee, Peter Luchetti, for election to the Board at the 2021 AGM. [Source](#)

Messrs. Radoff and Shaper joined VIEX Capital in the ongoing proxy fight; Company says VIEX nomination invalid

Market Cap: \$252 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.

Background:

Vintage Capital: In February 2020, Vintage Capital (9.4%) nominated two Board candidates, and Vintage Capital Management secured a Board seat within two months.

VIEX Capital

On March 4, 2021, VIEX Capital (3.4%) nominated two candidates for election as Class I directors to the board at the upcoming 2021 AGM. It stated that it was deeply concerned by the company's inadequate corporate governance, stale incumbent board, and poor stock price performance. [Source](#)

Update:

- On April 12, 2021, VIEX Capital filed [proxy materials](#) stating that the company's chronic stock price and operating underperformance under Mr. Heyningen suggests to them that he is running the company without effective board oversight and appropriate accountability. The board has aggressively diluted stockholders by approximately 14% over the past five years with little evidence of commensurate reward to the true owners of the company – the stockholders.
- 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 April 30, 2021, the company notified VIEX that the board has determined that the nominees are ineligible to stand for election to the board.

Standard General demand books and record of TEGNA

Market cap: \$4 billion | TEGNA Inc. operates television stations and radio stations that deliver television programming and digital content.

Background:

- In January 2020, Standard General waged a proxy campaign. At the AGM held on April 30, 2020, Standard General's nominees were not elected to the board.
- On January 20, 2021, Standard General (7.6%) submitted a notice to the company nominating a slate of four independent candidates for election to the board at the 2021 annual meeting of shareholders.
- On March 18, 2021, Adonis Hoffman, who was a nominee of Standard General, withdrew his candidacy on March 3, 2021, citing conflicts of interest and the incident seven years ago involving CEO Dave Lougee. [Source](#)
- On March 29, 2021, Standard General filed proxy materials seeking support for its nominees.

Update:

- On April 8, 2021, Standard General sent to the company a books and records demand under Section 220 of the Delaware General Corporation Law. [Source](#)
- On April 12, 2021, Standard General issued an investor [presentation](#) titled, "The change TEGNA needs."

Sonic Fund nominates director candidates to the board of Adverum Biotechnologies

Market Cap: \$975 million | Adverum Biotechnologies, Inc., a clinical-stage gene therapy company, engages in developing gene therapy product candidates to treat ocular and rare diseases.

Background:

- On May 1, 2019, Sonic Fund (6%) entered into a cooperation agreement with the company. Pursuant to the agreement, Sonic Fund and the company worked together to identify and appoint three mutually acceptable candidates to the board. [Source](#)
- On March 15, 2021, Sonic Fund (6.3%) issued a letter expressing its intention to nominate five nominees for election to the board at the company's 2021 AGM. [Source](#)

Update:

- On April 16, 2021, Sonic Fund launched a website www.Saratogaproxy.com/Sonic in connection with their proxy solicitation.
- On April 22, 2021, Sonic Fund issued a [presentation](#) on the company reiterating its concerns and urges shareholders to vote for its nominees.
- On April 26, 2021, Sonic and its affiliates issued a [presentation](#) titled "Adverum's Myths: Correcting the Record."

ISS and Glass Lewis recommend Delek US Holdings' director nominees at the AGM

Market Cap: \$1.6 billion | Delek US Holdings, Inc. engages in the integrated downstream energy business in the US.

Background:

- On March 19, 2020, Carl Icahn disclosed a 14.86% stake and expressed its belief that the company could present an excellent synergistic acquisition opportunity for CVI's petroleum segment.
- On January 14, 2021, Carl Icahn (on behalf of CVR Energy, Inc.) delivered a letter to the Chairman of the Board stating his belief that the company desperately needs new strategic direction, and he would like to work collaboratively with the company to replace three nominees at Delek's upcoming 2021 AGM with three independent nominees proposed by CVR. Icahn stated that he expect these nominees, if elected, would urge a more prudent business model favoring a competitive asset base focused on financial discipline and cash flow generation, including the following actions are critical given the current industry outlook: (i) Cease Delek's refining operations at the Krotz Springs and El Dorado refineries and convert them to terminals, renewable diesel production or for other purposes, (ii) Cease Delek's pattern of dropping down core refining assets into Delek Logistics Partners, LP at value-destroying prices, (iii) Sell Delek's retail business at current high prices while retaining wholesale marketing, (iv) Exit non-core supply and trading activities and discontinue all other activities that add no value to Delek's core refining business, (v) Simplify Delek's corporate structure and reduce G&A expense significantly.
- On February 2, 2021, Carl Icahn (on behalf of CVR Energy, Inc.) notified the company that he intends to nominate and seek to elect three individuals to the board at the 2021 AGM.
- On March 24, 2021, Carl Icahn (on behalf of CVR Energy, Inc) sent a letter to the company demanding the right to inspect certain books and records of the company.

Update:

- On April 8, 2021, CVR Energy filed a complaint in the Court of Chancery of the State of Delaware seeking that the court permit them to inspect the books and records of Delek and grant other relief, including reasonable attorneys' fees and costs incurred in connection with the action. [Source](#)
- On April 26, 2021, the company announced that ISS and Glass Lewis recommended shareholders to vote "FOR" ALL the company's director nominees on the WHITE proxy card in connection with the company's 2021 AGM.

Joseph Stilwell nominates a candidate to the board of Peoples Financial Corp

Market Cap: \$82 million | Peoples Financial Corporation operates as the bank holding company for The Peoples Bank that provides banking, financial, and trust services to government entities, individuals, and small and commercial businesses in Mississippi.

Background:

- On November 23, 2020, Joseph Stilwell disclosed 8.9% stating his belief that the company should explore all possibilities to maximize shareholder value. [Source](#)
- On February 9, 2021, Joseph Stilwell (9.9%) announced that he has mailed a letter to the shareholders and stated that he intends to seek board representation at the upcoming annual meeting. Also, he stated his belief that the company should explore all possibilities to maximize shareholder value.
- On March 12, 2021, Joseph Stilwell (9.9%) announced that he had served his notice of intent to nominate Peter Prickett for election as a director at the upcoming AGM. [Source](#)
- On March 29, 2021, Joseph Stilwell (9.9%) filed proxy materials seeking support for his nominee. He stated that the company should explore all possibilities to maximize shareholder value.

