

JULY 2021

# SNOWBALL RESEARCH NOTES

Value  
investing

A research hub for stocks under \$2.5 billion market capitalization

Snowball research team

Issue 8

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## A small-cap company, United Natural Foods (UNFI), attracts a former CEO of Staples and former North American head of PepsiCo as its new CEO

- Market cap: \$1.8 billion | United Natural Foods, Inc. is North America's premier food wholesaler delivering the widest variety of products to customer locations throughout North America including natural product superstores, independent retailers, conventional supermarket chains, ecommerce retailers, and food service customers.
- Major shareholders: Blackrock - 16.3% | Vanguard Group - 11% | Dimensional Fund Advisors - 7.2% | Kiltearn Partners - 6.4%
- Screen: Appointment of new CEO

### 1. BASICS

- The company is a leading distributor of natural, organic, specialty, produce, and conventional grocery and non-food products, and provider of retailer services in the United States and Canada
- The company offer more than 275,000 products consisting of national, regional and private label brands.

### 2. WHAT WE LIKE

#### a) New CEO

In July 2021, the company appointed J. Alexander (Sandy) Miller Douglas as CEO.

#### (i) Led Staples; appointed by Sycamore Partners

- In September 2017, Sycamore Partners acquired Staples for roughly \$6.9 billion.
- Within seven months, Sycamore Partners appointed Mr. Douglas as CEO.
- From April 2018 to June 2021, Mr. Douglas served as CEO of Staples Inc. (revenue: \$9 billion), an office-retail company.
- During his tenure, the company tried to acquire ODP Corporation several times and failed.

- In June 2021, Staples announced its intention to acquire the ODP Corporation's consumer business for approximately \$1 billion. In the midst of this, Mr. Douglas moved from Staples to United Natural Foods.

#### (ii) Top executive, Coca-Cola

- Led \$10 billion business: Prior to Staples, Mr. Douglas served as President of Coca-Cola North America until February 2018, where he led the \$10 billion revenue business.
- During Mr. Douglas' 30-year tenure at The Coca-Cola Company, he also served as Global Chief Customer Officer and held a variety of leadership positions across sales and marketing.
- Performance highlights: The below comments are taken from Coca-Cola's proxy statement (DEF 14).
  - 2015: Mr. Douglas delivered strong results in North America, growing net revenue and profit and outperforming the non-alcoholic ready-to-drink industry by gaining value share. Under Mr. Douglas' leadership, North America executed core strategies of building strong brands, creating value with customers, and building system capabilities to sustain success. He drove significant progress with refranchising efforts and activation of the 21st-century

beverage partnership model, including the announcement of and first steps in implementing a National Product Supply System.

- 2014: Mr. Douglas successfully led our North American system back to profitable growth with sequentially improving performance in 2014. North America put in place a consumer- and customer-focused multi-year strategy focused on brand building, disciplined revenue management, customer value creation, and productivity improvement to accelerate topline and bottom-line growth. Mr. Douglas worked closely with key U.S. bottlers to accelerate the implementation of the North America 21st Century Beverage Partnership Model and franchising process. Mr. Douglas implemented a series of new advertising campaigns along with the North American launch of the company's successful Share a Coke campaign.

**b) Other notes**

- Historic growth fueled by acquisition: The company's revenue grew from \$8.4 billion in FY 2016 to \$26.5 billion in FY 2020 predominantly due to acquisitions – Supervalu (2018, \$2.3 billion), Haddon House (2016, \$217 million), Nor-Cal Produce and Global Organics (2016, \$68 million).
- Debt repayment
  - Over the last six quarters, the company has reduced its debt by roughly 24%.

- In Q3 FY21, the company amended a loan agreement to reduce the applicable margin for LIBOR loans from 4.25% to 3.50% and the applicable margin for base rate loans from 3.25% to 2.50%.

(\$, mm)	Long term debt	Short term debt	Total debt
Nov-19	3,112	40	3,152
Feb-20	2,981	42	3,023
May-20	2,636	65	2,701
Aug-20	2,519	117	2,636
Oct-20	2,694	63	2,757
Jan-21	2,440	60	2,500
May-21	2,361	45	2,406

- Cross-selling: After the company acquired its rival distributor, SuperValu, the company has generated more than \$500 million in revenue from cross-selling. The CEO expects the total to reach \$1 billion by the end of FY 2022.
- Outlook/goal: In June 2021, the company unveiled its new growth strategy - “Fuel the Future” plan. It plans to attain \$30 billion in revenue by fiscal 2024, adjusted EBITDA of over \$900 million, and earnings per share (EPS) of over \$5.25.

## Unmatched Offerings Set UNFI Apart

**Largest Product Offering in North America Food Wholesale**

More than 275,000 products across the store



7 | Feeding America's Retailers

	UNFI	Costco Wholesale	SpartanNash	KeHE	Category Growth
Conventional	✓	✓	✓		12.4%
Natural	✓			✓	16.3%
Specialty	✓			✓	10.0%
Services	✓				
Protein / Produce	✓	✓	✓		16.0%
Deli	✓				1.9%
Private Brands > \$1B	✓				12.3%
eComm	✓	✓	✓	✓	40%

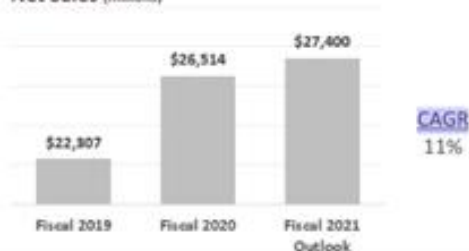
Growth rates: UNFI calculations on Growth Rate based in part on Nielsen data Total US Food for 52 weeks ended 12/5/20. eComm is 2020 estimate per Core Sight Research.



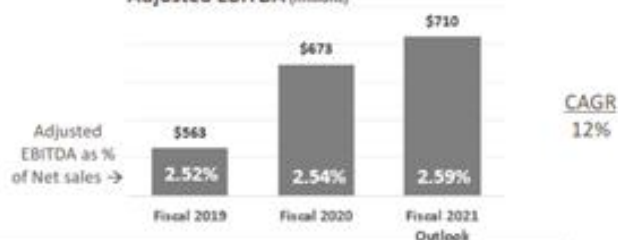
## This Momentum Is Reflected In Financial Gains

Consistent growth and debt reduction <sup>(1)</sup>

Net Sales (millions)



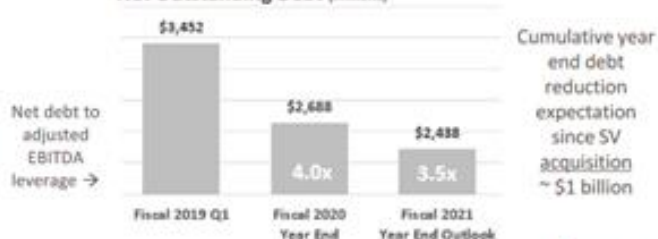
Adjusted EBITDA (millions)



Adjusted EPS



Net Outstanding Debt (millions)



5 | Feeding America's Retailers

(1) Fiscal 2019 includes the contribution from SUPERVALU for 41 of 53 weeks; see appendix for definitions and reconciliations for Adjusted EPS, Adjusted EBITDA, and net debt to adjusted EBITDA leverage; fiscal 2021 figures are midpoint of company guidance.



## BK Technologies (BKTI) attracts former CEO of a competitor as its new CEO

- Market Cap: \$54 million | BK Technologies Corporation manufactures high-specification, American-made communications equipment of unsurpassed reliability and value for use by public safety professionals and government agencies.
- Major shareholders: Fundamental Global Investors - 30.3%, Privet Fund - 13.8%
- Screen: Appointment of new CEO

### WHAT WE LIKE

In July 2021, the company appointed John Suzuki as CEO.

### 1. TRACK RECORD OF THE NEW CEO

**a) EF Johnson Technologies:** EF Johnson Technologies, a two-way radio manufacturer, is one of the lead competitors of BK Technologies. Mr. Suzuki served at EF Johnson over two periods.

#### i) Recent stint

- Less than 15 months after JVCKENWOOD acquired BK Technologies, Mr. Suzuki was hired as CEO by JVCKENWOOD to lead EF Johnson Technologies.
- He claims that during his four-year tenure (May 2015 to April 2019) at EF Johnson, revenue doubled with a reduction in overhead.

#### ii) Previous stint

- From 2004 to 2011, Mr. Suzuki served as SVP – Sales at EF Johnson, responsible for all domestic and international sales for their land mobile radio products.
- In this role, Mr. Suzuki claims that he created and implemented a strategic sales plan that grew the state, local and international businesses from \$12 million to \$72 million between 2004 and 2011 with a significantly enhanced subscriber business and expanded dealer channel sales.

**b) Ericsson:** For roughly 13 years (1991-2004), he served at Ericsson at

multiple positions of rising responsibility. He claims that:

- As VP – Supply, he managed a 400-person team that produced and delivered cellular base stations to customers in over 20 countries and generated over \$1 billion in revenues.
- As General Manager – Service, he helped streamline the business and grow the division from \$35 million to \$85 million in two years.
- As General Manager – Land Mobile Radio, he implemented a strategic sales plan which grew the business by 60%, including a 50% increase in dealer channel sales.

#### **c) Other roles**

- Avtec: Previously, Mr. Suzuki was SVP – Sales at Avtec Incorporated, where he instituted new sales processes resulting in double-digit revenue growth.
- 3eTI: From 2011 to 2013, as Vice President, Sales and Marketing at Ultra Electronics 3eTI, he claims that he helped grow year over year sales by 23% in 2012.

### 2. BETTING ON BKR 9000

#### Poor performance & the much-anticipated BKR 9000

- Business: For over 70 years, the company has designed, manufactured, and marketed American-made wireless communications products consisting of two-way land mobile radios

(LMRs), repeaters, base stations, and related components and subsystems.

- **Poor performance:** In the last five years, the company's revenue has hovered between \$40 million and \$50 million. Moreover, in the last nine quarters, the company's revenue grew in only three of those quarters. Nevertheless, the company's future success is tied to its new product launch.
- **BKR 9000:** Later this year, the company plans to launch the BKR 9000 handheld radio, a portable handheld radio for public safety markets.

#### Why is BKR 9000 significant?

- **Rapid expansion of market size:** To date, the company is targeting just 20% of the \$2.3 billion land mobile radio (LMR) market. The company expects BKR 9000's multiband capabilities to open up new markets and bigger contract opportunities.
- **Preorder:** In March 2021, the company announced that it had started accepting preorders for its BKR 9000.
- **Potential revenue driver:** The company's president commented that with the anticipated revenue growth from the BKR 9000, the company can see a path to \$100 million in annual revenues.
- **Potential margin expansion:** The BKR 9000 enjoys more attractive margins than the company's current product offerings. In the long run, the company expects to achieve gross margins of over 50% and an operating margin of more than 12%.

- Moreover, for the first time, the company will have a product with multiband capabilities.
- We urge our members to read the latest conference call transcript to learn more about the recent initiatives, including the BKR 9000. [https://www.sec.gov/Archives/edgar/data/2186/000165495421005895/bkti\\_ex991.htm](https://www.sec.gov/Archives/edgar/data/2186/000165495421005895/bkti_ex991.htm)

#### **Overall:**

The new CEO claims that in each of his prior jobs, he has helped the company to grow revenue. More importantly, he served for over a decade at EF Johnson, a major competitor of the company.

In March 2021, the company opened a new technology innovation center in South Florida, which will be led by Mr. Avanic, CTO. He joined the company in November 2019. The primary initial focus of the Center is to launch the BKR 9000. The company expects the technology innovation center to be the base for the company to expand into new vertical markets totaling an estimated \$1.2 billion.

This company is worth tracking.

#### **Note:**

Fundamental Global Partners (ownership: 40.6%): (a) The company's board experienced a major revamp in 2017 after the company entered into a settlement agreement with Fundamental Global Partners. (b) Given the significant stake, we find it peculiar that two representatives of Fundamental Global Partners resigned from the company's board in April 2020.



## NEW BKR SERIES, PORTABLE COMMUNICATIONS TECHNOLOGY:

- Designed to address the needs of First Responders
- Competes against market leader with industry-leading performance, features, durability, ergonomics, and total cost-of-ownership

### BKR 5000

- Manufacturing commenced August 2020

### BKR 9000 MultiBand

- Launch planned mid-year 2021
- Level 3 encryption providing the highest level of secure communications for the Department of Defense (DoD)
- Substantially higher average selling price

## BKR 9000 MultiBand Exponentially Expands Market Verticals



## American Virtual Cloud Technologies (AVCT): Major management shakeup

- Market Cap: \$92 million | American Virtual Cloud Technologies (AVCT) provides comprehensive and innovative cloud based UCaaS, Cybersecurity, and IT solutions for over 900 enterprise customers, including 350+ managed service clients.
- Major shareholders: Ribbon Communications - 84.9%
- Screen: Appointment of new CEO

### RESEARCH

#### 1. BASICS

##### a) SPAC history

- Pensare Acquisition Corp. is a SPAC that went public on NASDAQ in July 2017.
- In April 2020, Pensare completed its business combination with Computex Technology, a portfolio company of Navigation Capital Partners, an Atlanta-based middle-market private equity firm.
- After the transaction, the company was renamed “American Virtual Cloud Technologies.”

##### b) Current business is built out of two acquisitions

- In April 2020, the company acquired Computex Technology (also referred to as Stratos Management Systems) for roughly \$60 million.
- In December 2020, the company acquired the Kandy Communications business from Ribbon Communications for approximately \$45 million.

##### c) Nature of business

- 62% hardware sales: The company generates roughly 62% of its revenue from hardware sales, which includes products from leading manufacturers across multiple categories such as network communications, data storage, desktops, and servers, among others.
- 31% services: The company generates roughly 31% of its revenue from services that include Managed IT (IT outsourcing), storage, networking, and data center services.

- Example of projects: The company designs and delivers complex data center transformation projects and networking projects, finds, deploys, and manages cloud services, etc.

(\$, mm)	2017	2018	2019
Revenue	134.8	154.8	85.7
Gross profit	28.4	29.9	24.4
EBIT	0.9	-0.5	-3.6

##### d) Note on accounting change in 2019

- In 2019, the pro forma revenue appears to have declined by a whopping 45%. The majority of the decline is due to an accounting change.
- Until 2019, the company reported revenue from software license under revenue and the cost of license revenue in COGS. But since 2019, the company has been reporting net revenue from the license revenue.

#### 2. Significant management changes

In July 2021, the company’s CEO and COO resigned abruptly.

- We don’t want to speculate. Nevertheless, it is to be noted that these resignations happened within four months after the company received the acquisition proposal.
- In April 2021, the company received a proposal to acquire the company for a price of approximately \$9.00 per share. As of now, there is no update on this.

##### Management shakeup

In July 2021, the company appointed five changes to the senior management team.

- New CEO: The Company appointed Darrell Mays as CEO.
- President – Kevin Keough
- Chairman – Lawrence Mock
- Vice Chairman – Dr. Robert Willis
- President of Kandy (after the acquisition of Kandy)

## WHAT WE LIKE

### 1. Navigation Capital Partners

- As of January 26, 2021, Navigation Capital Partners own 58% of the o/s shares of the company.
- Navigation Capital is an Atlanta-based private equity firm that partners and invests with extraordinary CEOs to launch companies into the public market.
- Navigation Capital was established as the successor to Mellon Ventures, purchasing the remaining 34 companies in Mellon's existing portfolio and then founding a new partnership to continue to invest in high growth, technology-enabled operating companies.

### 2. Track record of new CEO – Darrell Mays

Related to Navigation Capital? Yes. Darrell J. Mays is a Managing Partner of Navigation Capital's SPAC Operations Group.

#### Track record

##### a) Sale of Nsoro:

- Mr. Mays was the founder and CEO of Nsoro, LLC, which provided turnkey infrastructure services to top telecom operators from 2003 to 2008.
- Nsoro grew rapidly to approximately \$70 million in revenues in less than five years and was acquired by MasTec, Inc. in 2008 for approximately \$17.5 million plus an earn-out. In 2010, MasTec paid a one-

time fee of \$40 million and entered into an amended milestone payment agreement.

- After the sale, Mr. Mays was appointed as President of MasTec. He served in that position from 2008 to 2016. During his tenure, MasTec grew to over \$2.3 billion in revenue and generated \$245 million in operating profit in 2016.

##### b) Other notes:

- In 1996, Mr. Mays was hired by Ericsson, Inc. as Sales Manager for a major account in the Southeastern region of the U.S. Subsequently, he was named VP – Business Development for Global Accounts.
- Mr. Mays joined Motorola as the VP – Global Accounts in 2000, and in 2002 he was named Vice President/General Manager of Wireless Products at PalmSource, Inc.

### 3. Track record of other newly appointed executives

#### a) Kevin Keough – President

Related to Navigation Capital? Yes. He joined Navigation Capital in March 2021.

In July 2021, the company appointed Kevin Keough as president of the company.

- Mr. Keough joined Investcorp in 2017 to focus on post-acquisition. He served as its Managing Director and Head of Post-Acquisition for Investcorp's North American Private Equity Group in New York.
- Before joining Investcorp, Mr. Keough had been the Managing Director and Global Head of Portfolio Management for Arcapita Investment Management, Inc., in Atlanta, Georgia, with board-level oversight responsibilities for numerous portfolio companies during a nearly 12-year period.
- Previously, Mr. Keough was a Senior Executive with First Energy

Corporation and a Management Consultant with McKinsey & Company, Inc.

**b) Lawrence E. Mock, Jr. – Chairman**  
Related to Navigation Capital? Yes. He founded Navigation Capital Partners.

Track record

- In 2006, Mr. Mock founded Navigation Capital Partners in partnership with Goldman Sachs. In partnership with Goldman Sachs, its portfolio has included investments in 40+ operating companies representing equity investments (including co-investments) of approximately \$2.3 billion.
- From 1995 to 2006, Mr. Mock served as CEO of Mellon Ventures, Inc., which he founded in partnership with Mellon Financial Corporation, to make private equity and venture capital investments in operating companies. Under his leadership, the firm invested \$1.4 billion in 136 operating companies and 70 private equity partnerships.
- From 1983 to 1995, he was the founder and CEO of River Capital, Inc., the Southeast's first private equity firm, which invested approximately \$200 million in debt and equity into successful operating companies throughout the Southeast.
- He has served as a U.S. delegate to the United Nations and as a White House Fellow.

**c) Chuck Canton (July 2021 – President of Kandy)**

- Before founding Sourcepass, Mr. Canton held roles as the Global Vice President of Customer Success and Operations at Vonage (NYSE: VG) and President of Services and Operations at Compass, a rapidly growing tech-enabled real estate company. Mr. Canton was instrumental in helping Compass (\$6.4 billion) and Vonage

(\$3.3 billion) achieve multi-billion-dollar valuations.

- At Vonage, Mr. Canton oversaw Account Management, Project Management, Service Delivery, and Business Operations to ensure Vonage had the highest level of customer satisfaction. Over his tenure, Mr. Canton and his customer success team reduced business revenue churn by 40% and achieved over \$500 million in contracted revenue.
- Mr. Canton began his career at iCore Networks, where he met Sourcepass co-founder Bruce Simms. Canton and Simms's complementary leadership styles helped to enable rapid growth and the best customer experience offered in the industry. These efforts led to 150% consistent, year-over-year growth from iCore's inception and a successful sale to Vonage in 2015 for \$92 million.

Debt reduction: In addition to the above changes in July 2021, the company also stated that it intends to reduce the company's debt by over 90% by converting over \$130 million of outstanding debentures.

Thoughts

- (a) Will the board engage with the buyer and sell the company? Most likely, the answer is NO. Why? If the board is serious about selling the company, why would they appoint an army of top executives in management positions? Moreover, the chairman of the board is a deal-maker. Technically, he owns 55% of the o/s shares of the company through his venture. He took several years to make this first SPAC deal. It is highly unlikely











that he will sell the company for a measly profit.

- (b) Most of the newly appointed executives and other executives are experienced in running larger firms. Currently, the company's revenue is \$97 million. They are

NOT going to sit idly by and wait for the company's revenue to grow organically. They are all deal-makers. They will use this vehicle to run as a holding company.

## DEMONSTRATED TRACK RECORD OF SUCCESS

AVCT team has a track record of achieving significant growth and multi-billion dollar valuations

		2008		2014
	Revenue	\$0.1 BN		\$1.0 BN
	Valuation	\$0.7 BN		\$3.5 BN
		2008		2014
	Revenue*	\$0.1 BN		\$0.6 BN
	Valuation	\$0.5 BN		\$3.0 BN
		2018		2020
	Revenue	\$0.5 BN		\$2.0 BN
	Valuation	\$2.0 BN		\$6.4 BN

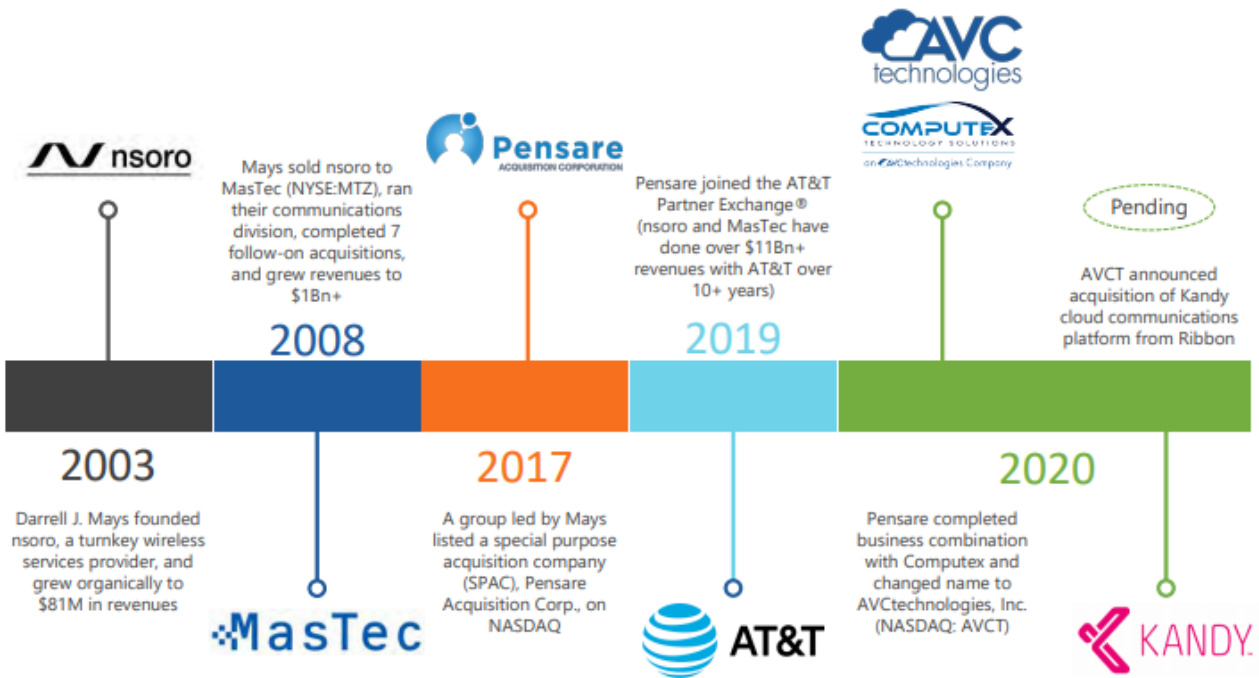
\*Business Service Revenue  
Source: FactSet, company filings and management estimates

## WHY WE THINK WE HAVE A COMPETITIVE ADVANTAGE

	AVC technologies KANDY COMPUTEX	UCaaS VONAGE RingCentral 8x8	CCaaS Five9 NICE inContact	CPaaS bandwidth twilio	Legacy / On-Prem AVAYA CISCO Mitel	Carriers / Managed Network / Cable CenturyLink verizon Spectrum AT&T
Target Customers (seats)						
Small Business (10-99)	✓ White Label	✓		✓	✓	✓
Medium Enterprise (100-1,000)	✓	✓	✓	✓	✓	✓
Large Enterprise (1,000+)	✓		✓	✓	✓	✓
Capabilities						
UCaaS	●	●	○	○	●	○
CPaaS	○	●	○	●	○	○
CCaaS	○	●	●	●	○	○
Organically Developed, Cohesive Platform	●	○	○	○	○	○
Connectivity / SD-WAN	●	○	○	○	○	●
Global Presence	●	○	○	○	○	●
White Label & Partner Portals	●	○	○	○	○	○
White Glove Service	●	○	○	○	○	○
Security Offering	●	○	○	○	○	○
Network Management	●	○	○	○	○	○
Advanced NOC & SOC <sup>(1)</sup>	●	○	○	○	○	○

## AVCT BACKGROUND & HISTORY

Demonstrated history of driving value through acquisitions, partnerships and organic growth



## S&T Bancorp (STBA): A short note on the new CEO appointment

- Market Cap: \$1.1 billion | S&T Bancorp, Inc. is the holding company for S&T Bank with locations in Pennsylvania, Ohio and New York.
- Major shareholders: BlackRock - 14.8% | Vanguard Group - 10.7%
- Screen: Appointment of new CEO

### RESEARCH

#### New CEO:

On July 12, 2021, S&T Bancorp appointed Christopher J. McComish as CEO effective August 23, 2021.

