



S N O W B A L L

R E S E A R C H

August 2021

—
**Significant
Changes &
Events**

Issue 9

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

Letter from the founder: New updates

Dear Members,

When I stepped into the equity research business, my plan was not to develop a CEO database or activism database.

The vision is to help a busy micro/small-cap portfolio manager find a “good idea.”

This is a larger vision.

How do I approach this?

My approach is to frame a hypothesis and build a process around it.

Let me give a couple of examples:

Hypothesis #1: If a company appoints a stellar CEO, there is a good chance that that CEO will unlock shareholder value.

The process I built: Find all new appointments and research the track record. If it’s interesting, flag it.

Hypothesis #2: If a company’s board structures an interesting compensation structure, it could motivate the CEO to improve the value of the company.

The process I built: Read all compensation-related 8-K filings. If it’s interesting, flag it.

Similarly, I have built a hypothesis around each of the screens that I run – 8-K (keyword), insider buying, 13D, 13G, and 13F.

Now, this month I have a few more additions to the screens.

1. “Changes after appointing new CEO”

We are studying the changes the newly hired CEOs are making after their appointment.

This is a peculiar project.

There are no structures or “hacks.” We have to manually read the filings and conference call transcripts to see if a CEO is making changes.

2. “In search of good business”

This is a project that I love. It involves finding and studying good businesses irrespective of their valuation and catalyst. So, what is the purpose of doing this? I want to build a solid database of small/micro-cap companies that have good business – recurring business – SaaS/membership and companies that have moat, etc.

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Why unconventional ways to screen ideas?

The answer to this lies in a quote from Joel Greenblat: “If you spend your energies looking for and analyzing situations not closely followed by other informed investors, your chance of finding bargains greatly increases.”

I’ll continue to focus my energy on finding unconventional ways to screen ideas.

Thank you.

Best,
Raghu

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Snowball Research is the *first* and *only* research firm that focuses exclusively on qualitative screening for stocks under a \$2.5 billion market cap.

The performance of the fund manager is heavily tied to the stocks that he/she narrows down for further research.

Our team read hundreds of SEC filings, company websites, presentations, and transcripts to narrow the list down to a handful of stocks that were worthy of in-depth research.

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MANUAL

What is the objective of the report?

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

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

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

What is the advantage? What is the expected outcome?

- Hidden qualitative factors: Unlike focusing on quantitative data, we focus mostly on "qualitative information" to filter ideas. Our process is tied heavily to plenty of reading. As such, many qualitative factors that we highlight are typically hidden in quantitative screening techniques.
- Most ignored section in the equity research process: At one end of the spectrum, you have plenty of services that help in the "initial phase" of research to narrow down thousands of stocks with quantitative metrics, providing financial statements, ratios, etc. In the other segment of the services, you have free and paid services to review stock ideas. Snowball Research focuses on the "most ignored" section in the equity research process: narrowing down ideas from plenty of screens.

NINE SCREENS

1. CEO/MANAGEMENT CHANGES

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

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

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

Q&A #1 Isn't business more valuable than jockey?

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

Q&A #2 Why reading the CEO's bio isn't sufficient?

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

2. 8-K (KEYWORDS)

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

3. 13D/ACTIVISM

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

4. CHANGES AFTER APPOINTING NEW CEO

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

5. IN SEARCH OF GOOD BUSINESS

The objective is to identify good businesses irrespective of their valuation and catalyst. So, what is the purpose of doing this? We want to build a solid database of small/micro-cap companies that have good business – recurring business – SaaS/membership and companies that have moat, etc.

6. ACCOUNTING PROBLEMS

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

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

7) 13G , 8) 13F 9) INSIDER BUYING

Self-explanatory.

INSIDE

I. Special reports

New CEO

1. [PetMed Express \(PETS\): New CEO has sold several companies; Potential sale?](#)
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Changes after appointing new CEO

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New CEO

PetMed Express (PETS): New CEO has sold several companies; Potential sale?

- Market Cap: \$569 million | PetMed Express is America's Most Trusted Pet Pharmacy®, providing prescription and non-prescription pet medications and other health products for dogs, cats, and horses.
- Major shareholder: BLACKROCK INC. - 15.3%| PROSHARE ADVISORS LLC - 8%| VANGUARD GROUP INC - 6.9%| STATE STREET CORP - 4.9%| RENAISSANCE TECHNOLOGIES LLC - 4.2%
- Screen: Appointment of new CEO

1. New CEO has sold several companies

In August 2021, the company appointed Matt Hulett as CEO.

- Part of the executive team that sold Rosetta Stone
 - Mr. Hulett was a part of the executive team that sold Rosetta Stone twice within six months.
 - He claims he transformed a struggling legacy business with zero growth into a thriving \$150+ million digital e-commerce and B2B SaaS business.
- Sale of AdXpose: In his role as CEO and Chairman of AdXpose (2006-2009), he sold the company to ComScore.
- Turnaround of RealNetwork: As President of RealNetwork, he claims that he led the turn-around and strategy pivoting the business into social and mobile gaming.
- Turnaround of Clickbank: As CEO of Clickbank (2013-2015), he claims that he was hired to turn around the business operations. Under his watch, the company achieved 38% revenue growth, with gross sales exceeding over \$400M in 2016.
- Executive team at the time of sale: During his tenure as President of Atom Entertainment (1999-2001), the company was sold to Viacom for \$200 million.

- PE experience: He served as Entrepreneur in Residence at Pioneer Square Labs and at Voyager Capital.
- Additional note: He is an official member of the Forbes Technology Council.

2. Interesting compensation plan

Mr. Hulett received an award of 510,000 shares of performance restricted stock (PSU), which will lapse on the third anniversary of the date of grant based on (i) achieving absolute stock price hurdles within the three-year period from the date of grant, and (ii) continued employment through the performance period of three years from the date of grant, in accordance with the following schedule:

Absolute Stock Price Hurdle	Shares	Cumulative Shares
\$40	85,000	85,000
\$45	1,07,000	1,92,000
\$50	1,06,000	2,98,000
\$55	1,06,000	4,04,000
\$60	1,06,000	5,10,000

https://www.sec.gov/ix?doc=/Archives/edgar/data/1040130/000143774921021120/pets20210830_8k.htm

3. Current challenge faced by the company

- Until 2018, the company enjoyed a near-monopoly in the online pet pharmacy space.
- In 2018, Chewy, a \$30 billion online pet retail giant, launched Chew Pharmacy. In 2019, Walmart launched an online pet pharmacy and started in-store vet clinics.
- Impact of the increased competition? In 2019, the company's growth rate declined to 0.25%. Due to the COVID pandemic, many veterinary clinics closed, pushing customers to purchase online. This helped the company to grow its revenue by 8% in FY 2020. Now, in the latest quarter, the company's revenue has declined by 17.6%.

- Moreover, the company's gross margin also declined from 35% in 2018 to 28% in FY 2020. Also, the EBIT margin declined from 19% to 12% over the last four years.

Overall

The online pet pharmacy doesn't enjoy any moat – people shop for the lowest price. There is not much loyalty.

It is very difficult to compete against multi-billion dollar competitors. Moreover, nowadays, some veterinarians are trying to match online prices to their customers.

The best possible scenario is to sell the company, a task with which the new CEO has a lot of experience.

Conn's, Inc. (CONN): New CEO is a former top executive at Walmart (short note)

- Market Cap: \$723 million | Conn's is a specialty retailer of furniture and mattresses, home appliances, consumer electronics and home office products, and provider of consumer credit.
- Major shareholder: STEPHENS INVESTMENTS HOLDINGS LLC - 18.6%| STEPHENS GROUP, LLC - 15.1%| BLACKROCK INC. - 10.7%| DIMENSIONAL FUND ADVISORS LP - 7.2%| VANGUARD GROUP INC - 3.8%
- Screen: Appointment of new CEO

RESEARCH

1. New CEO was a top executive at Walmart

In August 2021, the company appointed Chandra Holt as its new CEO.

A top executive at Walmart

- She was one of the top 41 executives at Walmart.
- In 2015, Ms. Holt joined Walmart as Sam's Club's VP of Proprietary Brands. Ms. Holt served as EVP - Chief Merchandising Officer - Walmart.com from 2020 to 2021.
- As EVP, Ms. Holt led Walmart's multi-billion-dollar U.S. e-commerce business, delivering over 70% growth in FY21.
- Before Walmart, Ms. Holt held various leadership roles at Walgreens and Target.

2. 80% of revenue is generated by offering credit financing; target customers are working individuals

Niche customers

- The company operates in densely populated areas, with a core consumer base comprised of working individuals who typically earn between \$25,000 and \$60,000 in annual income.
- These customers typically shop at the company's stores to replace older household goods with newer items.

Credit

- Roughly 80% of customers used the company's in-house credit program and third-party financing.
- Breakdown of total revenue
 - Proprietary in-house credit programs: 52%
 - Third-party financing: 29%
 - Cash/Credit card: 19%

3. Growing e-commerce business by providing credit

- In late FY 2019, the company started to offer certain credit-qualified customers the ability to finance an entire purchase transaction online through its proprietary in-house credit programs.
- In Q2 2021, e-commerce sales increased 211% over the prior fiscal year to a quarterly record of \$17.3 million.
- Ms. Holt (newly appointed CEO) believes that e-commerce sales can grow to approximately \$70 million in FY 2021.

4. Brick-and-mortar growth strategy

- Store count increased from 123 in FY2019 to the current 155 stores.
- The company expects to open a total of 11 to 13 new stores this fiscal year.

5. 57% reduction in debt

- The company has been utilizing its operating cash flow to reduce its debt.

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- The company's long-term debt decreased from \$1.02 billion in FY 2020 to \$438 million in Q2 FY 2022.

Overall

The company is in the nascent stage of e-commerce growth. Since 2019, the company has started its proprietary in-house

credit programs and in the fiscal year 2021, the company updated its website to begin accepting personal credit cards.

Given the fact that Ms. Holt led Walmart's multi-billion-dollar U.S. e-commerce business of Walmart, we expect a major revamp of the company's e-commerce platform.

(\$, mm)	FY 2020	FY 2021	Q2 FY 2022
Operating lease liability	364	399	383
Long-term debt	1026	609	438
Total debt	1390	1007	821

Graham Corporation (GHM): Appointment of new CEO with a good track record; Recent acquisition

- Market Cap: \$131 million | Graham Corporation designs and builds vacuum and heat transfer equipment for process industries and energy markets.
- Major shareholder: AMERICAN CENTURY COMPANIES INC - 9%| ARROWMARK COLORADO HOLDINGS LLC - 6.1%| ROYCE & ASSOCIATES LP - 5.1%| VANGUARD GROUP INC - 4.4%| RENAISSANCE TECHNOLOGIES LLC - 4%
- Screen: Appointment of new CEO

1. Track record of the new CEO

In August 2021, the company appointed Daniel J. Thoren as its CEO.

- Graham Corporation acquired Barber-Nichols for \$70 million.
- Within a couple of months, the company appointed Mr. Thoren as CEO.

Mr. Thoren sold Barber-Nichols for \$70 million

- Bob Barber and Ken Nichols founded BNI in 1966. Mr. Thoren joined Barber-Nichols in 1991 and became CEO in 1997.
- Mr. Thoren served as the CEO of Barber-Nichols for over 24 years!
- Strong revenue growth: Mr. Thoren claims that he has grown the company organically at a 10% CAGR since 2002. From 2010 to 2020, the company's revenue increased from \$15.6 million to \$56 million.
- Double-digit margins: Barber-Nichols has demonstrated strong annual growth over the last 10 years with low double-digit operating margins.
- Sale of the company: In June 2021, Graham Corporation acquired Barber-Nichols for \$70.1 million.

(\$, mm)	FY 2019	FY 2020
Revenue	41.5	56.3
EBIT	4.1	7.3
Net Income	4.2	7.3

We first engaged with BNI at a time when they were wrapping up calendar 2018 at \$40 million, up from \$30 million a year earlier. Over the ensuing two years, it was wonderful to observe the planning and forecasting processes and importantly, their ability to deliver forecasted results, culminating in \$56 million of revenue for calendar year 2020. This demonstrated to us that BNI has strong management capabilities and their systems at BNI have the necessary controls and that the business processes are scalable to drive future growth - Jim Lines, outgoing CEO.

2. Why do we think the new CEO appointment warrants attention?

- Under the outgoing CEO's tenure, Graham Corporation's revenue has hovered between \$90 million and \$100 million (except in FY 2015 and FY 2018) over the last 10 years.
- Under the new CEO's tenure, Barber-Nichols grew 2.5x organically in the last 10 years.
- After years of stagnant growth, we expect the company to register a positive growth rate after the appointment of Mr. Thoren.

Stabilis Solutions (SLNG): A nano-cap company attracts the former CFO of a multi-billion-dollar energy company (short note)

- Market Cap: \$125 million | Stabilis Solutions is a leading provider of liquefied natural gas and hydrogen solutions.
- Major shareholder: JCH CRENSHAW HOLDINGS, LLC - 6.6%| WEALTHQUEST CORP - 0.1%
- Screen: Appointment of new CEO

RESEARCH

1. Track record of Mr. Ballard: A top executive of Superior Energy Service (Revenue: \$1.4 billion)

In August 2021, the company appointed Westervelt T. "Westy" Ballard as CEO.

He had worked at Superior Energy Services for the past 14 years.

- Top executive: For the past three years, he had served as CFO of the company, which generated roughly \$1.4 billion in revenue.
- Bankruptcy: During his tenure as CFO, in December 2020, Superior Energy filed for bankruptcy.
- Can't be held liable: We cannot completely blame Mr. Ballard for the bankruptcy, for a couple of reasons:
 - The debt was raised by the company in 2012 when he was not on the executive team.
 - The company's proposed merger with Forbes Energy Service was terminated in early 2020 due to the COVID pandemic. It was the only

hope the company had of avoiding bankruptcy.

2. Insider buying

- J. Casey Crenshaw, the company's chairman, and his wife (Stacey B. Crenshaw) hold approximately a 74.5% stake in the company as of June 2021.
- Insider buying: In 2021, the company's insiders bought approximately \$0.5 million worth of shares at an average price of \$7.3 per share.

Concerns

- The daily average volume is very low.
- Related party transaction: The company has lots of related party transactions related to its debt obligations. Please see pages 75-77 at the below link
<https://www.sec.gov/ix?doc=/Archives/edgar/data/1043186/000104318621000010/slng-20201231.htm#i19b761fff-cbd4afeb9f3ed28103eb11b> 256

Epizyme (EPZM): Small-cap company attracts former top executive of a pharma company that was sold for \$5 billion [a short note]

- Market cap: \$496 million | Epizyme is a fully integrated, commercial-stage biopharmaceutical company.
- Major shareholder: PRIMECAP MANAGEMENT COMPANY - 14.9%| RPI Finance Trust - 11.4%| RP MANAGEMENT, LLC - 8.9%| REDMILE GROUP, LLC - 8.3%| VANGUARD GROUP INC - 7.7%
- Screen: Appointment of new CEO

RESEARCH

1. Appointment of new CEO

a) Top executive of TESARO which was sold for \$5.1 billion

- Top executive: Grant Bogle was one of the top five executives of TESARO. For four years (2015-2019), he served as SVP – Chief Commercial Officer of the company.
- Strong revenue growth: He claims that he led the global commercial launch of ZEJULA (niraparib) for ovarian cancer, including building a team of over 200 field- and headquarter-based associates. Within two years after the initial launch, the product generated global revenue of \$230 million in FY 2018.
- Sale of the company: In January 2019, the company was acquired by GlaxoSmithKline for \$5.1 billion.

b) US Oncology, Inc. sold to McKesson for \$2.2 billion

SVP – Pharmaceutical and Biotech Solutions for six years (2009-2015)

- He claims that during his tenure, he returned the company to profitability in a three-year period by revising the pricing structure, growing study volume by 30% and reducing costs

through improved operational efficiency and technology.

- Sale of business: He claims that he actively participated in the transaction that resulted in the sale of US Oncology to McKesson for \$2.2 billion.

2. Approval of TAZVERIK

- In January 2020, the FDA granted accelerated approval of TAZVERIK for the treatment of adults and pediatric patients aged 16 years and older with metastatic cancer or locally advanced epithelioid sarcoma (ES) not eligible for complete resection.
- TAZVERIK generated net product revenue of \$8.0 million in Q2 2021, consisting of \$4.8 million in commercial sales for ES and follicular lymphoma (FL) and \$3.2 million related to the sale of a commercial product to a third-party pharmaceutical company for use in its combination clinical trials.

(\$, mm)	2018	2019	2020
Revenue	21.7	23.8	15.8
Gross profit	-84.1	-108.8	-100.2
EBIT	-128.1	-177.1	-225.4

Multiple screens

Cornerstone Building Brands (CNR): New CEO is a former top executive of \$47 billion Dupont; Recent divestments to repay the debt; Insider buying

- Market Cap. \$1.9 billion | Cornerstone Building Brands, Inc. is the largest manufacturer of exterior building products for residential and low-rise non-residential buildings in North America.
- Major shareholder: CLAYTON, DUBILIER & RICE, LLC - 49.3%| CD&R PISCES HOLDINGS, L.P. - 31%| CD&R ASSOCIATES VIII, LTD. - 18%| ATRIUM INTERMEDIATE HOLDINGS, LLC - 5.9%| GOLDEN GATE PRIVATE EQUITY, INC. - 5.9%
- Screen: Multiple Screens

I. BASICS

- Cornerstone was formed in 2018 after the merger between NCI Building Systems and PlyGem.
- The company operates in three segments-
 - Windows segment (41% of total revenue) sells windows and doors.
 - Siding segment (25% of total revenue) offers exterior cladding, fencing and stone products.
 - Commercial segment (34% of total revenue) offers metal building system, metal roofing and wall systems, insulated metal panels and steel curtain roll-up and coil coating.

II. WHAT WE LIKE

1. Market-leading portfolio

Cornerstone Building Brands is the largest manufacturer of exterior building products in North America.