The Bank should be repurchasing shares so long as they remain below book value. This improves per share value as well as the share price. With capital levels so high, this step should have been taken YEARS ago. The Bank should adopt—and publicly announce—a NO-NEPOTISM policy. Passing the CEO role from father to son might be fine for a private company. For a public company like PFBX, we find it appalling.

Update:

On April 5, 2021, Joseph Stilwell (9.9%) filed proxy materials seeking support for his nominee.

Legion Partners nominates four candidates for election to the OneSpan board

Market Cap: \$1 billion | OneSpan Inc., together with its subsidiaries, designs, develops, and markets digital solutions for identity, security, and business productivity worldwide.

Background:

- Legion Partners Asset Management has been an active shareholder of OneSpan since 2018. On August 18, 2020, Legion Partners issued a press release that included a public letter to the board highlighting the need for change to the company's strategy.

Valuation Insight

Average ARR growth for OSPN's direct software peers is 43%, resulting in an average EV / ARR of 25.1x. Given OneSpan ARR is growing roughly 30% per annum, we conservatively utilized a discounted 13.5x EV / ARR in our valuation analysis below to imply a fair value of OneSpan shares at roughly \$42 per share, or nearly 120% higher than current level.

- On February 25, 2021, Legion Partners Holdings (6.83%) delivered a letter to the company nominating a slate of four candidates for election to the Board at the 2021 AGM.
- On March 22, 2021, Legion Partners Asset Management filed proxy materials seeking support for its nominees.

Update:

On May 3, 2021, Legion Partners Asset Management filed proxy materials seeking support for its nominees.

Suggestions & insights

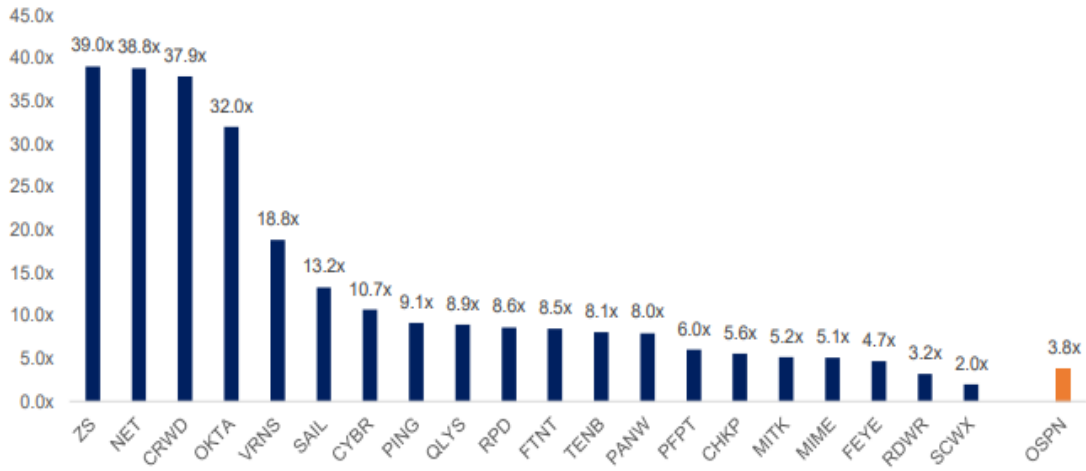
#1 Divest Legacy hardware business

- The legacy Hardware authenticator token business is in secular decline and the revenue base is shifting towards software-based mobile and identity cybersecurity solutions.
- The Hardware segment has become difficult for management to predict, contributing to multiple debacles on earnings calls.
- The Hardware segment carries inferior gross margins, produces volatile quarterly results, and is perceived to have high customer concentration.

#2 Transform OneSpan into a pure play Software Company

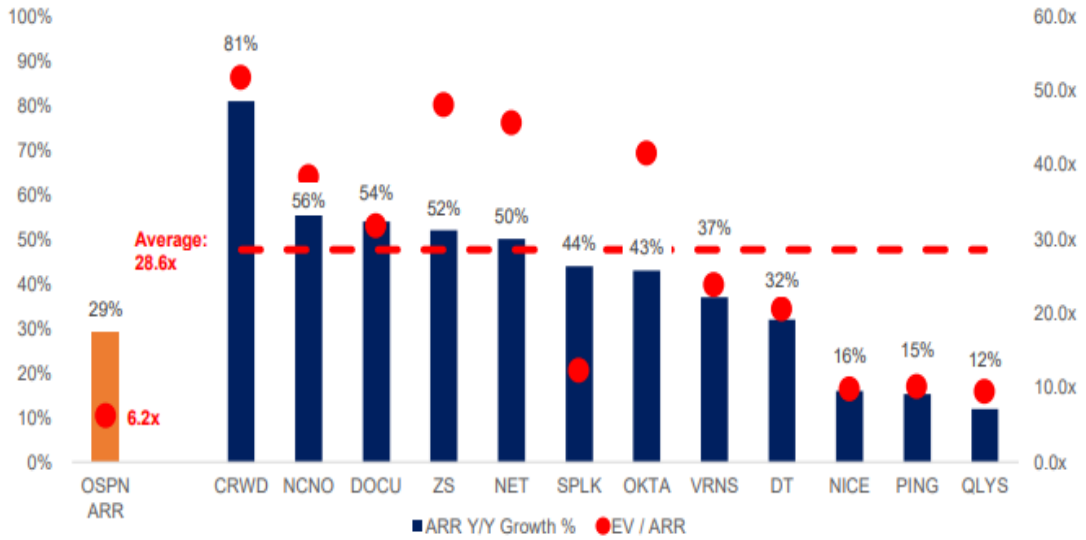
- **Sale of Hardware** would immediately transform OneSpan into a pure play software company and likely rerate its shares closer to peer levels.
- **The implied valuation** of OneSpan's recurring revenue (SaaS, term licenses and maintenance) trades at ~80% discount to direct peers.
- Average ARR growth for OSPN's direct software peers is 41%, resulting in an average EV / ARR of 28.6x. Given OneSpan's overall ARR is growing roughly 30% per annum, with its term license and SaaS ARR growing north of 50% per annum, we conservatively utilized a discounted 13.5x EV / ARR in our valuation analysis below to imply a fair value of OneSpan shares at roughly \$43 per share, or nearly 80% higher than current levels.