#### **Christopher J. McComish**

##### (a) Top executive of TCF Financial Corporation (Market cap: \$6.9 billion)

- Mr. McComish served as Senior EVP of Consumer Banking of TCF Bank from June 2018 to 2021.
- He was one of the top 10 executives in TCF Financial Corporation, which is the 31st largest publicly traded bank holding company in the United States.

##### (b) CEO of Scottrade Bank

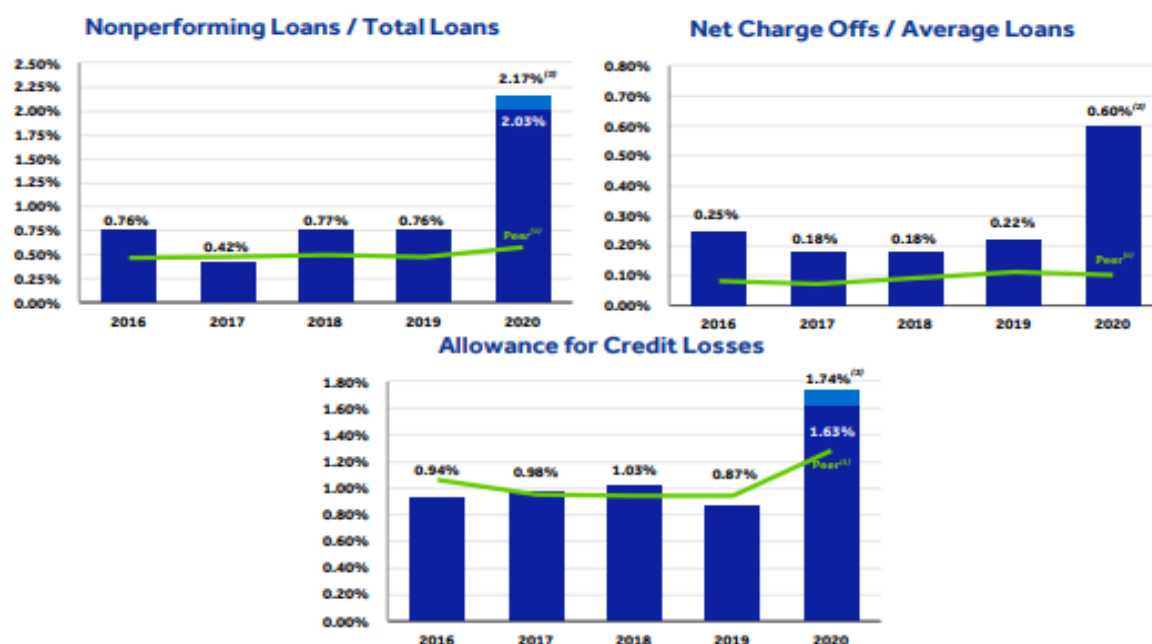
- Mr. McComish served as CEO of Scottrade Bank from 2015 to 2017.

During his tenure, he oversaw approximately \$3 billion total in loans.

- Scottrade Bank is the banking subsidiary of Scottrade Financial Services, Inc.

##### (c) Other experience

- Prior to Scottrade Bank, Mr. McComish served as the Head of Personal Banking and then as a Chief Operating Officer for Personal and Commercial Banking at BMO Harris Bank.
- BMO Harris Bank is part of BMO Financial Group, a North American financial organization with approximately 1,600 branches, and CDN \$672 billion in assets (in January 2015).



<sup>(1)</sup> BHCPR Peer Group 2: Bank Holding Companies with \$3-10 billion of assets through 3Q20.  
<sup>(2)</sup> Excludes loss from customer fraud in Q2 2020, actual ratio is 1.40%. Refer to appendix for reconciliation of non-GAAP financial measures.  
<sup>(3)</sup> Excludes PFF loans.

## Guess (GES): CEO could earn an additional \$15 million if the stock price increases by roughly 1.25x over the next four years

- Market cap: \$1.4 billion | The company designs, markets, distributes, and licenses lifestyle collections of apparel and accessories for men, women, and children.
- Major shareholders: Marciano Paul - 37.4% | Marciano Maurice - 18.6% | Blackrock - 9.8%
- Screen: Appointment of new CEO

### RESEARCH

- On July 2, 2021, the company announced that its compensation committee approved the grant to Mr. Alberini of 300,000 restricted stock units.
- The award is separated into four different vesting tranches, with each vesting tranche consisting of 75,000 restricted stock units subject to the award.
- A vesting tranche under the award will vest if, on or before June 20, 2025, the company's 15-day average

stock price equals or exceeds one of the stock price targets set forth below.

Comment: If the stock price reaches \$50 in June 2025, the value of the 300K restricted stock units would be \$15 million.

Stock Price Target	Earliest Vesting Date
\$35.00	June 30, 2022
\$40.00	June 30, 2023
\$45.00	June 30, 2024
\$50.00	June 30, 2025

## Apollo Endosurgery (APEN): Significant management changes

- Market Cap: \$209 million | Apollo Endosurgery, Inc. is a medical technology company focused on development of next-generation, less invasive devices to advance therapeutic endoscopy designed to treat a variety of gastrointestinal conditions including closure of gastrointestinal defects, managing gastrointestinal complications and the treatment of obesity.
- Major shareholders: Cpmg Inc - 11.7% | Gagnon Neil - 11.1% | Lytton Laurence W - 9.8% | Nantahala Capital Management - 8.4%
- Screen: Multiple screens

### RESEARCH

#### 1. Current endoscopy business

(\$, mm)	FY 2017	FY 2018	FY 2019	FY 2020
ESS	16.48	23.38	28.31	25.73
IGB	19.44	17.74	16.8	14.78
Total endoscopy	35.92	41.12	45.15	40.51
<i>ESS – growth rate</i>		42%	21%	-9%
<i>IGB – growth rate</i>		-9%	-5%	-12%

- ESS: The company is the only manufacturer with a cleared device for full thickness endoscopic suturing currently on the market in the U.S. or outside the U.S.
- IGB: Orbera® is the #1 gastric balloon worldwide. In the U.S., there is only one other manufacturer with an intragastric balloon approved by the FDA (Obalon Therapeutics, Inc.).
- As of December 31, 2020, the company owns over 105 U.S. patents and 165 foreign patents.
- Improved financials
  - In 2020, the company's revenue declined due to the impact of the COVID-19 pandemic.
  - In the last three quarters, revenue grew 13.9% (Q3 2020), 7.26% (Q4 2020) and 29.29% (Q1 2021).

#### 2. New product launch and management changes

##### i) Launch of a new product

- In December 2020, the company received FDA clearance for its X-Tack Endoscopic HeliX Tacking System, and its first clinical cases were completed in January 2021.
- The X-Tack device enables physicians to easily address the challenges commonly encountered when closing large or irregularly shaped defects. The X-Tack closure device is intended to resolve the limitations of TTS clips, OTSC, and endoscopic suturing.
- Marketing efforts: In March 2021, the company sponsored its first X-Tack educational webcast, hosted by Dr. Andrew Storm from the Mayo Clinic. More than 150 physicians joined the webcast.

##### ii) Management changes

- CEO – March 2021
- CFO – July 2021
- Splitting – VP of Marketing and Sales: In May 2021, the company split the role of VP of Marketing and Sales and added two new positions to enhance Apollo's growth prospects across three product lines.
  - Kirk Ellis as VP of U.S. Sales
  - Steve Bosrock as VP of Marketing & Medical Education
- The company plans to make targeted additions to its sales team to support its growth aspirations.

**iii) New CEO**

In March 2021, the company appointed Charles McKhann as CEO.

- Mr. McKhann has served as Managing Director of Vernon Advisors, a healthcare advisory firm.
- Chief Commercial Officer:
  - Between 2015 and December 2018, Mr. McKhann served as Chief Commercial Officer of three medical technology companies – Intersect ENT, Torax Medical, and ROX Medical.
  - During his tenure as CCO, Torax Medical was acquired by Johnson

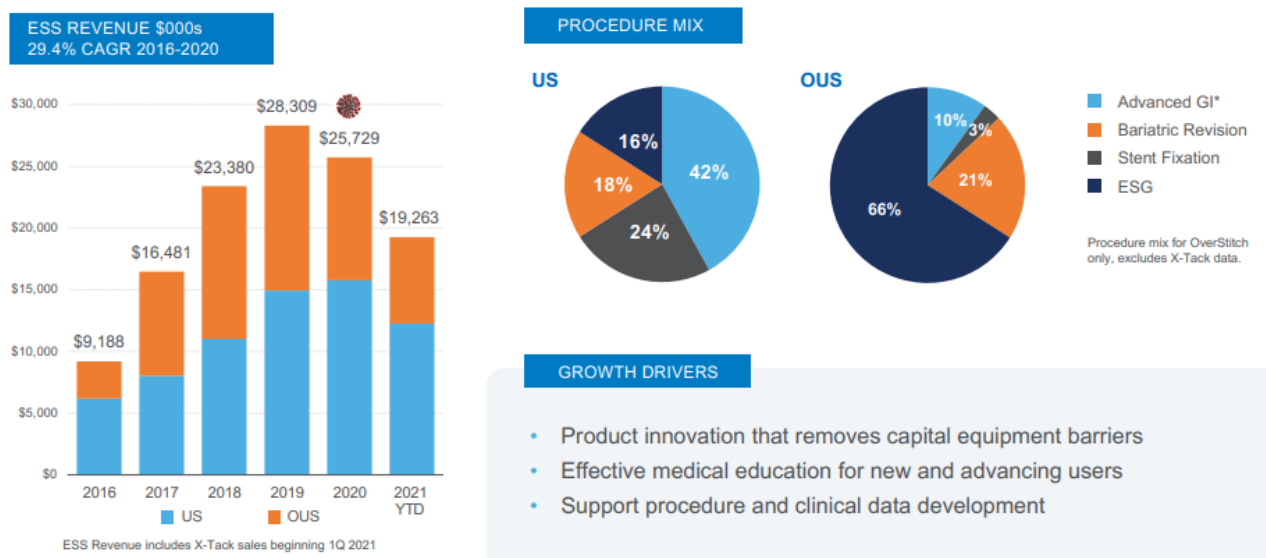
& Johnson's Ethicon unit for an undisclosed value.

- During his tenure as Director – Marketing of Cordis (2003-2007), Mr. McKhann was responsible for market development for a \$5+ billion product category.

**(iv) New CFO**

- In July 2021, the company hired Jeffrey Black as CFO.
- Most recently, he served as a CFO at Alphatec Holdings, a \$1.4 billion medical technology company.

**OverStitch™ Revenue and Procedure Mix**



**Orbera®: the #1 Gastric Balloon Worldwide**

- CE marked in 1997, FDA approved in August 2015
- Only balloon currently meeting ASGE's threshold standards<sup>(1)</sup> for safety and efficacy
- More than 230 peer reviewed publications reporting weight loss results consistently >10% TBW



**Current Market: Aesthetic Weight Loss**

- 228,000 U.S. bariatric procedures<sup>(2)</sup> and 1.8 million U.S. cosmetic surgical procedures annually<sup>(3)</sup>
- Sites of service include plastic surgery centers, bariatric clinics and endo-bariatric (GI) clinics

## SMART Global Holdings, Inc. (SGH): Significant changes after the appointment of the new CEO

- Market Cap: \$1.1 billion | SMART Global Holdings, Inc are leading designers and manufacturers of electronics for computing, memory and specialty LED solutions.
- Major shareholders: Silver Lake Group - 28.9% | Ameriprise Financial Inc - 9.9% | Blackrock - 9.3% | Vanguard Group - 5.9%
- Screen: Multiple screen

### RESEARCH

#### 1. Significant changes after the appointment of the new CEO

In August 2020, the company appointed Mark Adam as its CEO.

- Most recently, he led the \$1.9 billion Lumineds, a LED-based lighting solution company, as CEO.
- Prior to that, for seven years he served at Micron Technology, a \$16 billion memory solutions company. Most recently, he served as President of Micron Technology, one among the top three C-level executives.

##### a) Management changes

In the last 11 months, seven out of the eleven executive officers have been newly appointed. Out of these seven, six executives were appointed after the appointment of the new CEO in August 2020.

- CEO – August 2020
- EVP and President of Emerging Markets – September 2020
- SVP and CFO – February 2021
- Chief of Staff – March 2021
- SVP and President of Intelligent Platform Solutions – March 2021
- VP General Counsel – April 2021
- VP of Marketing and Communications – April 2021

##### b) Recent big-ticket acquisition – Cree LED Products business unit

- Within eight months of the appointment of the new CEO, in March 2021, the company acquired

the Cree LED Products business unit for approximately \$300 million.

- Cree LED comprises a broad portfolio of highly efficient LED chips and high-performance LED components.
- Cree LED is a technology leader with more than 2,000 patents. It generated \$433 million in revenue in FY 2020.
- In Q3 2021, the company stated that Cree LED had exceeded expectations, recording revenue of \$102 million versus a guide of \$90 million to \$95 million.

##### c) Exit from battery product lines

- In the fourth quarter of fiscal 2020, the company decided to cease manufacturing and selling of products under the battery product line.
- It is to be noted that the decision to exit was made during the tenure of prior management.

#### 2. Diversification strategy – to reduce over-reliance on Brazil

##### a) Leading market share in Brazil

- The company generated roughly 35% of its revenue from Brazil in FY 2020.
- First mover advantage in Brazil – the company commenced its operations in Brazil in the year 2002.
- The company has established a leading market position, as measured by market share, where it is the largest in-country manufacturer of memory.
- The Brazilian regulatory environment favors local business.

The company receives plenty of incentives from the government.

**b) Over-reliance on Brazil**

In 2018, Brazil accounted for roughly 62% of total revenue.

**c) Creation and growth of SCSS segment**

- In 2018, the company acquired Penguin Computing for \$60 million and created a new segment, titled “Specialty Compute and Storage Solutions.” Subsequently, in July 2019, the company acquired Artesyn Embedded Computing and Inforce Computing.
- As such, a segment that was non-existent in 2017 generated revenue of \$52.5 million in FY 2018 and grew to \$265 million in FY 2020.
- Due to this, the company’s revenue from Brazil decreased from 62% in FY 2018 to 35% in FY 2020.

**d) A few observations**

- Revenue from Brazil declined from \$797 million in FY 2018 to \$389 million in FY 2020. The company blamed lower customer demand for mobile memory and DRAM products and lower average selling prices for mobile memory for its poor performance in Brazil.

- Due to this, the company’s effort to grow the SCSS segment has gone unnoticed.

**WHY ARE WE FLAGGING NOW?**

**1. Improved industry outlook**

- According to IC Insight, in 2019, the memory IC market declined by 32.5%. Moreover, the market remained flat in 2020. As such, we cannot blame the company for its poor performance.
- Now, the same research firm is projecting 20.5% growth in 2021 and 28.5% in 2022.

**2. Strong recent performance**

- In the last three quarters, the company’s revenue has grown due to higher demand and an increase in average selling price. The company’s revenue from Brazil is also growing.
- **Record revenue:** In Q3 2021, the company achieved record quarterly revenues of approximately \$438 million.

Overall, under the CEO, the company has experienced a major management overhaul and has acquired a large LED business. The full result of the LED business is yet to be reflected in the financial statement. Moreover, industry experts are predicting strong revenue growth in the years 2021 and 2022.

**Our Brand Advantage**  
Cree LED's industry leadership is underpinned by strong brand equity and a reputation for superior performance

**Cree LED's Industry Recognition**

<b>"Product of the Year Award: XLamp High Intensity LEDs"</b> Electronic Products Awards	<b>"Technology Brand of the Year"</b> Architectural SSL Magazine Product Innovation Awards	<b>"Market Leadership: Technology Brand Leader"</b> Architectural SSL Magazine Awards	<b>"Best Packaged LED: XLamp High Density LEDs"</b> Sapphire Awards
<b>"Outstanding Innovation in Product or System Tech: XLamp XP-G3 Royal Blue LED"</b> Asabe Awards	<b>"Product Innovation: XLamp High Intensity and XHP LEDs"</b> Architectural SSL Magazine Product Innovation Awards (PIA)	<b>"Best Indoor Directional LED: Mini CXAHD"</b> Lighting For Tomorrow	

**Cree LED by the Numbers**

- #1 in HP Lighting for over 12 years
- >30 years of experience and domain know-how
- ~2,250 total headcount
- 1,650+ issued patents supported by leading know-how
- ~220 highly skilled R&D engineers

SMART 20

## Tupperware Brands (TUP): Significant changes after the appointment of new CEO; insider buying; significant buyback

- Market Cap: \$960 million | Tupperware Brands Corporation is a leading global consumer products company that designs innovative, functional, and environmentally responsible products.
- Major shareholders: Blackrock - 15.9% | FMR - 14.9% | Vanguard Group - 6.9%
- Screen: Multiple screen

In July 2021, Miller Value Partners, LLC disclosed a 5.1% passive stake in the company.

structure (direct selling business model) is a big plus.

### WHAT WE LIKE

#### 1. Changes after the appointment of new CEO

##### a) Situation at the time of appointment of new CEO

- In February 2020, the company share crashed approximately 60% after the company reported (i) a decline in profit and (ii) a delay in filing the annual report due to investigation primarily into the accounting for accounts payable and accrued liabilities at its Fuller Mexico beauty business.
- Moreover, the company forecasted a need for relief concerning its existing leverage ratio covenant in its \$650 million credit agreement.

b) Appointment of new CEO – strong track record: In March 2020, the company appointed Miguel Fernandez as CEO.

- Mr. Fernandez has over 20 years of global direct-selling industry experience.
- The most interesting part of his career is that he served as a C-level executive at Herbalife and Avon Products, which rank second- and third-largest among direct selling companies in the world. In contrast, Tupperware is the fifteenth largest direct selling company. Attracting top talent from the same industry

##### c) Significant changes after appointment of new CEO

- Majority management change: Since the appointment of the CEO in March 2020, six out of the top seven executives have been newly appointed.
- Sale-leaseback agreement: In November 2020, the company closed an 11-year sale-leaseback agreement with O'Connor Capital Partners for \$31.6 million, for approximately 41 acres of land on which Tupperware Brands' headquarters is located.
- Divestment of beauty business: In October 2020, the company announced its plans to divest its beauty and personal care products businesses. The company sold the Avroy Shlain beauty business for net cash of \$30.5 million in February 2021. The company plans to divest its remaining beauty businesses, which generated 13% of the company's total revenue in 2020.
- Refinancing transaction: In December 2020, the company entered into two new term loan facilities as a part of refinancing transactions. Following these transactions, the company did not have any debt maturing until the fourth quarter of 2023.
- Improvement in debt to EBITDA ratio (covenants)
  - June 26, 2021: Debt to EBITDA ratio of 2.05 versus 4.91 in the second quarter of 2020.

- March 27, 2021: Debt to EBITDA ratio of 2.36 versus 5.36 in the first quarter of 2020.
- December 26, 2020: Debt to adjusted EBITDA ratio of 2.99x, which is well under the maximum allowed covenant of 4.50x.

- **Debt repayment:** Under his watch, the company is regularly paying down debt. In fact, in June 2021, the company prepaid \$58 million (8.3% of total debt in Q1 2021) of the outstanding term loan.

Quarter ended	Debt (\$, mm)
Mar-20	1073
Jun-20	884
Sep-20	845
Dec-20	779
Mar-21	773

"The ongoing success of our Turnaround Plan has resulted in the Company's improved liquidity position over the past 18 months enabling us to prepay \$58 million of the outstanding term loan," said Sandra Harris, Tupperware Brands Chief Financial Officer and Chief Operating Officer. Harris continued, "The accretive decision

to pay down the debt, our continued commitment to invest in our business and our increased confidence in the future cash flow generation of the company also led our Board to approve an enhancement in our capital allocation policy to enable management to buy back stock within agreed-upon guidelines." – Sandra Harris, CFO, [June 21, 2021](#)

- **25% share buyback:** In June 2021, the company announced a \$250 million share repurchase plan. Given the current market cap of \$960 million, the repurchase represents roughly 26% of the o/s shares.
- **Recent news**
  - **Divestment:** In Q1 2021, the company sold its manufacturing plant in France for \$9.4 million.
  - **Recent revenue growth:** Q1 2021 marks the third straight quarter of revenue growth for the company. The average active sales force increased 16% and productivity was up 3% in Q1 2021.

## 2. Insider buying

In 2021, the company's insiders bought \$1.47 million worth of shares at an average price of \$25.2 per share.

## Champions Oncology (CSBR): A growing technology-enabled xenografts simulation company disguised as an oncology company

- First thing first – the company is NOT pumping money to find a cancer drug. It is a drug simulation company selling simulation platform for drug discovery companies.
- Major shareholders: Battery Management - 18.1% | New Enterprise Associates - 18%, Nea Management Company - 12.8%
- Screen: 13G filing

**13G:** In July 2021, West Elk Partners, LP disclosed a 5.1% passive stake in the company.

### 1. BASICS

First things first – the company is NOT pumping money into finding a cancer drug. It is a drug simulation company selling simulation platforms for drug discovery companies.

#### What problem is the company solving?

A clinical trial in oncology could cost more than a billion dollars and take roughly eight years to complete. At the same time, they face a 93% failure rate.

#### a) The company's product: Drug simulation – Patient-Derived Xenograft (PDX) models

- The company's platform provides a novel approach to simulating the results of human clinical trials used in developing oncology drugs.
- The Champions TumorGraft (CTG) platform uses the patient-derived xenografts (PDX), i.e. a human tumor implanted directly into an immunodeficient mouse, to study drug response for predictive clinical outcomes.
- By simulating trials before executing them, pharmaceutical companies can lower the risk of spending resources on drugs that do not show significant anti-cancer activity. As such, the company's platform facilitates drug discovery with lower costs and

increased speed of drug development.

#### b) The company's PDX models

- The company claims that its PDX platform has demonstrated a positive predictive value of approximately 87% and a negative predictive value of approximately 94%.
- The company's PDX studies could take six months compared to 2-3 years for a human trial, and they cost 90% less than a human trial.

#### Suggested further reading

- <https://www.biocompare.com/Editorial-Articles/564871-The-Mice-with-the-Human-Tumors-a-Look-at-PDX-Models/>
- <https://www.cancer.gov/news-events/cancer-currents-blog/2021/cancer-pdx-mouse-models-retain-genetics-human-tumor>

## 2. WHAT WE LIKE

### a) Growing revenue and narrowing down of losses

- In the last six years, the company's revenue has grown at a double-digit rate – especially during the 2020 COVID pandemic, when the company's revenue grew by 18%.
- Moreover, the company's operating losses declined significantly during the last seven years.

FY	Revenue (\$, mm)	EBIT (\$, mm)	Revenue growth
2015	8.9	-13.2	
2016	11.2	-10.3	26%
2017	15.4	-6.8	38%
2018	20.2	-1.4	31%
2019	27.1	0.3	34%
2020	32.1	-1.5	18%
2021	41	0.3	28%

### b) One of the top six U.S.-based players

- As per many research reports, only six leading U.S.-based companies are providing PDX services: The Jackson Laboratory, Charles River Laboratories, Hera Biolabs, Envigo, and Explora BioLabs.
- Several sources peg the current PDX market size to be around \$140 million to \$150 million – which in turn means the company enjoys roughly 25% market share. This conclusion could be completely wrong. We urge readers to cross-verify this during their deep research. [Link](#)
- Number of models – a comparative study
  - The company has approximately 1,500 PDX models in its TumorBank that it believes reflect the characteristics of patients who enroll in clinical trials (late stage, pretreated and metastatic). This characteristic of the company's TumorBank is an important

differentiator to other established PDX banks.

- Comparative study: Even though we don't have any data related to the number of PDX models for other U.S.-based companies, it gives an initial impression that the company could be one of the leading player in the industry.
  - CrownBio: >2,500 models; [Source](#)
  - Champions Oncology: 1,500 models; Source: [10-K](#)
  - Charles River: 400 models; [Source](#)
  - JAX: >400 models; [Source](#)

### c) Other benefits

- No cash compensation for the directors.
- Two venture capitalists own 32.5%.
  - Battery Ventures IX owns roughly 19% and has a representative on the board.
  - NEA Partners (New Enterprise Associates), a healthcare-focused venture capital firm, owns 13.5%.
- **Launch of SaaS service**: In fiscal year 2021, the company launched its SaaS business, which is centered around its proprietary software platform and data tool, Lumin Bioinformatics, which contains comprehensive information derived from its research services and clinical studies and is sold to customers on an annual subscription basis.