- No.1 in vinyl windows;
- No.1 in vinyl siding;
- No.1 in metal accessories;
- No.1 in metal roofing and wall systems;
- No. 2 in stone veneer
- The only turnkey installation provider of stone solutions on a na-

tional basis; and a top-three position in engineered metal building systems

2. Strong cash flow

The company has generated a strong cash flow of \$108 million and \$226 million in 2019 and 2020 respectively.

III. WHY ARE WE FLAGGING NOW?

1. Track record of new CEO

In August 2021, the company appointed Rose Lee as CEO.

- Top executive of Dupont (2015 to 2021)
 - She was one of the top nine executives of Dupont.
 - She was responsible for the \$5.3 billion revenue global reporting unit of DuPont – Water, Shelter, and Safety. She led a team of 7,500 employees and 36 manufacturing locations.
 - She claims that she achieved ~5% annual organic growth rate between 2017-2019 and 370 basis points' improvement in EBITDA to reach ~28%.
- Increasing responsibility at \$47 billion Saint-Gobain
 - During her 15-year tenure at Saint-Gobain, she climbed the corporate

ladder and was responsible for three business units comprising approximately \$600 million in revenues.

- Focus areas: Medical, security, aerospace, LED lighting, metallurgy, energy, and engineered ceramics.

2. Divestment and possible debt repayment

• \$1.168 billion divestments

- \$1 billion insulated metal panels divestment: In August 2021, the company completed the sale of its insulated metal panels business (revenue: \$309 million) for approximately \$1 billion and expects to receive roughly \$750 million from post-tax proceeds.

- \$168 million roll-up sheet door divestment: In August 2021, the company completed the sale of its roll-up sheet door business (revenue: \$65 million) for \$168 million and expects to receive roughly \$125 million from post-tax proceeds.

• Debt repayment

- The company's debt increased from \$407 million in FY 2018 to \$3.1 billion in FY 2019, predominantly due to the Ply merger.

- The company expects to use a portion of the proceeds of its divestment to repay debt and to use the remainder for strategic acquisitions and other projects.

- *"At the end of the first quarter of 2021, our net debt leverage would have been 3.9x, on a pro forma basis for this transaction" – CFO*

• Acquisition

- In August 2021, the company acquired Cascade Windows for approximately \$245 million.

- Cascade Windows serves the residential new construction and repair and remodeling markets with energy-efficient vinyl window and door products.

- Cascade revenue: \$160 million FY ended May 2021

• Why did the company sell its metal panel and roll-up sheet door businesses and acquire Cascade Windows?

- The company plans to focus on business with a deep market.

- The market size for insulated metal panels and siding (the two divested businesses) is about \$1.5 billion and \$2 billion respectively. In contrast, the market size for windows (recent acquisition) is \$9 billion.

3. Insider buying

In August 2021, the company's insiders bought approximately \$1.2 million worth of shares at an average price of \$15.4 per share.

Transaction Date	Insider Relationship	Shares Traded	Average Price	Total Amount
16-Aug-2021	HOLLAND JOHN J (Director)	5,000	\$16.5	\$82,500
09-Aug-2021	METCALF JAMES S (Outgoing CEO and continuing Chairman)	50,000	\$15.75	\$787,570
05-Aug-2021	Ball George (Director)	25,000	\$14.65	\$366,250

Additional thoughts

(a) Hidden gem? Possible upside in sum-of-the-parts valuation?

The company is currently trading for 1.1 times its revenue. At the same time, it recently sold two companies for a higher valuation:

- Insulated metal panels – 3.2x revenue
- Roll-up sheet doors – 2.6x revenue

(b) Concern

Influence of Clayton, Dubilier & Rice

- Clayton, Dubilier & Rice, a PE firm, owns 49% of the o/s shares of the company and has four representatives on the board.
- In 2009, the fund invested \$250 million (preferred stock), converted the preferred stock into shares in 2013, and took control of the company.

Under the PE firm's watch, the company experienced significant stock dilution and increased debt.

- Outstanding shares increased from 44.8 million shares in FY 2013 to 125.6 million as of the latest Q2 2021.
- Debt increased from \$238 million in FY 2013 to \$3.56 billion as per the latest quarterly report.

Alto Ingredients (ALTO): Insider buying; Significant new buy of Cooper Creek Partners; Significant improvement in last six quarters; 65% reduction in debt

- Market Cap: \$356 million | Alto Ingredients, Inc. is a leading producer of specialty alcohols and essential ingredients.
- Major shareholder: STATE STREET CORP - 9.6%| BNP PARIBAS ASSET MANAGEMENT UK LTD - 7.7%| BLACKROCK INC. - 7%| VANGUARD GROUP INC - 4.6%| WELLS FARGO & COMPANY - 4.1%
- Screen: Multiple Screens

I. BASICS

At its Pekin, Illinois campus, the company produces multiple grades of alcohol that are then used in various consumer products on a daily basis – for example, products that we consume, like spirits, medicines, and vinegar; products that are used in applications, like cleaning supplies, paint, and fertilizer; and products applied topically, like perfumes or hand sanitizers, which use United States Pharmacopeia-grade alcohol.

II. WHY ARE WE FLAGGING THIS?

1. Cooper Creek Partners: New + top position

- Cooper Creek Partners initiated a stake in the company in the 2nd quarter of 2021.
- The stock currently accounts for roughly 3% of its portfolio.
- The stock ranks 5 in its portfolio.

In our opinion, when a fund initiates a stake in a company and the new stake accounts for a significant percentage of the fund's portfolio, it warrants attention.

2. Insider buying

- In August 2021, Gilbert E. Nathan, a director since November 2019 and an advisor to the board since November 2015, bought \$0.15 million worth of shares at an average share price of \$4.88 per share.

III. WHAT WE LIKE

1. Significant changes in the last six quarters: Turnaround from the brink of bankruptcy

- When Mr. Kandris was appointed as co-CEO in March 2020, the company had been generating net losses and was on the brink of bankruptcy.
- In the 10-K filed in March 2020, the company's auditor gave an unqualified opinion expressing doubt that the company could continue as a going concern.
- Divestment, FCF generation, capital raise and debt reduction
 - \$58 million divestments: Since 2020, the company has sold three of its assets for approximately \$58 million: ownership interest in Pacific Aurora (\$19.9 million), 134 acres in the Magic Valley facility (\$10 million), and the Madera facility (\$28 million). The exited production facilities are predominantly fuel-grade ethanol production facilities.
 - \$75 million capital raise: In October 2020, the company raised \$75 million through an equity offering.
- Strong profitability & free cash flow generation
 - In FY 2020, the company's adjusted EBITDA was \$67.4 million, compared to negative \$1.7 million in FY 2019.

- The company generated a free cash flow of \$65 million in FY 2020.
- **65% repayment of debt**
 - The company's total debt and lease obligations decreased from \$268 million in 2019 to \$93.6 million in Q2 2021. The company repaid the debt with the cash generated from raising equity, free cash flow, and proceeds from the divestment.
 - The company expects to fully repay the remaining term debt in 2021.
- **Improved profitability**
 - **Fifth consecutive quarter of gross profit**: In Q2 2021, the company generated its fifth consecutive quarter of gross profit.
 - Gross profit was \$15.2 million, up from \$13.8 million last quarter due to additional specialty alcohol and fuel-grade ethanol sales.
 - Interest expense in Q2 2021 was \$1 million, 45% lower than the \$1.9 million paid in Q1 2021 and a 78% reduction from Q2 2020.
- **Rebranding**: In February 2021, the company changed its name from Pacific Ethanol to Alto Ingredients.

2. Migration to specialty alcohol

- In October 2020, the company announced its decision to focus on specialty alcohols and essential ingredients.
- Why? Specialty alcohol prices typically exceed prices for renewable fuel.
- Specialty alcohol products require additional equipment and processes both for production and quality assurance as well as technical knowhow.
- The industry has seen significant increases in demand for specialty alcohols that go into sanitizers and disinfectants, such as Germex and Lysol, which are being used in hospitals, restaurants, offices, and schools.

- The company's production mix shifted from approximately 85% fuel-grade ethanol and 15% specialty alcohols used in consumer products in 2019 to approximately 50% in 2020.

Reduction of fuel-grade ethanol production

- In 2020, the company reduced its fuel-grade ethanol production by 50% due to record-low demand.
- Moreover, the company exited fuel-grade production facilities. In addition, in June 2021, the company agreed to sell certain assets of its idled facility in Canton, Illinois. Apart from this, the company has been trying to sell its Stockton facility, which is primarily a fuel-grade ethanol production facility.

Expansion

- **Pekin campus**: In 2020, the company increased its production capacity in the Pekin campus to 110 million gallons and announced further expansion of 140 million gallons in 2021, which makes the company the largest producer of specialty alcohol in the nation.
- The company's yeast expansion and Pekin facility upgrade projects are scheduled for completion in Q3 2021. The company expects the expansion to contribute approximately \$5 million annually in EBITDA.

Fixed price contract

- Sales of specialty alcohols were at a mix of fixed and spot prices. The company states that in 2021, it is on track to generate a minimum of \$60 million in gross profit under fixed-price contracts.
- In Q2 2021, most of the specialty alcohols sold were under fixed-price contracts.

13G/13F

Outbrain (OB): Investment from Seth Klarman (The Baupost Group)

- Market Cap: \$904 million | Outbrain is a leading recommendation platform for the open web. Its technology enables one-third of the world's online consumers to discover new things through recommendation feeds on their favorite media and connects advertisers to these audiences to grow their business
- Major shareholder: BAUPOST Group – 19.1%
- Screen: 13G/13F

SC 13G: The Baupost Group

- In August 2021, the Baupost Group disclosed a 16.1% passive stake in the company. Seth Klarman needs no introduction, but here is the background: The Baupost Group is a Boston-based investment management firm with a long-term, value-oriented approach. CEO and Portfolio Manager Seth Klarman has overseen Baupost's investments from the company's inception in 1982. Baupost manages roughly \$28 billion.
- Even though the company filed SC 13G in August 2021, it is to be noted that the company [raised](#) \$200 million from the Baupost Group in July 2021, ahead of its IPO.
- Outbrain is Baupost's 20th largest position.

I. BASICS

How does the company generate revenue?

- Business built on clicks: The company charges advertisers for clicks and, to a lesser extent, impressions of their ads, depending on how they choose to contract with the company. They recognize revenue in the period in which the click or impression occurs.
- Ad box: You will have seen the ad shown below at the end of an article on some news sites. These grid boxes

at the bottom of online articles are run by two large players – Outbrain and Taboola. The grid boxes feature a mix of stories from the same media house, advertisement, and sponsored content.

II. WHAT WE LIKE

(a) Powerful recommendation technology

- The company enables consumers to more easily discover content from publishers and media owners. Also, it creates a sustainable, scalable business model for those media owners.
- For media owners/partners, the company's AI-based recommendation technology competes with Google and Facebook for user attention.
- For users, the company's recommendation technology makes every page more personalized and more engaging.
- For advertisers/marketers who are seeking outcome-based advertising solutions and who allocate more dollars to performance buying, the company delivers an end-to-end solution – an easy-to-use platform with scale, reach, and performance.
- Mind-boggling data: In 2020, the company provided personalized content feeds and ads to approximately 1 billion monthly unique users, delivering on average over 10 billion recommen-

dations per day, with over 20,000 advertisers using the company's platform. In the first quarter of 2021, the company's platform powered an average of over 100,000 ad campaigns per day.

(b) Exclusive partnership & data flywheel creates barriers to entry

- The company reaches about a billion people per month through partnerships with more than 7,000 media properties, including many of the world's best media companies, such as Sky News, CNN, MSN, Der Spiegel, The Washington Post, Sankei, The New York Post, Le Monde, and many, many others.
- Exclusive relationship: Nearly all of these partnerships are exclusive with Outbrain. This means the company has full control of the inventory.
- Long tenure: The company's top 20 partners have an average tenure of seven years on the company's platform. These partnerships are commonly renewed for two to three years at a time.
- Exclusive ad inventory: The company's platform provides access to a significant volume of exclusive ad inventory within the content feeds of these premium digital media properties. The company provides advertisers with access to approximately 1 billion unique monthly users who are "exclusive" to the company's platform.
- Data flywheel: Data and algorithms
 - The company's algorithm powers 100 million click-through rate (CTR) predictions and over 100,000 recommendations per second and 40 million engagements per day.
 - The company collects and synthesizes the large dataset and constantly improves its algorithm and

recommendations using real-time user engagement.

- As the company's platform grows, it improves the company's algorithm, which in turn enhances customer engagement.
- In fact, the company claims that in 2020, it grew its overall engagement with recommendations on its platform by 24% on a year-over-year basis.
- How is an incumbent going to challenge this company with an algorithm that has not experienced real-time data?

(c) Solid growth

The company's revenue increased from approximately \$100 million in 2013 to \$767 million in 2020. FY 2020 is a record year for the company – in terms of both revenue and profitability.

(d) Debt-free

(e) Current valuation

The company is trading at an EV/Revenue of 1.1x.

Concerns

(a) Competing against giants for ad revenue

Even though the digital advertising market is growing rapidly, roughly 70% of total U.S. digital advertising revenue in 2019 was controlled by Google, Facebook, and Amazon.

<https://www.cnbc.com/2021/04/21/facebook-google-and-amazon-are-reaping-the-benefits-from-advertisings-pandemic-hot-streak.html>

(b) Clickbait/chumbox reputation

- The industry has a reputation for being "chumbox" or "clickbait." Clickbait is often associated with deceptive or misleading content.

- Many view ads as “spam.” To be clear – we are not saying the ads from Outbrain are spam; we are referring to the general perception.

A final note: Culture – Taboola vs. Outbrain

(\$, mm)	Outbrain (OB)	Taboola.com (TBLA)
M. Cap	945	1900
Debt	0	67
Cash	111	585
EV	834	1382
Revenue	907	1270
EV/Revenue	0.9	1.09

Please click this link – <https://digiday.com/media/content-marketings-got-a-quality-problem/>

The above digiday.com article, written in 2013, explains that Outbrain decided to take a hit in revenue by ditching some marketers who were using the platform for clickbait. The company did so to remove the negative perception issue. At the same time, Taboola argued that it is still content that is not for everyone.

That’s the difference in the culture of the two firms.

Suggested further readings:

- We recommend you visit the following site: <https://digiday.com/?s=outbrain>
- This site explains the difference between the two companies: <https://www.similartech.com/compare/outbrain-vs-taboola>

Key milestones

2006 — Founded
 2008 — Pioneered algorithmic-based content recommendations for media partners
 2011 — First year with over 1 billion user engagements
 2012 — Launched our self-serve advertising platform
 2013 — First year with over \$100 million in revenue
 2014 — First year with over 1,000 media partners on our platform
 2014 — Launched our solution for mobile apps
 2015 — First year with over 1 billion user engagements per month
 2016 — Mobile platforms generate over 50% of total revenue
 2017 — First year with over \$500 million in revenue
 2017 — Launched Smartfeed, adopted by global partners such as CNN, Focus.de & HELLO!
 2017 — Expanded programmatic technology capabilities with the acquisition of Zemanta™
 2018 — First profitable year on an Adjusted EBITDA basis
 2018 — First year with over 3,000 media partners on our platform
 2019 — Acquired Ligatus, a leading native advertising platform in Europe
 2020 — Released our next generation feed optimization technology, driving significant engagement uplift
 2020 — First year with over 4,000 media partners
 2020 — Achieved record revenue and profitability
 2021 — First quarter revenue grew 28.6%, net income grew 212.3% Ex-TAC Gross Profit grew 49.1%, and Adjusted EBITDA grew nearly tenfold on a year over year basis

Wayside Technology Group (WSTG): Major management/board changes; Operational changes

- Market Cap: \$121 million | Wayside Technology Group, Inc. is a value-added global IT channel company providing innovative sales and distribution solutions for emerging technology vendors.
- Major shareholder: FMR LLC - 11%| COVE STREET CAPITAL, LLC - 8.7%| RENAISSANCE TECHNOLOGIES LLC - 6.2%| DIMENSIONAL FUND ADVISORS LP - 2.9%| VANGUARD GROUP INC - 2.8%
- Screen: 13G/13F

13G

In August 2021, Cove Street Capital disclosed a 8.8% of the o/s shares of the company. Located in the Los Angeles area, Cove Street Capital offers concentrated, value-based investment strategies that capitalize on inefficiencies in public markets. The fund is founded by veteran value investor Jeffrey Bronchick, CFA in 2012.

I. BASICS

The company sells software and other third-party IT products and services through two reportable operating segments.

- Distribution segment (93% of the company's total revenue): Sell products and services to corporate resellers, value-added resellers, consultants, and systems integrators worldwide.
- Solutions segment (7% of the company's total revenue): Act as a cloud solutions provider and value-added reseller, selling computer software and hardware developed by others and providing technical services directly to end-user customers.

Financials

(\$ in millions)	2016	2017	2018	2019	2020
Net sales	164.6	160.5	181.4	208.7	251.5
Gross profit	27.3	27.0	26.9	29.9	33.0
EBIT	8.6	7.8	4.1	8.4	5.3
Net income	5.9	5.0	3.5	6.7	4.4

II. WHAT WE LIKE

1. Major management change & board changes

Management change

- In 2018, the company hired three top executives – a new CEO, EVP, and VP-New Business Development.
- After the CEO resigned due to health reasons, the company appointed Dale Foster as CEO.

Board changes

- Moreover, all of the directors of the company joined the company after 2018.
- Notably, Mr. Geygan, PM of Global Value Investment, joined the board in 2018 and is the Chairman of the Board.
- He is an activist investor.
- List of directors
 - Feb 2018: Jeffrey R. Geygan
 - June 2019: John McCarthy
 - July 2019: Andrew Bryant
 - Dec 2019: Ross Crane
 - June 2020: Carol DiBattiste
 - Jan 2020: Dale Foster
 - June 2021: Gerri Gold

2. Operational changes: Increasing vendor recruitment and field sales organization

- In 2018, the company began investing in business development personnel and a regional field sales team.
 - The business development team has been focusing on bringing new vendors into the company's product mix.
 - The field sales team has been focusing on expanding and solidifying the company's reseller network with high-touch sales support.