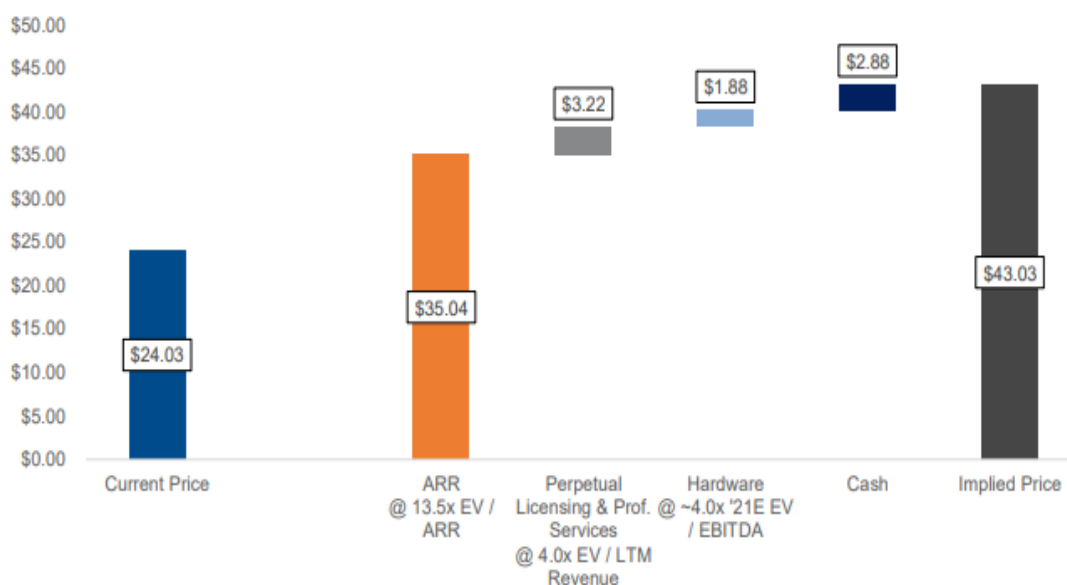
Cybersecurity Peers - 2021E EV/Revenue



Source: Capital IQ (as of 2/24/21)

OSPN Direct Software Peers
ARR Y/Y Growth % and EV / ARR





Source: Capital IQ (as of 2/24/21), Company Filings, Legion Partners' Estimates

Oasis releases investor presentation recommending changes at Stratus Properties

Market Cap: \$246 million | Stratus Properties, Inc. (STRS) engages in the acquisition, development, management, and sale of commercial, and multi- and single-family residential real estate properties primarily in Austin, Texas.

Background:

- On January 5, 2021, Oasis Management (13.7%) disclosed that on December 31, 2020, it submitted to the company a formal notice of its intent to: (i) present a non-binding advisory proposal to increase the size of the board by one and appoint Laurie L. Dotter to fill the newly-created vacancy, and (ii) nominate two individuals, Ms. Benson and Jaime Eugenio De La Garza Diaz, for election to the board at the 2021 AGM.
- On March 1, 2021, Oasis Management (13.5%) released an investor presentation recommending changes to the company. In its presentation, Oasis Management opposes REIT exploration as it halts asset disposals and associated shareholder returns through at least 2027. Furthermore, contrary to the company's claims, it is not apparent that a REIT structure will create value for Stratus's shareholders when considering Stratus's size, asset mix, cashflow profile, and other characteristics. Oasis proposes new independent, diverse directors with real estate and public board experience that will hold management accountable and act in the best interests of all shareholders. [Source](#)

Update:

On April 14, 2021, Oasis Management filed proxy materials seeking support for its nominees.

Leading Pension Funds CalPERS, CalSTRS, and New York State Common support Engine No. 1's campaign

Market Cap: \$238 billion | Exxon Mobil Corporation (XOM) explores for and produces crude oil and natural gas in the United States, Canada/Other Americas, Europe, Africa, Asia, and Australia/Oceania.

Background:

- On December 7, 2020, Engine No. 1, LLC issued a press release announcing its intention to nominate four director candidates to the board in connection with the 2021 Annual Meeting of shareholders. The California State Teachers' Retirement System (CalSTRS) announced its support for Engine No. 1's director candidates. In its letter, Engine No. 1 outlined the case for much-needed change at ExxonMobil and a proposed path forward to protect and enhance long-term value for the company's shareholders.
- On January 27, 2021, Engine No.1 formally nominated four director candidates to the board in connection with the 2021 AGM. Additional information may be found at www.ReenergizeXOM.com.
- On March 3, 2021, Engine No. 1 LLC released a white paper by a leading energy market and policy expert analyzing the risks and opportunities facing ExxonMobil in a rapidly changing industry. This analysis details an evolving industry that requires significant long-term business model innovation to enhance and protect shareholder value, which contrasts sharply with the outlook set forth by ExxonMobil in its presentation to investors today. Engine No. 1 believes this analysis underscores the need for new board members with successful and transformative energy industry experience who can help position ExxonMobil better for today and tomorrow. [Source](#)
- On March 25, 2021, Engine No. 1 LLC filed proxy materials seeking support for its nominees.

Update:

On April 27, 2021, Engine No. 1 LLC stated that leading pension funds CalPERS, CalSTRS, and New York State Common support Engine No. 1's campaign to reenergize ExxonMobil by voting the WHITE Proxy Card "FOR ALL" of Engine No. 1's director candidates.

Note: Engine No. 1 is a new investment firm that seeks to enhance long-term value through active ownership. One of the partners of Engine No. 1 is Charlie Penner. He was a partner at JANA Partners LLC, where he most recently led the firm's impact investing effort.

Indaba Capital Management nominates director candidates to Benefitfocus

Market cap: \$463 million| The Company provides a cloud-based benefits management platform for consumers, employees, employers, insurance brokers, carriers, and suppliers.

Background:

- On February 2021, Indaba Capital Management (9.6%) sent a [letter](#) to the board urging the board to undertake a full review of strategic alternatives, including a good faith sales process. The fund expressed concerns about the related party transactions with Mr. Holland, executive chairman of the board. Here are the past letters of Indaba Capital: [December 14, 2020](#), and [January 28, 2021](#)
- On March 16, 2021, Indaba Capital Management delivered a [letter](#) to the company nominating a slate of two director candidates for election to the board at the 2021 AGM. In its letter, Indaba argues that there is an urgent need for meaningful, shareholder-driven change on the board and that the company's continued financial and share price stagnation are driven by, among other things, costly strategic mistakes and dreadfully poor corporate governance practices, including concerning conflicts of interest, related party transactions, and a lack of diversity and independence on the board.