## Wireless Telecom Group (WTT): Potential 5G play

- Market cap: \$60 million | Wireless Telecom Group comprised of Boonton, CommAgility, Holzworth, Microlab, and Noisecom, is a global designer and manufacturer of advanced RF and microwave components, modules, systems, and instruments.
- Major shareholders: Horton Capital Management 10.1% | Hirschman Orin - 8.7% | Hollow Brook Wealth Management - 8.6%
- Screen: 13G filing

**13G:** In July 2021, Orin Hirschman disclosed an 8.6% passive stake in the company. Orin Zvi Hirschman is Managing Member at AIGH Capital Management LLC, Manager at Aigh Investment Partners LP.

### I. BASICS

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

- Radio Frequency Components (42% of revenue) – Microlab brand
- Test and Measurement (48% of revenue) - Boonton, Noisecom and Holzworth brands
- Radio, Baseband, Software (8.4% of revenue) - CommAgility brand

### II. RESEARCH

- In the last seven years, the company's revenue has hovered between \$31 million and \$53 million. In fact, the company's revenue declined by 21% from \$52.8 million in FY 2018 to \$41.7 million in FY 2020.
- Moreover, except for one year (FY 2018), the company generated operating losses in all years between FY 2016 and FY 2020.

Given its past financial performance, why are we flagging this stock?

#### 1. 5G play

Since FY 2018, the company has been disclosing its investments in 5G research and development.

- Acquisition:
  - In February 2020, the company acquired Holzworth

Instrumentation for \$10 million. Within eight months, the company launched a new product in the Holzworth noise analyser segment, which was specifically designed to address measurement needs of high frequency, wide bandwidth 5G, and radar applications.

- CommAgility, acquired in 2017, develops the software which enables specialized LTE and 5G deployments.

- NXP Semiconductors collaboration:

In January 2020, the company announced a collaboration with NXP Semiconductors to accelerate 5G hardware and software development.

- 5G customer win

- In the third quarter of 2020, the company reported the first customer win for its NXP-based 5G solutions.
- In June 2021, the company announced that it had signed four new 5G software and services contracts in the first half of 2021. These four new contracts represent over \$2 million of new orders received in the first two quarters of 2021 and together have a total potential contract value of over \$6 million (i.e., 14% of total revenue in 2020).

#### 2. Recent executive addition

- In August 2020, the company hired Alfred Rodriguez as Chief Revenue Officer. He is responsible for the

global sales team across all the company's product portfolios.

- For the first time in its history, the company added a new role in its C-level executive team – Chief Revenue Officer.

### 3. Recent positive growth

- After a series of disappointing quarterly growth rates since 2018, the company for the first time registered positive revenue growth of 20% in the first quarter of 2021.
- Moreover, the company expects second-quarter revenue to grow by 8%.

- **Growing backlog**

- June 2021 (expected): \$12.5 million
- March 31, 2021: \$10.0 million
- December 31, 2020: \$8.3 million
- September 30, 2020: \$6.1 million

With additional increases to the backlog at March 31, 2021, we feel more confident about our ability to achieve our strategic

goals of double-digit organic sales growth, gross margins above 50% and improving operating margins in 2021. - *Tim Whelan, CEO*

### 4. Improving gross margin

- Since 2015, the company's gross margin has hovered between 41.8% and 45.8%.
- In the last four quarters (June 2020 to March 2021), the company's gross margin was over 50%.
- The improved gross margin is predominantly due to a higher percentage of software revenue, which in turn is due to the company's Holzworth acquisition (acquired in 2020) and software revenue growth in CommAgility (acquired in 2017).

#### Overall:

The company believes that it is in the beginning stages of the 5G investment cycle and that it will be longer than the 10-year 4G cycle.

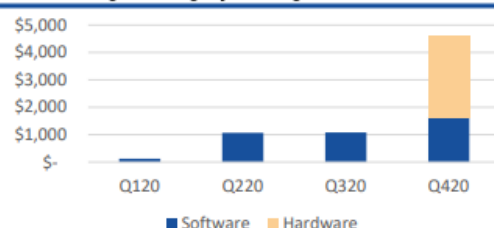
## RBS / CommAgility Growth Opportunity



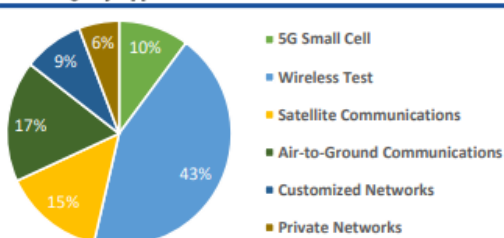
### Innovation and Disruption Driving Market Opportunity

- CommAgility's software and hardware are positioned to provide the building blocks for 5G technology deployment and new 5G applications
- The legacy ecosystem of locked-in network equipment providers is beginning to be replaced by an open standard ecosystem that fosters innovation and new 5G applications
- CommAgility is just beginning to reflect anticipated bookings traction
- CommAgility is part of NXP Semiconductors ecosystem of 5G partners, and the two companies are collaborating on 5G hardware and software development

### Accelerating CommAgility Bookings Growth (\$ in thousands)



### Bookings by Applications



As a specialist in LTE and 5G software and hardware, CommAgility is helping support the transformation underway in the wireless ecosystem

## Viant Technology (DSP): Amid the end of third-party cookies, the company's people-based identity could ride the wave

- Market Cap: \$1.2 billion | Viant Technology LLC is a leading people-based advertising software company that enables marketers and their agencies to centralize the planning, buying and measurement of their advertising investments across most channels.
- Major shareholders: Fred Alger Management - 18.4% | Fmr - 15% | Alger Associates - 11.8% | JP Morgan Chase & Company - 10.1%
- Screen: 13G filing

In July 2021, Alger Associates disclosed an 11.8% passive stake in the company.

Insider buying: In February 2021, the company's two directors bought \$0.64 million worth of shares at an average price of \$25 per share.

### 1. BASICS

#### a) Business model

- The company's software platform is used by marketers and their advertising agencies to centralize the planning, buying, and measurement of their advertising across most channels.
- Through the company's technology, a marketer can easily buy ads on desktop, mobile, connected TV, linear TV, streaming audio and digital billboards.

#### b) How this company's service is different

##### Current process

- Basics: Cookies are small text files that collect certain pieces of information about online users. Cookies are widely used by e-commerce websites, website setup, and even to sign in to a website.
- Advertisers rely on cookies to identify which advertisements the user has viewed and interacted with (i.e., clicked on).
- Now, the cookie-based advertisement concept is changing. Why? Browser

providers have recently enacted changes restricting the use of third-party cookies in their browsers, which may cause instability in the digital advertising market.

- In January 2020, Google publicly stated it intended to have Chrome block third-party cookies at some point in the following 24 months. The Safari browser currently blocks third-party cookies by default.
- The company believes that the shift away from cookie-based consumer tracking will happen rapidly and will increase its market share in the process.
- For example, the market move away from cookies has created an increase in demand by marketers actively looking for other platforms similar to the company's software platforms.

##### Alternative to cookie-based consumer tracking

- Instead of cookie-based tracking, the company's platform relies on "people-based identification for advertising."
- The company's identity resolution capabilities reduce/eliminate the need for cookies by enabling matching of people-based identifiers, and allow marketers to reach targeted consumers in a privacy-conscious manner, irrespective of device or channel.

### 2. WHAT WE LIKE

- **Self-service:** The company offers a self-service platform that enables customers to operate their ad campaigns without the extensive involvement of the company's employees. As such, the company can grow its revenue at a faster pace than its personnel costs.
- **95% customer satisfaction:** The company is a trusted partner to its customers and has had a 95% customer satisfaction rating for the last three years based on Viant's Annual Adelpic Customer Satisfaction Survey.
- **Proprietary technology:** As of December 31, 2020, the company has 26 issued patents and 10 additional pending patent applications, which cover many of its proprietary products.
- **Current cookie crisis**
  - Since the beginning of this year, plenty of articles have been written about the end of the cookie era.
  - Our best guess is that marketers must be scrambling to find a list of adtech companies that provide alternatives to cookie-based platforms. In our opinion, Viant will be one of the top choices.
  - Suggested reading:  
<https://insights.yesandagency.com/third-party-cookies-are-going-away-here-are-four-things-you-need-to-know>

### **Tim Vanderhook, Chief Executive Officer, Co-Founder & Chairman**

Tim Vanderhook is Co-Founder, CEO and Chairman of the Board of Viant Technology. He leads the company's strategic vision, driving innovation and product development of Viant's self-service DSP for omnichannel advertising, Adelpic®. For more than 2 decades, Tim, alongside his brother Chris Vanderhook, has steered Viant's mission of automating the planning, buying, and measurement of advertising through technology and innovation. Furthermore, Tim's early vision led to the development and standardization of using web cookies for behavioral targeting that pioneered interest-based digital advertising practices commonly in use today. In addition to Viant, **Tim also co-founded XUMO in 2011, one of the largest ad supported Over-The-Top (OTT) streaming services, which was acquired by Comcast in February 2020.** Recognized for his digital advertising expertise and innovation, **Vanderhook has authored several patents** including Internet Connected Household Identification, Upfront Advertising Purchasing Exchange and User Demographic Profile Methods. **Tim is a serial entrepreneur and investor**, avid sports fan and resides with his wife Laura and their four children in Orange County, California.

## Synalloy Corporation (SYNL): Significant changes after the involvement of investor-cum-operator and activist investor

- Market Cap: \$90 million | Synalloy Corporation (Nasdaq: SYNL) is a company that engages in a number of diverse business activities including the production of stainless steel and galvanized pipe and tube, the master distribution of seamless carbon pipe and tube, and the production of specialty chemicals.
- Major shareholders: Privet Fund - 24.5% | Upg Enterprises - 24.5%
- Screen: Significant changes after Management Change / SC13D

### I. BASICS

#### Metal segment

- The segment contributes roughly 80% of total revenue.
- The company is a manufacturer of welded stainless steel pipes, liquid storage tanks, and specialty pipes & tubes.

#### Specialty chemicals segment

- The segment contributes roughly 20% of total revenue.
- The company manufactures many key raw materials used to make specialty chemicals as well as completes the manufacturing process through contract manufacturing & tolling.
- The company is the sole producer of certain specialty chemicals manufactured for other companies under processing agreements and also produces proprietary specialty chemicals.

### II. WHAT WE LIKE

#### 1. Significant changes after the involvement of the Privet fund and UPG

##### a) Privet & UPG Group control the board

- In March 2020, Privet (17%) teamed up with UPG Enterprises (8%) and secured three board seats in June 2020.
- In November 2020, the company appointed Mr. Christopher Hutter, a representative of UPG Group, as CEO.
- At the 2021 AGM, the company's number of board seats was set at

four. Out of the four board seats, three are Privet-UPG Group representatives.

##### b) The company appoints its investor as interim CEO

- Track record of Christopher G. Hutter
  - In October 2020, the company appointed Mr. Hutter as interim CEO.
  - Mr. Hutter is the Co-Founder and Manager of UPG Enterprises (8% shareholder), an operator of eight industrial companies.
  - Track record of new CEO: Mr. Hutter claims that under his leadership: (i) UPG reached \$725 million in annual revenue (~2.5x Synalloy's revenue) in under a decade; (ii) UPG's Q4 2019 acquisition of the underperforming Morton/Metales has since improved its manufacturing and on-time delivery rate from 68% to 98% as of March 2020; and (iii) UPG's Lamination Specialties has grown to over 300,000 square feet of Efficient Manufacturing Space designed to produce the highest quality electrical steel laminations and has 40 high-speed presses with the capacity to produce over 100 million pounds of lamination annually.
  - Letter from Mr. Hutter: <https://www.businesswire.com/news/home/20200528005658/en/UPG-Enterprises-Co-Founder->

Chris-Hutter-Issues-Open-Letter-to-Synalloy-Employees-and-Stakeholders-Regarding-the-Path-to-a-Brighter-Future

I became an investor in Synalloy because of its reputation and potential. After joining the Board, I volunteered to lead the business because I believe that my initial assumptions about the value creation opportunity at the company had been confirmed, and I could play a pivotal role in accelerating our progress. There is no doubt that we have a lot of work ahead of us to achieve these ambitious goals. That said, we have accomplished a lot in a short period of time, and I'm proud of the foundation we have established these past few months. With some very early signs of progress shown during the first quarter. -  
*Christopher Hutter, interim CEO, conference call, Q1 2021*

c) Major management shake-up

- Five out of the top seven executives have been appointed after June 2020.
  - CFO: June 2020
  - Interim CEO: Oct 2020
  - EVP - Metals segment: April 2021
  - EVP - Chemicals: May 2021
  - Chief Legal Officer: July 2021
- New chief for the metals segment
  - In April 2021, the company appointed Tim Lynch as EVP to lead the company's metals segment, which accounted for 80% of FY 2020 total revenue.
  - Mr. Lynch most recently held senior positions at the Americas division of Outokumpu, a global leader in the stainless steel market. Prior to Outokumpu, Mr. Lynch served as Vice President of Operations, Optimization, Procurement, and Special Projects at TMS International, an industry leader in outsourced mill services for global steelmakers. Mr. Lynch

also served in various management positions at U.S. Steel Corporation, a leading publicly traded steel producer and Fortune 250 company.

- New chief for the chemical segment
  - In May 2021, the company appointed David Kuzy as EVP of the chemical segment, which generated roughly 20% of FY 2020 revenue.
  - From 2016 to 2020, Mr. Kusy served as CEO of Carus Group, a \$200 million, privately held but private equity-backed, mid-market specialty chemicals manufacturer. He claims that from 2017 to 2019, revenue grew 7.3% and income grew almost 22%.
  - Mr. Kusy led several reporting units as a vice president at Albemarle Corporation, a multinational specialty chemical manufacturer serving 100 countries. As VP – Hydroprocessing Catalyst, Mr. Kusy was responsible for the P&L \$350 million global business unit.

d) Increasing gross margin and profitability

Note: After being appointed as interim CEO, Mr. Hutter has overseen two complete quarters.

- Improved gross margin: In the last two quarters, the company's gross margin increased significantly despite declining revenue.

	Revenue growth	Gross margin
Mar-20	-11.9%	9.57%
Jun-20	-16.0%	6.59%
Sep-20	-19.5%	8.43%
Dec-20	<b>-17.7%</b>	<b>10.99%</b>
Mar-21	<b>-6.6%</b>	<b>12.52%</b>

- **Positive operating income**
  - In the Q1 ended March 2021, even though revenue declined by 6.6%, operating income improved to \$2.1 million compared to \$(0.9) million in Q4 March 2020.
  - In fact, after six consecutive operating losses, the company registered positive operating income in Q1 2021.

## 2. Trading below the acquisition cost of two investors

The company is currently trading below the acquisition cost of the two investors.

- Privet Fund Management: \$10.97 per share (Source: SC13D, March 5, 2020)
- UPG Enterprises, LLC: \$12.75 per share (Source: SC13D, March 5, 2020)

## Rocky Mountain Chocolate Factory (RMCF): Short notes on multiple activists and CEO resignation

- Market Cap: \$47 million | Rocky Mountain Chocolate Factory, Inc., together with its subsidiaries, operates as a confectionery franchisor, manufacturer, and retail operator.
- **Major shareholders:** FMR - 8.4% | Renaissance Technologies - 7.7% | AB Value Management - 7.5% | Global Value Investment - 7.1%
- Screen: 13D

### RESEARCH

#### a. Multiple activists

- **AB Value Management** secured two board seats, and its two nominees have been serving the board since January 2020. In June 2021, AB Value Management (7.52%) nominated a slate of five director candidates to the board of the company.
- **Global Value Investment Corp:** In June 2021, Global Value Investment Corp (5.86%) nominated five candidates for election to the board and presented an operating plan, which included expanding the company's North American retail franchise and distribution footprint, enhancing the company's franchisee support system, simplifying the franchise agreement, rehabilitating or disposing of U-Swirl and fixing executive compensation.

#### b. CEO change

- On July 21, 2021, the company issued a [press release](#) announcing certain leadership and corporate governance changes.
  - The board has begun the process of engaging an executive search firm to assist in identifying a new CEO for the company.
  - The board is committed to separating the roles of Chairperson of the Board and CEO of the Company.

#### Overall:

The management change shows the influence of the activist investors. We will continue to monitor the company – especially the outcome of the proxy campaign.

## Tile Shop Holdings (TTSH): Formation of the transaction committee

- Market Cap: \$381 million | Tile Shop Holdings, Inc. operates as a specialty retailer of natural stone and man-made tiles, setting and maintenance materials, and related accessories in the United States.
- Major shareholders: JWTS - 16.3% | Kamin Peter - 12.9% | Tile Shop - 10.6%
- Screen: Significant changes after SC13D

### RESEARCH

#### Transaction committee

- In June 2020, the company entered into a settlement with K-Bar Holdings, LLC and Wynnefield Capital. Subsequently, the company finalized the settlement terms, which included formation of an Independent Transaction Committee.
- At the 2021 AGM held in July 2021, the company's shareholders approved the establishment of a

transaction committee. Moreover, the company appointed Directors Bonney and Solheid as members of the transaction committee.

#### Comment

The establishment of this transaction committee strengthens the corporate governance and adds a layer of confidence to the board.

To read more about this stock, please refer to our March 2021 report.

Transaction Committee. Pursuant to the Stipulation of Settlement, dated as of August 7, 2020 (the "Stipulation"), memorializing the terms of the settlement of the litigation brought against the Corporation and certain current and former Directors of the Corporation by K-Bar Holdings LLC and Wynnefield Capital, Inc. in the Delaware Court of Chancery, the Board of Directors shall establish an Independent Transaction Committee of the Board of Directors (the "Transaction Committee") empowered to review, assess and negotiate Corporation transactions requiring Board approval, involving any of the following to the extent required by the Stipulation, and with such other powers and authorities as set forth in the Stipulation and as to the extent set forth therein: (1) a material change in the Corporation's capitalization or corporate structure, including any recapitalization, material share issuance or repurchase, and any stock split or reverse stock split, to the extent such transaction affects the rights or interests of Directors differently from the Outside Stockholders; (2) any proposed change to the structure of the Board of Directors of the Corporation, including (i) the number of members on the Board; (ii) the terms served by any member of the Board; or (iii) the staggered structure of the Board; (3) any "Related Party Transaction," which shall be defined as any transaction with a value in excess of \$500,000.00 between the Corporation and any Director or officer of the Corporation or their respective family members or affiliates. Related Party Transactions shall also include any transaction between the Corporation and any Excluded Individual or their respective family members or affiliates with a value in excess of \$500,000.00, excluding those transactions that are offered to all stockholders on identical terms and routine transactions authorized by the By-Laws of the Corporation (*e.g.*, the payment of reasonable expenses relating to Board service); and (4) any deregistration of the Corporation's securities. For the purposes of this Certificate of Incorporation, "Outside Stockholders" means the Corporation's public stockholders excluding the Excluded Individuals and the Corporation, any Director or officer of the Corporation and their immediate family members, affiliates, or entities they control and the employees thereof. This Article X shall not be deemed to enlarge any powers, duties or authorities of the Transaction Committee set forth in the Stipulation. The approval of the Transaction Committee shall be required for any of the above-specified transactions or actions, but shall not replace or supersede any requirement that a majority of the entire Board of Directors must also approve a given transaction or action.

## Cosmos Holdings (COSM): CEO converts his non-interest-bearing debt to equity; potential uplist to the NASDAQ market

- Market Cap: \$64 million | Cosmos Holdings Inc. is an international pharmaceutical company.
- Major shareholders: Siokas Grigorios – 48%
- Screen: Insider buying

### I. BASICS

- The company generates 100% of its revenue from the European Union – of which 92% is generated from Greece.
- The company imports, exports and distributes pharmaceutical products of brand-name and generic pharmaceuticals, over-the-counter (OTC) medicines, and a variety of dietary and vitamin supplements through its established network.

### II. WHAT WE LIKE

#### 1) Owner-operator, insider buying & potential uplisting to NASDAQ

- Grigorios Siokas, CEO, owns 48.1% of the o/s stock of the company.
- Non-interest bearing debt: From time to time, Mr. Siokas loans the company funds in the form of non-interest bearing, no-term loans.
- High conviction: In June 2021 and July 2021, the company issued \$4 million worth of shares at \$6.00 per share in exchange for \$4 million of existing loans by Mr. Siokas to the company.
- Potential uplist to NASDAQ: Based on a recent comment by the CEO, it appears that he is very keen on uplisting the stock to NASDAQ. “As stated previously, I strongly believe in Cosmos’ upside potential, and I am committed to supporting its growth in every way I can. This debt-

to-equity conversion further strengthens our balance sheet as we grow and build a diversified pharmaceutical company with an established distribution network worldwide. This conversion price represents a premium to market and I took this further step as I strongly believe it is in the best interest of the company and our shareholders. It also further facilitates our goal of uplisting to the NASDAQ Capital Market.” – Greg Siokas, CEO

#### 2) Launch of Sky Premium Life & acquisition of Greek pharmaceutical wholesaler

- Cosmofarm acquisition: In 2018, the company acquired Cosmofarm, which serves approximately 1,500 independent retail pharmacies and 40 pharmaceutical wholesalers in the greater Athens, Greece region. Cosmofarm operates a fully automated ROWA robotic warehouse system that ensures a 0% error selection rate and accelerates the distribution process.
- Launch of Sky Premium Life
  - Prior to 2018, the company was predominantly a distributor of pharmaceutical products. In 2018, the company expanded its business into the vitamins and dietary supplements segment, and in the fourth quarter of 2018, the

company posted the first sales of its brand of nutraceuticals: Sky Premium Life.

- The company's portfolio currently includes 70 product codes, including vitamins, minerals, and other herbal extracts. The company expects to reach 150 product codes by the end of 2021.

### **3) Greece**

- The company generated roughly 92% of its 2020 revenue from Greece, which is roughly the size of Florida.
- With a pharmacy density of 96 pharmacies per 100,000 inhabitants, Greece came first in 2019 among the EU27, which averages 32 pharmacies per 100,000 inhabitants.
- Pharmaceutical products, except products for hospital use only which are provided through sales to hospitals, follow the path: pharmaceutical company – wholesalers – pharmacy.

- There are roughly 130 pharmaceutical wholesalers in Greece.
- Given the small market size, we believe that the primary way to grow revenue is through acquisition.

#### **Overall:**

- The company's Q1 2021 revenue declined by 2.6%.
- Our best guess is that the 2020 revenue was heavily influenced by the COVID-19 pandemic. For example, in 2020, the company generated roughly 9% of total revenue from the sale of disposable masks.
- Even though the company does not provide dollar revenue generated from its nutraceuticals business, the company claims that the nutraceuticals business grew 89% year over year.

#### **Plan of Operation in the Next Twelve Months**

Specifically, our plan of operations for the next 12 months is as follows:

We assess the foreseeable development of the Company as being positive. Over the medium term we assume that we will be able to further expand our market shares. However, during the course of further organizational optimization there may be associated extraordinary additional costs.

The Company is growing its business through organic growth by expanding the portfolio of own branded products and the penetration into new geographical market and channels that would add value to the Company's business and for its Shareholders. This growth is expected to be driven by entering into new markets and countries where the Company can sell and distribute a more profitable series of pharmaceutical products, over-the-counter medicines, and nutraceuticals. It is committed to capitalizing on sales growth opportunities by expanding its customer baseline across the European market, as well as entering markets outside the European Union.

The Company is also committed to pursuing various forms of business development; this can include trading, alliances, licenses, joint ventures, dispositions and acquisitions. Moreover, it hopes to continue to build on its portfolio of pharmaceutical products and expand its OTC and nutraceutical product portfolio. Thus, the Company is developing a sound sales distribution network specializing in food supplement products.

The Company's main objective is expanding the business operations of its subsidiaries by concentrating its efforts on becoming an international pharmaceutical Company. The Company views its business development activity as an enabler of its strategies, and it seeks to generate earnings growth and enhance shareholder value by pursuing a disciplined, strategic, and financial approach to evaluating business development opportunities. Under these principles the Company assesses businesses and assets as part of its regular, ongoing portfolio review process and continues to consider trading development activities for its businesses.

The Company, in the following twelve months, intends to substantially grow its business operations within EU countries and to other countries in the nutraceutical and the OTC and generic pharmaceutical products market. These industries are highly competitive and may significantly affect the Company's sales of these products, including, but not limited to, price and cost-effectiveness, marketing effectiveness, product labeling, quality control, and quality assurance.