Since I joined the company in 2018, the central element to the strategy has been our shift to a sales-driven organization through our Lifeboat Distribution business. Our execution of this pivot over the last 2 years has enabled us to return to consistent growth on both top and bottom line. – Former CEO (who joined in 2018)

- Has the new management team made any tangible impact on revenue by increasing vendors and the sales team?
 - The company's top 40 brands produce over 91% of sales and gross profit.
 - Out of the 40 brands, 12 brands have been signed since Q1 2018.

3. Strategic acquisitions

- In 2020, the company completed two acquisitions – Interwork Technologies (\$4.4 million) and CDF Group Limited (\$17.4 million).
- The above two acquisitions added \$9 million in revenue in Q2 2021 (\$6.9 million by CDF and \$2 million by Interwork).

4. Insider buying

- Since 2021, the company's insiders as a group have bought \$0.19 million worth of shares at an average price of \$26.0 per share.
- In 2020, the insiders bought \$0.14 million worth of shares at an average price of \$20.9 per share.
- No insider selling since 2019.

Transaction Date	Insider Relationship	Shares Traded	Average Price	Total Amount
2021-08-09	GEYGAN JEFFREY RICHART GEYGAN (Director)	2,047	\$28.97	\$59,302
2021-05-10	GEYGAN JEFFREY RICHART GEYGAN (Director)	3,145	\$24.79	\$77,960
2021-05-10	DiBattiste Carol (Director)	1,000	\$24.68	\$24,683
2021-03-04	DiBattiste Carol (Director)	1,105	\$25.68	\$28,376

5. Recent performance – record level revenue and profitability

In Q2 2021, the company achieved strong revenue growth and profitability.

- Net sales increased 33% to \$75.4 million.
- Adjusted gross billings increased 48% to \$235.1 million.
- Gross profit increased 54% to a record \$11.0 million.
- Net income increased approximately 4x to \$2.1 million.

Overall, the company's growth strategy is tied to three factors:

1. Organic growth – using existing vendor relationships
2. Adding new emerging vendors with above-average long-term growth potential
3. Accretive acquisitions

BGC Partners (BGCP) controls 38% of the interdealer broker market

- Market cap: \$2.2 billion | The company is a leading global brokerage and financial technology company servicing the global financial markets.
- Major shareholder: CANTOR FITZGERALD, L. P. - 56.9%| VANGUARD GROUP INC - 9.1%| BLACKROCK INC. - 7.3%| ARCTIS GLOBAL LLC - 5.2%| CARDINAL CAPITAL MANAGEMENT LLC - 4.8%
- Screen: 13G/13F

I. WHY ARE WE FLAGGING THIS NOW?

AltraVue Capital

AltraVue Capital, LLC is a women- and minority-owned investment firm. The firm is run by Touk Sinantha and DeShay McCluskey.

- Long-term: More than 15 stocks have been owned since the fourth quarter of 2018.

- Concentrated bet: The top 10 stocks account for roughly 50% of the total portfolio.

Homerun.

- Avid Bioservice is the fund's top idea – accounting for roughly 10% of its portfolio. The fund invested in the stock in the fourth quarter of 2018. Stock is up more than 4x.

There are only two stocks the fund invested in in Q2 2021: BGC Partners and Concrete Pumping. We covered Concrete Pumping in our first issue (December 2020).

II. BASICS

- BGC provides a wide range of services, including trade execution, broker-dealer services, clearing, trade compression, post-trade, and information, to a broad range of financial and non-financial institutions.
- The company's customers include many of the world's largest banks, broker-dealers, investment banks,

trading firms, hedge funds, governments, corporations, and investment firms.

III. WHAT WE LIKE

(a) Top player in the interdealer broker market

- What is the interdealer broker market? These interdealer brokers facilitate transactions between investment banks, broker-dealers, and other large financial institutions. They connect buyers and sellers of illiquid fixed-income products.
- As per 2019 data (source: [Tradition](#)), the top three players, TP ICAP, BCG, and Tradition, control roughly 80% of the industry, and BCG controls roughly 38% of the industry. Note: Tradition is the name of a company listed on the Swiss stock exchange.

(b) Fenics: A crown jewel

- Fenics is a group of electronic brands, through which the company offers several market infrastructure and connectivity services. It is the foundation for fully electronic and associated hybrid transactions across all asset classes.
- High margin: It is a higher-margin, technology-driven business because automated and electronic trading efficiency allows the same number of employees to manage a greater volume of

trades as the marginal cost of incremental trading activity falls.

- Fenics' revenue grew from \$48 million in FY 2010 to \$317 million in FY 2020.
- Moreover, Fenics' growth accelerated during the second quarter of 2021, with revenues increasing by 23.5%. Also, Fenics' revenue now accounts for 21.2% of the company's total revenue.

(c) Strong free cash flow

	FY 2019	FY 2020
Cash from operations	239.1	304.3
Capex	-46.7	-30.8
FCF	192.4	273.5

(d) Owner-operator

- The company is led by the Chairman of the Board and CEO Howard W. Lutnick.
- He owns roughly 30% of the o/s class A shares and 100% of the class B shares.
- He also serves as the CEO of Cantor Fitzgerald, L.P., one of the world's leading financial services firms.

(e) Sale of insurance business

- In May 2021, the company entered into an agreement to sell its insurance brokerage business for \$500 million of cash consideration.
- The company intends to use the proceeds to repurchase shares/units and for potential small bolt-on acquisitions for Fenics.

Insider buying

Surgalign Holdings (SRGA): Insider buying; Migration to artificial intelligence technologies under new CEO [short note]

- Market Cap: \$211 million | Surgalign Holdings is a global medical technology company focused on elevating the standard of care by driving the evolution of digital surgery.
- Major shareholder: WSHP BIOLOGICS HOLDINGS, LLC - 13.7%| ROBOTICINE, INC. - 7.4%| KRENSAVAGE ASSET MANAGEMENT, LLC - 5.7%| HAYFIN OPAL LUXCO 3 SARL - 5%| WELLINGTON TRUST COMPANY N A - 4.4%
- Screen: Insider buying

I. WHY ARE WE FLAGGING THIS?

Insider buying:

Since 2021, the company's insiders have bought \$6.5 million worth of shares at an average share price of \$1.36 per share.

- In February 2021, insiders bought approximately \$5.4 million worth of shares at \$1.5 per share.
- In August 2021, insiders purchased \$1.1 million worth of shares at \$0.93 per share.

II. RESEARCH

1. Divestment, repayment of debt & CEO change

- \$440 million divestment: In July 2020, the company sold its OEM businesses for \$440 million and became a business focused on spinal implants and technology.
- Debt-free: The company repaid all its outstanding debt and redeemed its convertible preferred stock.
- New CEO: The company appointed Terry M. Rich as CEO in July 2020. He joined Surgalign in November 2019 as President of Global Spine segment.

2. Recent changes after the divestment and appointment of new CEO

(a) Acquisition: In August 2020, the company acquired Holo Surgical, Inc. It is a private technology company that is developing ARAI digital surgery platform to enable digital spine surgery.

(b) Significant cost-cutting

- Gross margin improved to 72% in 6M ended June 2021 compared to 60.8% in 6M ended June 2020.

- Compared to the prior year, in the last six months ended Q2 2021, marketing and general expenses declined by 25.4% and R&D expenses declined by roughly 20%.

(c) \$40 million capital raise: In February 2021, the company closed a public offering and raised \$40.467 million.

(d) Transition to digital surgery

- In May 2021, the company submitted an initial 510(k) to the FDA for the Holo digital surgery platform. Surgalign is seeking its first FDA clearance for a hardware and software system that provides an intuitive visualization of the patient's internal anatomy and real-time surgical guidance based on intraoperative 3D scans.
- The CEO expressed his interest in transitioning from a traditional spine company focused on surgical approaches and procedures to a company that will redefine and lead digital surgery.
- Moreover, the CEO notified that the company remains on track to hit its goal of having the first procedures performed using the Holo platform in the U.S. by the end of 2021.

III. OTHER NOTES

Decrease in guidance: In Q2 2021, the company revised its outlook for the year and now expects full-year revenue in the range of \$95 million to \$100 million compared to previous revenue guidance of \$102 million.

AudioEye (AEYE): Insider buying; Recent management changes; Notable CEO compensation structure

- Market Cap: \$150 million | AudioEye is an industry-leading software solution provider delivering website accessibility compliance at all price points to businesses of all sizes.
- Major shareholder: Sero Capital LLC - 27.8%| KOVACH JOHN S - 14.3%| BETTIS CARR - 7.6%| GREENHAVEN ROAD INVESTMENT MANAGEMENT, L.P. - 7.3%| KOSOW KEITH - 5.7%
- Screen: Insider buying

I. WHY ARE WE FLAGGING NOW?

Insider buying: In August 2021, the company's insiders acquired \$1.2 million worth of shares at an average price of \$10.9 per share.

II. BASICS

- The company's software helps companies develop their websites to be more accessible to persons with disabilities.
- Clients: FCC, ADP, Samsung, Uber, etc.
- Website accessibility lawsuits have continued to increase in recent years. By some estimates, more than 3,000 such lawsuits were filed in federal and state courts in 2020. This could push several companies to adapt this technology.

An individual is blind and requires the use of assistive technology (AT) to navigate your website. If your site is not created to properly function with that AT, it cannot communicate your information in a clear and thoughtful manner to that individual. They're essentially blocked from engaging with your content. They jump off your website to find one that is useful to them.

In the physical space, this would be the equivalent of building a restaurant with no wheelchair access (*a wheelchair is considered AT, after all*). It's against the law, and it's uncommon.

(\$ in millions)	2018	2019	2020
Revenue	6	11	20
Gross profit	3	6	15
Operating loss	-5	-8	-7
Net loss	-5	-8	-7

III. WHAT WE LIKE

1. Unique patented technology

- The company relies on its patented technology to eradicate all barriers to digital accessibility.
- The company has eight pending patent applications and two international patent applications filed via the Patent Cooperation Treaty.

2. Involvement of Sero Capital

- Sero Capital is a private investment firm focused on growth opportunities in the technology sector. David Moradi is the founder and CEO of Sero Capital. <https://serocapital.com/portfolio>
- In August 2019, the company entered into a loan agreement with Sero Capital. Within three months, two representatives of Sero Capital joined the company.
- Sero Capital holds 28.1% voting rights in the company (55.6% of Series A Convertible and 28.4% of common stock) as of March 2021.

- Who is David Moradi (former PM of Soros Fund Management)?

- Starting in 2008, Mr. Moradi spent 10 years as founder and CEO of Anthion Management, a technology-focused fund that grew to \$1B in assets.
- In 2013, Anthion was converted to a family office investing in multiple asset classes, including early-stage technology companies, corporate debt, real estate, and public equities.
- Before founding Anthion, Mr. Moradi was a portfolio manager at Pequot Capital Management and an analyst and portfolio manager for Soros Fund Management.
- He is also co-founder and Executive Chairman of First Contact Entertainment, Inc., a leading virtual reality (VR) video game development studio.

- Interim CEO and notable compensation structure

- \$1 salary: In August 2020, the company appointed David Moradi as interim CEO and Chief Strategy Officer. His base salary: \$1.
- \$8.7 million if the stock price reaches \$100: Mr. Moradi received 260,000 performance share awards (PSA) – he can earn \$8.7 million if the stock price reaches \$100 per share. Any PSUs that have not vested on or prior to August 20, 2025, will be forfeited.
- Additional PSU tied to MRR and stock price: In March 2021, the company granted another 100,000 PSUs under the 2020 Plan. Mr. Moradi needs to achieve monthly recurring revenue (MRR) greater than or equal to \$6.0 million for two consecutive calendar months, and the stock price needs to reach \$100 per share – both events carry 50,000 PSUs each. PSUs that have

not vested on or prior to March 9, 2026, will be forfeited.

3. Major management shakeup after the involvement of Sero Capital

All seven top executives have been appointed after the appointment of Mr. Moradi.

- August 2020: Interim CEO since August 2020
- August 2020: President
- December 2020: Chief Business Officer
- March 2021: CTO
- March 2021: Chief Product Officer
- June 2021: Chief Marketing Officer
- June 2021: CFO

4. Revenue growth, withdrawal of yearly revenue guidance, recent stock price crash

- The company's revenue grew from \$5.6 million in FY 2018 to \$20.4 million in FY 2020.
- The company's quarterly growth rate declined consistently over the last four quarters, from 117% in the quarter ended June 2020 to 14% in the latest quarter.
- Moreover, on August 11, 2021, the company announced that it will provide only quarterly guidance instead of an annual outlook. It added some client conversions that the company anticipated would not materialize in the current calendar year. On this news, the company's stock price crashed by 26%.

Additional research about the CEO

#1. Attack at nightclub, traumatic brain injury?

- As per several articles, in 2012, David Moradi was attacked by security staff at the Cosmopolitan Hotel and Casino's Marguee nightclub in Las Vegas.

[Go to index page](#)

- He sued the nightclub. The complaint alleged that Mr. Moradi was diagnosed with a traumatic brain injury (TBI), and his hedge fund closed its doors.
- In early 2017, he won a \$160.5 million jury verdict. Subsequently, attorneys asked for an additional \$483 million in punitive damages. Later, the parties entered into a mutual settlement.
- <https://www.reviewjournal.com/crime/courts/settlement-in-las-vegas-strip-nightclub-attack-wipes-out-160m-verdict/>

To be clear – the articles written about Mr. Moradi did NOT explicitly reveal the name of the fund. Even though the name, location, profession, and size of the AUM match, we are not 100% sure whether they are one and the same.

#2. KaloBios Pharmaceuticals: Bankruptcy and CEO arrest

In November 2015, Martin Shkreli, David Moradi (through Anthion Partners), and

Marek Biestek acquired over 50.1% of the outstanding shares of KaloBios Pharmaceuticals. Mr. Shkreli was named CEO of the company and the remaining two executives joined the board.

In less than a month, in mid-December 2015, the FBI arrested Mr. Shkreli for securities fraud. The complaint alleged that he ran a Ponzi-like scheme. Subsequently, the company filed for bankruptcy.

Mr. Moradi had NO involvement in the case.

Later, in a 2019 interview, he stressed the importance of “checking references” and the importance of the management team.

<https://medium.com/authority-magazine/5-things-i-wish-someone-told-me-before-i-became-the-ceo-of-sero-capital-with-david-moradi-b7d434677190>

Changes after appointing new CEO

Assertio Holdings: Major management shakeup; Zero R&D; Focus on NSAIDs

- Market Cap: \$41 million | Assertio is a leading commercial pharmaceutical company bringing differentiated products to patients.
- Major shareholder: VANGUARD GROUP INC - 4.3%| JACOBS LEVY EQUITY MANAGEMENT, INC - 2.3%| D. E. SHAW & COMPANY , L.P. - 2.2%| BLACKROCK INC. - 1.7%| LITTLEJOHN & COMPANY LLC - 1.7%
- Screen: Changes after appointing new CEO

RESEARCH

1) Major divestments, debt repayment & merger

- In early 2020, the company sold the NUCYNTA® Franchise, Gralise, and Collegium Warrants for roughly \$560 million and repaid more than \$450 million in debt.
- In May 2020, the company completed a merger with Zyla Life Sciences.

2. How does the current company generate revenue?

- The company sells a group of non-steroidal anti-inflammatory drugs (NSAIDs).
 - INDOCIN (53% of total revenue) – rheumatoid arthritis, osteoarthritis
 - CAMBIA (25% of total revenue) – migraine attacks
 - SPRIX (9% of total revenue) – moderate to moderately severe pain
 - Zipsor (9% of total revenue) – moderate to moderately severe pain
- Note: Roughly 62% of total revenue (Indocin and SPRIX) is generated from the drugs the company acquired through the Zyla merger.

3. Management shakeup

- 27 employees: In December 2020, the company reduced its headcount by 107 employees. As of March 1, 2021,

the company had 27 full-time employees.

- Five board members: The company's board size was reduced from nine to five.
- Major management shakeup: In the last nine months, the company built an executive team from scratch. In December 2020, the company hired a new CEO, and six top executives were hired after the CEO's appointment.
 - December 2020: CEO
 - February 2021: Head, IR
 - March 2021: CFO
 - March 2021: Chief Accounting Officer
 - May 2021: SVP - Commercial
 - July 2021L: SVP - General Counsel
 - August 2021: SVP - Operations

4. Recent significant changes

- No R&D expense: The company completed all its R&D activities in 2020 and no longer spends money on R&D.
- Cost reduction:
 - The company achieved its stated target of \$40.0 million in annual cost savings in 2020 after the closing of its merger with Zyla.
 - In fact, in the latest quarter, total operating expenses (excluding restructuring expenses) declined by 6.2%.

5. Other notes

- No manufacturing: The company's products are manufactured at contract manufacturing facilities in the U.S., Canada, and Italy.
- Legal cost: The company is trying to resolve its legacy legal issues and included a legal reserve of \$11.3 million.

Overall

- The company is actively looking for M&A targets.
- Projection - FY 2021: Revenue: \$91 million to \$96 million and adjusted EBITDA: \$34 million to \$37 million.
- EV/EBITDA (Projected 2021): 2x
- The company's future upside is tied to the execution skill of the new management team - especially on the M&A aspect.

Lantronix (LTRX): Significant changes under the CEO, who was a top executive of a \$10 billion company

- Market Cap. \$138 million | Lantronix, Inc. is a global provider of software as a service (“SaaS”), connectivity services, engineering services, and intelligent hardware solutions for the Internet of Things (IoT) and Remote Environment Management (REM)
- Major shareholder: PETERSON JAMES J - 4.9%| CHAIN OF LAKES INVESTMENT FUND, LLC - 4.2%| VANGUARD GROUP INC - 3.6%| HERALD INVESTMENT MANAGEMENT LTD - 2.4%| RENAISSANCE TECHNOLOGIES LLC - 2.3%
- Screen: Changes after appointing new CEO

I. BASICS

- The company has provided reliable industrial-grade networking products that have enabled mission-critical applications for thousands of customers worldwide.
- In recent years, the product offering has been expanded to target growth markets, IoT and IT management.
- IoT: IoT accounts for roughly 80% of total revenue, and this segment grew by 80% in the last four years.