Update:

On April 15, 2021, Indaba (9.5%) issued a [letter](#) to the board regarding its unwillingness to agree to a good faith settlement and urged shareholders to vote for its nominees.

Extracted from the latest letter sent by Indaba Capital:

Valuation Insight

Human capital management (Peer group): Relative valuation: On an enterprise value to revenue basis, the Company trades at a meager 2.1x consensus 2021 revenue. This represents a significant discount to the HCM Peers average of 13.1x and less than half of the lowest multiple in the group. The disparity is similar when compared to the Company's self-identified Peer Group, which trades at an average multiple of 9.0x (more than 4x Benefitfocus' multiple). The valuation gap is equally stark on an enterprise value to gross profit basis. Benefitfocus trades at 3.9x 2021 consensus gross profit versus the HCM Peer average of 19.9x. Again, the analogous average multiple for the Company's self-identified Peer Group is 14.0x.

Transaction multiple: Transaction multiples tell the same story as there has been significant strategic and financial sponsor interest for well-managed human capital management companies. In 2019, peer company Ultimate Software was bought by a private equity sponsor for 8x the next 12 months' revenue. In 2020, Cornerstone OnDemand acquired Saba Software, a talent software company, for 4.9x the next 12

months' revenue.¹³ These multiples and levels of interest are not just a recent phenomenon. In 2011, SAP acquired SuccessFactors for 8.7x the next 12 months' revenue.

- *Extracted from the latest letter sent by Indaba Capital*

Prescience Point Capital Management withdrew its slate of nominees to MiMedx's board

Market Cap: \$1.3 billion | It is a biopharmaceutical company, develops and markets regenerative biologics utilizing human placental tissue allografts with patent-protected processes for various sectors of healthcare.

Background:

- In May 2019, Prescience Point Capital Management entered into a cooperation agreement with the company and secured three board seats. In June 2020, the fund expressed its support for adding two board members from the PE funds who invested roughly \$100 million in the company: EW Healthcare Partners and Hayfin Capital Management.
- **PE investors:** In July 2020, the company raised \$150 million from EW Healthcare Partners and Hayfin Capital Management LLP—\$100mm of convertible preferred stock (conversion price: \$3.85 per share) and \$50 million term loan from Hayfin. Pursuant to the transaction, two high-profile executives joined the board:
 - William Hawkins, former chairman and CEO of Medtronic. Attracting him is a big plus.
 - Martin Sutter, co-founder of EW Healthcare Partners. He was involved in more than 30 of EW Healthcare Partners' portfolio company investments
- On January 13, 2021, Prescience Point Capital Management (7.9%) stated its belief that the value of the company's pipeline of clinical trials for Amniofix far exceeds that of the company's advanced wound care business, and management and the board have ineffectively communicated the value of Amniofix to the investment community. Moreover, it urged the company to explore strategic alternatives, including a possible sale of the company or Amniofix after the completion of and subsequent data readout from its Phase 2b knee OA trial. [Source](#)

Update:

- On April 16, 2021, Prescience Point Capital Management (8.1%) delivered a notice to the company of its intent to (i) propose each of the four (4) Nominees for election at the 2021 AGM, (ii) present a non-binding advisory proposal asking the board to declassify; (iii) present a non-binding advisory proposal asking the board to amend the appropriate governing documents of the company to give shareholders owning not less than 25% of all votes entitled to be cast on any issue proposed to be considered at a meeting and (iv) in the event that the company determines that only three (3) directors are up for election, present a non-binding advisory proposal to increase the size of the board by one seat and appoint Mr. Spengler to the newly-created vacancy. [Source](#)

Valuation Insight

Prescience Point stated its belief that the stock is worth \$30.00 per share based on the enormous potential of its Amniofix injectable product.

- On May 4, 2021, announced that it has withdrawn its slate of nominees for election to the board of directors at the AGM scheduled to be held on May 27, 2021.

Blackwells files preliminary proxy statement nominating four new directors for election at Monmouth's 2021 AGM

Market Cap: \$1.7 billion | Monmouth Real Estate Investment Corporation (MNR), founded in 1968, is one of the oldest public equity REITs in the world.

Background:

- In December 2020, Blackwell proposed to acquire the company for \$16.75 per share in cash.
- Strategic alternative: On January 14, 2021, the company announced that it has unanimously decided to explore strategic alternatives to maximize stockholder value. The board stated that it intends to consider the full range of available alternatives, including a potential sale or merger of the company.
- Blackwell supports strategic alternative process: On January 15, 2021, Blackwell Capital (4%) announced its support for the strategic alternatives process announced by the company, while demanding the board create a special committee of independent directors, unaffiliated with the Landy family. Blackwell stated that it has previously provided the company with notice of its intention to nominate four candidates for election to the board at the upcoming 2021 AGM. [Source](#)
- Land & Building nominate board candidates: On January 26, 2021, Land & Buildings issued a letter to the shareholders regarding the company's flawed strategic alternatives process and Land & Buildings' nomination of four director candidates for election at the 2021 AGM.
- On February 5, 2021, Blackwells Capital LLC sent an email to Jonathan Litt (Owner, Land and Buildings Investment) criticizing him for running a proxy fight by owning a minuscule amount of stock. Kindly [click here](#) to read the mail.

Update:

- On April 19, 2021, Blackwells Capital LLC (4.19%) nominates four candidates for election to the board at the 2021 AGM. Also, it submitted proposals to declassify the Board, to adopt a non-binding, advisory resolution requesting that the board promptly designate a Strategic Review Committee of the board. [Source](#)

Ancora Advisors' nominees were not elected to the board of Blucora

Market Cap: \$810 million | Blucora, Inc. provides technology-enabled financial solutions to consumers, small business owners, tax professionals, financial advisors, and certified public accounting firms in the United States.