In addition, the Company seeks to pursue gross profit margin efficiency, by focusing on new revenue streams and sales channels that would positively affect gross profits, such as e-commerce, specialized sales representatives and retail companies. The Company's objective is the optimization of operating expenses across all entities without compromising the quality of the Company's services and products.

Changes in the behavior and spending patterns of purchasers of pharmaceutical and healthcare products and services, including delaying medical procedures, rationing prescription medications, reducing the frequency of doctor visits, and foregoing healthcare insurance coverage, may impact the Company's business.

In addition to expanding its product portfolio, the Company also plans to evaluate offering its products and services to different geographical markets. It is currently focused on its customers throughout the EU. The Company plans on expanding its geographical reach to new areas outside of the EU market, although it currently has no binding agreements, commitments or contracts in any of these geographical markets. Some of the methods the Company intends to use to accomplish this are: promoting its brand and marketing its products and services through the Internet to new geographic areas, creating strategic relationships with companies in different geographical regions. The Company anticipates that it will spend approximately \$100,000 evaluating the different methods and regions to which it plans to expand. This cost is made up of primarily marketing and promotional fees as well as related development expenses. The Company assesses the foreseeable development of the Company as being positive. It expects to continue growing through expansion into adjacent products, product categories and channels, as well as through entry into new geographic markets. The Company evaluates potential licensed product acquisition targets based on whether they have the capacity to deliver a return on invested capital.

The pharmaceutical sector offers a large growth potential within the European pharmaceutical market, if service, price and quality are strictly directed towards the customer requirements. The Company will continue to encounter competition in the market by product, service, reliability, and a high level of quality. On the procurement side, the Company can access a wide range of supply possibilities. To minimize business risks, the Company diversifies its sources of supply all over Europe. It secures its high-quality demands through careful supplier qualification and selection, as well as active suppliers' system management.

The Company will evaluate and, where appropriate, execute on opportunities to expand its network of pharmacies and products in areas that it believes will offer above average growth characteristics and attractive margins. In particular, it is looking to continue to enhance its product lines by acquiring or licensing rights to additional products and regularly evaluate selective acquisition and license opportunities. In addition, it remains committed to strategic research and development across each business unit with a particular focus on assets with inherently lower risk profiles and clearly defined governmental regulatory pathways.

While the Company intends to pursue these milestones, there may be circumstances where, for valid business reasons or due to factors beyond the control of the Company (e.g., the COVID-19 pandemic), a re-allocation of efforts may be necessary or advisable. Although the Company does not currently anticipate that the COVID-19 pandemic will cause material delays in the timelines or estimates set out above, due to the evolving nature of COVID-19 and its impacts, these timelines and estimates may require adjustment in the future.

The Company intends to spend the funds available to it in debt repayment, intangible assets acquisitions, R&D, sales and marketing expenses. Due to the uncertain nature of the industry in which the Company will operate, projects may be frequently reviewed and reassessed. Accordingly, while it is currently intended by management that the available funds will be expended as set forth above, actual expenditures may in fact differ from these amounts and allocations.

Source

10,K [https://www.sec.gov/Archives/edgar/data/1474167/000147793221002377/cosm\\_10k.htm](https://www.sec.gov/Archives/edgar/data/1474167/000147793221002377/cosm_10k.htm)

## SilverSun Technologies, Inc. (SSNT): Owner-operator

- Market cap: \$45 million | SilverSun Technologies is a national provider of transformational business technology solutions and services.
- Major shareholders: Meller Mark - 39.6% | Ault Global Holdings - 14%
- Screen: Insider buying

### Ault Global Holdings increased its stake in July 2021

- Ault Global Holdings, Inc. is a diversified holding company pursuing growth by acquiring undervalued businesses and disruptive technologies that hold global potential.
- In February 2021, Ault Global Holdings announced its 9.9% active holding in the company and subsequently increased its ownership to 14% in June 2021.
- Average purchase cost: \$4.6 per share.

### RESEARCH

#### 1. Licensed to change the source code; owns the intellectual property

- The company resells ERP software published by Sage Software and, to a lesser extent, resells software of Acumatica and other providers.
- The company is licensed to customize the source code of the Sage ERPs.
- Value-added reseller: As a value-added reseller of ERPs, the company's published integrations between ERPs and third-party products ensure that the company's products tightly integrate with the ERPs. The company owns the intellectual property related to these integrations and sells the solutions both directly and through other software resellers within the Sage network.
- The company has approximately 8,000 active ERP customers.
- Migration to large deals: In the past, the company focused primarily on on-premise mid-market Sage

Software solutions, but in the past three years has focused on larger enterprise-type offerings and cloud ERP solutions.

#### 2. Revenue growth: Slow and steady

- The company's revenue increased from \$10 million in FY 2011 to \$42 million in LTM ended March 2021.
- The company's revenue grew by acquiring "specific assets" from more than 20 companies. Most of the targets are resellers of Sage software applications, and on a few occasions, the company has acquired managed services providers, resellers of Acumatica applications, and companies that provide application hosting services.

#### 3. Recurring revenue

- From 2013 to Q1 2021, the company's recurring revenue as a percentage of total revenue increased from 37% to approximately 45%.
- In 2020, the company stated that its recurring revenue generated more than \$500,000 per month in comparison to \$300,000 per month in 2017.
- Maintenance and support revenue (81.3% of total revenue in 2020) are principal components of the company's recurring revenue stream.

#### 4. Owner-operator & governance

- CEO owns 44.5%: Mark Meller, who holds 44.56% of the o/s shares of the company, has been serving as CEO of the company since September 2004.
- Mark Meller (CEO) has rich M&A background

- From 1988 until 2003, Mr. Meller was CEO of Bristol Townsend and Co., Inc., a New Jersey-based consulting firm providing merger and acquisition advisory services to middle-market companies.
- Prior to that, for two years, he served as General Counsel of Crown Capital Group, Inc., a New Jersey-based consulting firm providing advisory services for middle-market leveraged buy-outs (LBOs).
- CEO compensation does NOT include any perks: To date, since 2015, the CEO compensation includes only base salary. His compensation increased from \$0.54 million in FY 2015 to \$0.88 million in FY 2020.
- No related party transactions in the last two years. The past year includes a negligible rental payment to a non-executive employee.
- Nominal director compensation
  - Three directors in total
  - For the past several years, the director compensation has remained flat: Wunderlich – \$12K; Macaluso & Schachtel – \$18K each.
  - In 2019, the directors were each paid a bonus of \$20K as a result of the Mapadoc sale.

## 5. Transparency

It is very interesting to note that the company made so much effort to explain the sale of Mapadoc EDI (\$11.5 million) to investors. The company had a choice of explaining the divestment in a couple of sentences. Instead, the company explained (a) the list of variables that influenced their decision to divest and (b) all possible options they are evaluating for the usage of cash. Kudos to the CEO.

In addition, the Company successfully completed the sale of its Mapadoc EDI in the third quarter, selling all Intellectual Property and consulting practices related to the product to SPS Commerce for \$11.5 million cash on August 26, 2019. The Company, which had not previously been seeking to sell the division, decided to move forward with the transaction after evaluating the following variables:

- The rate of growth of the ERP products with which Mapadoc integrates;
- The rate of growth, year over year, of Mapadoc itself;
- Technological threats;
- The cost of developing new integrations, with other ERP solutions and funding new go-to-market strategies for these integrations once developed;
- The valuation offered for the sale, and how that valuation compared to other consummated transactions for similarly situated business applications.

After evaluating these and other variables and engaging an investment bank to provide guidance on the valuation, the Company subsequently closed the transaction. The Company now intends to use the proceeds of the transaction to further enhance its business and to maximize shareholder value. The actions under consideration, which are illustrative and not exhaustive, include:

- A special dividend
- A stock buyback
- Acquisitions – The Company has engaged an investment bank to identify potential acquisitions for the Company which will enhance and accelerate its growth profile.
- Mergers – The Company will evaluate potential mergers with larger companies that seek to become part of a publicly-traded entity and which could enhance the rate of growth and profitability of the Company.

Source: 10-K, 2019, [link](#)

Date	Acquired Company
June-2004	SWK, Inc
June-2006	Certain assets of AMP-Best Consulting, Inc.
2011	Sage's Software's customer accounts
June-2012	Certain assets of Hightower, Inc.
May-2014	Certain assets of ESC Software
March-2015	2000 SOFT, Inc. d/b/a Accounting Technology Resource
July-2015	ProductiveTech, Inc.
October-2015	The Macabe Associates, Inc.,
October-2015	Oates & Company
May-2018	Info Sys Management, Inc.
May-2018	Secure Cloud Services, Inc.
May-2018	Critical Cyber Defense Corp.
January-2019	Partners in Technology, Inc.
August-2019	Certain assets of SPS Commerce
July-2020	Certain assets of Prairie Technology Solutions Group, LLS
October-2020	Certain assets of Computer Management Services, LLC
December-2020	Certain assets of Business Software Solutions
May-2021	Certain assets of Peoplesense, Inc.
April-2021	Certain assets of CT-Solution, Inc.

Compensation (\$ in millions)	2015	2016	2017	2018	2019	2020
CEO	0.546	0.591	0.64	0.704	0.777	0.885

## JAKKS Pacific (JAKK): Significant cost-cutting

- Market cap: \$187 million | JAKKS Pacific, Inc. is a leading designer, manufacturer and marketer of toys and consumer products sold throughout the world, with its headquarters in Santa Monica, California.
- Major shareholders: Benefit Street Partners - 21.2% | Hong Kong Meisheng Cultural Company - 8.1% | Rosen Lawrence I - 8.1%
- Screen: Insider buying

### 13G filing | Benefit Street Partners, LLC

Benefit Street Partners (BSP) is a leading credit-focused alternative asset management firm with approximately \$32 billion in assets under management as of May 31, 2021. BSP is a wholly-owned subsidiary of Franklin Resources, Inc. Benefit Street Partners, LLC held a 4.8% stake in the company, and in July 2021, BSP acquired \$6.0 million worth of shares at an average price of \$10.3 per share.

Transaction Date	Insider Relationship	Shares Traded	Average Price	Total Amount
2021-07-22 Purchase	Benefit Street Partners LLC	583,500	\$10.32	\$6,022,659

### WHAT WE LIKE

#### 1. BASICS

- The company is one of the top six U.S. players in the toys and leisure products sector.
- Product licenses: The company has acquired the right to use many familiar brand and character names and logos from third parties. The company has license agreements with Nickelodeon, Disney, Pixar®, Marvel®, NBC Universal®, Microsoft®, Sega®, and Warner Bros.®

#### 2. Recent improvement in profitability

##### a) Improvement in gross margin

- Since late 2019, the company has taken several steps to cut costs and improve gross profit.
- Before the COVID pandemic, the company engaged a consulting firm (the company is silent in providing more color about this engagement) to completely review its business in extreme detail, from sourcing to shipping.

- The company exited some low-margin product categories like Funnoodle at the end of 2019.
- In Q2 2021, the company delivered higher gross margins for the sixth consecutive quarter with improved product margins and lower royalty expenses.
- As you can see below, the company's gross profit has increased for the past six quarters.

#### **Gross margin**

Q1 2021: 31.12%

Q1 2020: 24.57%

Q1 2019: 20.25%

Q1 2018: 24.69%

Q1 2017: 31.76%

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Q2 2021: 30.33%

Q2 2020: 21.29%

Q2 2019: 18.64%

Q2 2018: 26.4%

Q2 2017: 28.2%

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Q3 2020: 30.8%

Q3 2019: 28.86%

Q3 2018: 27.17%

Q3 2017: 23.54%

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Q4 2020: 32.77%

Q4 2019: 30.4%

Q4 2018: 30.6%

#### b) Positive adjusted EBITDA

- Adjusted EBITDA in Q2 2021 was \$5.0 million, compared to a negative \$4.6 million in the second quarter of 2020.
- Q2 2021 is the company's first profitable second quarter since 2016.

### 3. Debt refinancing

- In Q2 2021, the company refinanced its long-term debt due in 2023 into a new term loan maturing in 2027 and lowered the interest rate from 10.5% to 7.5% as part of the transaction. As of June 30, 2021, the company's debt at face value was \$119.3 million.

#### **Additional notes**

##### Evergreen products

- The company has created plenty of evergreen toys categories. These product lines feature basic time-tested play patterns and have proven to be steady sellers for the company

irrespective of the economy/industry cycle.

- These low-risk evergreen categories are not dependent on hot movie properties. Examples include Moose Mountain, with its everyday play patterns such as children's toys, ride-ons and a broad array of sizes and licenses, play environments such as ball pits, and pop-up tents with all the appropriate evergreen licenses.
- The company generated roughly \$515 million in revenue in 2020. This year's performance was affected by three factors: a) shutdown of retail shops during the COVID pandemic; b) cancellation of Halloween parties; (c) lack of blockbuster films released in 2020.

##### Additional thoughts about the recent quarterly performance

- Net sales for the second quarter of 2021 were \$112.4 million, up 43% versus \$78.8 million last year.
- The recent increase in revenue could be due to increased demand from the stay-at-home scenario and the lack of parties, movies, and afterschool activities.

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## **CEO OVERVIEW (continued)**

### **Three Steps Toward Sustained Performance Improvement**

#### **(1) Reduce Product Costs and Operating Expenses**

- Achieve and Improve profitability on core revenue
- COGS and Op Ex have been reduced significantly
- Operating expenses at lowest Q1 dollar level since Q1 2004

#### **(2) Reduce Low-Margin Products**

- Evaluate total product profitability, not just ex-factory cost

#### **(3) Fix the Balance Sheet**

- Net debt at 3/31/21 was \$78M, vs. \$127M at 3/31/20
- Inventories and PPE at multi-year lows
- Reduce average interest rate
- Stretch out maturities

## Independence Holding Company (IHC): Stellar performance over the last decade; exit from the insurance business

- Market Cap: \$665 million | Independence Holding Company (NYSE: IHC) underwrites and distributes health, group disability and life, New York State DBL and paid family leave, and pet insurance.
- Major shareholders: Geneve Holdings -62.3% | Arnhold - 3.4%
- Screen: 8-K - Keywords

### WHAT WE LIKE

#### a) Geneve Holdings – controlling stockholder

- Geneve Holdings own 63% of the company's o/s shares.
- Geneve Corporation is a financial services holding company that has controlling interests in numerous prominent public and private businesses. It was started by Edward Netter, who died in February 2011.

#### b) Strong performance

- Strong ability to grow revenue: The company's revenue grew steadily from \$418 million in FY 2011 to \$513 million in FY 2015. In 2016, the company sold IHC Risk Solutions, an MGU that was its principal source of medical stop-loss business. As such, revenue declined from \$513 million in 2015 to \$277 million in FY 2016. Subsequently, revenue grew to over \$433 million in LTM March 2021.
- The company is profitable, and in the last five years, it has generated strong free cash flow.
- In the last 11 years, the company has regularly repurchased shares and declared dividends.
- The company stock price has steadily increased from 2008 to date, except during the onset of the COVID pandemic.

#### c) Series of divestments

- Agreement to sell Standard Security Life Insurance Company of New York for \$180 million

- In April 2021, the company reported its agreement to sell all of the issued and outstanding capital stock of Standard Security Life Insurance Company of New York for an aggregate purchase price of \$180 million in cash.
- The sale of this business will result in the company's exit from the DBL and PFL lines of business.

#### • Sale of pet division and Independence American Insurance

- In May 2021, the company reported its agreement to sell (a) a controlling interest in its pet division and (b) the stock of Independence American Insurance Company to a subsidiary of Iguana Capital. In aggregate for both deals, the company will receive 70% of the consideration in cash, or approximately \$265 million, and 30% of the stock of the buyer.
- Out of these two sale deals, the company completed the sale of its pet division in June 2021. The company is awaiting regulatory approval for the sale of its Independence American Insurance business.

#### • Sale of Madison National Life Insurance Company

- In July 2021, the company entered into an agreement to sell Madison National Life Insurance Company for approximately \$185 million.
- The closing is expected no earlier than January 1, 2022.

Once approved, and the sales close, IHC will hold a very substantial amount of cash and investments; a 30% interest in Iguana Capital, Inc.; and will continue to expand our health insurance agency. Agency operations include captive call centers and independent advisors, both of which market to consumers over and under the age of 65, a Telebrokerage unit which contracts with 1000's of third-party agents and agencies, our ACA Web Broker, INSXCloud, which enrolls in excess of 300,000 ACA members annually, and a digital marketing and lead generation company which manages multiple digital platforms and assets - Roy T. K. Thung, CEO, July 15, 2021

### Thoughts

- Overall, the company is exiting its insurance business.
- The company will continue with its marketing and administrative companies, including IHC Specialty Benefits, Inc., IHC Brokerage Group, Inc., INSXCloud, Inc. (collectively the "IHC Agencies") and its lead generation company, Torchlight Technology Group.
- Pro forma
  - Even though the company did NOT release any pro forma financial statement, we believe that the

company will generate roughly \$35 million in revenue from the agency business.

- Why? The company classified income from these agencies as "fee income." Fee income includes fees and commissions for various sales, marketing, and administrative services provided by the IHC Agencies and lead generation company.

	2017	2018	2019	2020	LTM March 2021
(\$, mm)					
Fee income	16.8	18.9	16.0	33.2	35.6

### In a nutshell – this is the summary of the situation

- Current EV: \$484 million
- Expected cash proceeds (without adjusting for tax and other expenses): \$630 million
- The company would own a 30% stake in Iguana stock, which could be worth \$113 million (based on the recent sale value).
- The remaining agencies' business generates roughly \$35.6 million in revenue.
- Negative: We don't know what the company would do with this excess cash. The company does not conduct conference calls or explain their intentions to shareholders.

## The Alkaline Water Company (WTER): A few thoughts

- Market Cap: \$155 million | The Alkaline Water Company Inc. is headquartered in Scottsdale, Arizona. Its flagship product, Alkaline88®, is a leading premier alkaline water brand available in bulk and single-serve sizes along with eco-friendly aluminium packaging options.
- Major shareholders: Wright Richard - 4.9%| Vanguard Group - 2.5%
- Screen: 8-K - Keywords

### 1. BASICS

- Alkaline88® delivers perfect 8.8 pH balanced alkaline drinking water with trace minerals and electrolytes.
- Alkaline88 launched A88 Infused™ in 2019 to meet consumer demand for flavor-infused products. A88 Infused™ flavored water is available in six unique all-natural flavors.
- A88 Infused Products, Inc. includes the company's lab-tested full-spectrum hemp salves, balms, lotions, essential oils, and bath salts, along with broad-spectrum hemp, powder packs, oil tinctures, capsules, and gummies.

### 2. WHAT WE LIKE

#### a) Lead player

- Alkaline88® remains the #1 company selling bulk alkaline water nationally. Alkaline88 is the only value-added water brand in the top 10 one-gallon SKUs in the country.
- Alkaline88 is the second-largest brand in the enhanced water category in both dollars and units.
- For the last three consecutive years, Alkaline88 has been the fastest-growing alkaline water seller across the U.S. year over year.
- The IRI MULO, multiple outlet data for the total U.S. over the 52 weeks ending May 6, 2021 shows Alkaline88's one-gallon is the third best-selling SKU amongst all branded one-gallon water SKUs in the United States.

#### b) Record revenue

- The company's CEO is a great executor. Under his leadership, the company's revenue grew from \$0.6 million in FYFY 2014 to the current level of \$46 million.
- In fiscal 2021, the company announced a record revenue of approximately \$46 million, an increase of approximately 20% over fiscal 2020. The company's compound annual growth rate was 52% for revenue since fiscal 2015.
- Alkaline88 grew +11.3% over the category in dollar volume and +15.5% over the category in unit volume, according to Nielsen data for the 52 weeks ending March 27, 2021.

#### c) Aggressive expansion

- As of fiscal 2021, the company's products are offered in over 75,000 retail locations nationwide in comparison to 70,000 stores in fiscal 2020.
- In fiscal 2021, the company doubled its employee count.
- In May 2021, the company signed a partnership with Shaquille O'Neal and Authentic Brand Group to accelerate its expansion. Authentic Brand Group is the third-largest brand licensor in the world.
- **First international market:** In fiscal 2021, the company received new export certificates from the FDA. In April 2021, the company entered its first international market – Tiendas Sindicales in Mexico. Mexico has one

of the largest bottled water consumption rates per capita in the world.

#### d) Future plans

- The company expects to deliver revenue of \$62 million, with an estimated gross profit of approximately \$23.5 million.
- The company expects to add three new co-packer facilities, strategically located to reduce freight costs and meet current volumes and future growth objectives for Alkaline88® products
- The company expects to add a Chief Marketing Officer to work in establishing sales and branding objectives over the three-year term.

#### Thoughts

1) First thing first – the CEO is a stellar operator. He is aggressive in growing the revenue.

#### 2) Perception

People who buy bottled water expect safe drinking water with some added minerals/electrolytes. No other expectations.

Now, the question – why do people buy alkaline water bottles?

There is a common perception that alkaline water is loaded with health benefits – anti-aging properties, colon-cleansing properties, weight loss, bone strengthening, fighting cancer, etc.

Experts argue that alkaline water is a new type of health trend without any scientific proof.

“The only health effects that we know of are danger signs, so for people to continue to market alkaline water —

they’re really as bad as the snake oil salesmen of yesteryear,” Dr. Fenton said. <https://www.nytimes.com/2018/04/27/well/eat/alkaline-water-health-benefits.html>

If alkaline water is junk science why is it so popular? “It sounds plausible,” says Tim Caulfield, the author of *Is Gwyneth Paltrow Wrong About Everything?*, which debunks celebrity health advice. “It is a science-y sounding idea that has intuitive appeal. Alkaline water is also part of the multitrillion-dollar wellness industry, much of which is built on the marketing of science-free products and practices. There seems [to be] an unquenchable thirst for new and unique strategies for maximizing health and avoiding disease.” - <https://www.theguardian.com/global/2018/oct/29/alkaline-water-cure-bs-science-beyonce-tom-brady>

There is a curiosity among the public about alkaline water. Many people may want to try it to experience it.

The company mentioned that in fiscal 2021, through a major chain, 135,000 new households tried Alkaline88 for the first time.

The real concern is around the perception of the product and a mismatch in the perception and reality.

What if many people are buying alkaline water ONLY for its perceived medical benefits? If this were the case, the problem would start when the curiosity ends.

#### Tomatoes as medicine

In the 1830s, tomato ketchup was sold as medicine by Ohio-based Dr. John Cook Bennett. At that time, it was touted that it could treat diarrhea and indigestion and could even mend bones.

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According to Ripleys.com, this medicine empire collapsed in 1850.

The reason for citing the above historic case study is to present an important point – a mismatch in perception and reality could result in disaster, even

though there is no problem with the product.

Tomatoes are NOT bad, but the perception of them as a cure-all medicine was.

Amazon's Choice



Alkaline88 Purified Ionized Water with Himalayan Minerals & Electrolytes for smooth taste. Perfectly balanced for your body wi...

16.91 Fl Oz (Pack of 24)

★★★★☆ v 494

\$22<sup>00</sup> (\$0.05/Fl Oz)

## Winmark Corporation (WINA): Transition to a pure-play gently used franchising business

- Market Cap: \$789 million | Winmark is a franchisor of five value-oriented retail concepts that buy, sell and trade gently used merchandise.
- Major shareholders: Olson Ronald G - 14.4% | Mawer Investment Management - 10.1% | Price T Rowe Associates - 10% | Nine Ten Partners 9.6%
- Screen: 8-K - Keywords

### 1. WHAT WE LIKE

#### **a) Royalty revenue & highest renewal rate**

- Franchisor – gently used merchandise: The company is a franchisor of five value-oriented retail concepts that buy, sell and trade gently used merchandise. As of June 26, 2021, they had 1,266 resale franchises operating under the Plato's Closet, Once Upon A Child, Play It Again Sports, Style Encore, and Music Go Round brands.
- Recurring revenue: Royalty revenue accounted for 77% of the company's total revenue in the recent Q2 2021.
- 99% renewal rate: At the end of the 10-year term of each franchise agreement, each franchisee has the option to renew the franchise relationship by signing a new 10-year franchise agreement. During the past three years, the company has renewed 99% of its franchise agreements up for renewal.

#### **b) Lead player**

- The company has been the top player in the \$17 billion resale sector for nearly three decades.
- The company claims that its unit-level economics are often 50% higher than those of competitors in the same space and, unit for unit, the company frequently outpaces the competition three-to-one.
- Entrepreneur Magazine ranked Plato's Closet #1 in its category in the publication's Franchise 500 – a list

that the brand has been included on for over a decade.