II. WHAT WE LIKE

1. CEO has a strong track record

In April 2019, Paul Pickle was appointed as CEO of the company.

Top executive of \$10 billion Microsemi

- Climbed the corporate ladder: Mr. Pickle joined Microsemi in 2000, rapidly ascended the corporate ladder and was promoted to COO in 2013.
- Top executive: Mr. Pickle served as COO (2013 to 2018) of the Microsemi Corporation, a leading provider of semiconductor and system solutions that generated \$2 billion in revenue.
- Sale of the company: At the time of his resignation, the company was acquired by Microchip Technology in May 2018 for \$10.15 billion.

2. Significant changes after the appointment of CEO

After the appointment of Mr. Pickle as CEO in March 2019:

(a) Majority management shakeup

- Four out of seven executives were appointed after March 2019.
- Interestingly, two executives previously worked at Microsemi, during the same period that Mr. Pickle was serving as the COO.
 - March 2019: CEO
 - May 2019: VP - Strategy
 - June 2019: VP - Business Affairs & Corporate Secretary
 - Jan 2020: VP - Worldwide Sales

(b) Strong revenue growth

- Stagnant revenue: Prior to Mr. Pickle’s appointment as CEO, the company’s revenue hovered between \$40 million and \$47 million for eight years.
- Growth from acquisitions: After his appointment, the company’s revenue grew from \$47 million in FY 2019 to \$71.5 million in FY 2021, predominantly due to two acquisitions – Maestro Wireless Solutions (July 2019, \$5.3 million) & Intrinsyc Technologies (Jan 2020, \$27 million).
- Recent acquisition & revenue projection
 - In August 2021, the company acquired Transition Networks and Net2Edge for \$32 million.

- Projection: The company expects to hit \$100 million in revenue in FY 2022.

(c) Cost cutting

- As a percentage of revenue, SG&A expenses decreased from 36% in FY 2019 to 31% in FY 2021.
- Moreover, R&D expenses as a percentage of revenue decreased from 17.4% in FY 2019 to 13.7% in FY 2021.

(d) Strong free cash flow: In the latest FY 2021, the company registered a record free cash flow of \$3.5 million.

(e) Potential recurring revenue stream

- The company is trying to generate recurring revenue through its

ConsoleFlow offering.
<https://www.lantronix.com/consoleflow/>

- Using this cloud software, a customer can manage, monitor, and gather information from the remotely installed IT equipment and other hardware supplied by the company.
- As of now, the company generates less than \$1 million in revenue from the recurring SaaS model platform.
- The CEO expects the recurring revenue to reach 10% of total revenues within 3 to 5 years.

Modine Manufacturing (MOD): Recent changes after the appointment of CEO

- Market Cap: \$352 million | The company is a diversified global leader in thermal management technology and solutions.
- Major shareholder: VANGUARD GROUP INC - 3.6%| HERALD INVESTMENT MANAGEMENT LTD - 2.5%| RENAISSANCE TECHNOLOGIES LLC - 2.4%| KING LUTHER CAPITAL MANAGEMENT CORP - 1.7%| DIMENSIONAL FUND ADVISORS LP - 1.3%
- Screen: Changes after appointing new CEO

RESEARCH

I. NEW CEO

In November 2020, the company appointed Neil D. Brinker as the CEO.

Career highlights

- Mr. Brinker served as President and COO of Advanced Energy Industries, Inc. (Market cap: \$3.4 billion) from 2020 to 2021. He joined the company in 2018.
 - Mr. Brinker claims that he oversaw a global team of 12,000 employees and has extensive transactional experience leading M&A integration at AE and doubling inorganic revenue while divesting non-core assets.
- Mr. Brinker held leadership roles at IDEX Corporation (Market cap: \$16 billion) from 2012 to 2018. In his tenure as group president, he was responsible for a broad array of engineered products and solutions for numerous industrial applications.

II. SIGNIFICANT RECENT CHANGES

1. Management changes

- New CEO: In December 2020, Neil D. Brinker was appointed as CEO.
- Organization changes: In January 2021, the company announced that it had eliminated the Vice President, Commercial and Industrial Solutions, and Chief Operating Officer roles.

- The CEO argued that the elimination of the COO role allowed him to connect directly with the Global Operations and CIS organizations.
- He combined the two separate data center teams under one key leader.
- New executive additions
 - Aug 2021: VP – Building HVAC
 - Aug 2021: VP – Commercial & Industrial Solutions

2. Ongoing effort to exit automotive segment businesses

To be clear – the company decided to exit the automotive business in 2019. The current CEO is carrying out the task of selling the business.

- In April 2021, the company sold its air-cooled automotive business, which generated \$63 million in revenue in fiscal 2021.
- Even though the company entered into an agreement to sell its liquid-cooled automotive business in November 2020, it is facing problems with securing regulatory approval. In May 2021, the company withdrew the regulatory filing and resubmitted the filing after revising the transaction.

3. Data center expansion strategy

- Mr. Brinker announced that data center expansion is a key priority.
- Basics: (a) The data center is where all the network systems are housed. It generates an enormous amount of heat since thousands of servers are

running at the same time. Servers may not work properly if the temperature is too high or low. (b) Using its brand, Airedale, the company offers high-efficiency data center cooling solutions to customers.

- **Third-party study:** The company commissioned a third-party study focused on understanding the needs of data center operators and specifiers along with the product trends and buying preferences to develop a roadmap for its growth.
- **Build units in the U.S.:** The company currently manufactures products in the UK and is making significant progress toward its goal of being able to build units in the U.S. by the end of this calendar year.
- The company is also utilizing the talents of its UK team to build relationships with new and existing customers.

4. 80/20 strategy

- Using the 80/20 rule, you prioritize the 20% of factors that will produce the best results.

- The CEO argues that the results of this process have been successfully proven across many companies.
- Mr. Brinker says he will be able to improve margins in this segment by focusing the company's resources on its most important products and customers. This includes improving pricing on low-volume products, removing complexity through product line simplification, and implementing precision selling techniques to differentiate how the company engages commercially.

We expect overall data center sales to increase significantly in fiscal '22 largely due to the growth in chillers and air handlers. We are using 80-20 to help reassess our strategy in this area, particularly in light of the high level of volatility we have recently experienced. The data will help us make decisions to better focus our commercial and operational resources, where we can achieve the greatest return - Neil D. Brinker, Q1 2021 CC.

8-K (keywords)

Vislink Technologies: Solid technology; Recent acquisition; This nano-cap company is led by a CEO who previously ran half a billion businesses & advised PE firms

- Market cap: \$94 million | Vislink is a global technology business specializing in the collection, delivery, and management of high quality, live video and associated data from the scene of the action to the viewing screen.
- Major shareholder: AYRTON CAPITAL LLC - 6.6%| EMPERY ASSET MANAGEMENT, LP - 6.6%| CVI INVESTMENTS, INC. - 6.6%| VANGUARD GROUP INC - 4.2%| BLACKROCK INC. - 1.6%
- Screen: 8-K (Keywords)

RESEARCH

1. Solid technology

- The company specializes in the collection, delivery, and management of high-quality live video and associated data from the scene of the action to the viewing screen.
- Patent: As of December 31, 2020, the company has 36 patents granted in the U.S.
- The company offers mission-critical, ultra-low latency equipment that supplies broadcast-quality video.

Example

- Live Ferrari challenge: The technology is so powerful that it provided High Definition 'Live' On-Board Video Systems for the prestigious European Ferrari Challenge Race Series.
- Olympics/Euro 2020: The company deployed the newly introduced Quantum Receiver to support major events, including the Olympics and Euro 2020.
- NASA/SpaceX launch: Most recently, the CEO mentioned that the company's equipment was used in the recent NASA/SpaceX launch.

2. Track record of the CEO

In January 2020, the company appointed Carleton M. Miller as CEO. Before joining

the company, he provided advisory services for mid-cap companies and private equity firms for three years.

(a) Raised capital and led the sale of BLiNQ

- As co-founder & CEO of BLiNQ Networks, he claims that he created a new product category of wireless connectivity to address the rapid growth in mobile data traffic.
- After three accretive funding rounds and success with AT&T, Vodafone, and América Móvil, the company was sold for an undisclosed amount in 2016.

(b) Andrew Corp – segment chief for \$775 million revenue generating segment

- Mr. Miller led the wireless network segment that generated \$775 million in revenue.
- During his tenure, the company's sales more than doubled to \$2.2 billion, culminating in the sale of the company for \$2.6 billion.

(c) Tyco – oversaw P&L responsibility of over \$500 million revenue

- He oversaw a segment with over \$500 million in revenue.
- He was part of the team that built and sold Lucent Power Systems to Tyco for \$2.5 billion.
- After the sale, he led Tyco Power Systems for four years, increasing cash flow by over \$100M.

(d) Before joining Lucent, Mr. Miller held various leadership roles at General Signal and AT&T.

Overall – attracting top talent like Mr. Miller is a big positive for the company.

3. Major management shakeup

- Four out of five executives joined the company in FY 2020.
 - January 2020 – CEO
 - January 2020 – CFO
 - March 2020 - VP of MilGov Business Unit
 - March 2020 - VP of Satellite Business (Promotion)
- CFO also has a good track record
 - Head of M&A & corporate development at Lucent Technologies and held a similar role at AT&T and Avaya.
 - Served as CFO of Pulse Electronics, which was acquired two years after his exit for \$740 million.

4. Current problem & the new CEO's response

(a) Current problem

(\$, mm)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Revenue	0.9	6.6	47.8	38.3	28.9	22.9

- As you can see from the above table, the company's revenue grew only due to its two acquisitions – Vislink (2017) and IMT (2016).
- After the completion of the acquisitions, the company's revenue steadily declined from \$47.8 million in FY 2018 to \$22 million in FY 2020.

(b) New CEO's action plan

- Mr. Miller, the new CEO, joined the company in January 2020, amid the COVID pandemic.

- He started cutting costs and fixing supply chain problems, realigned the sales team, and re-prioritized R&D.

• Cost-cutting

- In May 2020, the company entered into new lease arrangements at two recent locations, which led to lowering rental fees by approximately 81%.
- In November 2020, the company implemented reductions to its workforce and other cost-cutting measures such as elimination of inventory related to discontinued product lines and reduced usage, and/or the closure of individual facilities.
- Pay cuts: 40% pay cut for all senior management in many levels of management

(\$ in millions)	2018	2019	2020
G&A expenses	21.8	20.0	17.0
R&D expenses	7.8	3.2	2.6

• New product introduction

- Before Mr. Miller's appointment, there weren't any major new product introductions.
- He increased the headcount in R&D and launched various new products.
- Notable success: In Q1 2021, the company launched IP Link 3.0, Quantum Receiver, and DVE 6100. These three have already [surpassed](#) \$6 million in initial sales this year (2021).

• Acquisition of Mobile Viewpoint

- In August 2021, the company acquired Mobile Viewpoint for \$18.3 million.
- Mobile Viewpoint provides mobile live streaming solutions, including 5G & bonded cellular and AI-based technologies for news teams and TV production companies, etc.

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- First positive revenue growth after 14 consecutive negative quarters:

- After 14 quarters of negative revenue growth since Q1 2018, the company posted a positive growth rate of 27% in Q2 2021.

- In Q2 2021, the revenue grew due to new products and from previously delayed sales orders due to COVID.

Dear Vislink Technologies Shareholder,

Did you see our equipment in action during the recent NASA/SpaceX launch? This was very exciting for our team, but not surprising. Our technology is used behind the scenes in many areas of our daily lives.

This is just one of the reasons I joined Vislink in January 2020. I saw a company that had great people and technology, a solid customer base, and a promising future.

I want to take this opportunity to speak with you about our commitment to our shareholders.

- We will make investment decisions based on long-term growth and shareholder value, making bold accretive investments when we see opportunities to gain market share and leadership advantage.

- We will continue to develop a cost-conscious culture that spends wisely. We believe in a lean organization with nimble, but scalable operations for growth.

- We will leverage emerging technologies such as machine learning, 5G, cloud and edge computing to bring unique, differentiated experiences to our markets.

- We will be a customer-focused organization in every aspect of our business.

- We will continue to make sophisticated products that are reliable and easy-to-use.

Here is what we've accomplished in my first 90 days as CEO.

- In March 2020, Vislink introduced IPLink 3.0—our next generation microwave radio to our product offerings, which allows operators to double data capacity all within the same RF channel bandwidth. [Learn more here.](#)

- We took actions to put Vislink's finances on a stable footing and provide a pathway to future business success. We implemented an OPEX cost reduction plan aligning costs with revenue, and have already achieved considerable savings, particularly in general and administrative expenses through headcount and other cost reductions. We expect to record additional cost savings in subsequent quarters.

We optimized our supply chain, which has improved our ability to deliver our backlog and capture new business.

- We focused our teams in four solution areas: Live Event Production, Military/Government, Satellite Communications, and Managed Service. We hired new operational leadership to lead these areas to focus on targeted product differentiation and customer-focused decision-making.

- We have taken the necessary steps to weather the potential economic slowdown caused by the effects of COVID-19, including securing funding under the Paycheck Protection Program and maintaining essential business operations. To proactively manage our costs our Board of Directors and our entire team have taken a 40% salary reduction for Q2.

Array Technologies (ARRY): Investment from Blackstone; Patented product design gives a competitive advantage

- Market Cap. \$2.4 billion | Array Technologies is one of the world's largest manufacturers of ground-mounted systems used in solar energy projects.
- Major shareholder: VANGUARD GROUP INC - 8.9%| FMR LLC - 7.5%| INVESCO LTD. - 7.1%| BLACKROCK INC. - 6.5%| BLACKSTONE HOLDINGS II L.P. - 5.5%
- Screen: 8-K (Keywords)

I. WHAT WE LIKE

1. Unique design protected by patent (Expiry: 2030)

- The company's principal product is an integrated system of steel supports, electric motors, gearboxes, and electronic controllers that move solar panels to maintain an optimal orientation to the sun.
- Competitive edge
 - Its patented design allows one motor to drive multiple rows of solar panels through articulated driveline joints.
 - The company's system uses less than one motor per megawatt compared to more than 25 motors per megawatt for its largest competitor.
- Its core U.S. patent does not expire until February 5, 2030.

2. Strong financial performance

- The company's revenue increased organically 300% from \$290 million in 2018 to \$872 million in 2020.
- The company's adjusted EBITDA increased from \$(22.6) million in 2018 to \$160 million in 2020.

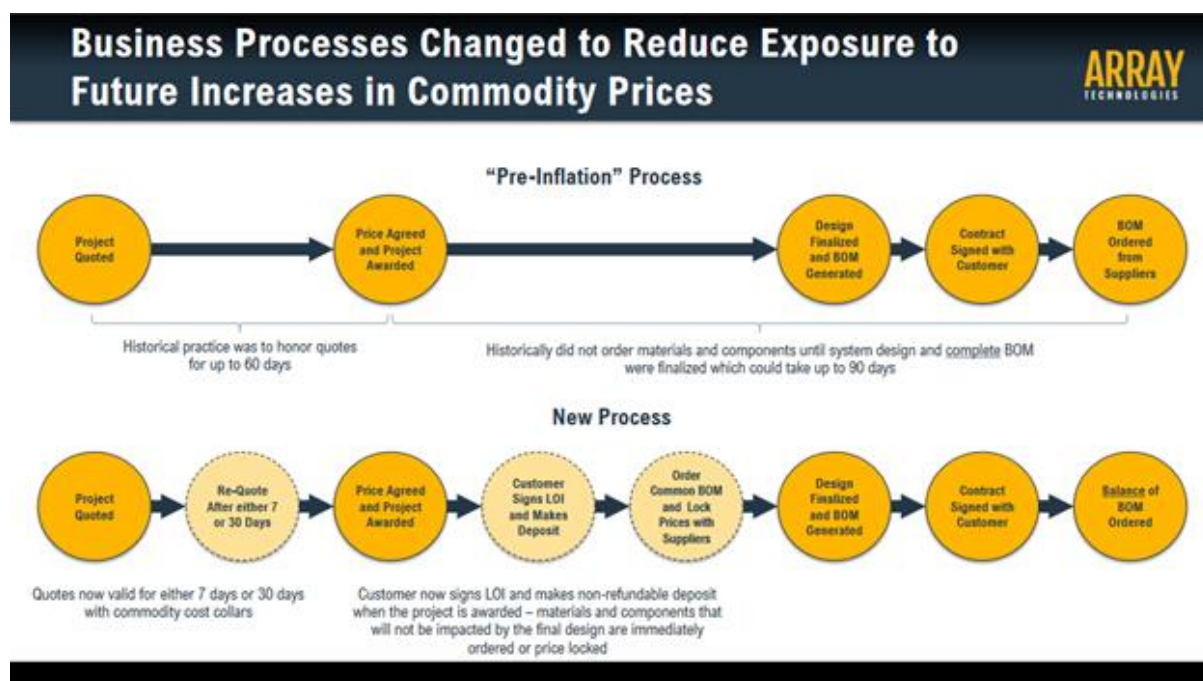
(\$, mm)	2018	2019	2020
Revenues	290.7	647.8	872.6
Gross profit	11.5	150.7	202.8
EBIT	(61.2)	83.4	95.2
Net Income (loss)	(60.7)	39.7	59.0

II. WHY ARE WE FLAGGING THIS?

1. Operational changes to mitigate commodity price increase

- 40% stock price crash after steel price increase and winter storm in Texas
 - In May 2021, the company's Q1 2021 revenue decreased 44% to \$245 million and its gross margin decreased from 27% to 18%, driven by less revenue to absorb fixed costs, rapid increase in commodity prices, and greater freight costs.
 - On this news, the company's share price crashed 40%, from \$24.9 per share to \$14.2 per share, in May 2021.
- Changes to its operation process
 - Strategy: The company announced that it had changed its business processes to reduce its exposure to future increases in commodity prices and shipping costs, which led to a gross margin decline in Q1 2021.
 - Agreement to curtail COGS hiccups: In Q2 2021, the company entered into supply agreements that fix approximately 85% of its input costs for the remainder of 2021 for steel requirements.
 - America's largest steel producer- Nucor: In May 2021, the company entered into an agreement with Nucor Corporation to produce certain components of its solar tracking system.
 - Fixing the time delay - change in the business model:

- Prior to Q2 2021, the process of finalizing the customer's design and buying raw materials took approximately 90 days.
- During this 90-day window, steel prices fluctuated and led to an increase in the company's COGS. To reduce this, the company changed its business process and asked customers to sign an LOI and make a deposit, which enables the company to procure the materials and components that are not impacted by the final design.
- The perpetual preferred stock will be entitled to cash dividends at a rate of 5.75% annually and will receive approximately 5.8% of shares (i.e., 7.875 million).
- Blackstone added one representative, Bilal Khan, to the board.
- Repay debt and general operations
 - The company intends to use the net proceeds to repay its debt and for general operations.
 - Current o/s debt: \$508 million
 - The company claims it will reduce its Net Debt / LTM June EBITDA from 5.9x to 2.0x.