Background:

- On February 25, 2021, Ancora Advisors (3.4%) issued an open letter to stockholders and announced that it has nominated four candidates for election to the Board at the 2021 annual meeting of stockholders. Ancora's letter outlines how it believes that a reconstituted Board can help address Blucora's challenges and ultimately unlock substantial value, including by:
 - Refocusing the Company's attention and resources on operating, improving and growing the Avantax business.
 - Creating a special committee of independent directors to assess operational improvements and explore strategic alternatives for the TaxAct business.
 - Establishing a disciplined capital allocation framework that emphasizes paying off current debt and eventually implementing a stock-repurchase program

Valuation Insight

Blucora is currently trading at a depressed valuation multiple relative to the multiples that Ancora believes could be garnered by the Avantax and TaxAct businesses on a standalone basis. Ancora estimates that closing the SOTP discount could unlock a 40-75% upside from Blucora's current trading levels based on the Company's projected FY2021 EBITDA and assuming that any gain on the sale of the TaxAct business would be offset by the Company's substantial net operating losses. Ancora's analysis finds that private market transaction multiples for both tax-related and RIA assets are materially higher than Blucora's current valuation multiple.

- On March 2, 2021, Ancora launched a website (www.ABetterBlucora.com) to communicate with the company's stockholders.
- On March 29, 2021, Ancora issued an Investor Presentation titled, "The need for stockholder-driven change in Blucora's Boardroom." The presentation details the case for urgent change in Blucora's boardroom and summarizes its director candidates' value-enhancing vision.

Update:

- On April 9, 2021, ISS has recommended the election of Ancora' representative Fredrick D. DiSanto, and recommends re-electing six current, unopposed members of the board. Glass Lewis has recommended that stockholders vote "FOR" all the company's directors on the BLUE proxy card.
- At the AGM held on April 21, 2021, the shareholders elected company's director nominees.

Valuation & insights

Blucora is currently trading at a depressed valuation multiple relative to the multiples that Ancora believes could be garnered by the Avantax and TaxAct businesses on a standalone basis.

- TaxAct participates in a true oligopoly (TurboTax/H&R Block) as the #3 player with ~7-8% market share.

- Ancora estimates that closing the SOTP discount could unlock a 40-75% upside from Blucora's current trading levels based on the Company's projected FY2021 EBITDA and assuming that any gain on the sale of the TaxAct business would be offset by the Company's substantial net operating losses.
- Ancora's analysis finds that private market transaction multiples for both tax-related and RIA assets are materially higher than Blucora's current valuation multiple

Sum-of-the-Parts Analysis				
(\$ in mm, except per share)				
	EBITDA 2021	Multiple		
TaxAct	\$75.0	12.0x	13.0x	14.0x
Wealth Management	\$80.0	10.0x	11.0x	12.0x
Corporate	(\$21.5)	11.0x	12.0x	13.0x
Total	\$135.0	11.0x	12.0x	13.0x
EV		\$1,480.0	\$1,615.0	\$1,750.0
Gain on sale impact		153.1	171.9	195.6
Net debt (cash)		404.2	404.2	404.2
NOL		(153.1)	(171.9)	(195.6)
Equity value		\$1,075.8	\$1,210.8	\$1,345.8
Diluted shares		48.1	48.1	48.1
Pre corporate overhead SOTP value per share		\$26.94	\$30.16	\$33.38
% to current		59.5%	78.6%	97.6%
<i>Less: corporate overhead per share</i>		(\$4.57)	(\$4.99)	(\$5.40)
Post corporate overhead SOTP value per share		\$22.36	\$25.17	\$27.98
% to current		32.4%	49.0%	65.6%

M&A

HoldCo comments on Boston Private's adjournment of special meeting without requisite vote to approve SVB Merger

Market Cap: \$1.2 billion | Boston Private Financial Holdings, Inc. (BPFH) operates as the bank holding company for Boston Private Bank & Trust Company that provides a range of banking products and services in the United States.

Background:

- On January 8, 2021, the Company entered into a definitive merger agreement with SVB Financial Group pursuant to which SVB will acquire Boston Private for about \$900 million.

- On January 27, 2021, Holdco Asset Management (4.9%) announced that it has submitted a notice of its intention to nominate up to five candidates for election to the Board. Further, it stated that it agrees with the Board of Boston Private that the best way to maximize value for shareholders is to pursue a sales process but stated that the announced sale price undervalues the company.
- On February 2, 2021, HoldCo Asset Management stated that on January 5, 2021, it had issued a letter and presentation to the board expressing its concerns with the performance and leadership of the company.
- On March 30, 2021, HoldCo Asset Management issued an investor [presentation](#) detailing its strong opposition to BPFH's planned merger with SVB Financial Group and urged all shareholders to vote against the merger.

Update:

- On April 9, 2021, HoldCo (4.9%) issued an investor [presentation](#) rebutting BPFH's misleading and self-serving claims and investor presentation. HoldCo continues to firmly oppose BPFH's planned merger (the "Merger") with SVB Financial Group ("SVB") and urges all shareholders to vote NO.
- On April 14, 2021, ISS has recommended that shareholders vote "FOR" the proposed transaction with SVB Financial Group at Boston Private's upcoming special meeting scheduled for April 27, 2021. [Source](#)
- On April 27, 2021, the company announced that it convened and adjourned the special meeting scheduled for April 27, 2021 on May 4, 2021.
- On April 28, 2021, HoldCo issued a [press release](#) expressing its concerns on the company's manipulative tactics to delay the shareholder vote tally at the company's special meeting of shareholders

Tarsadia Capital believes the proposed acquisition of Extended Stay America by Blackstone and Starwood severely undervalues the company

Market cap: \$3.5 billion | Extended Stay America, Inc., together with its subsidiaries, owns, operates, develops, and manages hotels in the United States.

- On March 15, 2021, the company [announced](#) that it had signed a definitive agreement to be acquired by a 50/50 joint venture between funds managed by Blackstone Real Estate Partners and Starwood Capital Group for \$19.50 per paired share in an all-cash transaction valued at approximately \$6 billion.
- On April 26, 2021, Tarsadia Capital, LLC (3.9%) announced that it has filed a preliminary proxy statement soliciting votes in opposition to the company's proposed sale to Blackstone Real Estate Partners Starwood Capital Group. Tarsadia Capital highlighted that the two incumbent directors voted against the deal. Moreover, before the proposed sale was announced, Tarsadia Capital had nominated three executives to the board to help ensure the company was pursuing the right strategic path. [Source](#)

Stockholder Group of Leaf Group believes that offer price of \$8.50 per share is grossly insufficient

Market Cap: \$327 million | Leaf Group Ltd., together with its subsidiaries, operates as a diversified consumer internet company worldwide.