### 2. WHY ARE WE FLAGGING NOW?

#### **a) Run-off its leasing business – transition to the pure-play gently used franchisor**

- The company operates a middle-market equipment leasing business (21% of total revenue in 2020).
- In May 2021, the company announced that it will no longer solicit new leasing customers and will pursue an orderly run-off for its middle-market leasing portfolio.
- During the past three years, the company's leasing portfolio decreased from \$41.3 million at the end of 2017 to \$13.3 million at the end of 2020.

“Going forward, we intend to focus all of our resources on enhancing our leadership position in the large and growing resale market. We have determined that running off the existing portfolio will maximize value for our shareholders.” – *Brett D. Heffes, CEO*

#### **b) 11% share buyback**

- On July 14, 2021, the company's board approved a 400,000 share increase to its existing share repurchase authorization. This increase represents approximately

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11% of the company's current outstanding shares.

- **Dividend:** In April 2021, the company approved a cash dividend of \$0.45

per share to the shareholders, an 80% increase to the dividend paid in March 2021.

### Store Count – Plato's Closet vs. Competitors

Company	2013	2014	2015	2016	2019
Plato's Closet	391	426	456	468	483
Uptown Cheapskate®	34	42	45	59	73
Hut no. 8®	28	24	13	6	N/A
NTY Clothing Exchange®	0	1	2	4	N/A

## Drive Shack (DS): The transition from traditional golf to entertainment golf; investment from Symphony Ventures

- Market Cap: \$233 million | Drive Shack is a leading owner and operator of golf-related leisure and entertainment businesses.
- Major shareholders: Edens Wesley R - 8% | Price T Rowe Associates - 10%
- Screen: 8-K – Keywords

### WHAT WE LIKE

#### 1. Transformation from traditional golf business to entertainment golf

The company's transformation into entertainment golf is comprised of two things:

- (i) Drive Shack
- (ii) Puttery

##### a) Drive Shack

- Until 2018, the company was a pure-play traditional golf operator.
- In 2018, the company opened its first entertainment golf venue under the name Drive Shack.
- How does Drive Shack differ from traditional golf?
  - Drive Shack offers leisure and social entertainment through its golf-related leisure and large-format entertainment venues with gaming and premier golf technology, a chef-inspired menu, craft cocktails, and engaging social events throughout the year.
  - Drive Shack venues are freestanding 60,000 square-foot open-air venues.
- Drive Shack's revenue grew from \$4.9 million in FY 2018 to \$25.2 million in FY 2020.
- As of Q1 2021, the entertainment golf segment accounted for 13.5% of total revenue.

(\$ in millions)	2018	2019	2020
Entertainment Golf - Revenue	4.9	19.7	25.2
Operating loss	(14.5)	(42.3)	(20.1)

##### b) New venue development – Puttery

- In 2021, the company introduced its new indoor entertainment golf experience under the name Puttery. Puttery offers indoor mini-golf with auto-scoring technology that presents digital scores to guests in real-time. It also has social spaces and exceptional food and beverage offerings.

##### Capital

- In 2019, the company sold 11 golf properties for an aggregate sale price of \$80 million.
- In 2020, the company sold one public-owned golf property for an aggregate sale price of \$34.5 million.
- In February 2021, the company sold \$54.6 million worth of shares, and the proceeds were used for 2021 Puttery expansion.

##### Drive Shack vs. Puttery venues

- Size
  - Puttery venues require much less space: approximately 15,000-20,000 sq. ft. of indoor new or existing retail space.
  - In comparison to Drive Shack, venue formats are generally open-air 60,000 square-foot venues on average, built on approximately 12 to 15 acres of land.
- Development time & EBITDA
  - Drive Shack venues have a longer development timeline at around 18 to 24 months to become fully operational – development cost is \$25 million to \$40 million to build, with EBITDA of around \$4 million to \$6 million each.

- With Puttery, the company expects a development timeline at around 6 to 9 months and the estimated development cost to be between \$7 million and \$11 million gross. For Puttery, EBITDA returns are expected to be between \$2 million to \$3 million each.

### 3. WHY ARE WE FLAGGING NOW?

- Agreement with Symphony Ventures

- In July 2021, the company signed a definitive agreement with global golf superstar Rory McIlroy and his investment partnership, Symphony Ventures.
- Symphony Ventures has committed an investment of at least \$10 million over Puttery's three-year development schedule, in exchange for 10% ownership in the equity of each Puttery venue that the company plans to open through 2023.
- Investments will begin with the first Puttery location near Dallas (The Colony, Texas) and continue consecutively on a venue-by-venue basis until the commitment is satisfied. Thereafter, Symphony Ventures will have the right, but not the obligation, to invest on the same terms through all Puttery venues that open by the end of 2023.
- Source: [https://www.sec.gov/Archives/edgar/data/1175483/000114036121024011/brhc10026758\\_ex99-1.htm](https://www.sec.gov/Archives/edgar/data/1175483/000114036121024011/brhc10026758_ex99-1.htm)

- Future goal

- The company expects to open or nearly complete seven Puttery venues by the end of 2021.
- By the end of 2022, the company expects to operate 22 entertainment venues, comprised of 5 Drive Shack venues and 17 Puttery venues, which roughly translates to \$69 million EBITDA.

### 4. Additional notes

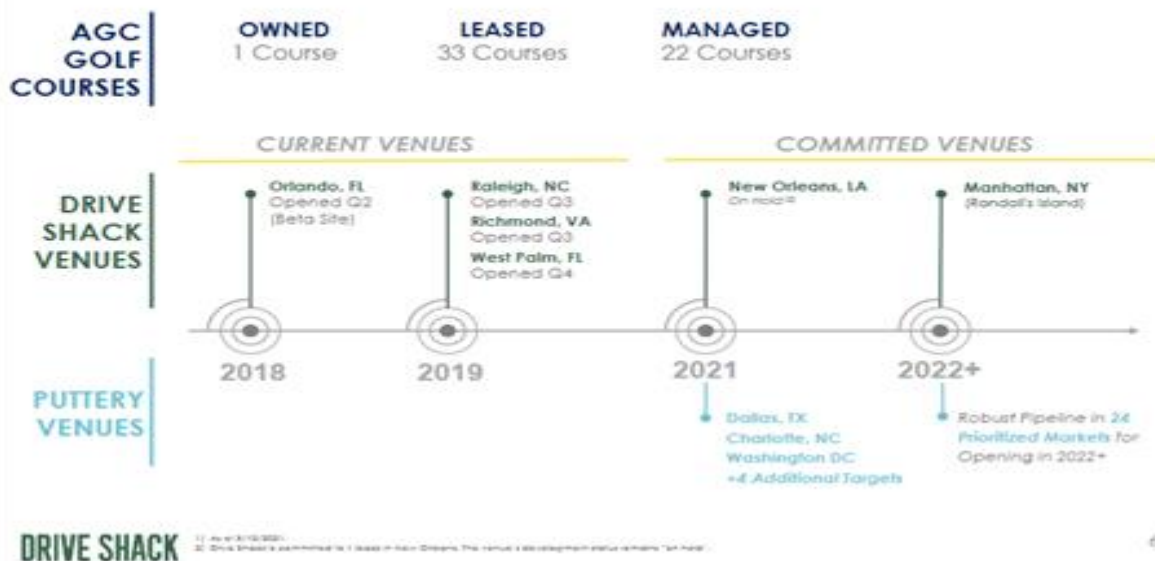
- The current CEO of the company is a former employee of Topgolf.
  - In 2018, the company hired Ken May as CEO. He served as CEO of Topgolf for roughly 3.4 years. Topgolf is an entertainment golf company that generated over \$1 billion in revenue.
  - Within 13 months, in November 2019, Mr. May resigned due to health reasons. Immediately, the company appointed Hana Khouri as CEO. Ms. Khouri worked at Topgolf alongside Mr. May from 2013-2018, serving in various roles including National Director of Operations and International Director of Operations. During this time, she oversaw the opening of more than 20 Topgolf locations globally.
- In March 2021, Callaway Golf acquired Topgolf, a major player in entertainment golf, for \$2 billion. The company operates 63 social golf venues around the world and generated \$1.1 billion in revenue in 2019.
- Suggested further reading: <https://golf.com/news/callaway-topgolf-ceos-explain-merger/>
- Latest quarter results: For the three months ended March 31, 2021, the company reported total revenue of \$61.0 million compared to \$61.1 million for the first quarter of 2020. For the three months ended March 31, 2021, the company reported an operating loss of (\$7.9) million and a net loss of (\$10.9) million compared to an operating loss of (\$14.8) million and a net loss of (\$17.4) million in the corresponding period of the prior year. Adjusted EBITDA was \$2.7 million for the first quarter of 2021, an increase of \$7.4 million compared to adjusted EBITDA of (\$4.7) million for the first quarter of 2020.

## Executive Summary Our Transformation

We transformed from a traditional golf business into an entertainment operating company



## Executive Summary Our Courses and Venues<sup>(1)</sup>



## PQ Group Holdings (PQG): Migration to pure-play catalyst and services company

- Market Cap: \$2.0 billion | PQ Group Holdings Inc. and subsidiaries is a leading integrated and innovative global provider of specialty catalysts and services.
- Major shareholders: CCMP Capital GP - 45.2% | Shapiro Capital Management Company - 3.4%
- Screen: 8-K - Keywords

### RESEARCH

#### 1. Two major divestments & an acquisition

- In December 2020, the company completed the sale of its performance materials (revenue: \$342 million) business for \$650 million.
- In March 2021, the company entered into an agreement to sell its performance chemicals business (revenue: \$615 million) for approximately \$1.1 billion. The company expects to complete the sale in August 2021.
- In March 2021, the company acquired Chem32, LLC for \$44 million. Chem32 is a leading supplier of catalyst pre-activation services used in the production of traditional and renewable fuels.

#### 2. Repayment of debt

- The company used the proceeds from the sale of the performance materials segment to repay debt. Overall, the company's debt declined from \$1.84 billion in FY 2019 to the current level of \$1.4 billion.
- The company expects to reduce its debt by \$450 million to \$550 million from the proceeds from divestitures of the performance chemicals business.

#### 3. Ongoing business

- After the completion of divestment, the company will be comprised of two businesses, Ecoservices and Catalyst Technologies.

- Ecoservices (revenue: \$401.9 million; adjusted EBITDA: \$157 million)

- It is a leading provider of sulfuric acid recycling (regeneration services) and end-to-end logistics to North American refineries for the production of alkylate, a high value gasoline blending component required for meeting gasoline specifications and producing premium-grade fuel.

- Signs of moat

- Due to capital cost and regulatory challenges, it is easier for the incumbent producers to expand existing capacity compared to building a new plant by a new competitor.
- The company also enjoys competitive advantage due to captive pipeline connections and other transportation logistics.
- As per the company's estimate, its regenerated sulfuric acid supply share is substantially larger than that of its closest competitor.
- This segment had an average adjusted EBITDA margin of 39% in the last four years.

- Catalyst Technologies (revenue: \$94 million; adjusted EBITDA: \$74 million)

- It had an average adjusted EBITDA margin of 38% in the last four years.
- The company is a global supplier of finished silica catalysts and catalyst supports necessary to

produce high-strength and high-stiffness plastics used in packaging films, bottles, containers, and other molded applications.

**4. Future**

- The company is going to focus on debt reduction through the end of

2022. At the same time, it expects to grow through tuck-in M&A by raising debt, if required.

- **Target in 2025:** >\$1 billion total sales; high 30s average adjusted EBITDA margins and cash conversion >80%.

**Ecoservices**

We partner with our customers to help them meet increasingly stringent standards for clean fuels, vehicle fuel economy, and lower emissions

North American Leader in Sulfuric Acid Recycling and Related Services



Business Represents<sup>1</sup>

64%  
Of total ecovyst sales<sup>2,3,4,5</sup>

68%  
Of total ecovyst Segment Adjusted EBITDA<sup>3,4,5</sup>

39%  
Average Adjusted EBITDA margins last 4 years<sup>3,4,5</sup>

Business Advantages

✓ Deep expertise

✓ Growing customer demand

✓ Focused innovation on sustainability

✓ Secure revenue streams

**Catalyst Technologies**

We partner with our customers to help improve the performance, durability and environmental profile of their products. Our products are required to meet the evolving standards of cleaner fuels, reduced waste and emission control.

Leader in Tailored Solutions for Specialty and Emission Control Catalysts



Business Represents<sup>1</sup>

36%  
Of total ecovyst sales<sup>2,3,4,5</sup>

32%  
Of total ecovyst Segment Adjusted EBITDA<sup>3,4,5</sup>

38%  
Average Adjusted EBITDA margins last 4 years<sup>3,4,5</sup>

Business Advantages

✓ Collaborative customer partnerships

✓ Focused innovation on sustainability

✓ Positioned to grow faster than market

✓ Expected margin expansion

## Compass Minerals International (CMP): Significant divestment & repayment of debt after the appointment of new CEO; migration to pure-play salt business

- Market Cap: \$2.0 Billion | Compass Minerals is a leading global provider of essential minerals. The Company's principal products are salt, consisting of sodium chloride and magnesium chloride and plant nutrients, consisting of sulfate of potash ("SOP")
- Major shareholders: Blackrock - 11.6% | Vanguard Group - 10% | State Street Corp - 6.3%
- Screen: 8-K - Keywords

### WHAT WE LIKE

#### 1. Significant management changes

- Six out of the eight top executives were appointed (or promoted) in/after May 2019.
- After the appointment of the new CEO, the remaining five top executives joined or were promoted.
  - CEO: May 2019
  - Chief Public Affairs Officer: September 2019
  - Chief Legal Officer: Nov 2019
  - Chief Commercial Officer: July 2019 (promotion)
  - Chief Operations Officer: Sep 2019
  - Chief Information Officer: Sep 2020 (promotion)

#### 2. Sale of North American micronutrient biz, South American specialty plant nutrition biz; investment in Fermavi; repayment of debt

- Initiated sale of the segment, put on hold due to COVID pandemic:
  - After the appointment of the new CEO in May 2019, in the fourth quarter of 2019, the company initiated a strategic evaluation of its Plant Nutrition South America business.
  - Within a few months, due to the COVID pandemic, the company suspended the process.

- In February 2021, the company initiated a strategic separation of its South American assets into two businesses (chemicals and specialty plant nutrition) to dispose of the business.
- In March 2021, the company approved the divestiture of the company's South American businesses and its North American micronutrient business as part of its asset optimization strategy.
- \$60 million divestment: In May 2021, the company sold its North American micronutrient business for approximately \$60 million.
- \$8 million sale: In June 2021, the company entered into an agreement to sell its investment in Fermavi for roughly \$8 million.
- \$432 million divestment: In July 2021, the company sold its South American specialty plant nutrition business for gross sale proceeds of approximately \$432 million.
- Debt repayment: The proceeds from the debt will reduce the company's debt from \$1.3 billion in 2020 to approximately \$884 million.

But, look, at the end of the day, we're not emotional about any of our assets, when it comes down to it, if they're worth more to somebody else than they are to what we think that we can deliver on from an execution

standpoint, there ought to be a conversation - *Kevin Crutchfield, CEO, Q4 2019 CC*

### 3. Going forward – pure-play salt business

#### Salt segment

- The company produces, markets and sells salt (sodium chloride) and magnesium chloride in North America and sodium chloride in the U.K.
- The company produces most of the salt that it sells through underground mining.
- Salt is indispensable and enormously versatile, with thousands of reported uses and no known cost-effective alternatives for most high-volume uses.
- The company’s salt products are used in a wide variety of applications, including as a deicer for roadways, consumer and professional use, an ingredient in chemical production, for water treatment, human and animal nutrition, and for a variety of other consumer and industrial uses.
- The salt segment achieved the lowest first-quarter operating cost per ton since 2016.
- Signs of moat
  - Goderich mine is the world’s largest operating underground salt mine.
  - Winsford is the U.K.’s largest and oldest working salt mine.
  - Great Salt Lake solar evaporation facility near Ogden, in operation for 50+ years, is the largest production site of SOP in the Western Hemisphere.
  - Leading supplier of salt and highway deicing salt products in North America and the U.K.

(\$, mm)	2016	2017	2018	2019	2020
Revenue	812	769	858	889	779
EBIT	200.6	138	115.7	168	161.8

Mine	Years in operation	Remaining reserve	Remaining mine life
Goderich	61 years	541.3 million tons	83 years
Cote Blanche	55 years	303.8 million tons	101 years
Winsford	175 years	28.0 million tons	28 years

### 4. Identified 2.4 million metric tons of lithium carbonate equivalent

- On July 13, 2021, the company announced that it has identified a lithium brine resource of approximately 2.4 million metric tons of lithium carbonate equivalent (LCE) at its active Ogden, Utah solar evaporation site, including an indicated lithium resource within the ambient brine of Great Salt Lake.
- On the same day, the company announced that it is currently undertaking a strategic evaluation to assess development options available to service growing U.S. domestic lithium market demand while maximizing the long-term value of its lithium resource.
- To learn more, please read the presentation.

In a market hungry for domestically sourced lithium produced with minimal environmental impact, we believe a sustainable and readily available lithium resource like we have defined at our operations on the Great Salt Lake could be a true differentiator for our company. We look forward to communicating the results of our strategic evaluation and the selection of an extraction technology partner as we identify the most advantageous path forward for Compass Minerals. - *Kevin S. Crutchfield, CEO, July 13, 2021, press release*

## Enterprise Financial Services (EFSC): Recent acquisition; revenue grew over 60% in the last five years under the CEO due to big-ticket acquisitions [short note]

- Market Cap: \$1.7 billion | Enterprise Financial Services Corp (NASDAQ: EFSC), with approximately \$10.2 billion in assets, is a financial holding company headquartered in Clayton, Missouri. Enterprise Bank & Trust, a Missouri state-chartered trust company with banking powers and a wholly-owned subsidiary of EFSC.
- Major shareholders: Earnest Partners - 7.6% | Blackrock - 6.7%
- Screen: 8-K - Keywords

### RESEARCH

#### 1. Rapid growth under the leadership of Jim Lally

The company promoted Jim Lally to the position of CEO in May 2017.

- Interest income grew from \$202 million in FY 2017 to \$327 million in LTM March 2021.
- Growth through acquisitions
  - There were no acquisitions in 2015 or 2016. Just two months prior to the appointment of Mr. Lally as CEO, the company acquired JCB for \$29.3 million.

- In March 2019, the company completed the acquisition of Trinity for \$209 million.
- In November 2020, the company completed the acquisition of Seacoast for \$169 million.

#### 2. Recent acquisition

- In July 2021, the company acquired First Choice Bancorp for approximately \$346 million.
- The transaction adds approximately \$2.4 billion in assets, \$2.0 billion in loans and \$1.9 billion in deposits to Enterprise.

**Five-Year Financial Highlights**

*In millions, except per share data*

	2017	2018	2019	2020	2021 YTD
Net Interest Income	\$177	\$192	\$239	\$270	\$79
Noninterest Income	\$34	\$38	\$49	\$55	\$11
Net Income	\$48	\$89	\$93	\$74	\$30
Earnings Per Share (diluted)	\$2.07	\$3.83	\$3.55	\$2.76	\$0.96
Adjusted Earnings Per Share (diluted) <sup>(1)</sup>	\$2.77	\$3.78	\$4.08	\$2.89	\$1.03
Return on Average Tangible Common Equity <sup>(1)</sup>	11.63%	19.83%	16.08%	11.23%	14.92%
Return on Average Assets	0.97%	1.64%	1.35%	0.90%	1.22%
Pre-Provision Net Revenue Return on Average Assets <sup>(1)</sup>	2.07%	2.07%	2.04%	1.96%	1.66%
Total Assets	\$5,289	\$5,646	\$7,334	\$9,752	\$10,191
Noninterest Expense to Average Assets	2.31%	2.19%	2.40%	2.03%	2.16%

<sup>(1)</sup>A Non-GAAP Measure, Refer to Appendix for Reconciliation.

## PFSweb (PFSW): Sale of a segment; company explores strategic alternatives for the remaining business

- Market Cap: \$266 million | PFSweb, Inc. is a global commerce services company.
- Major shareholders: AWM Investment Company - 9.1% | Wellington Trust Company - 7.5% | Portolan Capital Management - 6.8% | Wellington Management Group - 6.7%
- Screen: 8-K – Keywords

### RESEARCH

#### 1. Sale of LiveArea

- LiveArea generates roughly 25% of total revenue (revenue: \$85 million).
- In July 2021, the company agreed to sell its LiveArea segment for approximately \$250 million.
- The company expects net proceeds to range between \$185 million and \$200 million and to use a portion of the net proceeds to pay down debt.
- The transaction is expected to close in Q3 2021.

#### 2. Decision to explore strategic alternatives for the PFS segment

- This segment generates 75% of total revenue.
- PFS segment services support or improve the physical post-click experience, such as logistics and fulfillment, customer care, and order-to-cash services, including distributed order orchestration and payment services.
- In July 2021, the company engaged Raymond James Financial to lead an

evaluation of strategic alternatives for the PFS business.

Notable director: Benjamin Rosenzweig (Privet Fund Management) has been serving on the board since 2013.

#### Thoughts

- The company's current debt is \$82 million.
- If we assume that the company receives net proceeds of \$185 million, the company will end up with an additional cash balance of \$102 million.
- At the current valuation, the implied EV is \$153 million.
- Calculation
  - Current market cap: \$265 million
  - Expected cash balance: \$112 million (\$102 million and existing \$10 million)
  - Implied EV: \$153 million (\$265 million minus \$112 million)

In other words, the current market value of the remaining business (PFS) is \$153 million.

## WideOpenWest (WOW): Sale of five service areas for \$1.85 billion to reduce debt

- Market Cap: \$1.8 Billion | WideOpenWest, Inc. is one of the USA's leading broadband providers, with an efficient, high-performing network that passes three million residential, business and wholesale consumers.
- Major shareholders: Avista Capital Partners - 43.4% | Crestview Partners - 36.1% | Nine Ten Capital Management - 8.25% | Vanguard Group - 5.6%
- Screen: 8-K - Keywords

### RESEARCH

The company is a broadband services provider offering high-speed data, cable television, and digital telephony services to residential customers and offers a full range of products and services to business customers.

#### a) Sale of five service areas to reduce debt

- The company provides services in 19 markets, primarily in the Midwest and Southeast.
- In June 2021, the company entered into agreements to sell its five service areas for approximately \$1.8 billion. The transactions are expected to close in the second half of the year.
- As of March 31, 2021, the total outstanding amount of long-term debt and finance lease obligations was \$2.3 billion, and the company plans to reduce more than half of that current debt through proceeds of the sale.

#### b) Valuation thoughts

- The company sold five service areas (revenue: \$417 million) for \$1.85 billion. The sale value is roughly 4.3x revenue.
- Applying the same revenue multiple, the remaining business could be worth roughly \$2.9 billion (\$731 million \* 4.3). If you value the remaining business at a slightly higher multiple of 5x revenue, the remaining business would be worth roughly \$3.7 billion.
- Debt
  - Current debt balance: \$2.4 billion.
  - The company mentioned that it would repay more than 50% of the current debt balance. We don't know the total amount of cash proceeds from this divestment and the amount that would be used from the cash proceeds to repay debt.

## 13D SUMMARY

### **Eric Singer elected to the Board of Velodyne Lidar; within a month Anand Gopalan, CEO of the company, announces his resignation**

Market Cap: \$2.2 billion | Velodyne Lidar, Inc. (Revenue: \$96.5 million) develops and produces lidar sensors for use in industrial, 3D mapping, drones, and auto applications in North America, the Asia Pacific, Europe, the Middle East, and Africa.

#### Background:

- On February 12, 2021, David S. Hall (58.4%), founder and executive chairman of the board, delivered a letter to the company nominating Eric Singer, managing member of VIEX Capital Advisors, for election to the board at the 2021 AGM. [Source](#)
- On March 2, 2021, David S. Hall (58.4%) resigned as a director of the company stating that he was felt marginalized in the boardroom and does not believe his input has been respected by the other members of the Board. [Source](#)
- On March 10, 2021, David S. Hall (54.7%) issued a [letter](#) to the Board stating that he resigned from the Board because he had numerous concerns about the strategic direction and current leadership of Velodyne Lidar. He stated his belief that the Board has fostered an anti-stockholder culture and that Velodyne Lidar's corporate governance is broken. Perhaps most unsettling was the Board's decision to rubberstamp an increased compensation package for Mr. Gopalan despite the Company releasing weak Q4 2020 earnings and missing year end forecasts.
- At the AGM held on June 10, 2021, Eric Singer was elected to the Board as a Class I director to hold office until the 2024 AGM and until his successor is elected or appointed. [Source](#)

#### Update:

On July 16, 2021, Anand Gopalan delivered a notice of his intent to resign as CEO of the company and from the board of directors, effective as of July 30, 2021. [Source](#)

### **Kanen Wealth Management/ Philotimo Fund plans to discuss with 1847 Goedeker Inc regarding Board composition**

Market Cap: \$326 million | 1847 Goedeker Inc. operates an e-commerce platform for appliances and furniture in the United States.