2. Investment from Blackstone Energy Partners

- \$500mm investment from Blackstone: In August 2021, the company entered into an agreement with Blackstone to sell up to \$500 million of perpetual preferred stock.
 - Array will sell \$350 million of perpetual preferred stock to Blackstone initially and an additional \$150 million of perpetual preferred stock at any time prior to June 30, 2023.

3. Other notes

- Future guidance: In August 2021, the company announced that it expects its revenue to be in the range of \$850 million to \$940 million. The company expects to fully “burn off” its lower margin backlog from its old process by Q3 2022.
- New projects: In Q2 2021, the company was awarded \$300 million in new projects and an additional 18

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new projects totaling approximately \$135 million in July 2021.

- Changes in executive positions: In Q2 2021, the company added Erica

Brinker as Chief Marketing Officer, Tyson Hottinger as Chief Legal Officer, and Ken Stacherski as Senior Vice President of Operations.

Denny's Corporation (DENN): Decision to repurchase 23% of o/s shares; 99% franchise revenue; Strong FCF

- Market Cap: \$1.0 billion | Denny's Corporation is the franchisor and operator of one of America's largest franchised full-service restaurant chains, based on the number of restaurants. As of June 30, 2021, Denny's had 1,645 franchised, licensed, and company restaurants around the world.
- Major shareholder: FRANKLIN RESOURCES INC - 12.5%| FRANKLIN MUTUAL ADVISERS LLC - 10.6%| WELLS FARGO & COMPANY - 10.5%| BLACKROCK INC. - 6.8%| VANGUARD GROUP INC - 5%
- Screen: 8-K (Keywords)

I. WHAT WE LIKE

1. Highly profitable franchise & license revenue

- Even though the franchise revenue accounted for 43% of total revenue for FY 2019, the company generated roughly 70% of its gross profit from the franchise business.
- Why are we referring to FY 2019? Since the restaurant business was significantly affected by COVID, we are referring to the 2019 financials to give a “normalized” view of the company.
- Agreements
 - Approximately 75% of the company's agreements have 20-year agreement tenure.
 - Royalty payment of up to 4.5% of gross sales and franchisees are required to contribute up to 3.25% of gross sales for marketing.

2. Strong free cash flow & adjusted EBITDA

- In the last four years before COVID (before 2020), the company generated an average adjusted EBITDA of \$100 million per year and an average adjusted free cash flow of approximately \$45 million.
- In Q2 2021, the company generated \$17.8 million of adjusted free cash flow.

3. Recent refranchising

- In late 2018, the company announced its decision to migrate from a 90% franchised business model to one that is between 95% and 97% franchised.
- As such, the number of owned restaurants decreased from 173 in 2018 to 68 in 2019.

4. Consistent repurchase of shares & recent debt reduction

- Buyback: In the last 10 years, the company has repurchased \$538 million in shares.
- Debt reduction: The company's long-term debt decreased from \$210 million in 2020 to \$180 million in Q2 2021.

II. WHY ARE WE FLAGGING THIS NOW?

23% repurchase

- On August 26, 2021, the company announced that it will relaunch its multi-year share repurchase program with approximately \$248 million remaining in authorized share repurchases.
- This equates to roughly 23% of its o/s shares.

Signs of recovery

- In Q2 2021, the company generated 99% of 2019 domestic system-wide same-store sales.
- In July 2021, approximately 90% of its franchise restaurants exceeded the 70% of 2019 sales threshold required to cover both fixed and variable costs.

Thoughts

1. The company is currently trading at 3% to 3.5% of historic free cash flow of \$45mm to \$50mm.

2. The company's share price has yet to recover back to its pre-COVID period.
3. The company doesn't seem to be aggressively expanding its franchise locations.
4. Insiders lack skin in the game. No insider purchase.
5. The CEO should try to migrate to 100% franchise, fix SG&A costs, and aggressively expand its franchise operations.

(\$ in millions)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD June 2021
Adjusted EBITDA	81.7	78.6	78.0	83.1	88.8	100.2	103.3	105.3	96.8	26.6	37.1
Adjusted free cash flow	47.5	49.4	45.3	49.1	42.3	51.9	51.2	50.0	29.8	1.6	23.0

Stewart Information Services (STC): Significant changes under the new CEO; Recent acquisition

- Market cap: \$1.65 billion |The company provides title insurance and real estate transaction services
- Major shareholder: BLACKROCK INC. - 14.6%| VANGUARD GROUP INC - 6.9%| WELLS FARGO & COMPANY - 6.2%| VICTORY CAPITAL MANAGEMENT INC - 5.2%| DIMENSIONAL FUND ADVISORS LP - 4.8%
- Screen: 8-K (Keywords)

RESEARCH

1. CEO has a strong track record

In September 2019, the company appointed Frederick Eppinger as CEO.

(a) Stellar performance at Hanover Insurance

Mr. Eppinger served as CEO of the Hanover Insurance Group (Market cap: \$5 billion) for 13 years (2003-2016).

- 3x stock price increase: During his tenure, the company's stock price increased 3.2x and the company's revenue more than doubled from \$2.2 billion in 2003 to \$4.9 billion in 2016.
- Repurchase and dividend: During his tenure, the company repurchased roughly \$915 million worth of shares and paid \$540 million as a dividend.
- Turnaround: He claims that he transformed the company from a troubled life insurance business into a national P&C carrier with a significant global presence.
- Please read the info at this link to learn about his turnaround at Hanover: <https://sites.hanover.com/ASSETS/pdf/news/globe100.pdf>
- In 2015, Mr. Eppinger was named one of "100 Game Changers in the Last 100 Years" by Leaders Edge magazine and the Council of Insurance Agents and Brokers.

(b) MD, McKinsey

- Mr. Eppinger served in McKinsey for 15 years (1985-2000).

- Leader of insurance/financial service: At the time of his resignation, he served as Senior Director and Partner at McKinsey and as a leader in insurance and financial services.

2. Significant changes after the appointment of new CEO

Background: Situation at the time of Mr. Eppinger's appointment as CEO

- Before the appointment of the current CEO, the company's total revenue declined consistently from \$2.0 billion in 2015 to \$1.9 billion in 2018.
- In September 2019, Fidelity National Financial (FNF) terminated the agreement to acquire the company for \$1.2 billion. On the same day, the company's board hired Mr. Eppinger as CEO.

(a) Steps to fix existing operations: Cost cutting

Within a few months of his appointment, in Q4 2019, the company announced initiatives to improve long-term financial performance. Initiatives included:

- Board, senior executive, and managerial change
 - Group President – December 2019 (promoted from CEO of Stewart Title Ltd.)
 - Chief Human Resources Officer – February 2020 (promoted from Senior Human Resources Director)

• Office closures/termination of lease
b) Acquisitions to focus on traditionally underrepresented markets

- In 2020, the company acquired several title offices, two appraisal management services companies, and an online notarization and closing solutions provider for approximately \$199.5 million.
- In 2020, these acquisitions contributed to uplifting traditionally underrepresented markets, which increased total revenue and pretax income by \$109.2 million (5.6% of 2019 total revenue) and \$17.3 million, respectively.
- In the first six months of 2021, the company acquired Cloudvirga (a provider of a digital customer engagement platform) and title companies Thomas Title & Escrow and Prima Title, LLC for approximately \$147.9 million.
- In August 2021, the company entered into an agreement to acquire Informative Research (IR) for \$192 million.

3. Stellar growth rate

- The company's revenue grew from \$1.9 billion in 2018 to \$2.8 billion for the LTM ended June 30, 2021, through both organic growth and acquisitions.
- Comprehensive income attributable to the company as a percentage of revenue increased from 1.4% in 2018 to 7.6% in 2020 and 9.6% for LTM ended June 30, 2021.
- Free cash flow increased from \$73 million in 2018 to \$351 million for the LTM ended June 30, 2021.

Heads up

- Even though the CEO made several changes, it is also to be noted that the

company's performance has also benefited from the strong real estate market.

- The sudden surge in demand for houses was fueled by the COVID-19 pandemic. Due to the shutdown, supply was also constrained. Total mortgage originations improved 67% in 2020 compared to 2019 primarily due to the record-low interest rates in 2020, which drove refinancing lending to increase 125% from the prior year.
- For 2021, the average 30-year mortgage interest fixed rate is expected to stay the same as that of 2020, while the housing activity, though expected to remain strong in 2021, is forecasted to decelerate compared to the pace set in the second half of 2020.
- <https://www.ny-times.com/2021/08/15/world/the-us-real-estate-market-begins-to-cool-after-bump-from-the-pandemic.html>

While we are bullish on the real estate over the long term, we are realistic in our assessment that the current market will not last forever. That said, on a daily basis, we are making decisions and taking actions that will define us through the current market and the next full real estate cycle. That is what drives us, and that is what you're beginning to see in our results.

So as you know, when we started our margins for the overall company, we're about 50% of the lead two guys in the business. And our goal, as I said from the beginning, was to double those and double the margins over the next 3 years, which would get us to the kind of 10% -- 9%, 10% level for the overall company. - Fred Eppinger, CEO - Q2 2021 CC

Adtalem Global Education (ATGE): Big-ticket acquisition, divestment, and management changes

- Market Cap: \$1.8 billion | Adtalem Global Education (NYSE: ATGE) is a leading workforce solutions provider.
- Major shareholder: BLACKROCK INC. - 11.1%| VANGUARD GROUP INC - 9.9%| DIMENSIONAL FUND ADVISORS LP - 7.6%| ARIEL INVESTMENTS, LLC - 6.7%| FMR LLC - 6.2%
- Screen: 8-K (Keywords)

RESEARCH

1. Three high-quality businesses

- Chamberlain University (48% of total revenue)
 - Offers a nursing program in the U.S.
 - Ranked #2 in terms of 2019 enrollment in U.S. nursing schools
- Medical and veterinary schools (33% of total revenue)
 - Medical – two medical colleges, American University of the Caribbean School of Medicine (AUC) and Ross University School of Medicine (RUSM), are in the “Big Four” Caribbean Universities for medical education.
 - Veterinary school – 1 out of every 20 U.S. veterinarians is a Ross University School of Veterinary Medicine (RUSVM) graduate.
- Financial services (18% of total revenue)
 - Offers test preparation, certifications, conferences, seminars, memberships, and subscriptions to business professionals in the areas of accounting, anti-money laundering, banking, and the mortgage industry.

- Walden University is a 100% online-only university, which predominantly focuses on healthcare-related courses (~77% of enrollment).
- Highly profitable: In the last two years, the company’s EBIT margin was roughly 25%.
- Leading online player: As per the company’s presentation, Walden is the #1 conferrer of Master of Science in Nursing (MSN) degrees, Master of Science in Healthcare Administration (MHA) degrees, and doctoral degrees in public health in the U.S. Ranked #1 among 380 accredited U.S. institutions for conferring doctorates to African Americans.
- DOJ investigation with no charges
 - In September 2020, the DOJ and other governmental agencies initiated an investigation into allegations that Walden University misrepresented certain aspects of a nursing program to students. The core of the allegation is regarding the availability of clinical site placements, which are required in order for students to complete the nursing program and work as nurses.
 - In April 2021, the DOJ notified the company that it wouldn’t be intervening in response to a civil suit filed by third-party relators against Walden University and the company.

2. Recent & significant divestment

a) Walden University – \$1.48 billion acquisition

In August 2021, the company completed its acquisition of Walden University for \$1.48 billion.

b) Potential sale of financial services segment

- In August 2021, the company announced that it is exploring strategic alternatives for its financial services segment. Adtalem has retained Morgan Stanley & Co. LLC as its financial advisor to assist in the strategic review.
- The financial services segment's revenue was \$205.4 million (18% of the company's total revenue) and its operating income was \$31.4 million in FY 2021.

3. Problems

- Engine Capital & Hawk Ridge Capital
- Engine Capital and Hawk Ridge Capital strongly opposed the company's acquisition of Walden University.
- The crux of the problem: The investors argued that based on their extensive due diligence, it seems many of Walden's nursing students are not able to graduate from the NP program because Walden fails to adequately help them fulfill their clinical experience requirements.
- They argued that the company is overpaying for an inferior and potentially toxic asset.
- We urge you to read the letters posted on this website: <https://www.letsfixadtalemtogether.com/>

Thoughts

The company has wonderful assets that are incredibly difficult to replicate.

The question is about the recent acquisition – Walden University.

1. Walden is thriving on the price value equation

a) Not a lot of universities offer master's and doctoral credentials.

- For example, the Minnesota Board of Nursing has approved only 14 universities for advanced practice nursing programs. Walden is among the 14 universities.

• <https://mn.gov/boards/nursing/education/advanced-practice-nursing-programs/>

b) The universities with brands are expensive.

2. Contradictory data about the pass rate

a) As per various data and from the letter sent by Engine Capital & Hawk Capital, the pass rate of the university is less than 30%.

b) 80% pass rate?

The CEO of the former parent company of the university claimed that the graduation rate of the Master of Science degree (nursing program) is over 80%.

The outcomes at Walden are very strong, including our graduation rates. And as an example, Masters of Science of Nursing program, it is the largest graduate program in the United States and our graduation rates are well over 80%. – CEO. Laureate Education, conference call, Q4 2020

c) Based on the "Annual Nursing Education Program Report Calendar and Fiscal Year 2019," we found that:

1. Walden is one of the largest university to offer a nursing program in the U.S.
2. The pass rate is 62% to 79% depending on the course.
3. The number of courses offered by Walden University is much higher than that of other universities.

See the two images below.

The best way to figure out the facts is to talk to a few senior people at the Minnesota Board of Nursing and other reliable sources.

Why is the pass rate so important? If the pass rate is less than 30%, students will eventually stop signing up for the course.



Appendix J

Number of Students Admitted and Completing Program by Track 2017-2019

Advanced Practice Program Tracks	2017		2018		2019	
	# students admitted to program track	# students completing program track	# students admitted to program track	# students completing program track	# students admitted to program track	# students completing program track
Augsburg University						
Family Nurse Practitioner	54	7	18	16	22	14
Bethel University						
Nurse Midwifery	21	10	21	7	24	7
College of St. Scholastica						
Adult/Gerontology Primary Care Nurse Practitioner	9	2	9	7	5	4
Family Nurse Practitioner	37	13	34	19	27	14
Psych/Mental Health Doctor of Nursing Practice	6	3	6	5	10	7
Post Grad Certificates (unspecified)	2	6	-	-	-	-
Mayo Clinic College of Medicine						
Nurse Anesthesia	26	23	26	25	26	26
Post-Graduate Degree (unspecified)	-	-	3	3	-	1
Metropolitan State University						
Family Nurse Practitioner	18	16	16	10	18	14
Minneapolis School of Anesthesia						
Nurse Anesthesia	33	30	33	29	33	33
Minnesota State University, Mankato						
Family Nurse Practitioner	19	18	20	14	18	11
St. Catherine University						
Adult/Gerontology Primary Care Nurse Practitioner	34	27	33	28	101	34
Pediatric Nurse Practitioner	10	11	10	11	30	10
Saint Mary's University						
Nurse Anesthesia	32	33	32	32	32	32
University of Minnesota						
Adult/Gerontology Clinical Nurse Specialist	2	5	4	4	5	1
Adult/Gerontology Primary Care Nurse Practitioner	12	11	11	11	15	16
Family Nurse Practitioner	11	19	17	13	18	12
Nurse Anesthesia	12	14	12	12	15	12
Nurse Midwifery	10	10	9	10	11	10
Pediatric Clinical Nurse Specialist	1	0	0	1	3	1
Pediatric Primary Care Nurse Practitioner	5	12	6	11	11	5
Psych/Mental Health Doctor of Nursing Practice	11	14	6	8	15	10
Women's Health Nurse Practitioner	10	7	6	5	9	5

Advanced Practice Program Tracks	2017		2018		2019	
	# students admitted to program track	# students completing program track	# students admitted to program track	# students completing program track	# students admitted to program track	# students completing program track
Walden University						
Adult/Gerontology Acute Care Nurse Practitioner	1019	315	910	746	1179	434
Adult/Gerontology Primary Care Nurse Practitioner	726	245	546	456	661	271
Family Nurse Practitioner	3281	1215	2002	1787	2386	1541
Psych/Mental Health Nurse Practitioner	1336	-	1646	1450	2499	446
Winona State University						
Adult/Gerontology Acute Care Nurse Practitioner	33	13	21	9	23	10
Adult/Gerontology Clinical Nurse Specialist	31	7	10	7	16	6
Adult/Gerontology Primary Care Nurse Practitioner	2	-	-	-	-	3
Family Nurse Practitioner	39	15	19	13	24	14
Psych/Mental Health Nurse Practitioner	-	-	8	5	24	5
Adult Gerontology Acute Care Nurse Practitioner	1052 *	328 *	931*	755*	1202*	444*
Adult Gerontology Primary Care Nurse Practitioner	783 *	285 *	599*	502*	782*	328*
Family Nurse Practitioner	3459	1303	2126	1872	2513	1620
Pediatric Nurse Practitioner	15	23	16	22	41	15
Psych/Mental Health Nurse Practitioner	1353	17	1666	1468	2548	468
Women's Health Nurse Practitioner	10	7	6	5	9	5
Total Certified Nurse Practitioner	6,672	1,963	5,344	4,624	7,095	2,880
Total Certified Registered Nurse Anesthetist	103	100	103	98	106	103
Total Clinical Nurse Specialists	34	12	14	12	24	8
Total Certified Nurse Midwife	50	27	30	17	35	17
Total Post Grad Certificate (unspecified)	2	6	3	3	0	1
Total	6,861	2,108	5,494	4,754	7,260	3,009

*While nursing programs offer specific tracks in acute and primary care for the Adult-Gerontology, MN statute does not differentiate acute vs primary.