Background

- Shareholder group: Since 2020, an investor group consisting of Osmium Partners, PEAK6, Boyle Capital Opportunity Fund, Oak Investment Partners, Generation Partners, and Spectrum Equity, pushed the company to evaluate strategic alternatives.
- Penderfund Capital Management: (a) In June 2020, Penderfund Capital expressed its belief that strategic opportunities will maximize shareholder value. (b) On January 12, 2021, Penderfund Capital Management reduced its stake to 3.86%.
- The shareholder group has reduced their combined stake from 40% to 23%. Moreover, another shareholder, Penderfund Capital Management, also reduced its stake to less than 5%.
- VIEX Capital Advisors: On January 19, 2021, VIEX Capital Advisors (6.6%) delivered a letter demanding the inspection of certain books and records of the company relating to the company's decision to issue 8.2 million shares.
- On February 17, 2021, the Stockholder Group (VIEX Capital Advisors, Osmium Partners and Oak Investment Partners) delivered a letter to the company nominating three candidates for election to the Board at the 2021 AGM. In the letter, the Stockholder Group also submitted a non-binding proposal seeking stockholder approval of a request for the Board to take all necessary steps in its power to declassify the Board so that all directors are elected on an annual basis. [Source](#)
- On March 12, 2021, Madison Avenue Partners (6.4%) stated its plans to vote against the company's slate of nominees for the 2021 AGM. Madison Avenue asks the board to "immediately cease all current capital markets and strategic review activities" until after the 2021 AGM. [Source](#)

Update:

- On April 5, 2021, the company announced that it has entered into an agreement to be acquired by Graham Holdings Company, a diversified media and education company for \$8.50 per share in an all-cash transaction. [Source](#)
- On April 7, 2021, the Stockholder Group (6.4%) issued a [press release](#) regarding the proposed acquisition of the company by Graham Holdings Company. The Stockholder Group believes that the offer price of \$8.50 per share is grossly insufficient and urges the board to take steps to achieve a higher offering price for the benefit of all stockholders prior to filing any proxy materials related to the proposed acquisition.

Valuation insight

Based on figures reported in the Company's most recent Annual Report on Form 10-K and estimates supported by sell-side analysts, the Stockholder Group stated that it believes a conservative sum of the parts valuation of LEAF's assets yields a price of \$15.83 to \$17.43 per share, comprising of the following elements:

- Net cash of \$1.76 per share;
- Revenue from the Digital Marketplace segment, which grew 73% in fiscal 2020, is approximately \$195 million, and at a 2x multiple, would yield \$390M in a sale, or \$10.89 per share;
- Revenue from the Digital Media business is approximately \$57 million, and at a 2-3x multiple, would yield \$114 to \$171 million in a sale, or \$3.18 to \$4.78 per share;
- The Company has \$269.7 million in net operating loss carry forwards that may substantially shield taxable income and represent significant potential value to the right acquirer, which we have valued at zero to be conservative;
- Total value = \$15.83 to \$17.43 per share.

Capital Returns Management urges shareholders to vote against the proposed sale of FBL Financial Group to Farm Bureau Property & Casualty Insurance Company: ISS recommends against the merger

Market Cap: \$1.4 billion | FBL Financial Group, Inc., through its subsidiaries, sells individual life insurance and annuity products.

Background:

- On January 11, 2020, the company reached a definitive agreement with Farm Bureau Property & Casualty Insurance Company ("FBPCIC"), under which FBPCIC will acquire all of the outstanding shares of the Company's Class A and Class B Common Stock that neither the FBPCIC nor the IFBF own for \$56 per share in cash.
- On March 18, 2021, Capital Returns Management (0.3%) issued an open letter to the shareholders urging them to vote against the proposed sale to FBPCIC. It stated that the company is worth "substantially more than" \$56 per share. Capital Returns believes that a buyer can and should pay more than \$70 per share, in line with prior transactions of this type in the industry. [Source](#)

Update:

- On April 5, 2021, Capital Returns issued an [investor presentation](#) reiterating its opposition to the proposed merger and urged shareholders to vote against the proposed merger.
- On April 13, 2021, Capital Returns issued a [supplemental presentation](#) regarding the proposed merger.
- On April 16, 2021, ISS recommends shareholders vote against the proposed merger. Glass Lewis recommends shareholders vote FOR the proposed merger.
- On April 23, 2021, Capital Returns issued a letter to the Special Committee of the board, urging it to negotiate with Farm Bureau Property & Casualty Insurance Company for a fair price in the proposed merger with FBL.

Custodian Ventures nominates board candidates to Mer Telemanagement Solutions

Market Cap: \$14 million | Mer Telemanagement Solutions Ltd. (MTSL) provides solutions for telecommunications expense management (TEM), enterprise mobility management, and call usage and accounting software worldwide.

Background:

On January 18, 2021, Custodian Ventures (9.6%) sent a letter to the board stating that it was exercising its right under the Israeli Companies Law to demand that a special general meeting of shareholders be convened with notice of such meeting to be provided by February 8, 2021. The agenda: (i) to terminate the term of office of three board members who are not external directors, and (ii) to nominate three new directors in their place. The fund expresses its willingness to consider providing the company with a loan or make an investment in the company on market terms to cover such requirements. [Source](#)

Update:

- On April 15, 2021, the company [announced](#) that it has entered into a definitive agreement and plan of merger with SharpLink, Inc.
- On April 9, 2021, Custodian Ventures (14.15%) present a position statement with respect to the proposals to be voted on in the company's AGM to be held on May 5, 2021, so that shareholders of the company would be allowed to vote upon resolutions to remove the current directors of the company (except for the external directors) and appoint its proposed directors in their stead.
 1. Lazar's Position on Proposal No. 1.1 – Removal of Current Directors
 2. Lazar's Position on Proposal No. 1.2 – Lazar Director NomineesTo read more, read the "SCHEDULE A" section in this [link](#).

Standard Industries Holdings to acquire Grace

Market Cap: \$4.5 billion | W. R. Grace & Co. produces and sells specialty chemicals and materials worldwide.