#### Background:

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

[Source](#)

[Update](#)

- On July 7, 2021, Kanen Wealth Management/ Philotimo Fund reduced its stake to 5.5%.

### **GeoPark co-founder and former chairman Gerald O'Shaughnessy urges shareholders to vote AGAINST four company director nominees**

Market Cap: \$722 million | GeoPark Limited engages in the exploration, development, and production of oil and gas reserves in Chile, Colombia, Brazil, Argentina, Peru, and Ecuador.

#### Background:

- Gerald O'Shaughnessy (10.7%) is the co-founder of the company and, until very recently, served as the company's Chairman since its inception. Effective June 13, 2021, Mr. O'Shaughnessy resigned from the Board and filed 13D in order to share his concerns with fellow shareholders about the high level of control that CEO Jim Park exerts over the Board, and the Board's resulting lack of true independence. In connection therewith, and with a view of enhancing shareholder value, on June 17, 2021, Mr. O'Shaughnessy delivered a [letter](#) to the Board requesting that it strengthen its ability to exercise independent oversight of management by adding three new independent nominees and Mr. O'Shaughnessy to the slate that the Board is proposing for election at the upcoming annual meeting. If Mr. O'Shaughnessy is unable to constructively engage with the Board, Mr. O'Shaughnessy intends to explore all possibilities to address these concerns. Having carefully considered the issues facing the company, Mr. O'Shaughnessy believes that there is an opportunity to significantly enhance oversight and accountability in a manner that may substantially increase long-term shareholder value.
- On June 24, 2021, Mr. O'Shaughnessy issued an open [letter](#) to the shareholders announcing that he is initiating a "vote no" campaign against incumbent directors Robert Bedingfield, Constantin Papadimitriou, Pedro Aylwin and James Park at the upcoming AGM to be held on July 15, 2021. Also, Mr. O'Shaughnessy insists the Board to do the following:
  - Rationalize assets or monetize multiple country operations that do not meet the Company's cost of capital and use the proceeds to reduce debt.
  - Reduce corporate overhead, with a particular emphasis on eliminating overhead established to support unprofitable operations outside of Colombia.
  - Consider ways to grow and improve operations in Colombia through greater efficiency or via consolidation to achieve needed scale.
  - Conduct a thorough strategic review focused on the Company's asset base and operations outside of Colombia and seriously consider all strategic options available to GeoPark – including a sale or merger of the Company.

#### Update:

- On July 1, 2021, Mr. O'Shaughnessy made public a [presentation](#) to shareholders urging them to vote against four directors of the company at the AGM. Mr. O'Shaughnessy also announced three additional candidates for consideration for the board.
- On July 8, 2021, Mr. O'Shaughnessy made public a [letter](#) to shareholders outlining certain reasons for shareholders to vote against four directors of the company at the AGM.

## Starboard files preliminary proxy materials for the election of directors at the 2021 annual meeting of Box

Market Cap: \$3.8 billion | Box, Inc. provides a cloud content management platform that enables organizations of various sizes to manage and share their content from anywhere or any device.

### Background:

- On March 22, 2020, Starboard Value (7.7%) entered into an agreement with the company regarding the composition of the Board. Pursuant to the terms of the Agreement, three new independent directors will join the board before the annual meeting in June 2020, two incumbent directors won't stand for re-election, and one incumbent director will retire. Former GoPro CFO Jack Lazar will join the board, effective immediately. The second independent director will be selected from a Starboard-drafted list. The board will choose the third before the annual meeting.
- Effective April 24, 2020, Bethany J. Mayer was appointed to the Board as the Second Independent Designee of Starboard.
- Effective May 26, 2020, Carl Bass, Second Independent Designee of Starboard, was appointed to the Board as the Additional Independent Director. Source
- On May 3, 2021, Starboard (7.7%) delivered an open letter to the stockholders in connection with the company's 2021 AGM. It stated that it is increasingly frustrated with the poor financial results of the company and plans to nominate Board candidates at the next shareholder meeting. Further, Starboard stated that it urged management over the past two years to improve growth and profitability and had criticized questionable capital allocation decisions and subpar shareholder returns.
- On May 10, 2021, Starboard delivered a letter to the company nominating four candidates for election to the Board at the 2021 AGM. In its letter, Starboard highlighted the company's significant valuation discount to peers due to years of missed expectations, poor results, and generally poor governance.
- On May 20, 2021, Starboard (8%) submitted a books and records request regarding potential mismanagement and/or malfeasance by the management and/or members of the Board and potential breaches of fiduciary duties by certain members of the Board in connection with the company's review of strategic options. Source
- On June 3, 2021, the company rejected Starboard Value LP's allegations against the company.
- On June 10, 2021, Starboard delivered a letter to the company stating that it vigorously disagrees with counsel for the company's contentions that the books and records request is deficient and purportedly does not establish a credible basis to infer any corporate wrongdoing. The Response Letter reiterates Starboard's position that the seven purposes outlined in the Books and Records Request, including to investigate potential wrongdoing and breaches of fiduciary duties by members of the Board in connection with the Strategic Review, the Investment Agreement, the Series A Financing, the Dutch Self-Tender, and the company's decision to extend the nomination deadline for the 2021 AGM, are not only proper under Delaware law (a fact which the June 3 Letter does not dispute), but that such purposes are directly aligned with the interests of the stockholders. Source

### Update:

On July 1, 2021, Starboard filed proxy materials seeking support for its nominees and delivered a [letter](#) to the shareholders expressing its concerns on KKR financing. Starboard stated that on April 8, 2021, shortly after the expiration of the recently extended standstill and despite having more than \$500 million in cash on its balance sheet, even after completing two small acquisitions, Box announced a \$500 million preferred equity financing led by KKR (“the KKR Financing”) and its intention to use the proceeds from the KKR Financing to repurchase \$500 million of common stock through a “Dutch auction” self-tender. The KKR Financing was transparently structured to vote on an as-converted basis and required KKR and the other investors in the transaction to vote in accordance with the board’s recommendations. Starboard stated its belief that Box had no need for the capital and that the transaction was specifically designed as an entrenchment mechanism meant to “buy the vote.”

### **Group of stockholders nominates five highly qualified director candidates to replace the board responsible for mismanagement and value destruction**

M.Cap: \$1.3 billion | CytoDyn Inc. operates as a late-stage biotechnology company.

#### Background:

On May 24, 2021, Paul A. Rosenbaum stated that he intends to have discussions with the management and board regarding shareholder value, operational failures, performance, management, underperformance relative to its peers and Rosenbaum's lack of confidence in management. Rosenbaum may seek stockholder representation on the Board, as appropriate, including but not limited to through the initiation of a proxy contest at the 2021 AGM.

#### Update:

#### Update:

On July 1, 2021, Paul A. Rosenbaum, together with a group of long-time shareholders (1%), announced that he has sent a notice to the company nominating five director candidates – Thomas Errico, MD, Bruce Patterson, MD, Paul Rosenbaum, Peter Staat, MD, and Melissa Yaeger – to serve on the company’s board of directors. In the letter to stockholders, the committee highlights the numerous ill-advised actions taken by the current leadership, which has overseen many value-destructive failures involving the company’s Leronlimab drug, while manipulating its corporate machinery to further entrench the board and disenfranchise investors. The letter emphasizes that if elected, the nominees would recruit a new management team to replace the current one that is responsible for these failures, take the steps necessary to earn FDA approval for Leronlimab, and enhance long-term value for all stockholders. The nominating stockholders have launched a website at [www.advancingll.com](http://www.advancingll.com) that includes information about the nominees and the group’s platform. [Source](#)

## **Custodian Ventures/ Activist Investing nominates director candidates to My Size, Inc.**

Market Cap: \$46 million | MY SIZE, INC. develops and commercializes mobile device measurement solutions for e-commerce fashion/apparel, shipping/parcel, and do it yourself industries in Israel.

### Background:

- On May 12, 2021, Custodian Ventures/ Activist Investing (9.99%) delivered a letter to the company nominating a slate of four candidates for election to the Board at the 2021 AGM.
- On June 1, 2021, Custodian Ventures/ Activist Investing submitted a books and records request in order to gather information regarding potential mismanagement and/or malfeasance by the management and/or members of the Board.
- On June 9, 2021, Custodian Ventures/ Activist Investing delivered an open letter encouraging stockholders to unite to end the destruction of stockholder value at the company and hold the Board of Directors and management accountable at the 2021 AGM.

### Update:

On July 1, 2021, Custodian Ventures/ Activist Investing reiterated its belief that a change in tone at the top is necessary to ensure the company's best days are ahead. Further, it called on the board to immediately schedule the 2021 annual meeting and to refrain from any further dilutive issuances designed to entrench the board. [Source](#)

## **Indaba Capital Management's nominees not elected to the board of Benefitfocus**

Market cap: \$463 million | The company provides 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 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.
- On April 15, 2021, Indaba (9.5%) issued a [letter](#) to the Board regarding its unwillingness to agree to a good faith settlement and urges shareholders to vote for its nominees.

Update:

At the AGM held on June 30, 2021, shareholders elected the incumbent directors to the board.

**Charles Frischer requests that Regional Health Properties call a special meeting**

Market Cap: \$20mm|Regional Health Properties through its subsidiaries own and manage skilled nursing facilities and assisted living facilities in the states of Alabama, Arkansas, Georgia, Missouri, North Carolina, Ohio, Oklahoma, and South Carolina.

Background:

- On November 28, 2018, Charles Frischer (12.18%) and three other holders of the Preferred Stock, who together with Mr. Frischer in the aggregate hold 26.18% of the Preferred Stock, sent a letter demanding a special meeting of the holders of the Preferred Stock be called for the purpose of electing two additional directors. [Source](#)
- On December 2, 2019, attorneys for Charles Frischer and four other holders of the Preferred Stock, who, together with Mr. Frischer, hold 32.6% of the Preferred Stock, sent a letter demanding the company, correct a misrepresentation in the company's Proxy Statement. The Proxy Statement stated that no demand had been made for the special election of two additional directors by the holders of at least 25% of the Preferred Stock following a failure by the company to pay dividends for any four consecutive or non-consecutive dividends period. Such a demand, however, was made in that certain letter to the company dated November 28, 2018 from attorneys representing Charles Frischer and three other holders who together held 26.28% of the Preferred Stock. Such letter is described in Item 4 to Amendment No. 3 to the 13D. In addition to correcting the Proxy Statement, Mr. Frischer and the other holders reiterated their demand for a special election for two additional directors. The letter further requested that Mr. Charles Frischer and Mr. Kenneth Grossman be nominated to stand for election by the holders of the Preferred Stock to serve as directors of the company. [Source](#)
- On June 1, 2021, the company [announced](#) that it has filed a registration statement on Form S-4 with SEC relating to its proposed offer to exchange any and all of the outstanding shares of its 10.875% Series A Cumulative Redeemable Preferred Shares for newly issued common stock of the Company, no par value and may file amendments thereto. In exchange for each share of Series A Preferred Stock properly tendered in the Exchange Offer and accepted by the Company, participating holders of Series A Preferred Stock will receive 0.5 shares of Common Stock.
- On June 2, 2021, Charles Frischer sent a [letter](#) in response to the draft S-4 Registration Statement the company filed on June 1, 2021. In such letter, Mr. Frischer notified the company of that the proposed exchange offer was woefully inadequate.

Update:

On July 1, 2021, Charles Frischer (14.2%) sent a letter to the company requesting that the company call a special meeting of the holders of shares of 10.875% Series A Cumulative Redeemable Preferred Stock of the company to elect two directors to the board. The letter further requested that after the company has received requesters from holders of greater than 25% of the shares of the Preferred Stock, the company set a date

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for the referenced special meeting not greater than 75 days after the receipt of the sufficient number of such requests. [Source](#)

### **Driver Management suggests Codorus Valley Bancorp explore a sale**

Market Cap: \$199 million | Codorus Valley Bancorp, Inc. operates as the bank holding company for PeoplesBank, which provides community banking services.

On June 29, 2021, Driver Management (6.3%) stated its belief that the board should immediately hire a financial advisor and conduct a comprehensive review of all available options for increasing shareholder value, including a sale of the company.

[Source](#)

### **Legion Partners nominees not elected to the Board of Genesco**

Market Cap: \$831 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.
- 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 over-seen 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](#)
- On May 21, 2021, the company announced the appointments of three new independent directors, former Chairman and Chief Executive Officer of Deckers Brands, Angel Martinez; Chief Financial Officer of Valvoline Inc. and former Chief Financial Officer of DSW Inc., Mary Meixelsperger; and former Chief Executive Officer of Tractor Supply Company, Greg Sandfort, to the Genesco Board
- On May 24, 2021, Legion Partners (5.9%) announced that in light of the partial refresh of the Board, it notified the company of the withdrawal of three candidates and continues to solicit proxies to elect four nominees to the Board. [Source](#)

- On June 22, 2021, Legion Partners released [an extensive presentation](#) that details its case for change in the Company's boardroom. It stated that its nominees are prepared to start a collegial boardroom discussion about eliminating Genesco's inefficient conglomerate structure, monetizing non-core assets, initiating targeted share repurchases, improving operations and helping Journeys seize growth opportunities. It stated its belief that taking the aforementioned steps can help improve earnings per share to at least \$13 and yield a share price of more than \$100 based on a 10x price-to-earnings multiple within three years
- On June 28, 2021, Legion Partners issued [a new presentation](#) that addresses the apparent distortions and misrepresentations included in the [materials](#) released by the Company on June 23, 2021.
- On June 30, 2021, Legion Partners filed proxy materials seeking support for its nominees.

Update:

- On July 6, 2021, the company announced that ISS has recommended that shareholders vote the **BLUE** proxy card for all nine of the company's director nominees at the AGM to be held on July 20, 2021. [Source](#)
- On July 8, 2021, Legion Partners [announced](#) that Glass Lewis has endorsed Legion Partners' nominees Dawn H. Robertson and Hobart P. Sichel for election to the board.
- On July 16, 2021, Legion Partners issued a [letter](#) to shareholders highlighting the opportunity to modernize and transform Genesco by adding shareholder-nominated directors to the board of directors.
- At the [AGM](#) held on July 21, 2021, shareholders elected all the company's director nominees to the board.

## **VIEX Capital decreased its stake to less than 5% in KVH Industries**

Market Cap: \$235 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 within two months Vintage Capital Management secured a Board seat.

VIEX Capital

- On March 4, 2021, VIEX Capital (3.4%) nominates two candidates for election as Class I Directors to the Board at the upcoming 2021 AGM. It stated that it was deeply concerned by the company's inadequate corporate governance, stale incumbent board and poor stock price performance. [Source](#)
- On April 9, 2021, VIEX Capital filed proxy materials seeking support for its nominees.
- On May 4, 2021, Potomac Capital Management joined VIEX's "group" for the purpose of seeking the election of the nominees to the Board at the 2021 AGM. [Source](#)
- On May 6, 2021, VIEX Capital filed proxy materials seeking support for its nominees.
- On May 27, 2021, VIEX issued an investor [presentation](#) on the company titled, "The need for Stockholder-Driven change"
- On June 1, 2021, VIEX issued an investor [presentation](#) on the company titled, "Reinforcing The Need For Stockholder-Driven Change Atop KVH Industries, Inc"

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- On June 7, 2021, ISS recommends that shareholders vote FOR the Company's two candidates – Cielo Hernandez and Cathy-Ann Martine-Dolecki – to the Board
- On June 14, 2021, Glass Lewis recommends that shareholders vote to elect VIES's nominee John Mutch to the Board.
- At the AGM held on June 17, 2021, shareholders elected two incumbent nominees and the shareholder group nominees were not elected to the Board.
- In connection with the conclusion of the AGM, the parties in the shareholder group terminated the group agreement.

Update:

On July 9, 2021, VIEX Capital reduced its stake to 4.3% from 5.8%.

### **Stagwell Group to recommend the appointment of Madison Avenue Partners' Eli Samaha to the MDC Partners Board of Directors at the close of the merger of MDC and Stagwell**

Market cap: \$427 million | MDC Partners Inc. provides marketing, advertising, activation, communications, and strategic consulting solutions worldwide.

Background:

- In April 2019, the company entered into an agreement with FrontFour Capital Group and agreed to add its nominee to the Board. Source
- In December 2020, MDC Partners and Stagwell Media announced that they have entered into a definitive transaction agreement to combine their respective businesses
- On May 26, 2021, Indaba Capital Management (11.9%) delivered a letter to the Special Committee of the Board expressing its serious concerns with the company's proposed combination with Stagwell Media LP, including that the transaction does not provide fair consideration to the shareholders. Indaba Capital Management stated its intention to vote against the transaction in its current form. In the letter, Indaba claims the structure of the proposed deal undervalues MDC, and that the proposal to provide MDC shareholders with 26% ownership of the combined company is too low. Indaba said MDC shareholders should own 37.5% to 40% of the new entity.

**Furthermore, the Special Committee's fairness opinion was commissioned in late 2020 and is now clearly outdated.** Its findings and value range reflect a pandemic-ravaged environment rather than an economy in recovery. Since the opinion was issued on December 21, 2020, an index of comparable public advertising companies' equities has risen almost 35% and the enterprise values of those companies based on their share prices have increased by over 14% through the close of trading yesterday.<sup>1</sup> Increasing MDC's enterprise value by a similar amount would increase that range of equity values to a range of approximately \$7.28 to approximately \$10.37 per share.

Note: MDC and Stagwell are both led by Mark Penn. He has been chief executive of MDC since 2019 and is the founder and managing partner of Stagwell.

- On June 8, 2021, Indaba Capital Management issued an open [letter](#) to the Chairman and CEO of the company, Mark Penn, expressing its continued concerns with the company's proposed combination with Stagwell Media LP. and had issued a [presentation](#) outlining why it opposes the merger on its current terms. In both the letter and the presentation, Indaba Capital reiterated its intention to vote against the transaction under its current terms.
- On June 17, 2021, Mark Penn, Managing Partner of Stagwell (19.9%), sent an email to Indaba Capital Management expressing a willingness to speak with Indaba about the Transaction. Indaba did not respond to Mr. Penn's email. On June 28, 2021, Indaba issued a press release claiming that Mr. Penn has refused to engage. [Source](#)

Update:

- On July 9, 2021, the company announced that the Special Committee of the Board, working with its independent legal and financial advisors, has completed its evaluation of the revised offer from Stagwell Media LP, which included a decrease in Stagwell stake in the combined entity from the original 74% to 70% and an increase of MDC stake from 26% to 30%. The amended offer provides for a decrease in the share consideration that Stagwell will receive in the transaction to equity interests equivalent to 180 million (from 185 million) common shares, a reduction of ~36 million common shares from the 216.25 million common shares originally agreed. Pursuant to amendment, the MDC board has recommended shareholders to vote in favor of the merger, as this would lead the company to grow with a stronger balance sheet, a better combination of digital capabilities and the right leadership for the future. [Source](#)
- On July 15, 2021, Stagwell issued a [press release](#) with respect to its intention to recommend the appointment of Eli Samaha, Founder and Managing Partner of Madison Avenue Partners, to the Combined Company Board upon the closing of the combination of MDC with Stagwell.

## **Bulldog Investors plans to communicate with Tortoise Pipeline & Energy Fund, Inc.**

Market Cap: \$37 million | Tortoise Energy Independence Fund, Inc. is a close ended equity mutual fund launched and managed by Tortoise Capital Advisors L.L.C.

Background:

- On October 29, 2020, Aristides Capital (16.5%) stated that it may have discussions with the management and the Board regarding the company's business, strategies and operations. Aristides Capital stated that it was concerned by the recent amendments to the company's bylaws, and particularly the new requirement that any nominee or proposal be put forth only by a stockholder who has owned at least one percent of the outstanding shares for a minimum period of at least three years. Aristides Capital stated its belief that this improperly interferes with fundamental stockholder voting rights, that the provision has the potential to entrench the management and Board of Directors, and thus that this provision may be legally invalid. [Source](#)

- On November 11, 2020, the company announced that its Board has approved a proposal to merge Tortoise Energy Independence Fund, Inc. (NDP) with and into Tortoise Pipeline & Energy Fund, Inc. (TTP).
- On March 19, 2021, Aristides Capital (16.5%) issued a public letter to NDP's shareholders outlining its concerns regarding the proposed merger with Tortoise Pipeline & Energy Fund, Inc. (NYSE: TTP) and announcing that it would be voting against the proposed merger. It stated that instead of pursuing this merger, Aristides Capital urges the Board to convert to an open-end fund or liquidate the assets, which it believes would provide substantial value realization to shareholders, by eliminating the Fund's deep discount to its net asset value ("NAV"). [Source](#)
- On March 31, 2021, Aristides Capital reiterated its concerns on the proposed merger.
- On April 29, 2021, Aristides withdrew its solicitation against the proposals related to the proposed merger with Tortoise Pipeline & Energy Fund, Inc. at the Special Meeting. [Source](#)
- On May 10, 2021, Bulldog Investors (10.6%) stated that it intends to communicate their views about the proposed merger to management. [Source](#)

Update:

On July 12, 2021, Bulldog Investors (12.77%) stated that it intends to communicate with the management.

### **Custodian Ventures/ Activist Investing expresses its desire to work with Oxbridge Re Holdings**

Market Cap: \$19 million | Oxbridge Re Holdings, Limited, together with its subsidiaries, provides specialty property and casualty reinsurance solutions.

On July 13, 2021, Custodian Ventures/ Activist Investing issued a [press release](#) announcing its ownership interest of 9.9% in the company and its desire to work with the board in order to explore potential strategic options for increased shareholder value.

### **Triam Fund Management increased its stake after initiating discussions with Janus Henderson Group**

Market Cap: \$6.79 billion | Janus Henderson Group plc is an asset management holding entity. Through its subsidiaries, the firm provides services to institutional, retail clients, and high net worth clients. It manages separate client-focused equity and fixed income portfolios.

Background:

On October 2, 2020, Triam Fund Management disclosed a 9.9% active stake in the company and stated that it has engaged in discussions with the management and intends to continue to engage in discussions with the Board and/or management regarding various strategic and operational initiatives which can generate value. Triam Fund Management stated that it intends to further discuss with the Board and/or management and may encourage the company to explore, certain strategic combinations. [Source](#)

Update:

On July 19, 2021, Trian Fund Management increased its stake to 13%.

## Summers Value Fund initiates discussion with Electromed

Market Cap: \$100 million | Electromed, Inc. develops, manufactures, markets, and sells airway clearance therapy and related products in the United States and internationally.

### Background:

#### Zenith Sterling Advisers

- In June 2019, Zenith Sterling Advisers (5.82%) engaged in discussions with the management team and board in order to (i) formulate and offer proposals regarding the corporation's capital allocation plans, dividend policy, and long-term strategy, and (ii) request a seat on the board of the corporation. [Source](#)
- In September 2019, Zenith Sterling Advisers (5.94%) delivered a letter (see "[Exhibit 99.2](#)") to the company stating that the company is significantly undervalued and urged the board to institute a share repurchase program. Also, in its letter, Zenith Sterling Advisers stated its belief that the business can generate an additional \$12 million worth of free cash flow cumulatively over the next three years – even after reinvesting heavily in the business through expanded selling costs, marketing, research, product development, and capital spending.

Nothing will be more important for the stock's future performance than for Electromed to deliver improved financial results from here. Given today's low valuation, I believe clear articulation of, and execution on, key financial metrics—sales growth, gross margin, operating margin, and free cash flow—will appeal to potential investors across the spectrum from growth to value.

In the meantime, though, we must not ignore the opportunity for the Board to add directly to the potential value of our stock by repurchasing shares at low prices.

- I estimate each \$1 million worth of shares repurchased at the Sept. 19, 2019 closing price of \$6.23 would reduce the diluted share count by nearly 2%, while the foregone after-tax interest income on the cash represents less than 0.4% of my fiscal 2020 earnings forecast. As a result, each \$1 million spent on repurchases stands to enhance per-share earnings growth by approximately 1.5% (\$0.006 per share). If we value the additional earnings per share at the industry median forward price/earnings ratio of 27.8, each \$1 million of repurchases would add \$0.17, or 2.7%, to the potential fair value of each Electromed share.
- Assuming (as I think fair) that the \$13.74 a share average indicated by the three metrics shown above reflects a reasonable, industry-derived proxy for the fair value of Electromed stock, I also estimate that each \$1 million of shares repurchased at the stock's current price of \$6.23 would add at least \$0.15 to the fair value of each remaining share.