FUTHER READINGS

#1

Even if the DoJ does not pursue an action or a prosecution against Walden, this email chain should further highlight to the independent members of the Board that Walden is a declining asset propped up by aggressive enrollment at its MSN NP program. Walden's growth rate is based on accepting more students in its MSN NP than it can practically graduate, which is obviously not sustainable. Without this program, Walden would be just another shrinking for-profit university with poor student outcomes and no growth prospects, worth a fraction of what Adtalem paid. Based on AACN data, we believe enrollment at Walden's MSN programs grew from 8,106 students in Fall 2013 to 13,040 students in Fall 2018. Over the same 5-year period, Walden's enrollment excluding its MSN programs declined 13%, hardly the growth business shareholders are supposed to be acquiring. Even worse, the MSN NP program is the only growing program within the MSN school. Based on AACN data, enrollment at Walden's MSN programs excluding its NP program declined over 41% from Fall 2013 to Fall 2018 (from 3,434 to 2,009 students). In other words, the only program of significance that is growing at Walden is its MSN NP

program. It is growing artificially and unsustainably because Walden is ignoring the bottleneck that all MSN NP programs face with growing enrollment (and not enough clinicals). Instead of limiting enrollment or expending the resources to help fix the problem it is itself creating, Walden shifts this burden on the students, in violation of the CCNE guidelines.

#2

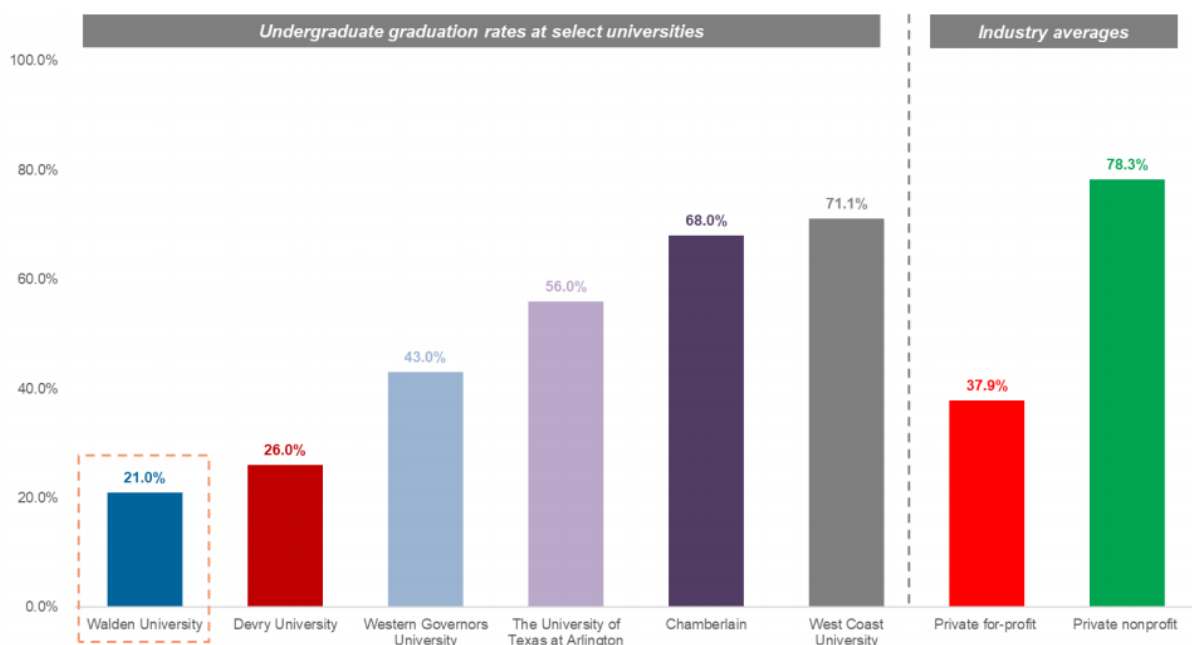
We urge our readers to read the below transcript of June 24th Public hearing – Department of Education.

Eric Wolff: Thank you for allowing me to speak. I work for an investment firm. I normally would have no reason to be in a call like this, I have no financial incentive in anything we discuss other than that I am a citizen that votes and pays taxes and is outraged by the stories that have been discussed today and many others that will probably never be aired. I researched publicly traded companies, as everyone knows, a lot of for-profit education companies compose, very frankly, a lot of the debt crisis that we face are publicly traded. As part of that, I found occasion to kind of get involved researching this. I probably spent two months researching this and I was just disgusted by what I saw and what I learned. Obviously, it's a complicated problem. It's great to see the government trying to adjust and I don't know how to solve that high-level issue, but I do know one specific instance that the government could do something today to help people out that are struggling and to prevent another call like this in four to six years when the issues that have created the student debt crisis persists because more complicated issues aren't addressed. Namely, in my view, the predatory nature of for profit institutions and the economic incentive they have to get money from the Department of ED to make profits for their shareholders at the expense of people on this call today and others affected that then spend the rest of their lives paying off their debt. I want to talk about the company Walden University. You may have heard of. If you don't, you should. As of 2014, Walden students had \$10 billion of debt outstanding as people probably also know if you look at the largest schools that have debt outstanding in many cases, they are for profits. I think the University of Phoenix is number 1 so I don't see how we can have any conversation about borrower defense without discussing those responsible for getting students in debt. Let's just talk about Walden specifically. If you think about Walden's 10 billion student loan outstanding, they were I think the 2nd largest recipient of Title IV funding. At roughly \$400 million last year taxpayers and students have a graduation rate of about 15 to 20% and very poor student outcomes. I want to focus very specifically on one particularly egregious thing that they're doing which is representative I think on a lot of the issues we faced that are being discussed today several years after the fact, and that is their MSN, their nurse practitioner program. So, Walden's entirely graduate, about 80% graduate education, there's very little graduate information available to the public on graduate programs. There's very good information available on undergrad programs, but graduate programs there's basically nothing. They have 10,000 students enrolled in their MSN, their practitioner program, these are working nurses that in many cases are employed trying to improve their career prospects in their building and their ability to help patients by get more schooling.

They are two to three-year programs and it's about \$40,000 a year. I want to say 80% or so of the students, probably more than that frankly, at Walden are getting Title IV funding for the Masters in Nurse Practitioner Program. What you need to know as part of their

Nurse Practitioner program someone needs to complete roughly 4 clinicals practices. That is basically for lack of a better word, people from med school, the concept of kind of interning or doing clinicals at the hospital is basically what's required as part of the graduation process. However, at Walden and other Master's in nurse practitioner programs are basically getting away. After about 2 years of study where those students now \$80,000 in debt and they let know that you're responsible for finding their own clinicals, which basically means that the students must call a bunch of people and try and get three or four different practices to allow you to work those clinicals shifts for free. As you can imagine, that's not particularly effective, and so what ends up happening is you have tens of thousands of students, working nurses, that are working during COVID and other things like that are stuck with \$80,000 of student loan debt and no ability graduate, and the only reason that exists is that the schools are unwilling to spend the resources to support students in finding clinicals so they can graduate. The cost of this is massive. It's over \$100 million a year just for Walden University. A couple of things about Walden specifically, Walden is owned by a company called Laureate Education. Laureate Education has over \$900 million of cash. I have no idea how we're talking about forgiving student loans while at the same time public companies like Laureate which have benefited from their fraud on students. I had no idea why we're paying for that and they're not paying for that. Any other topic for another day. In this case, one thing that's very interesting about the Department of ED's ability to do something about it is they're in process of being bought by another for profit education company called Adtalem. As part of that, there's a Department of ED review into the program and whether they should change. I strongly urge Department of ED if they have any questions Eric Wolff Capital. ED should take into this and not allow the transaction to occur and as part of that should pull Title IV funding for this and other organizations facing these issues. Thank you.

<https://www2.ed.gov/policy/highered/reg/hearulemaking/2021/june24hearingtrans.pdf>



13D

Allot Ltd. (ALLT): Signs of moat; Security-as-a-service; Outerbridge argues that the company's value could exceed \$1 billion

- Market Cap: \$591 million | Allot is a leading global provider of innovative network intelligence and security solutions for service providers and enterprises worldwide.
- Major shareholder: LYNROCK LAKE LP - 19.8%| OUTERBRIDGE CAPITAL MANAGEMENT LLC - 7.3%| CLAL INSURANCE ENTERPRISES HOLDINGS LTD - 6.3%| MIGDAL INSURANCE & FINANCIAL HOLDINGS LTD. - 5.6%| LEGAL & GENERAL GROUP PLC - 4.3%
- Screen: 13D

I. BASICS

- The company provides network intelligence and network-based security products for large service providers, including carriers, mobile operators and cable operators.
- The company's security products are offered to operators and are deployed in their networks, enabling them to provide security services to their end customers. The company does NOT directly target the end-customers.

II. WHAT WE LIKE

1. Signs of competitive advantage: Lengthy sales cycle and high cost of switching

- Integrated services: The company's products are incorporated into the broadband network infrastructure of the customers.
- Deployment takes 1-1.5 years: Even after securing the approval to install the product, the initial network deployment of the company's products by a large service provider may last up to one year, and in certain exceptional instances up to one and a half years.
- Switching cost: If a customer decides to switch to a competitor, the transition could be difficult to manage. The immediate question that may come to the mind of the network operator is:

Will the security remain in place for one year during the transition? The perceived risk to network stability involved in switching to a competitor could act as a competitive advantage to the company.

- Hard to replicate: The company claims that the complexity of its products and the knowhow involved makes it difficult to copy their features.
- Patent: As of December 31, 2020, the company had 12 issued U.S. patents and 9 pending patent applications in the U.S.

Allot provides enforcement points for the security in the mobile network, 4G or 5G, in the home router, in the business router and even security apps on the devices for off network protection. These holistic capabilities are unique in the industry and are very appealing to many operators. I believe we have to date the widest range of security enforcement points available from any competitor. I am not familiar with other technology companies that can provide such a unified experience across access means, devices and threats. – CEO, Q4 2020 CC

2. Strong financial performance & balance sheet

- 14 straight quarters of revenue growth Y-o-Y:
 - Revenue grew from \$81 million in 2017 to \$135 million in 2020, an 18% revenue CAGR.
 - Revenue for the first six months of 2021 was \$66.4 million compared to \$62 million for the prior year.
 - Future: The company expects its 2021 revenues to grow to between \$145-150 million.
- The company's operating losses have decreased in the last three years – at the same time, the operating losses marginally increased in the first six months of 2021.
- Negligible debt: \$2.45 million; Cash balance of \$101 million.

3. Allot Secure solution: A potential game-changer as a security-as-a-service business model

- The majority of end customers (individuals/families and small business owners) do NOT download security software to protect themselves. Ideally, these security apps/software should be installed on a computer, mobile phone, laptop, tablet, smart TV, etc.
- The company has developed software that protects customers from cyberattacks from the network provider's end.
- The end customers are NOT required to install any app on any of their devices.
- The network operator sees all the traffic and is capable of blocking adware and phishing attacks and threats before they reach the end customer.
- Now, the question is this: Are customers willing to pay for protection on the network operator's end? The answer is yes.

- Vodafone: In 10 different markets, the company charges roughly 5% of the average price plan to use their Allot Secure solutions. In other words, end customers are paying an additional cost for Vodafone to use the security system.
- In Austria, Hutchison launched a security service and is charging consumers €1.5 per month. This is roughly 8% more than the average price plan
- Increased margin for SMBs: In Spain, Telefónica is charging €10 per month for SMBs, which is roughly 20% of their average price plan.
- Overall, customers are paying roughly a 5% to 8% premium on their price plan to get cybersecurity protection from the operator.
- Most interestingly, the company claims that it is a sticky revenue.
- Revenue sharing model: The company does NOT charge the operator any upfront fees or require a minimum commitment. The company provides hardware, software, professional services, and marketing support. The company asks for a share in the revenue. Some operators are sharing 50% of the security revenue.
- The company claims that more than 20 million subscribers globally are protected by Allot Secure:
 - We can see that the most successful countries end up getting 50% and even 55% of their customers to really sign up for the service. – *Q1 2021 conference call*
- In a nutshell, the company is revolutionizing mass market cybersecurity with a network-based security service offering.

4. Outerbridge Capital argues that the company's worth could exceed \$1 billion

- In April 2021, Outerbridge Capital Management disclosed a 6% active stake in the company.
- In August 2021, Outerbridge increased its ownership to 7.3% and expressed its positive outlook.

The Reporting Persons are pleased with the rate and quality of new customer wins for the Issuer's Allot Secure and 5G NetProtect cybersecurity offerings, and are encouraged by the Issuer's increased efforts to highlight its cybersecurity business to investors, including at its inaugural Investor Day held on May 11, 2021. These and other developments, combined with continued strong execution in the Issuer's core network visibility business, have bolstered the Reporting Persons' belief in the Issuer's significant undervaluation and growth prospects.

The Reporting Persons believe the Issuer is the market leader in network-based, operator-delivered, security-as-a-service (SECaaS) for consumers, and believe that demand for these solutions is at an inflection point. The Reporting Persons note that the Issuer has forecasted 400% revenue growth, to \$25 billion, for its Allot Secure SECaaS product line in its 2022 Fiscal Year; based on this and on developments in the cybersecurity market broadly, the Reporting Persons believe that \$100 billion or more of Allot Secure revenue is attainable in the Issuer's 2024 Fiscal Year.

The Reporting Persons further believe the Issuer is the market leader

in distributed denial-of-service (DDoS) and botnet protection for 5G Open RAN networks with its NetProtect offering, and that operator deployments and subscriber density on these networks are set to accelerate sharply. Based on this, the Reporting Persons believe that NetProtect may also generate \$100 million or more of annual revenue in the coming years.

The Reporting Persons believe the present value of these opportunities, combined with the Issuer's healthy core business and cash balances, significantly exceeds \$1 billion.

III. OTHER NOTES

- Q1 2021 conference call transcript is a must-read.
- Erez Antebi, CEO of Allot, presents Allot Investor Relations November 2020: <https://www.youtube.com/watch?v=3beLhhu bco>
- 94% of revenue is generated outside the USA: In 2020, the company derived 70% of its revenues from Europe, 17% from Asia and Oceania, 7% from the Middle East and Africa, and 6% from the Americas.
- Customer concentration: The revenues derived from its largest two customers (different each year) in each of the past three years were 54%, 27%, and 28% of the total revenues in 2020, 2019, and 2018, respectively.
- Latest quarter results: Total revenues for Q2 2021 were \$35.3 million, an increase of 8% compared to \$32.8 million in Q2 2020. Gross profit on a GAAP basis for Q2 2021 was \$24.5 million (gross margin of 69%), compared with \$23.0 million (gross margin of 70%) in Q2 2020.

Immersion(IMMR): Recent changes under reconstituted board

- Market Cap: \$249 million | The company creates, designs, develops, and licenses haptic technologies that allow people to use their sense of touch to engage with and experience various digital products in North America, Europe, and Asia.
- Major shareholder: RAGING CAPITAL MANAGEMENT, LLC - 7.1%| VANGUARD GROUP INC - 3.3%| LORD, ABBETT & COMPANY . LLC - 3.1%| STATE STREET CORP - 2.7%| FRIESS ASSOCIATES LLC - 2.3%
- Screen: 13D

RESEARCH

1. Solid technology

- The company is a premier licensing company focused on the creation, design, development, and licensing of innovative haptic technologies.
- What is haptics? Haptics is any form of interaction involving touch. Around the world, companies are trying to recreate realistic touch sensations for video games and more.
- The company is one of the very few players in the haptics industry.
- License: The company provides advanced tactile software, related tools, and technical assistance designed to integrate its patented technology into the customers' products and offers licenses for its patented technology to its customers.
- Massive portfolio: The company holds more than 1,900 issued or pending patents worldwide as of December 31, 2020. The company is a pioneer in the haptics industry.

2. VIEX Capital & Raging Capital control the board since early 2020

- Prior to 2020, VIEX Capital and Raging Capital secured a few board seats.
- Major board shakeup in FY 2020
 - To avoid a proxy fight by VIEX Capital, in March 2020, the company entered into a settlement agree-

ment, and a few incumbent directors resigned. The company experienced a majority board change in the first quarter of 2020.

- New chairman: In August 2020, Eric Singer, founder of VIEX Capital, was appointed Chairman of the Board.
- Just four board members: In March 2021, the company's directors reduced the size of the board from seven to four. William C. Martin of Raging Capital also serves on the board.
- CEO change: In August 2021, the company appointed Francis Jose, the Company's General Counsel, as CEO.

3. Significant changes under the reconstituted board

Under the reconstituted board, the company started focusing its efforts on becoming profitable and generating free cash flow. In the last four quarters:

- Increased gross margin: The company's gross margin has increased compared to its previous comparable year quarter.
- Positive operating income: The company has registered positive operating income after several quarters of losses.
- Positive FCF: The company generated positive free cash flow.