Background:

- On February 20, 2019, the company entered into a letter agreement with 40 North Management (14%), and pursuant to it, the company agreed to nominate two new directors to the board at the 2019 AGM.
- On October 13, 2020, Kathleen G. Reiland, 40 North Designee, resigned from her position as a member of the board and of each committee of the board of the company. She expressed her dissatisfaction with the board stating, "It has become clear during my time serving as a director that my views on how to address Grace's performance are not shared by this board, in particular my views with regard to the company's current strategic direction. I have no confidence that my

continued service would result in the significant, meaningful change I have advocated for at Grace."

- On November 9, 2020, 40 North Management proposed to acquire the company for a price of \$60.00 per share in cash.
- On January 11, 2021, 40 North Management increased its offer to \$65.00 per share in cash.
- On February 1, 2021, the company entered into a letter agreement with 40 North Management pursuant to which the 40 North Parties may be furnished with certain confidential information by or on behalf of the company.

Update:

- On April 1, 2021, 40 North Management sent a [letter](#) to the board increasing its offer to acquire all of the outstanding shares of common stock for \$70 per share in cash
- On April 26, 2021, W. R. Grace & Co and Standard Industries Holdings [announced](#) that they have entered into a definitive agreement under which Standard Industries Holdings will acquire Grace in an all-cash transaction valued at approximately \$7.0 billion.

Lawndale Capital reduced its stake but continues to push P&F Industries to make bylaw changes

Market Cap: \$20 million | P&F Industries, Inc. designs, imports, and sells pneumatic hand tools primarily to the retail, industrial, automotive, and aerospace markets primarily in the US.

Background:

- Lawndale Capital has been an active shareholder of P&F Industries since 2010. Moreover, Lawndale Capital increased its stake in the company to 15.2% as of October 2020.
- On January 24, 2021, Lawndale trimmed its stake to 13.4% and called on P&F's board to take several incremental capital allocation steps. Lawndale's requests that P&F's board (i) continue to repurchase shares and, in particular aggressively, re-initiate an expired 10b5-1 stock buyback plan, (ii) consider increasing the sustainable dividend paid to PFIN shareholders, (iii) adopt "best practices" minimum share ownership requirements for all its board members and senior management, (iv) make by-law changes to adopt "best practices" in corporate governance and eliminate change-of-control protections that, with P&F's concentrated share ownership, are completely unnecessary and create undesirable optics, further hurting PFIN's market valuation. [Source](#)

Update:

On April 9, 2021, Lawndale reduced its stake to 9.1% and stated that it continues to believe that the board should make bylaw changes to adopt best practices in corpo-

rate governance, such as de-staggering director terms to a single year vs. the company's present three-year terms, adopting a majority vote requirement for director election, and enhancing shareholders' right to call a special meeting or remove a director, among others. [Source](#)

Simon Kukes expresses that he is pleased with the Ring Energy's action over the past year

Market Cap: \$242 million| Ring Energy, Inc. (REI), an exploration and production company, acquires, explores for, develops, and produces oil and natural gas in Texas.

Background:

- In March 2020, Simon Kukes formed a group with SK Energy and American Resources LLC, and delivered a letter to the board expressing their concern over the company's poor stock price performance. The group urged the board to explore various options, including combining with a de-levered E&P company and selling the company to a larger competitor at a significant premium to the current market price. In November 2020, Simon Kukes filed a press release calling upon his fellow shareholders to withhold votes on all members of the board in the upcoming election. At the AGM held on December 15, 2020, the shareholders re-elected all the incumbent directors and approved executive officer's compensation. On December 17, 2020, Simon Kukes (8.1%) filed another press release noting that he believes the lack of support shown by the shareholders at its December 15, 2020 AGM shows that the board needs to make changes as they no longer represent the best interests of all shareholders.
- On January 28, 2021, Simon Kukes (8.1%) stated that he had spoken to and intends to continue to speak with representatives of the board and management to discuss enhancing shareholder value and the potential for undertaking transactions that Simon Kukes believes will be beneficial to stockholders, including the requested appointment of new members of the board and the requested withholding (by shareholders of the company) of votes for the board.

Update:

On April 1, 2021, Simon Kukes filed another [press release](#) noting that he is generally encouraged by the company's actions over the past year, which follows the guidelines laid out in his March 2, 2020 letter to the board, which provided explicit recommendations to strengthen the company in the near-term such as: (1) reconstitute the board of directors to address entrenchment, inter-relation among directors, and lack of fresh perspective and opinion on the board; (2) consolidate office locations and management to a central location to save G&A and allow for constructive interaction; (3) focus investment on core assets, divest non-core assets when the market recovers; (4) build management credibility with focus on investor relations and public communications strategy; and (5) engage major market independent audit firm to enhance company credibility and accountability. Simon Kukes went on to clarify that he is not interested at this time in nominating board members or presenting proposals to the company; however, he will continue to actively

monitor the company, including its corporate governance and continued execution of its turnaround plan and continue to implore management and the board to pay down debt and seek an eventual deleveraging transaction.

Marker no longer intends to engage with Tufin Software Technologies; Catalyst Private Equity reduced its stake to less than 5%

Market Cap: \$358 million | Tufin Software Technologies Ltd., (TUFN) together with its subsidiaries, develops, markets, and sells software-based solutions primarily in the United States, Israel, Europe, the Middle East, and Africa, Germany, Asia Pacific, and internationally.

Background

On December 14, 2020, Catalyst Israel (12.6%) and Marker (12.50%) expressed their belief that the company is undervalued and plans to engage with the board/management to maximize shareholder value. Interestingly, their plan includes engaging a financial advisor to advise the shareholders regarding the potential sale of the company or a strategic transaction involving the company.

Update:

- On April 19, 2021, Catalyst Private Equity Partners decreased its stake to less than 5%.
- On April 27, 2021, Marker stated that it is satisfied with the steps taken by the company to address its operating performance and are supportive of the current strategic direction of the company. Accordingly, Marker is no longer intends to (i) communicate with other shareholders or (ii) engage a financial advisor. In addition, Marker is no longer cooperating with Catalyst to manage their respective investments in the company. [Source](#)

Praesidium Investment Management pleased with the performance of Masonite International Corporation

Market Cap: \$3.1 billion | Masonite International Corporation designs, manufactures, and distributes interior and exterior doors for the new construction and repair, renovation, and remodeling sectors of the residential and non-residential building construction markets worldwide.