Of course, these two examples are hypothetical. The actual impact of share repurchases on the stock's value will depend on a variety of factors, not least of which is the stock price itself. All else being equal, higher prices paid mean less value added for continuing

shareholders—but from where we start today, I think repurchases would remain worthwhile even at double the stock’s current price.

### Summers Value Fund

On July 19, 2021, Summers Value Fund (5.6%) stated that it has engaged, and intends to continue to engage, in communications with the board and management team regarding means to enhance shareholder value. [Source](#)

### **VA Partners increased its stake after initiating discussions with Insight Enterprises**

Market Cap: \$3.4 billion | Insight Enterprises, Inc. provides information technology hardware, software, and services solutions in the United States, Canada, Europe, the Middle East, Africa, and the Asia-Pacific.

#### Background:

- On May 17, 2021, VA Partners (6.5%) stated that it had and anticipate having further discussions with officers and directors of the company regarding the business of the company, management, board composition (which include whether it makes sense for a VA Partners employee to be on the board), investor communications, operations, capital allocation, dividend policy, financial condition, mergers and acquisitions strategy, overall business strategy, executive compensation, and corporate governance. [Source](#)
- On June 8, 2021, VA Partners increased its stake to 7.6%.

#### Update:

On July 20, 2021, VA Partners increased its stake to 8.9%.

### **Custodian Ventures initiates active stake in Equus Total Return**

Market Cap: \$32 million | Equus Total Return, Inc. is a closed-end management investment company.

On July 20, 2021, Custodian Ventures, LLC disclosed a 5.1% active stake and stated that it has invested in the company due to the company’s stated intention to pursue a transformative transaction that would result in its restructuring into an operating company and the steps that management and the board of directors have taken to date to facilitate such a potential strategic transformation. [Source](#)

### **Sherwood sends a letter to Navios Maritime Partners L.P.**

Market Cap: \$545 million | Navios Maritime Partners L.P. owns and operates dry cargo vessels in Asia, Europe, North America, and Australia.

On July 22, 2021, Sherwood disclosed a 5.8% active stake and delivered a [letter](#) to the company and its CEO Angeliki Frangou detailing concerns regarding the management and direction of the company, and accusing her of “imprudent and illogical” decisions

that have hurt shareholder value. In Sherwood's letter, he calls into question \$200 million worth of recent at-the-money (ATM) offerings by the company and purchases of approximately \$185 million of shares at market values from "largely related parties." Sherwood and MRMP also suggest that Frangou and management implement a range of policies, such as share buybacks, selling assets and paying down debt, and/or increasing dividends to shareholders.

### **Eriksen Capital Management increased its stake after expressing its concerns on Nocopi Technologies**

Market Cap: \$14 million | Nocopi Technologies, Inc. develops and distributes document security products in the United States and internationally.

#### Background:

On May 6, 2021, Eriksen Capital Management (7.1%) stated its belief that the company should practice good governance. Eriksen stated, "According to SEC filings, Nocopi has not held an annual meeting since 1999. It appears that other than the CEO over twenty years ago, none of its directors have ever been approved by shareholders. The share price is roughly the same as it was when the current CEO took over more than twenty years ago. In 2018, a shareholder group representing 20% of the shares of the company filed a 13D noting many of these same concerns. Instead of holding an annual meeting, the company responded by changing its bylaws in order to make it incredibly difficult for shareholders to nominate directors. We find this kind of behavior unacceptable."

#### Source

#### Update:

On July 22, 2021, Eriksen Capital Management increased its stake to 8.4%.

### **Robert B. Barnhill, Jr. announces his stance for the upcoming AGM at TESSCO Technologies**

Market Cap: \$53 million | TESSCO Technologies (TESS) Incorporated architects and delivers product and value chain solutions to support wireless systems in the United States.

#### Background:

#### Robert B. Barnhill

In July 2020, Robert B. Barnhill, Jr., chairman of the board and the largest shareholder of the company holding 18.8%, expressed his opinion that a reconstituted board is necessary to remedy the issues causing the significant decline of the financial performance of the company since he resigned as CEO in 2015. In September 2020, he filed a consent solicitation statement to remove and replace the majority of the company's board.

On December 11, 2020, Robert B. Barnhill, Jr. delivered written consents to the company from the holders of at least 67% of the outstanding shares to a) remove John D. Beletic, Cathy-Ann Martine-Dolecki, and Ronald D. McCray from the board and b) to elect J. Timothy Bryan and Kathleen McLean as directors and c) to reduce the

percentage of shareholders that may cause the company to call a special meeting of shareholders to holders of 25% of the votes outstanding and entitled to vote at a special meeting.

On December 14, 2020, the company announced that Mr. Beletic, Ms. Dolecki and Mr. McCray had been removed from the board. In addition, J. Timothy Bryan and Kathleen McLean (two nominees of Barnhill) have been elected to the board, and the other proposals that were the subject of the consent solicitation became effective.

#### Lakeview Investment Group

On August 5, 2020, Lakeview Investment Group (9.7%) stated that it intends to recommend one or more potential candidates for Board membership to Mr. Barnhill and/or the company for consideration. In addition, Lakeview Investment may, in the future, recommend additional director candidates for election or appointment to the Board. [Source](#)

On June 29, 2021, Lakeview Investment Group & Trading Company, LLC (11.6%) issued a [letter](#) to the Board calling upon the Board to retain a reputable investment bank to run a full and fair process to sell the company. The letter also stated Lakeview's intention to withhold authority to vote its shares with respect to the election of CEO Sandip Mukerjee and Chairman Paul Gaffney as directors at the upcoming 2021 AGM. [Source](#)

#### Update:

On July 23, 2021, Robert B. Barnhill, Jr. (18.3%) stated that he has determined to withhold his support from the election of Sandip Mukerjee and Paul Gaffney as directors at the 2021 AGM. After founding Tessco in 1984 and serving as its President and CEO until 2017 and Chairman of the Board until 2020, Mr. Barnhill will retire from the board at the 2021 AGM, scheduled for July 28, 2021. [Source](#)

### **John K. Scott, Jr. secures two board seats in Navidea Biopharmaceuticals, Inc.**

Market Cap: \$51 million | Navidea Biopharmaceuticals, Inc., a biopharmaceutical company, focuses on the development and commercialization of precision immunodiagnostic agents and immunotherapeutics..

#### Background:

On June 15, 2021, John K. Scott, Jr., a private investor holding 32.8% stated that he has engaged in discussions with Jed A. Latkin, CEO, CFO and COO of the company, related to his intention to request that the board appoint additional members of the board. As a result of such discussions, John K. Scott, Jr formally requested that the board increase its size to include a total of seven (7) members and to fill the vacancies resulting from such increase by appointing him and Alexander L. Cappello as additional members of the board. [Source](#)

#### Update:

[Go to index page](#)

Effective July 8, 2021, at the request of John K. Scott, Jr. (32.8%), the board established the size of the board at seven directors and appointed Mr. Scott and Alexander L. Cappello to fill the board's two vacancies. Mr. Scott and Mr. Cappello will serve as directors in the classes with terms expiring at the 2022 and 2023 AGMs. [Source](#)

## **All incumbent directors re-elected to the Board of Adamis Pharmaceuticals Corporation**

Market Cap: \$104 million | Adamis Pharmaceuticals Corporation, a specialty biopharmaceutical company, develops and commercializes products in the therapeutic areas of allergy and respiratory disease in the United States.

### Background:

On June 2, 2021, Jerry Hammann (less than 1%) filed a proxy statement notifying the company that he desired to nominate four individuals, including himself, for election to the Board and to propose three proposals at the Meeting for approval by stockholders on his own proxy statement and form of proxy. The Company has informed Mr. Hammann that pursuant to its Amended and Restated Bylaws, his notice was untimely and failed to comply with the Bylaws and that, as a result, he will not be entitled to make lawful nominations for election to the Board or lawfully submit proposals for consideration by stockholders at the Meeting. Jerry Hammann expressed his concerns and claims that the company relies on an alternate calculation not employed in the prior eleven years. Kindly [click here](#) to read the full letter.

### Update:

At the [AGM](#) held on July 16, 2021, all the incumbent directors were re-elected to the board.

## **Maguire Asset Management delivers a letter to Yatra Online**

Market cap: \$116 million | Yatra Online, Inc. operates as an online travel company in India and internationally. It operates through Air Ticketing, and Hotels and Packages segments.

### Background:

#### (i) Maguire Asset Management

- On April 6, 2021, Mr. Timothy J. Maguire, Maguire Asset Management (6.2%), delivered a letter via email to the CEO, Dhruv Shringi, summarizing a conversation held between Messrs. Maguire and Shringi on April 1, 2021. In their conversation, they also discussed that the company is 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.
- On May 13, 2021, Maguire Asset Management increased its stake to 7.4%.

#### (ii) Catamount Strategic Advisors

- On May 25, 2021, Catamount Strategic Advisors (5.8%) stated that the shares were undervalued relative to its peers and represented an attractive investment opportunity because of its belief that the company is well-positioned both to benefit

from the ongoing recovery in the Indian travel market and to experience a multi-year cycle of sustained elevated revenue growth. Source

Update:

On July 27, 2021, Maguire Asset Management (7.4%) issued an open letter to the shareholders reiterating its belief that the company is well-positioned to benefit from the post-COVID travel recovery and detailing certain revenue and margin growth opportunities apparently overlooked by the management and board that could drive the company's stock to \$6.00 per share on \$100 million in sales in 2022, assuming a conservative 3x price to sales multiple. The letter also expressed Maguire Asset Management's serious concerns with the disappointing shareholder returns of the company to date, which they attribute to a number of reasons, including (i) the need for an overhaul of the company's extremely shareholder-unfriendly corporate governance profile and a lack of transparency in its executive compensation packages, (ii) its subpar operational performance to date, (iii) questionable decision-making behind the failed merger with Ebix, Inc., and lastly, (iv) a lack of operational and industry experience among members of the board and management, which may be a contributing factor to each of the aforementioned issues. The letter concluded with the outline of a series of actions readily within the control of the senior management and board to address these issues and create shareholder value, referred to in the letter as the "Yatra 2022 Plan," as well as a call for unaffiliated shareholders to unite their voices in demanding the CEO, Dhruv Shringi, and other members of the board immediately announce a date for the 2021 AGM of shareholders and enact the three key precepts of the Yatra 2022 Plan outlined in the letter.

### **Starwood Capital Group Affiliate files preliminary proxy statement in opposition to Monmouth Real Estate Investment Corp's proposed sale to Equity Commonwealth**

Market Cap: \$1.8 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.
- 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.
- On March 3, 2021, Land & Buildings filed proxy materials seeking support for its nominees.
- 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](#)
- [Definitive agreement](#): On May 4, 2021, the company and Equity Commonwealth entered into a definitive agreement and plan of merger pursuant to which Equity Commonwealth would acquire the company in an all-stock transaction. [Source](#)
- On May 13, 2021, Blackwells Capital filed proxy materials seeking support for its nominees.

#### Update:

- On July 8, 2021, the company stated that it had received an unsolicited acquisition proposal from Starwood Capital Group. Under the proposal, as subsequently amended on July 15, 2021, Starwood Capital proposed that its affiliate Starwood Real Estate Income Trust, Inc. would acquire 100% of the outstanding equity of Monmouth for net cash consideration of \$18.88 per Monmouth common share. But the company rejected the offer. [Source](#)
- On July 28, 2021, Starwood Capital Group [announced](#) that its affiliate Starwood Real Estate Income Trust, Inc. had filed a preliminary proxy statement urging shareholders to vote against the proposed sale of Monmouth to Equity Commonwealth at the upcoming special meeting of shareholders scheduled for August 17, 2021.

### **Cannell Capital trimmed its stake in Lee Enterprises**

Market Cap: \$167 million | Lee Enterprises, Incorporated provides local news and information, and advertising services in the United States.

#### Background

- On December 27, 2018, Cannell Capital disclosed 4.22% expressing its disappointment with the performance of the company and stated that it reserves all rights to take action to enhance value for all shareholders and to this end has identified six qualified directors, three of whom are considering consent for inclusion officially as candidates. [Source](#)
- At the [AGM](#) held on February 20, 2019, all the incumbent directors were re-elected to the Board.
- On February 19, 2021 Cannell Capital (8.64%) stated that it has enjoyed a telephone call with Lee Enterprises Chairman Mary E. Junck in which it proposed and requested a reply to a recommendation for the addition of a new member to the Board of Directors. Cannell Capital believes that the company is undervalued and that the appointment of this new member of the Board would go a long way toward decreasing the discount between LEE's market value and its estimate of LEE's economic value. On February 26, 2021, Ms. Junck replied to Cannell Capital

dismissing its recommendation and request. While Cannell Capital applauds the progress that the company has made, it believes that there is considerably more work to be done and that changes to the Board of Directors would benefit all shareholders. [Source](#)

- On May 17, 2021, Cannell Capital increased its stake to 9.9%.

Update:

On July 28, 2021, Cannell Capital trimmed its stake to 8.32%.

## **Outerbridge Capital reaches letter agreement with Barnes & Noble Education**

Market Cap: \$415 million | Barnes & Noble Education, Inc. operates bookstores for college and university campuses, and K-12 institutions in the United States. It operates in three segments: Retail, Wholesale, and Digital Student Solutions (DSS).

Background:

- On February 6, 2020, Outerbridge Capital Management (13.5%) commended the decision of the Board to retain Morgan Stanley to assist in its ongoing review of strategic alternatives. Outerbridge Capital believes that a strategic review to be a logical avenue for unlocking value for BNED shareholders. Outerbridge Capital stated that it looks forward to continuing their engagement with the company as the Board and its financial advisor work to maximize value for all shareholders. It is to be noted that Outerbridge Capital has introduced qualified consultants and a Board member to the company serving on both audit and transaction committees. [Source](#)
- On June 29, 2020, Outerbridge Capital Management (13.5%) stated that while Outerbridge appreciates management and the Board's engagement over the past year, Outerbridge's due diligence and conversations with other current and prospective shareholders during that period ultimately led it to conclude that broader change at the Board level is required in order for the company to unlock its immense potential. Accordingly, on June 26, 2020, Outerbridge delivered a letter to the company nominating a slate of four director candidates, including Mike Alfred, David Kim, Zachary Levenick and Lowell Robinson, for election to the Board at the 2020 annual meeting of stockholders. [Source](#)
- On July 20, 2020, Outerbridge Capital entered into a [cooperation agreement](#) with the company and pursuant to it, the company agreed to increase the size of the Board and to appoint Lowell Robinson as a director of the company.
- On October 22, 2020, Outerbridge Capital (13.4%) entered into a letter agreement with the company, pursuant to which, the Board agreed to grant an exemption under the company's Rights Agreement, dated March 25, 2020 and to consider Outerbridge Capital to be an "Exempt Person" under the Rights Agreement. As a condition to the Board granting the Exemption, Outerbridge Capital agreed that, among other things, they will not acquire beneficial ownership of or have an economic interest in securities of the company in an amount that would equal or exceed 14.9% of the then outstanding shares of Common Stock. [Source](#)
- On November 3, 2020, Outerbridge Capital (12.9%) stated that it was pleased with the recent execution and financial performance of the company, particularly with respect to its strong liquidity management, improved operating efficiency, momentum in winning new business, and the accelerating traction and impressive

growth of its First Day Complete, bartleby®, and merchandise eCommerce initiatives. It stated its belief that the company is transforming itself into a market-leading digital education platform and are strongly supportive of this transformation. On October 30, 2020, to better align its long-term support of the company with the objectives and liquidity terms of its limited partners, Outerbridge Master sold its entire holding of the company to Outerbridge Special Opportunities, which is an unlevered single-stock vehicle dedicated solely to holding BNED shares. [Source](#)

- On June 25, 2021, Outerbridge Capital reduced its stake to 9.9% and commended the management and the Board for their work and other initiatives. [Source](#)

Update:

On July 22, 2021, Outerbridge entered into a [letter agreement](#) with Barnes & Noble Education, which amends and extends certain provisions set forth under the cooperation agreement previously entered into between Outerbridge and the company on June 20, 2020. Pursuant to the amendment, the company agreed to re-nominate for election to the board at the 2021 AGM Mr. Lowell W. Robinson and Mr. Zachary Levenick, each of whom is a current member of the board serving a term set to expire at the 2021 AGM.

## **Chatham Asset Management plans to initiate discussions with RR Donnelley & Sons**

Market Cap: \$423 million | RR Donnelley & Sons is a leading global provider of multichannel business communications services and marketing solutions.

Background:

- On February 26, 2020, the company hosted a conference call to discuss its fourth quarter and annual results for the period ended December 31, 2020. Following that call, Chatham Asset Management (12.9%) determined that management had not taken sufficient steps to address certain concerns that had been previously communicated to the company. Accordingly, in order to maintain the maximum flexibility that may be necessary to effectuate the necessary changes at the company, Chatham Asset Management has determined to reduce their equity position below a 10% beneficial ownership interest, in accordance with the company's stockholder rights plan, and to promptly file this Schedule 13D. [Source](#)
- On February 28, 2020, Chatham Asset Management delivered a [letter](#) to the board expressing its concerns with the adoption of the poison pill and demanded that the board take swift and immediate action to revoke the poison pill. Also, Chatham Asset Management stated that it is prepared to initiate appropriate litigation against the company.

Update:

On July 28, 2021, Chatham Asset Management (15%) stated that it intends to engage in discussions with members of management and the board to express its view that the board should not renew its stockholder rights plan upon its expiry on August 28, 2021 and that the board should concentrate its efforts on undertaking a strategic review of assets with an external advisor. [Source](#)

### **Custodian Ventures initiates active stake in LM Funding America**

Market Cap: \$22 million | LM Funding America, Inc., through its subsidiary, LM Funding, LLC, operates as a specialty finance company.

On July 29, 2021, Custodian Ventures, LLC disclosed a 5.2% active stake in LM Funding America and stated that it has invested in the company due to the company's stated intention to explore potential acquisitions, financing activities, and/or strategic transactions to maximize shareholder value following the improvement of its cash position and the digital assets strategy the company unveiled in January 2021. Custodian Ventures commends the board on the company's progress in line with this strategy to date, including the announcement of both its recent purchase of \$2 million in digital assets and its intent to develop transactional capabilities involving digital assets, including Bitcoin and Ether, the native cryptocurrency of the Ethereum platform, both organically and through potential acquisitions. [Source](#)

### **John C. Lame requests board representation on LCNB Corp**

Market Cap: \$218 million | LCNB Corp. operates as the financial holding company for LCNB National Bank that provides banking services in Ohio.

Market Cap: \$218 million | LCNB Corp. operates as the financial holding company for LCNB National Bank, which provides banking services in Ohio.

On July 30, 2021, John C. Lame disclosed a 5.13% active stake in the company and stated that he intends to discuss the company's returns for shareholders and the strategy for the creation of shareholder value with management, the board, and other shareholders of the company. Mr. Lame has requested representation on the board of directors. [Source](#)

## TABLES

### Audit: Non-Timely (NT) filings

Company name (Ticker)	Stock exchange	Market cap. (\$, mm)	Revenue (\$, mm)	Last filed form 10-Q/10-K period	Last filed form 10-Q/10-K filing date	No. of pending quarters
EVO TRANSN & ENERGY SVCS INC (EVOA)	OTC	72	88	6/30/2019	5/7/2020	7
Youngevity International, Inc. (YGYI)	OTC	8	147	12/31/2019	6/25/2021	5
GTT Communications, Inc. (GTT)	NYSE	29	1,700	3/31/2020	5/8/2020	4
IEH CORP (IEHC)	OTC	35	32	3/31/2020	10/8/2020	4
LIBERATED SYNDICATION INC (LSYN)	OTC	97	25	9/30/2020	11/16/2020	2
TARONIS FUELS INC (TRNF)	OTC	44	28	9/30/2020	11/19/2020	2
GWG Holdings, Inc (GWGH)	NasdaqCM	232	115	9/30/2020	11/19/2020	2
China XD Plastics Company Limit (CXDC)	NasdaqGS	49	1,030	11/16/2020	9/30/2020	2
EMMAUS LIFE SCIENCES INC NEW (EMMA)	OTC	74	23	12/31/2020	5/4/2021	1
Adamis Pharmaceuticals Corporat (ADMP)	NasdaqGS	153	17	12/31/2020	4/15/2021	1
CPI Aerostructures, Inc. (CVU)	NYSE American	41	88	12/31/2020	4/15/2021	1
SONOMA PHARMACEUTICALS, INC. (SNOA)	NasdaqGS	12	19	12/31/2020	2/16/2021	1
IFRESH INC (IFMK)	NasdaqCM	46	94	12/31/2020	2/22/2021	1
GEORGE RISK INDUSTRIES, INC. (RSKIA)	OTC	62	17	1/31/2021	3/17/2021	1

### Non-Reliance on Previously Issued Financial Statements

Company Name	Market cap. (\$, mm)	Revenue (\$, mm)	Date	Notes	Link
PETROTEQ ENERGY INC. (PQEFF)	79	2	7/16/2021	The Company to restate its historical financial results and may have an impact on the Company's losses.	<a href="#">Link</a>
iFresh Inc (IFMK)	46	94	7/21/2021	The errors relate to the company's purchase of controlling interests in two separate companies in April 2020 and August 2020, the execution of which the company believes were fraudulently induced.	<a href="#">Link</a>
Sequential Brands Group, Inc. (SQBG)	29	90	7/26/2021	The Company to restate its historical financial results to correct the classification of its outstanding debt.	<a href="#">Link</a>

## Audit: Non-Timely (NT) filers who have filed their respective filings in July 2021

Company name	No. of filed 10-K/10-Q forms	Market cap. (\$, mm)	Revenue (\$, mm)	Nt filed date	Pending quarter	Rectified date
Key Tronic Corporation (KTCC)	2	74	502	2/10/2021	12/26/2020	7/7/2021
Key Tronic Corporation (KTCC)	2	74	502	5/19/2021	4/3/2021	7/7/2021
Pareteum Corporation (TEUM)	1	40	70		6/30/2020	7/28/2021
UNIVERSAL SECURITY INSTRUMENTS INC (UUU)	1	29	18	6/29/2021	3/31/2021	7/8/2021
CINEDIGM CORP. (CIDM)	1	265	31	6/29/2021	3/31/2021	7/30/2021
LIVEXLIVE MEDIA, INC. (LIVX)	1	275	65	6/29/2021	3/31/2021	7/14/2021
FRIEDMAN INDUSTRIES INC (FRD)	1	91	126	6/29/2021	3/31/2021	7/7/2021
ALKALINE WATER CO INC (WTER)	1	193	47	6/30/2021	3/31/2021	7/6/2021
SINGING MACHINE CO INC (SMDM)	1	15	46	6/30/2021	3/31/2021	7/14/2021
JOHN WILEY & SONS, INC. (JW-A)	1	3,279	1,940	6/30/2021	4/30/2021	7/6/2021

## Significant audit firm changes

Company Name	Date	Market cap. (\$, mm)	Revenue (\$, mm)	Trigger	Notes	Link
Sonoma Pharmaceuticals, Inc. (SNOA)	7/20/2021	12	19	Going Concern and Material weakness	a) The audit reports of Marcum contained explanatory paragraphs which noted that there was substantial doubt as to the Company's ability to continue as a going concern. b) The audit committee concluded that material adjustments to the financial statements for the quarter ended June 30, 2020 were required and that the Company needed to restate them. On November 17, 2020, the Company filed a restatement of the financial statements for the quarter ended June 30, 2020.	<a href="#">Link</a>
Matterport, Inc./DE (MTTR)	7/28/2021	3,721	100	Material weakness	KPMG advised Gores Holdings VI, Inc. of the following material weakness: internal control over financial reporting did not result in sufficient risk assessment of the underlying accounting for certain financial instruments.	<a href="#">Link</a>