4. Recent business deals

a) New agreements:

- In Q3 2020, the company executed a multi-year renewal with LG Electronics for TouchSense software and haptic technology for LG mobile devices.
- In Q4 2020, the company signed a multi-year license agreement with Woory Industrial Co. Ltd., a leading automotive supplier in Korea, for haptic technology use in automotive touchscreens.
- In Q4 2020, the company announced a collaboration agreement with StrikerVR, a developer of cutting-edge force feedback peripherals for the use of new adaptive trigger capabilities in StrikerVR's next-generation VR and gaming peripheral devices.
- In Q1 2021, Panasonic Mobile Communications Co. Ltd. renewed its license for immersion technology and TouchSense software for mobile.
- In Q1 2021, the company announced that the Cadillac Celestiq and the BMW iX will feature haptic interfaces supplied by existing Tier 1 licensees.
- In Q2 2021, the company expanded its license agreement with Stanley Electric Co., Ltd., for the use of haptics in automotive products.
- Multi-year renewal license with AsusTek for use of TouchSense software and haptics technology in its mobile products.

b) PlayStation 5:

- In November 2020, the PlayStation 5 was launched, featuring DualSense™ controllers with haptic capabilities.

- Many developers and reviewers have expressed enthusiasm for these haptic capabilities.
- The CEO expressed that the royalty revenue received from the Sony PlayStation 5 is in line with the company's expectations.
- This has dual benefits: (a) Increased royalty revenue from the increased sales and (b) the positive market reception of the DualSense™ controller could act as a catalyst to increase market interest in haptics products.

Chris Ullrich, CTO – “We’re obviously very excited to see a meaningful upgrade to the haptic functionality of consumer game controllers. We’re looking forward to awesome, immersive experiences when creatives use this capability. As CTO of Immersion, I’m elated to see this technology go mainstream – and I’m betting that this is just the beginning of a touch revolution in gaming, virtual reality, and other consumer devices. Haptics in the Sony PlayStation 5 means more than a new console with games enabled with the sense of touch. It means the emergence of a new field of creativity and exploration, ripe for innovation.”

Overall: The company has a rich patent asset in haptic technology. Given the fact that VIE Capital and Raging Capital control the board, we can expect them to unlock shareholder value – on a standalone basis or through an outright sale.

In order to appreciate the true value of the patents, you may want to discuss this with a patent valuation expert.

MarketWise (MKTW): Subscription-based revenue

- Market cap:\$2.8 billion | The Company offers a subscription platform of investment research businesses for self-directed investors.
- Major shareholder: GREENHAVEN ROAD INVESTMENT MANAGEMENT, L.P. - 46.9%| MAGNETAR FINANCIAL LLC - 12.9%| HIGHBRIDGE CAPITAL MANAGEMENT LLC - 9.8%| INTEGRATED CORE STRATEGIES (US) LLC - 9.4%| WOODLINE PARTNERS LP - 8.9%
- Screen: 13D

I. BASICS

- Financial research service: The company is a multi-brand platform of subscription businesses that provides premium financial research.
- The company offers 41 free and 125 paid products.
- Broad spectrum: Paid products cover a broad spectrum of investments, ranging from commodities to equities and distressed debt to cryptocurrencies.
- Portfolio: The company's financial research companies include Stansberry Research, Palm Beach Research, Casey Research, InvestorPlace, and Empire Financial Research.
- Target market: Self-directed investors. Unlike institutional research, which is expensive, this is affordable, actionable advice targeted at self-directed investors.

II. WHAT WE LIKE

- Massive subscriber base: The company has an engaged subscriber base of 1 million paid subscribers in more than 200 countries and territories as of June 30, 2021.
- Huge list of free subscribers: The company has a large and growing audience of 12 million free subscribers. Why are free subscribers important? They can be converted into paid subscriptions.

- Recurring revenue: Over 90% of the company's revenue is typically generated from existing subscribers through their recurring subscriptions.
- Subscriber growth: The company's subscribers grew from 3.8 million in the first quarter of 2019 to 13 million by the second quarter of FY 2021.
- Scalable: Similar to software businesses, this research product is scalable without involving additional CAPEX.
- High-quality online assets
Here is the ranking of individual websites, in terms of traffic, in the investing industry (source: similarweb.com).
 - InvestorPlace: 37
 - Stansberry Research: 65
 - Casey Research: 108
 - Empire Financial Research: 196Just to give you some perspective – I have provided some popular investing sites below that are NOT owned by the company.
 - Seekingalpha.com: 7
 - Fool.com: 8

My thoughts

1. NY Times vs. Marketwise

- NY Times generated \$600 million in digital revenue in FY 2020 from 6.69 million digital-only subscribers.
- Marketwise generated \$467 million from 1 million subscribers.

[Go to index page](#)

- Revenue per subscriber is roughly \$90 for NY Times. In comparison, revenue per subscriber for Marketwise is a staggering \$467.

The company has silently built a digital media empire for investors, which no one is talking about.

2. Distribution network is its key asset

- The company has 13 million subscribers (free/paid). It is hard to build an email list of that size.
- It is a powerful distribution network.
- What is the real advantage? Is it the migration of free subscribers to paid subscribers? Yes, but that's not the whole story. The company can introduce a new subscription product to its existing subscriber network and scale it rapidly.
- The company's CEO outlined an example in the latest conference call that is worthy of noting here. After adding an editor to the company's platform, the company helped the lead editor scale his business from roughly 6K subscribers to more than 100K subscribers – a staggering 16x growth in just under 18 months. That is the power of the network.

3. Any risk?

Some percentage of revenue is generated from businesses that are heavily tied to an individual editor.

Let's take Empire Financial Research as an example.

Whitney Tilson was very popular on Wall Street and in the media. His short bet on Lumber Liquidator helped him gain massive attention from the common investing public. He has a huge fan following.

Now, what's my point?

There is too much reliance on his name.

No one stopped shopping at Amazon after Jeff Bezos resigned. The same is the case with many products. But what about Empire Financial Research? How many investors will continue to subscribe after Mr. Tilson resigns or retires?

The same is the case with Casey Research. We don't know much about Doug Casey, but his face is on the front page of the website.

In the long run, the company should build a brand for itself among the self-directed investors by slowly introducing its name to all the subscribers.

4. Potential upside

In addition to finding new star editors and M&A, the company can work on monetizing its list of 12 million free/paid subscribers. It is a massive subscriber list.

It can do many things to monetize that list – like starting a digital financial magazine/newspaper, etc.

In search of businesses with recurring revenue/moat

Membership Collective Group Inc. (MCG): Recurring membership fees

- Market Cap: \$2.5 billion | Membership Collective Group is a global membership platform of physical and digital spaces that connects a vibrant, diverse and global group of members.
- Major shareholder: Yucaipa Companies - 38% | Richard Caring - 20%
- Screen: In Search of businesses with recurring revenue / moat

RESEARCH

1. Recurring revenue

- 46% of revenue: The company generated roughly 46% of total revenue for FY 2020 from annual membership fees and one-time initial registration fees paid by members.
- As of April 2021, the company has 111,300 Soho House members globally.
- It is a global membership platform of physical and digital spaces that connects a vibrant, diverse group of members from across the world.

Soho House: A members-only club for creative members

- The Membership Collective Group began with the opening of the first Soho House in 1995.
- Initially, it was started as a membership club for local actors and artists. Current members include world-class writers, artists, performers, directors, founders, designers, and producers.
- A local house is initially formed by 30 local influential creatives and innovators, and they select the first 1,000-1,500 members from the local community.
- Soho House has members of every demographic, but Generation Z (21 years old and younger) and Millennials (22- to 37-year-olds) constitute the fastest-growing cohorts. Generation Z and Millennials represented

49% of the new members in the last five years.

Growing membership & high membership renewal rate

- High retention rate: The company's membership has remained resilient during the COVID-19 pandemic, with a 92% retention rate for fiscal 2020.
- Unaffected by rate hike: Moreover, membership price increases have not had a material impact on the company's retention rates.
- Huge waitlist: The company's membership global waitlist, which as of July 4, 2021, stands at over 63,700 applicants, demonstrates the high level of demand for the company.
- Growing membership: The company has been able to grow its membership by a 16% CAGR between fiscal 2016 and 2020 and expanded its membership revenue at a 24% CAGR during the same period.
- SH.APP is the central destination for members to make bookings and payments, to connect and to access video content and podcasts – made for the members, by the members.

Other membership types

- Soho Friends: These are people who have visited Soho House as guests but do not currently have a Soho House membership. The company launched Soho Friends in November 2020 for an annual subscription cost of £100.

Between November 2020 and April 2021, the company received almost 6,000 applications and accepted over 2,600 Soho Friends members.

- **Child membership:** Child membership is available at selected Houses for the children of current members who are under the age of 21.

2. In-House revenues

- This accounted for 33% of total revenue in 2020 and 49% in 2019.
- This includes food and beverages, accommodation, and spa products and treatments.
- The company has 855 bedrooms around the world, and in FY 2019, the average daily occupancy rate was 90% and the average room rate was \$372.

3. Other revenues

- This accounted for 21% of total revenue in 2020 and 25% in 2019.

- This includes all revenues not realized within Houses, including Scorpios, Soho Works, and standalone restaurants, and design and procurement fees from Soho House Design and Soho Home, among others.

Future plan

- The company plans to open 18 new Houses in total by year-end 2023, which would increase its total number of Houses to 46.
- The company targets a 20% membership revenue growth in the future and 20%-25% adjusted EBITDA growth.

Suggested further readings

<https://www.eater.com/2017/8/15/16136272/soho-house-nick-jones-expansion-history-membership-rules>
<https://www.nytimes.com/2021/07/14/business/soho-house-ipo-valuation.html>

Random notes/thoughts

Ability to separate personal interest/preference from investment decision

It is common to dislike a company if you don't like the company's products or services. This month, we covered two companies: a) Marketwise and b) Outbrain.

Seth Klarman is a major shareholder of Outbrain. It is highly unlikely for Seth Klarman to click any of the advertisements shown by Outbrain.

Scott Miller of Greenhaven Road Capital stated that he likes the business but he wouldn't be interested in receiving any newsletter of Marketwise in his inbox.

Would you invest in a stock if you don't personally like the company's offering? Something to ponder.

2 cents' royalty for using the founder's name in each product sold!

Lifeway Food (LWAY, Market cap: \$86 million) came up in the 8-K screen.

After learning that the CEO became the youngest female CEO of a publicly held firm when she took over the company at the age of 27 in 2002 and that she grew the revenue by 10x, I got excited.

Here is what I found in the proxy statement:

- The founder, who is the chairwoman, makes \$1.6 million.
 - o \$1 million for providing "consulting services"
 - o \$600K as royalty for letting the company use her name in each product sold. For each product sold, she gets 2 cents – capped at \$50K per month.
- The CEO is the daughter of the founder
 - o \$1 million base salary
 - o \$250K bonus
 - o Stock award & non-equity incentive: \$1 million
 - o After a complete meal, now comes the dessert – roughly \$24K for "personal use of company vehicle" and "retirement plan contribution"

Frankly, \$24K for the personal use of a company vehicle and a retirement plan may look small, but speaks volumes about the attitude of the CEO – especially when she makes a base salary of \$1 million for this tiny company and her family controls 50%.

They are not "owner-operator"; they are "personal operator."

13D SUMMARY

Group of CytoDyn stockholders files lawsuit to force CytoDyn to allow stockholders to vote for alternative director nominees

M.Cap: \$844 million | 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.
- On July 1, 2021, Paul A. Rosenbaum together with 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 that includes information about the nominees and the group's platform. [Source](#)

Update:

- On August 2, 2021, the company issued a [press release](#) announcing that the Nomination Notice filed by Paul A. Rosenbaum is invalid.
- On August 26, 2021, Paul A. Rosenbaum, along with his investor group, filed a lawsuit in the Delaware Court of Chancery seeking to force CYDY to allow stockholders to vote for the Group's nominees. CYDY has previously filed litigation seeking to block the ability of stockholders to vote for the Group's nominees as an alternative to the current CYDY Board and has issued several communications falsely stating that stockholders cannot do so. [Source](#)

Glass Lewis joins ISS in recommending shareholders of Monmouth Real Estate Investment Corp. vote AGAINST proposed Equity Commonwealth transaction

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%) nominated 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 July 8, 2021, the company stated that it has 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. has 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.

Update:

- On August 2, 2021, Starwood Capital Group gave a [presentation](#) reiterating that its proposal offers greater value for shareholders. It urged shareholders to vote AGAINST the Equity Commonwealth (EQC) merger proposal, the compensation proposal, and the adjournment proposal.
- On August 5, 2021, Blackwells Capital issued a [letter](#) to its fellow shareholders urging them to vote against the proposed sale to Equity Commonwealth.

- On August 6, 2021, Blackwells Capital gave an investor [presentation](#) opposing the proposed merger with EQC. It stated that the company's financial advisor, JP Morgan, published research the day before it provided its fairness opinion showing that the weighted average cap rate of Monmouth's peers was 3.7% and the simple average cap rate of Monmouth's peers was 4.1%, implying a price of \$23 to \$27 per share – significantly higher than both EQC's and Starwood's offers.
- On August 6, 2021, ISS recommended that shareholders vote AGAINST Monmouth's proposed transaction with Equity Commonwealth. [Source](#)
- On August 25, 2021, Glass Lewis recommended that shareholders vote AGAINST Monmouth's proposed transaction with Equity Commonwealth. [Source](#)

Armistice Capital's representatives resign from the Board of EyeGate Pharmaceuticals

Market Cap: \$18 million | EyeGate Pharmaceuticals, Inc., a clinical-stage specialty pharmaceutical company, focuses on developing and commercializing products for treating diseases and disorders of the eye.

Background:

On January 10, 2020, the company announced the appointment of Keith Maher, a Managing Director at Armistice Capital, to its board of directors effective immediately. Armistice Capital holds 54.1%. [Source](#)

Update:

On August 3, 2021, Steven Boyd and Keith Maher resigned from the board. Armistice Capital holds 28.9%.

Rocky Mountain Chocolate Factory announces agreement with Global Value Investment Corp; AB Value calls for immediate board and governance changes at the company

Market Cap: \$47 million | Rocky Mountain Chocolate Factory, Inc., together with its subsidiaries, operates as a confectionery franchisor, manufacturer, and retail operator.

Background:

AB Value Management

- On December 3, 2019, AB Value Management (7.68%) entered into a [cooperation agreement](#) with the company, and pursuant to it, the company agreed to nominate two candidates of AB Value Management for election to the Board at the Annual Meeting.
- On June 16, 2021, AB Value Management (7.52%) began discussions with the company regarding desired changes to its Board membership, structure, management, and

strategy. Further it stated that if sufficient changes are not made, AB Value Management intends to nominate and seek to elect additional persons to the Board at the 2021 AGM. AB Value Management believes that the shares are significantly undervalued and believes that the transformation of the Board will be the initial step towards rectifying the company's operating margins and revenue growth. Representatives of AB Value Management appointed to the Board in December 2019 still serve on the Board. [Source](#)

- On June 28, 2021, AB Value Management (7.52%) delivered a letter to the company (i) nominating a slate of five (5) director candidates, including Mr. Berger, Ms. Thompson, Mr. Riegel, Ms. Taylor and Ms. Parish, for election to the Board at the 2021 AGM and (ii) submitting a business proposal for consideration by stockholders at the 2021 AGM. [Source](#)
- On July 21, 2021, the company [announced](#) corporate governance and leadership changes in response to discussions with its shareholders. The Board committed to separate the roles of Chairperson of the Board and CEO. Additionally, in connection with the separation of the Chairperson and CEO roles, the Board has begun the process to engage an executive search firm to assist in identifying a new CEO for the Company. It is expected that Mr. Merryman will continue in an executive role with the Company following the appointment of a new CEO.

Global Value Investment Corp

On June 24, 2021, Global Value Investment Corp (GVIC) (5.86%) [nominated](#) five candidates for election to the board. The Nomination Notice also includes a proposal concerning the repeal of any provision or amendment to the company's bylaws adopted by the Board without stockholder approval after December 6, 2019. GVIC believes that the Common Stock is undervalued and that the election of the Nominees to the Board will be able to enable the company to effect an operating plan developed by GVIC designed to:

- expand the company's North American retail franchise and distribution footprint
 - enhance the company's franchisee support system
 - contemporize and simplify the company's franchise agreement
 - assess the company's corporate function and manufacturing operations
 - evaluate the company's wholly owned subsidiary, U-Swirl International, Inc., and develop a plan to rehabilitate or dispose of it
 - refocus the company's capital allocation strategy and align executive compensation with clear goals centered around returns on shareholder capital; and
 - improve the company's corporate governance practices
- On July 27, 2021, Global Value Investment Corp increased its stake to 7.11%.

Update:

- On August 3, 2021, AB Value Management (7.51%) commented on several recent [announcements](#) by the company that, in AB Value's view, raise serious additional concerns about the company's board, poor governance, and management, which continue to harm shareholders.
- On August 12, 2021, the company [announced](#) that it had reached a cooperation agreement with Global Value Investment Corp (8.10%). Pursuant to the cooperation agreement, the board appointed Jeffrey R. Geygan, CEO and President of Global Value Investment Corp, to serve as a member of the board with a term expiring at the 2021 AGM.

- On August 15, 2021, AB Value, Bradley Radoff, and the nominees entered into a Joint Filing and Solicitation Agreement in which the filers agreed to solicit proxies or written consents for proposals submitted to stockholders for approval and the election of the nominees at the 2021 AGM. AB Value agreed to bear all preapproved expenses incurred by the parties in connection with the Joint Solicitation. [Source](#)

Buxton Helmsley Holdings sends letter to the Board of Mallinckrodt

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

Background:

On March 10, 2021, Buxton Helmsley Holdings (5.6%) sent a [letter](#) to the Board expressing its disappointment that the Board ignored the company's shareholders and acted in complete disregard of the owners of the company and the duties it owes to them. It demands that the Board discuss the proposals set forth by them for righting these wrongs. Also, Buxton Helmsley Holdings threatened that it is prepared to take any legally permissible action to hold this Board and management accountable for their many failures and betrayals.