Background

On April 25, 2019, Praesidium Investment Management disclosed 7.5% and stated that it had discussions with the Company's President and CEO regarding its views on the company. Also, it stated that the CEO offered Praesidium to speak with the Chairman of the Board. [Source](#)

Update:

On April 28, 2021, Praesidium Investment Management (7.5%) stated that it is pleased with the company's performance and intends to maintain a significant holding in the company.

IsZo Capital comments on stay delaying Nam Tai's special meeting

Market Cap: \$468 million | Nam Tai Property Inc., through its subsidiaries, owns, develops, and operates technology parks in the People's Republic of China.

Background:

- On May 27, 2020, Iszo Capital (9.8%) seeks actions for the removal of board members. It also intends to advocate a strategic review of the assets, including potential divestitures and outright sale of the company, and develop a capital allocation strategy that maximizes the long-term value for all shareholders. [Source](#)
- On July 20, 2020, IsZo Capital delivered a [letter](#) to the shareholders seeking support to convene a meeting of shareholders for the purpose of providing shareholders an opportunity to reconstitute Nam Tai's Board of Directors by removing a majority of the incumbent directors and installing six highly-qualified and independent individuals. IsZo Capital stated that Kaisa, which is a conflicted minority shareholder, has packed the Board and management team with allies and family members. IsZo Capital stated its belief that reconstituting the Board and removing Kaisa insiders from leadership roles at Nam Tai is the only way to end this dangerous and destructive tailspin.
- On September 14, 2020, Iszo Capital (10%) delivered to the company written requests of members holding more than 30% of the votes of the outstanding voting Shares to demand that the company convene a meeting whereat proposals seeking to (i) remove Ying Chi Kwok, Dr. Wing Yan "William" Lo, Vincent Fok, Professor Si Zong Wu and Dr. Aiping Lyu as directors of the company and (ii) appoint Michael Cricenti, Cindy Chen Delano, Bo Hu, Leung Lin Cheong Louis (Louis Leung), Paula J. Poskon and Jeffrey Tuder as directors of the company shall be voted upon. [Source](#)
- On September 21, 2020, the company [announced](#) that its Board has appointed Dr. Lai Ling Tam to the role of Executive Chairman of the Board, Mr. Jiabiao Wang, current General Manager of China Operations, as Chief Executive Officer and Mr. Wai Hang Wan, David, CPA, as Chief Financial Officer.
- On September 22, 2020, IsZo issued a [press release](#) commenting on the company's troubling decision to appoint three individuals affiliated with Kaisa Group Holdings Limited ("Kaisa") to the roles of Executive Chairman, CEO and CFO. IsZo expressed its belief that the company's insulting and tone deaf responses to the overwhelming demand for a meeting of members validates the urgent need for credible and wholesale leadership changes. IsZo urged the company to cease further delay and promptly schedule the Special Meeting legally requested by more than half of shareholders unaffiliated with Kaisa, whereat shareholders will have an opportunity to reconstitute the Board by removing a majority of the incumbent directors and installing six highly-qualified and independent individuals:

Michael Cricenti, Cindy Chen Delano, Bo Hu, Louis Leung, Paula J. Poskon and Jeffrey Tudor.

- On October 19, 2020, IsZo issued a [press release](#) announcing that it had commenced legal proceedings against the company, Kaisa Group Holdings Limited's wholly-owned subsidiary Greater Sail Limited ("Kaisa-Greater Sail") and West Ridge Investment Company Limited ("West Ridge") in the Eastern Caribbean Supreme Court (the "Court"). IsZo's action seeks to invalidate the company's \$170 million private placement that distributed 16,051,219 Shares to Kaisa-Greater Sail and 2,603,366 Shares to West Ridge, which equated to approximately 47.6% of the company's outstanding Shares on a pre-issuance basis, and an order requiring the company to convene the meeting of members that was requisitioned by approximately 40% of the outstanding Shares on September 11, 2020. IsZo noted that on October 14, 2020, the Court had granted IsZo's request for injunctions designed to protect shareholders as the legality of the transaction is contested.
- On March 3, 2021, the Eastern Caribbean Supreme Court (the "Court") ruled in IsZo's favor and voided the company's \$170 million private placement, which had distributed more than 16 million Shares to Kaisa Group Holdings Limited's ("Kaisa") wholly-owned subsidiary Greater Sail Limited, taking its ownership from 23.9% to 43.9% of the outstanding Shares, and more than 2.6 million Shares to West Ridge Investment Company Limited. The Court found that the Board acted for an improper purpose when initiating the dilutive transaction in October 2020. It was determined that execution of the private placement was a breach of the directors' fiduciary duties and was undertaken to give Kaisa *de facto* control of the company in response to a requisition from approximately 40% of the outstanding Shares to convene a meeting of shareholders to remove and replace the Kaisa-affiliated directors from the Board. As part of the ruling, the Court ordered the company to convene the Special Meeting. [Source](#)

Update:

On April 23, 2021, IsZo (14.1%) issued a [press release](#) commenting on the stay granted by the Eastern Caribbean Court of Appeal ("Court of Appeal") adjourning the company's special meeting scheduled for April 26, 2021. IsZo highlighted that the Court of Appeal granted the stay while aware that 97% of shareholders excluding Kaisa had voted to reconstitute the board. IsZo made clear it remains committed to protecting shareholders' best interests and promised to provide additional information once available. IsZo also called on the company to explain its \$150.2 million investment into a Credit Suisse Supply Chain Fund ostensibly connected to Greensill Capital.

First United Corp reaches agreement with Driver Management; Driver Management exits

Market Cap: \$115 million | First United Corporation provides various retail and commercial banking services to businesses and individuals.

Background:

- Driver Management lost its proxy campaign in the last two elections.
- On January 8, 2021, Driver Management (5.2%) delivered a notice to the company nominating Mr. Cooper for election to the board at the 2021 annual meeting of shareholders and presented seven shareholder proposals.
- On March 31, 2021, Driver Management filed proxy materials seeking support for its nominees and proposals

Update:

On April 16, 2021, First United Corporation entered into a stock purchase agreement with Driver Management. Pursuant to the agreement, the company agreed to repurchase from Driver Partners 360K shares at a purchase price of \$18.00 per share. [Source](#)