## List of all audit firm changes in July 2021

Date	Company Name	Market cap. (\$, mm)	Revenue (\$, mm)	Outgoing audit firm	Newly appointed audit firm	Link
7/1/2021	FLOTEK INDUSTRIES INC/CN/ (FTK)	124	45	BDO USA, LLP	KPMG LLP	<a href="#">Link</a>
7/1/2021	Logan Ridge Finance Corp. (LRFC)	74	24	Ernst & Young LLP	Deloitte & Touche LLP	<a href="#">Link</a>
7/1/2021	RumbleON, Inc. (RMBL)	126	460	Grant Thornton LLP	Dixon Hughes Goodman LLP	<a href="#">Link</a>
7/7/2021	Trulieve Cannabis Corp. (TCNNF)	5620	619	MNP LLP	Marcum LLP	<a href="#">Link</a>
7/7/2021	GULF RESOURCES, INC. (GURE)	48	32	Morison Cogen LLP	WWC, P.C.	<a href="#">Link</a>
7/9/2021	PLBY Group, Inc. (PLBY)	1020	158	Prager Metis CPAs LLP	BDO USA, LLP	<a href="#">Link</a>
7/12/2021	Beauty Health Co (SKIN)	2469	134	Marcum LLP	Deloitte	<a href="#">Link</a>
7/14/2021	XPEL, Inc. (XPEL)	2374	182	Baker Tilly US, LLP	Deloitte & Touche LLP	<a href="#">Link</a>
7/14/2021	UTG INC (UTGN)	98	64	Brown Smith Wallace LLC	Armanino LLP	<a href="#">Link</a>
7/19/2021	XT Energy Group, Inc. (XTEG)	34	24	Friedman LLP	(Yet to be appointed)	<a href="#">Link</a>
7/20/2021	MusclePharm Corp (MSLP)	45	61	SingerLewak LLP	Moss Adams LLP	<a href="#">Link</a>
7/20/2021	Farmers & Merchants Bancshares, Inc. (FMFG)	14	22	Rowles & Company, LLP	Yount, Hyde and Barbour, LLP	<a href="#">Link</a>
7/20/2021	Sonoma Pharmaceuticals, Inc. (SNOA)	12	18	Marcum, LLP	Frazier & Deeter, LLC	<a href="#">Link</a>
7/21/2021	indie Semiconductor, Inc. (INDI)	1273	26	Grant Thornton LLP	KPMG LLP	<a href="#">Link</a>
7/22/2021	Home Federal Bancorp, Inc. of Louisiana (HFBL)	59	20	LaPorte, A Professional Accounting Corporation	Dixon Hughes Goodman, LLP	<a href="#">Link</a>
7/23/2021	GAN Ltd (GAN)	673	55	BDO USA, LLP	Grant Thornton LLP	<a href="#">Link</a>
7/28/2021	Crank Media Inc (CRKM)	132	2	Pinnacle Accountancy Group of Utah	(Yet to be appointed)	<a href="#">Link</a>
7/29/2021	Hillman Solutions Corp. (HLMN)	2386	0	Marcum LLP	KPMG LLP	<a href="#">Link</a>

## Multiple activists

Company Name	Market cap. (\$, mm)	Revenue (\$, mm)	Sum of activist ownership	Activist
TEXAS PACIFIC LAND TRUST (TPL)	11,396	290	23	SCHWARTZ INVESTMENT COUNSEL INC - 0.95% SOFTVEST, LP - 1.7% HORIZON KINETICS LLC / HORIZON KINETICS ASSET MANAGEMENT LLC - 20.08% SANTA MONICA PARTNERS LP - 0.23%
MERRIMACK PHARMACEUTICALS (MACK)	69	0	35	JFL Capital Management, LLC - 5.2% 22NW Fund - 9.3% Newtyn Management, LLC - 11.3% Western Standard LLC - 8.9%
Wheeler Real Estate Investment Trust Inc Conv. Pref. Shrs Series B (WHLR)	34	60	31	STILWELL JOSEPH - 12.17% Khoshaba Daniel - 10.89% Steamboat Capital Partners, LLC - 8.16%
BUILD A BEAR WORKSHOP INC (BBW)	238	300	18	CANNELL CAPITAL LLC - 9.65% PHILOTIMO FUND, LP / Kanen Wealth Management - 6.32% Solas Capital Management, LLC - 2.06%
SCOTT'S LIQUID GOLD - INC. (SLGD)	31	32	26	SUMMERS VALUE FUND LP - 6% ISZO CAPITAL LP - 7.5% Maran Partners Fund - 12.8%
PG&E CORP (PCG)	18,650	19,560	2	KNIGHTHEAD CAPITAL MANAGEMENT, LLC - 0.49% ABRAMS CAPITAL MANAGEMENT, L.P. - 1.14% REDWOOD CAPITAL MANAGEMENT, LLC - 0.68%
TIVITY HEALTH, INC. (TVTY)	1,133	424	29	Altaris Capital - 8.96% Hudson Executive Capital LP - 9.74% HG Vora Capital Management - 9.75%
GCP Applied Technologies (GCP)	1,750	909	21	Starboard Value - 8.91% 40 North Management LLC - 6.97% GAMCO INVESTORS - 5.2%
XEROX CORP (XRX)	4,191	7,200	24	DEASON DARWIN - 7.96% ICAHN CARL C - 16.22%
HARTE HANKS INC (HRTH)	42	180	20	FONDREN MANAGEMENT LP / BLR Partners - 9.84% HARTE HOUSTON H - 9.85%
HILL INTERNATIONAL, INC. (HIL)	126	292	16	ANCORA ADVISORS LLC - 6.61% ENGINE CAPITAL LP - 9.81%
MUSCLEPHARM CORP (MSLP)	46	61	17	AMEROP HOLDINGS INC - 10.9% WYNNEFIELD PARTNERS SMALL CAP VALUE LP I - 6.14%
WYNN RESORTS LTD (WYNN)	11,413	2,780	8	NEW YORK STATE COMMON RETIREMENT FUND - 0.1% WYNN ELAINE P - 8.25%
MARCHEX INC (MCHX)	116	52	40	HARBERT DISCOVERY FUND LP - 3.69% EDENBROOK CAPITAL LLC - 36.3%
DESTINATION MATERNITY CORP (DESTQ)	0	363	18	MILLER NATHAN G - 6.6% ORCHESTRA-PREMAMAN SA - 11.3%
TSR INC (TSRI)	17	63	49	QAR INDUSTRIES INC - 26.38% ZEFF CAPITAL LP - 22.3%
HUDBAY MINERALS INC. (HBM)	1,770	1,160	31	WATERTON MINING PARALLEL FUND OFFSHORE MASTER, LP - 16.7% GMT CAPITAL CORP - 14.49%
J. ALEXANDER'S HOLDINGS, INC. (JAX)	208	184	14	ANCORA ADVISORS, LLC - 7.54% Hill Path Capital LP - 6.18%
ONE GROUP HOSPITALITY, INC. (STKS)	278	152	16	MAGUIRE ASSET MANAGEMENT, LLC - 0% Kanen Wealth Management/ Philotimo Fund - 15.7%

NUVEEN OHIO QUALITY MUNICIPAL INCOME FUND (NUO)	306	16	5	ANCORA ADVISORS, LLC - 0.015% Saba Capital Management, L.P. - 5.29%
INNOVATIVE FOOD HOLDINGS INC (IVFH)	11	51	20	SMITH DENVER JOHNSON - 7.7% JCP INVESTMENT MANAGEMENT, LLC - 12.6%
IMMERSION CORP (IMMR)	229	31	9	RAGING CAPITAL MANAGEMENT, LLC - 7.19% VIEX CAPITAL ADVISORS, LLC - 1.61%
VERSO CORP (VRS)	582	1,170	15	Lapetus Capital II LLC - 8.2% SCW Capital Management - 6.84%
EASTSIDE DISTILLING, INC. (EAST)	49	14	9	Quad Capital Management Advisors - 4.75% WICKERSHAM GROVER T. - 4.3%
LANDEC CORP \CA\ (LNDC)	312	544	21	Wynnefield Capital - 10.87% Legion Partners Asset Management - 9.98%
HC2 HOLDINGS, INC. (HCHC)	306	991	34	Avram Glazer - 27.2% Percy Rockdale LLC - 6.3%
SUPERIOR INDUSTRIES INTERNATIONAL INC (SUP)	214	1,360	5	Gamco Investors - 0.41% D.C. Capital Advisors - 4.62%
SYNALLOY CORP (SYNL)	93	251	25	PRIVET FUND LP - 17.3% UPG ENTERPRISES LLC - 7.86%
FLOTEK INDUSTRIES INC/CN/ (FTK)	124	45	16	North Sound Trading - 9.6% NIERENBERG INVESTMENT MANAGEMENT COMPANY, INC. - 6.44%
TRANSACT TECHNOLOGIES INC (TACT)	151	33	12	Grand Slam Asset Management - 6.06% Harbert Discovery Fund - 5.53%
GAMESTOP CORP. (GME)	11,413	5,350	19	Hestia Capital Partners - 6.58% RC Ventures LLC - 12.53%
TURQUOISE HILL RESOURCES LTD. (TRQ)	3,112	1,510	12	SailingStone Capital Partners - 2.49% Pentwater Capital Management LP - 9.3%
TESSCO TECHNOLOGIES INC (TESS)	49	382	30	Robert B. Barnhill, Jr. - 18.23% Lakeview Investment Group - 11.6%
ENZO BIOCHEM INC (ENZ)	151	112	17	ROUMELL ASSET MANAGEMENT, LLC - 6.01% HARBERT DISCOVERY FUND, LP - 10.7%
BIG LOTS (BIG)	1,908	6,390	9	Macellum Advisors - 8.43% Ancora Advisors - 0.57%
Exxon Mobil Corporation (XOM)	242,159	217,910	0.2	NY State Pension Fund - 0.18% ENGINE NO. 1 LP - 0.021%
TUFIN SOFTWARE TECHNOLOGIES LTD. (TUFN)	374	101	17	CATALYST PRIVATE EQUITY PARTNERS (ISRAEL) II LP - 4.82% MARKER II LP - 11.96%
CIM COMMERCIAL TRUST CORP (CMCT)	184	71	6	Lionbridge Capital - 3.14% ENGINE CAPITAL, L.P. - 2.4%
MONMOUTH REAL ESTATE INVESTMENT CORP (MNR)	1,890	179	5	Blackwells Capital - 4.17% Land & Buildings Investment Management, LLC - 0.7%
AMPCO PITTSBURGH CORP (AP)	114	324	17	Gamco Investors - 10.59% 2006 Irrevocable Trust of Laura W. Van Loan for the Benefit of Mary M. Crawford - 6.47%

Cedar Realty Trust, Inc. (CDR)	236	130	14	Camac Fund, LP - 5.9% Ewing Morris & Co. Investment Partners Ltd. - 8.09%
KVH Industries, Inc. (KVHI)	205	171	6	Vintage Capital - 2.07% VIEX CAPITAL ADVISORS - 4.3%
EHEALTH, INC. (EHTH)	1,283	618	13	HUDSON EXECUTIVE CAPITAL LP - 5.74% STARBOARD VALUE LP - 7.3%
TORTOISE ENERGY INDEPENDENCE FUND (NDP)	37	0	19	ARISTIDES CAPITAL LLC - 5.98% Bulldog Investors, LLP - 12.7%
NOCOPI TECHNOLOGIES INC/MD/ (NNUP)	14	3	16	SRK Fund I, LP. - 8.37% Eriksen Capital Management LLC - 7.1%
NN INC (NNBR)	303	438	19	LEGION PARTNERS ASSET MANAGEMENT - 9.19% Corre Partners Management, LLC - 10.13%
SWK HOLDINGS CORP (SWKH)	221	38	79	CARLSON CAPITAL L P - 71.1% CANNELL CAPITAL LLC - 7.56%
YATRA ONLINE, INC. (YTRA)	123	1,270	12	Maguire Asset Management, LLC - 7.94% Catamount Strategic Advisors, LLC - 3.75%
Rocky Mountain Chocolate Factory, Inc. (RMCF)	50	28	15	AB Value Management LLC - 7.52% Global Value Investment Corp. - 7.1%
MDC PARTNERS INC (MDCA)	426	1,180	32	Indaba Capital Management, L.P. - 11.9%, Stagwell Agency Holdings LLC - 19.9%

### 13D Filings

Date	Company Name	Market cap. (\$, mm)	Revenue (\$, mm)	Filer Name
7/1/2021	1847 GOEDEKER INC. (GOED)	304.1981	59.15	PHILOTIMO FUND, LP
7/1/2021	BOX INC (BOX)	3809.478	676.39	STARBOARD VALUE LP
7/6/2021	CODORUS VALLEY BANCORP INC (CVLY)	217.7604	73.03	DRIVER MANAGEMENT CO LLC
7/1/2021	CYTODYN INC. (CYDY)	847.6666	0	ROSENBAUM PAUL
7/19/2021	ELECTROMED, INC. (ELMD)	98.63934	33.16	SUMMERS VALUE FUND LP
7/20/2021	EQUUS TOTAL RETURN, INC. (EQS)	35.95815	0	CUSTODIAN VENTURES LLC.
7/1/2021	GENESCO INC (GCO)	829.2312	2050	LEGION PARTNERS ASSET MANAGEMENT, LLC
7/1/2021	GEOPARK LTD (GPRK)	701.868	516.99	O'SHAUGHNESSY GERALD E
7/20/2021	INSIGHT ENTERPRISES INC (NSIT)	3536.349	8390	VA PARTNERS I, LLC
7/7/2021	J. ALEXANDER'S HOLDINGS, INC. (JAX)	208.3943	183.78	ANCORA ALTERNATIVES LLC

7/19/2021	JANUS HENDERSON GROUP PLC (JHG)	7238.7	2610	TRIAN FUND MANAGEMENT, L.P.
7/9/2021	KVH INDUSTRIES INC \DE\ (KVHI)	205.029	170.89	VIEX CAPITAL ADVISORS, LLC
7/30/2021	LCNB CORP (LCNB)	225.0258	72.44	LAME JOHN C
7/28/2021	LEE ENTERPRISES, INC (LEE)	152.3865	778.54	CANNELL CAPITAL LLC
7/29/2021	LM FUNDING AMERICA, INC. (LMFA)	24.63507	0	CUSTODIAN VENTURES LLC.
7/9/2021	MDC PARTNERS INC (MDCA)	426.0424	1180	STAGWELL AGENCY HOLDINGS LLC
7/27/2021	MONMOUTH REAL ESTATE INVESTMENT CORP (MNR)	1890.351	178.95	STARWOOD REAL ESTATE INCOME TRUST, INC.
7/29/2021	MONMOUTH REAL ESTATE INVESTMENT CORP (MNR)	1890.351	178.95	BLACKWELLS CAPITAL LLC
7/1/2021	MY SIZE, INC. (MYSZ)	18.34673	0	ACTIVIST INVESTING LLC
7/23/2021	NAVIDEA BIOPHARMACEUTICALS, INC. (NAVBI)	50.05464	0	SCOTT JOHN K JR.
7/22/2021	NAVIOS MARITIME PARTNERS L.P. (NMM)	524.0781	350.8	SHERWOOD NED L
7/22/2021	NOCOPI TECHNOLOGIES INC/MD/ (NNUP)	14.48105	2.75	ERIKSEN CAPITAL MANAGEMENT LLC
7/13/2021	OXBRIDGE RE HOLDINGS LTD (OXBR)	21.09961	1.56	ACTIVIST INVESTING LLC
7/6/2021	ROCKY MOUNTAIN CHOCOLATE FACTORY, INC. (RMCF)	49.60675	28.37	AB VALUE MANAGEMENT LLC
7/27/2021	ROCKY MOUNTAIN CHOCOLATE FACTORY, INC. (RMCF)	49.60675	28.37	GLOBAL VALUE INVESTMENT CORP.
7/28/2021	RR DONNELLEY & SONS CO (RRD)	410.096	4860	CHATHAM ASSET MANAGEMENT, LLC
7/23/2021	TESSCO TECHNOLOGIES INC (TESS)	49.40633	381.82	BARNHILL ROBERT B JR
7/12/2021	TORTOISE ENERGY INDEPENDENCE FUND, INC. (NDP)	36.68002	0	BULLDOG INVESTORS, LLP
7/27/2021	YATRA ONLINE, INC. (YTRA)	122.5346	1270	MAGUIRE ASSET MANAGEMENT, LLC

## 13G Filings (First-time filer)

Date	Company name	Market cap. (\$, mm)	Revenue (\$, mm)	Fund name
7/29/2021	AMERICAN PUBLIC EDUCATION INC (APEI)	544	336	REDWOOD CAPITAL MANAGEMENT, LLC
7/9/2021	ASPEN AEROGELS INC (ASPN)	1,008	100	SPRING CREEK CAPITAL LLC
7/1/2021	BankFinancial CORP (BFIN)	170	51	FJ Capital Management LLC
7/9/2021	BlueLinx Holdings Inc. (BXC)	428	3,460	Portolan Capital Management, LLC
7/26/2021	Bridge Investment Group Holdings Inc. (BRDG)	1,744	340	INTEGRATED CORE STRATEGIES (US) LLC
7/26/2021	Bridge Investment Group Holdings Inc. (BRDG)	1,744	340	Conversant Capital LLC
7/23/2021	CHAMPIONS ONCOLOGY, INC. (CSBR)	140	41	West Elk Partners, LP
7/1/2021	CHEMUNG FINANCIAL CORP (CHMG)	209	85	FJ Capital Management LLC
7/12/2021	Clarus Corp (CLAR)	881	246	Cropley Nominees Pty Ltd
7/16/2021	Cognyte Software Ltd. (CGNT)	1,581	457	Senvest Management, LLC
7/22/2021	CorePoint Lodging Inc. (CPLG)	819	362	Cetus Capital VI, L.P.
7/19/2021	CUTERA INC (CUTR)	836	165	PURA VIDA INVESTMENTS, LLC
7/12/2021	CYBEROPTICS CORP (CYBE)	291	71	HIRSCHMAN ORIN
7/12/2021	ELDORADO GOLD CORP /FI (EGO)	1,749	1,050	Helikon Investments Ltd
7/1/2021	ESSA Bancorp, Inc. (ESSA)	174	61	FJ Capital Management LLC
7/26/2021	EyePoint Pharmaceuticals, Inc. (EYPT)	229	34	SUVRETTA CAPITAL MANAGEMENT, LLC
7/7/2021	FREQUENCY ELECTRONICS INC (FEIM)	90	54	NEEDHAM INVESTMENT MANAGEMENT LLC
7/12/2021	GENCO SHIPPING & TRADING LTD (GNK, GNKWF)	774	345	FMR LLC
7/1/2021	HomeTrust Bancshares, Inc. (HTBI)	471	141	FJ Capital Management LLC
7/9/2021	JOINT Corp (JYNT)	1,219	63	ALGER ASSOCIATES INC
7/8/2021	Laredo Petroleum, Inc. (LPI)	1,209	722	EnCap Energy Capital Fund IX, L.P.
7/22/2021	LUBYS INC (LUB)	128	161	BML Investment Partners, L.P.
7/6/2021	MAGELLAN HEALTH INC (MGLN)	2,468	4,620	GLAZER CAPITAL, LLC
7/15/2021	Meridian Bancorp, Inc. (EBSB)	1,035	199	Versor Investments LP
7/6/2021	MID PENN BANCORP INC (MPB)	313	111	Bay Pond Partners, L.P.
7/29/2021	ORASURE TECHNOLOGIES INC (OSUR)	840	198	Camber Capital Management LP
7/9/2021	Organogenesis Holdings Inc. (ORGO)	2,112	379	Flynn James E

7/19/2021	PDL Community Bancorp (PDLB)	223	59	M3 PARTNERS LP
7/16/2021	Pulmonx Corp (LUNG)	1,368	33	Flynn James E
7/16/2021	Recro Pharma, Inc. (REPH)	84	62	Samjo Capital LLC
7/1/2021	SALISBURY BANCORP, INC. (SAL)	147	47	FJ Capital Management LLC
7/9/2021	Strongbridge Biopharma plc (SBBP)	207	32	Stonepine Capital Management, LLC
7/7/2021	TherapeuticsMD, Inc. (TXMD)	472	72	Flynn James E
7/12/2021	TUPPERWARE BRANDS CORP (TUP)	1,097	1,820	Miller William H III
7/9/2021	Viant Technology Inc. (DSP)	1,348	167	ALGER ASSOCIATES INC
7/9/2021	Waitr Holdings Inc. (WTRH)	216	211	Portolan Capital Management, LLC
7/12/2021	WIRELESS TELECOM GROUP INC (WTT)	84	44	HIRSCHMAN ORIN
7/30/2021	WM TECHNOLOGY, INC. (MAPS, SSPK, MAPSW, SSPKU, SSPKW)	1,764	153	PURA VIDA INVESTMENTS, LLC
7/30/2021	Zenvia Inc. (ZENV)	438	459	GIC Private Ltd
7/6/2021	ZIPRECRUITER, INC. (ZIP)	2,664	430	WASATCH ADVISORS INC

## CEO & CFO changes

Company Name	Market cap. (\$, mm)	Revenue (\$, mm)	CEO (8-k date)	CFO (8-k Date)	Number of months between the appointment of CEO and CFO
Logan Ridge Finance Corp. (LRFC)	74	24	7/1/2021	7/1/2021	0.0
BJs RESTAURANTS INC (BJRI)	908	909	7/6/2021	7/6/2021	0.0
KAMAN Corp (KAMN)	1,149	749	8/21/2020	7/8/2021	10.7
UNICO AMERICAN CORP (UNAM)	23	32	2/11/2021	7/13/2021	5.1
Sientra, Inc. (SIEN)	445	78	11/12/2020	7/13/2021	8.1
MedMen Enterprises, Inc. (MMNFF)	146	130	7/15/2021	12/18/2020	7.0
Apollo Endosurgery, Inc. (APEN)	251	56	2/8/2021	7/16/2021	5.3
ALAMO GROUP INC (ALG)	1,734	1,240	4/1/2021	7/19/2021	3.6
ProPetro Holding Corp. (PUMP)	744	666	7/28/2021	10/26/2020	9.2
Daseke, Inc. (DSKE)	562	1,450	1/5/2021	8/3/2021	7.0
OneSpan Inc. (OSPN)	761	207	8/4/2021	6/9/2021	1.9

## CEO changes

Date	Company Name	Internal/ External appointment	CEO Name	Market cap. (\$, mm)	Revenue (\$, mm)	Link
7/1/2021	Logan Ridge Finance Corp. (LRFC)	External	Ted Goldthorpe	74	24	<a href="#">Link</a>
7/1/2021	FRANKLIN COVEY CO (FC)	Internal	Paul S. Walker	536	204	<a href="#">Link</a>
7/6/2021	Wheeler Real Estate Investment Trust, Inc. (WHLR)	Internal	Andrew Franklin	34	60	<a href="#">Link</a>
7/6/2021	Alset EHome International Inc. (AEI)	Internal	Chan Tung Moe	68	19	<a href="#">Link</a>
7/6/2021	Coda Octopus Group, Inc. (CODA)	External	Kevin Kane	93	21	<a href="#">Link</a>
7/6/2021	Fluent, Inc. (FLNT)	Internal	Donald Patrick	195	302	<a href="#">Link</a>
7/6/2021	PETMED EXPRESS INC (PETS)	Internal	Bruce S. Rosenbloom	593	292	<a href="#">Link</a>
7/6/2021	BJs RESTAURANTS INC (BJRI)	Internal	Gregory S. Levin	908	909	<a href="#">Link</a>
7/12/2021	S&T BANCORP INC (STBA)	External	Christopher J. McComish	1,154	309	<a href="#">Link</a>
7/13/2021	EDUCATIONAL DEVELOPMENT CORP (EDUC)	Internal	Craig White	92	207	<a href="#">Link</a>
7/14/2021	SANDRIDGE ENERGY INC (SD)	Internal	Greyson Prandin	217	108	<a href="#">Link</a>
7/15/2021	Calyxt, Inc. (CLXT)	External	Michael A. Carr	160	26	<a href="#">Link</a>
7/15/2021	MedMen Enterprises, Inc. (MMNFF)	Internal	Tom Lynch	146	130	<a href="#">Link</a>
7/19/2021	Elys Game Technology, Corp. (ELYS)	Internal	Michele Ciavarella	98	41	<a href="#">Link</a>
7/19/2021	SCHOLASTIC CORP (SCHL)	External	Peter Warwick	1,181	1,300	<a href="#">Link</a>
7/20/2021	BK Technologies Corp (BKTI)	External	John M. Suzuki	54	42	<a href="#">Link</a>
7/22/2021	American Virtual Cloud Technologies, Inc. (AVCT)	Internal	Darrell Mays	92	100	<a href="#">Link</a>
7/26/2021	CYNERGISTEK, INC (CTEK)	Internal	Michael "Mac" McMillan	25	18	<a href="#">Link</a>
7/28/2021	COMMUNITY TRUST BANCORP INC /KY/ (CTBI)	Internal	Mark A. Gooch	706	217	<a href="#">Link</a>
7/28/2021	ProPetro Holding Corp. (PUMP)	Internal	Samuel D. Sledge	744	666	<a href="#">Link</a>
7/28/2021	UNITED NATURAL FOODS INC (UNFI)	External	J. Alexander Miller Douglas	1,892	26,940	<a href="#">Link</a>
7/28/2021	Cinemark Holdings, Inc. (CNK)	Internal	Sean Gamble	1,834	257	<a href="#">Link</a>
7/30/2021	Clear Channel Outdoor Holdings, Inc. (CCO)	Internal	Scott Wells	1,163	1,890	<a href="#">Link</a>