Update:

On August 2, 2021, Buxton Helmsley Holdings (5.6%) sent a [letter](#) to the board raising concerns entirely relating to the most recent stunt that took violations of Irish law and breaches of fiduciary duty to unimaginable levels.

- At the [AGM](#) held on August 13, 2021, none of the nominees to the board received a majority of votes cast in favor of their re-election. Accordingly, under the company's Articles of Association, Carlos V. Paya, M.D. and JoAnn A. Reed, who received the greatest number of votes in favor of their re-election, continued to hold office until their replacements were appointed. On August 13, 2021, following the conclusion of the 2021 AGM, Mr. Paya and Ms. Reed appointed each of David R. Carlucci, J. Martin Carroll, Paul R. Carter, David Y. Norton, Angus C. Russell, Mark C. Trudeau, Anne C. Whitaker and Kneeland C. Youngblood, M.D. to serve as directors on the board and the committee positions.
- On August 17, 2021, Buxton Helmsley Holdings (5.7%) sent a [letter](#) to the board expressing its concerns regarding the refusal of the board to concede to election results, dismissing all directors and fraudulent re-addition of just-dismissed directors.

When every single one of you received a majority of votes that removed you from office at the August 13, 2021, AGM, that was shareholders telling you "Every one of you are fired", on the spot, plain and simple.

You are all voted out of office, very simply, to be replaced with an elected successor, as much as you do not want to face the facts.

Very simply, this shareholder base is ensnared in one of the greatest corporate scandals and corruption schemes in the history of business (and, especially, in the history of Irish companies). I believed that statement when I said it before, but I unequivocally believe it now, and it is very clear that shareholders are on the same page, even despite your attempt to fraudulently skew the voting results via coercion as part of legal threats. You have now violated about every rule in the book of the *exact* documents that you have already admitted you *must* comply with, shareholders have been the victim of electoral fraud at the powers of the directors, fraudulent re-additions of director

Scopia Capital Management's representative appointed to the board of Harmonic

Market Cap: \$1 billion| Harmonic Inc., together with its subsidiaries, provide video delivery software, products, system solutions, and services worldwide.

Background:

On April 12, 2021, Scopia Capital Management (9.6%) entered into a cooperation agreement with the company and pursuant to it, Scopia has the right to appoint two directors to the board during the next year. In addition, Scopia will support Harmonic's slate of nominees at the upcoming 2021 AGM.

Update

On August 2, 2021, the board elected Daniel Whalen to the board. Mr. Whalen was designated pursuant to the Cooperation Agreement between the company and Scopia Capital. Scopia Capital holds 8.9%. [Source](#)

Zucker opposes Bowl America's merger with Bowlero Corp

Update:

On August 5, 2021, Mrs. Zucker (holding 7.5%) stated that she was disappointed by the board's decision to sell Bowl America at a severely depressed price. Mrs. Zucker filed a class-action suit on behalf of Bowl America's shareholders against the company, its board of directors, Bowlero, and Duff & Phelps. The suit alleges that the board members have breached their fiduciary duties to the shareholders by entering into the Bowlero merger, that the Duff & Phelps fairness opinion undervalues Bowl America, that the company's proxy statement omits or misrepresents material information necessary for Bowl America's shareholders to make an informed decision as to how to vote, and that Bowlero aided and abetted the Bowl America board in breaching their fiduciary duties, among other matters. [Source](#)

Carl Icahn decreases his stake after securing board seats in Occidental Petroleum Corporation

Background:

In March 2020, Carl Icahn (9.9%) stated that he intends to seek board representation and has notified the company of his intent to nominate directors at the 2020 AGM. Also, he stated that he intends to present stockholder proposals to amend the company's certificate and bylaws to improve OXY's restrictive corporate governance that currently serves the incumbent Board of Directors to the detriment of fundamental stockholder rights.

Source

Subsequently, the company [announced](#) that it has entered into an agreement with Mr. Icahn and affiliated entities to add three new Icahn-designated directors to Occidental's board.

Update:

On August 6, 2021, Carl Icahn decreased his stake to 6.94%.

Starboard issues detailed investor presentation on 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](#)
- On June 21, 2021, Starboard filed proxy materials seeking support for its nominees.
- On July 1, 2021, Starboard filed proxy materials seeking support for its nominees.
- 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 of 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".

Update:

- On August 6, 2021, Starboard issued an investor [presentation](#) titled "Unlocking Value at Box." In its presentation, Starboard reiterated its concerns over the company's poor performance and urged the company to explore six opportunities to address the strategic implications uncovered in diligence.
- On August 23, 2021, ISS recommended that stockholders vote FOR two company director nominees and withhold votes on the election of one director nominee in connection with the company's 2021 AGM. [Source](#)
- On August 27, 2021, Glass Lewis recommended shareholders vote FOR Starboard's representative Peter Feld at the upcoming annual meeting. [Source](#)

Box Should Explore Six Opportunities to Address the Strategic Implications Uncovered in Diligence

#	Opportunity	Objectives	Why It Matters
1	ICP & Account Segmentation	Determine Ideal Customer Profile (“ICP”) and prioritize accounts where Box has the right to win in the market	Aligns Sales & Marketing motions to grow those new and existing accounts with the highest customer lifetime value
2	Create Revenue Growth Program	Clear path to achieve organic revenue growth targets, and create enterprise value in the short (<12 months) and long-term (12-36 months)	Provides plan for growth and initiatives required to transform Box’s commercial capabilities
3	GTM Optimization	Implement the optimal organizational coverage model, including leveraging partners to create cost efficiencies	Transformation that optimizes Direct, Partner, Customer Success teams to drive the most growth with the lowest cost
4	Revenue Marketing	Align marketing efforts, costs and results to drive pipeline growth and conversions	Links Marketing clearly to revenue growth while creating visibility and accountability
5	Sales Enablement	Equip the Sales & CS teams to win in their patch / assignment – plays, coaching, training, tools & resources, etc.	Improves Sales Rep Productivity, Ramp Time, Win Rates, Quota Attainment and Retention
6	Pricing & Packaging	Launch bundles that are sticky in the target markets, at a price where Box can compete and win	Leverages strategic shift to Customer-Centricity and Focus to maximize bookings

Ortelius sends letter to the Board of Capital Senior Living Corporation expressing its strong opposition to recently announced transactions with Conversant Capital

Market Cap: \$72 million | Capital Senior Living Corporation is the operator of senior living communities in the United States in terms of resident capacity.

Background:

- On January 11, 2019, Cove Street Capital (8.4%) delivered a [letter](#) to the Board recommending that the Board pursue changes to its composition and seek to declassify itself such that all Board members are elected annually, beginning with the nominees standing for election to the Board at the 2019 annual meeting of stockholders.
- On April 9, 2019, Cove Street Capital (10.13%) delivered a [letter](#) to the Board regarding corporate governance and Board matters. It expressed its disappointment that the board did not consider its suggestion to de-stagger board member elections. Also, it stated that it plans to vote AGAINST all three of the board’s proposed nominees in the 2019 election in order to send a message of dissatisfaction.
- At the [AGM](#) held on May 14, 2019, all the three directors proposed by the company were re-elected to the Board.
- On February 1, 2021, Cove Street Capital decreased its stake to 3.7%.

Ortelius Advisors

- On July 22, 2021, the company [announced](#) plans to raise up to \$152.5 million through (a) the private placement of convertible preferred stock to affiliates of Conversant Capital LLC (“Conversant”) and (b) a proposed common stock rights offering to its existing stockholders. Conversant will partially backstop the rights offering and will

provide an incremental \$25 million accordion for future investment, subject to certain conditions.

- On August 9, 2021, Ortelius Advisors (9%), the investment manager of Pangaea Ventures, sent a [letter](#) to the board opposing the plan, claiming that it seriously undervalues the company while turning the control over to Conversant. It stated that the company's stock price has plunged an incredible 48% since the transactions were announced.
- On August 12, 2021, Ortelius Advisors increased its stake to 12.7%.
- On August 17, 2021, Ortelius Advisors filed proxy materials soliciting votes in opposition to the company's transactions with affiliates of Conversant Capital LLC. [Source](#)

Hale Partnership Capital Management discloses an active stake in FedNat Holding Company

Market Cap: \$41 million | FedNat Holding Company, through its subsidiaries, engages in the insurance underwriting, distribution, and claims processing business in the United States.

Background:

Capital Returns Management

- On July 23, 2019, Capital Returns Management (6.5%) disclosed that on April 10, 2019, it delivered a letter to the company providing notice of intent (i) to nominate Mr. Bobman, an independent director candidate, for election to the board and (ii) to propose the declassification of the Board at the Company's 2019 annual meeting of shareholders, which the Company has not yet been held. [Source](#)
- On July 26, 2019, Capital Returns Management, LLC filed suit in the Circuit Court seeking an order to compel the Company to hold its 2019 annual meeting of shareholders as required under the Florida Business Corporation Act. [Source](#)
- On August 9, 2019, Capital Returns Management entered into a [cooperation agreement](#) with the Company. Pursuant to it, the company will expand its board from seven to nine and appoint David Warner Michelson as a director in the class that is up for election at the Company's 2019 annual meeting of shareholders and David Patterson as a director in the class that is up for election at the Company's 2020 annual meeting of shareholders. Mr. Michelson and Mr. Patterson are new independent directors. Capital Returns Management also agreed that it will, within two days of the Effective Date, file a notice of dismissal without prejudice of the action filed in the Circuit Court. [Source](#)
- In October 2019, Capital Returns Management reduced its stake to 4.9%.

Update

Hale Partnership Capital Management

On August 11, 2021, Steven A. Hale II, Manager of Hale Partnership, disclosed an 11.5% active stake in the company and stated that he has engaged in informal non-confidential discussions with the company. The company advised Mr. Hale of its desire for him to consider joining the board, and Mr. Hale is currently considering whether to do so. Whether or not Mr. Hale joins the board, he intends to engage in discussions with members of management and the board as well as other stockholders and interested parties and may

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make recommendations to the board regarding potential corporate strategy or fundraising alternatives. [Source](#)

Summers Value Fund nominates four board candidates to Electromed

Market Cap: \$96 million | Electromed, Inc. develops, manufactures, markets, and sells airway clearance therapy and related products in the United States and internationally.

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](#)

Update:

On August 12, 2021, Summers Value Fund (5.9%) delivered a letter to the company nominating Robert W. Leasure Jr., William F. Sawyer IV, Andrew Summers and Charles E. Triano Jr. for election to the board of the company at the 2022 AGM. [Source](#)

Harbert Fund Advisors demands Global Indemnity Group repurchase shares

Market Cap: \$438 million | Global Indemnity Group (GBLI) provides both admitted and non-admitted specialty property and specialty casualty insurance coverages and individual policyholder coverages in the United States.

Background

- On November 6, 2020, Harbert Fund Advisors disclosed a 5.6% active stake and stated that it had and anticipates having further conversations with members of the management and the board regarding possible ways to enhance shareholder value. On December 22, 2020, Harbert Fund Advisors increased its stake to 7.8%.
- On May 19, 2021, Harbert Fund Advisors (8.1%) sent a letter (refer, "[Exhibit C](#)") to the Chairman of the Board stating that roughly \$250 million of cash and investments, or \$17.33 per share, is held at the parent LLC, free to be distributed to shareholders with minimal impact on the insurance operations or long-term growth potential. It stated its belief that excess capital should be immediately returned to shareholders through a special dividend and/or share repurchase. It also expressed its concerns regarding redomestication scheme which seems to benefit shareholders but in contrast shareholders have suffered from forced selling by index funds and the significant fees to complete the scheme, including \$10 million to Fox Paine and \$2 million to Director Hurwitz. Harbert Fund urges that the board should immediately return the excess capital that was freed up as part of the redomestication scheme or provide transparency into its intended use.

Valuation insight:

Based on peer multiples, we believe the operating subsidiary should be worth roughly 1.5x book value. However, the \$250 million of excess capital weighs on the earnings power of the business, obfuscating the intrinsic value. After a substantial return of capital, we expect the true earnings power of the business would be clear. That, coupled with the ongoing \$1.00 per share dividend should support a peer multiple closer

to 1.5x book value. For these reasons and others, returning the excess capital could result in 114% upside for shareholders, almost immediately.

Update:

On August 12, 2021, Harbert Fund Advisors (8.1%) sent a letter (see [Exhibit D](#)) to the Chairman of the Board stating its belief that the best use of the excess capital freed up by the redomestication scheme is to immediately return that capital to shareholders via a special dividend and/or a share repurchase.

Eriksen Capital Management receives sufficient support to request calling a special meeting of stockholders of Nocopi Technologies

Market Cap: \$16 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%.
- On August 16, 2021, Eriksen Capital Management increased its stake to 10% and reiterated its concerns.
- On August 26, 2021, Eriksen Capital Management announced that it had received sufficient support from its fellow stockholders to request calling a special meeting of stockholders.

PL Capital enters into Amendment No. 1 to settlement agreement with Old Point Financial Corporation

Background:

- On December 30, 2015, PL Capital (holds 6.1%) nominated one candidate at the 2016 annual meeting.
- On March 16, 2016, the company entered into an agreement with PL Capital and agreed to nominate one candidate of PL Capital to the board.

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Update:

On August 12, 2021, PL Capital (9.9%) entered into Amendment No. 1 to the Settlement Agreement dated March 16, 2016, to permit PL Capital Group to acquire up to 14.9% of the company's common stock, subject to satisfactory regulatory approval, and extending the Settlement Agreement to run through the company's AGM in 2022. [Source](#)

Esopus Creek Management and Hutch Capital Management suggest SIGA Technologies explore strategic alternatives

Background:

- On February 12, 2020, Esopus Creek Management and Hutch Capital Management (together 8.5%) issued a [letter](#) to the CEO of the company. They recommended that the company institute a formal capital allocation policy, more specifically that the board authorizes a 10% stock repurchase plan, which would permit the company to acquire shares in the open market from time to time.
- On March 5, 2020, the company [announced](#) a \$50 million share repurchase program.
- On May 14, 2020, Esopus Creek Management and Hutch Capital Management stated that they are pleased with the current direction of the company and believe their group is no longer necessary. As such, they have terminated their group and reduced their stake to 5.2%. [Source](#)

Update:

On August 17, 2021, Esopus Creek Management and Hutch Capital Management (together 7.3%) issued a [letter](#) to the CEO calling upon the company to explore strategic alternatives. In their letter, they noted that the company's per-share price for the common stock has underperformed. Moreover, they expressed their opinion that the share repurchase program is insufficient relative to the cash build on the balance sheet and the stark difference between the share price and intrinsic value.

Two NextGen Healthcare directors nominate four additional candidates for election to the board

Market Cap: \$1 billion | NextGen Healthcare, Inc. provides software and services for ambulatory healthcare services in the United States.

On August 20, 2021, founder and Director Sheldon Razin and Director Lance Rosenzweig issued an open [letter](#) to shareholders regarding the need to further refresh and reinvigorate the board. They cited serious concerns regarding imperial Chairman Jeffrey Margolis, who has presided over insular corporate governance and years of poor performance. They nominated four additional candidates for election to the board at the upcoming AGM on October 13, 2021. Mr. Razin collectively with the candidates he is nominating owns approximately 15.2% of the outstanding common shares.

Daniel Khoshaba sends letter to Wheeler Real Estate Investment Trust

Market Cap: \$30 million | Wheeler Real Estate Investment Trust (WHLR) is a commercial real estate investment company focused on owning and operating income-producing retail properties with a primary focus on grocery-anchored centers.

Background:

Daniel Khoshaba

- On January 6, 2020, Mr. Khoshaba disclosed 7.5% and expressed his belief that the company's financial performance can be improved to increase shareholder value. Accordingly, Mr. Khoshaba sent a letter ([Exhibit B](#)) to the Chairman of the Board, in which he requested that the company immediately appoint him to fill the current vacancy on the board.
- On February 25, 2020, the company filled the vacancy on the board by electing Mr. Khoshaba to be a director. [Source](#)
- On April 13, 2020, the company terminated the employment of the company's CEO and President David Kelly and appointed Mr. Khoshaba, a current director of the company, as CEO. [Source](#)
- On July 5, 2021, Mr. Khoshaba tendered his resignation as the President and CEO of the company and as a member of the board.

Update:

On August 23, 2021, Mr. Khoshaba, the ex-CEO of the company (11.4%), sent a letter ([Exhibit A](#)) to the company and the board expressing his concerns with the recent developments at the company. Mr. Khoshaba believes that the board has failed to provide effective corporate governance and sound leadership to the company, especially in the wake of the board's decision to pressure him to resign as CEO. He stated that he may seek to improve the composition of the board.

Driver Management sends a letter to the Board of Codorus Valley Bancorp

Market Cap: \$215 million | Codorus Valley Bancorp, Inc. operates as the bank holding company for the PeoplesBank that provides community banking services.

Background

On July 29, 2021, Mr. Cooper, Driver Management, sent a letter to Ms. Cynthia Dotzel, the company's lead independent director. In his letter, Cooper stated his belief that the Board should take immediate steps to increase shareholder value and, specifically, hire a financial advisor to assist the Board in evaluating all strategic options, including a sale of the Corporation and he stated that the Board has been negligent in its oversight of Mr. Miller, CEO of the company, which has adversely impacted shareholder value, and that, particularly with respect to a sale of the Corporation, Mr. Miller's interests conflict with, and are adverse to, the interests of shareholders generally.

Update

- On August 17, 2021, Mr. Cooper participated in a conference call with the management and lead directors and reiterated his belief that the company could currently command

a price and valuation per share in a sale higher than any valuation the public market might put on CVLY in the foreseeable future and that CVLY's board of directors should immediately engage a financial advisor and determine what price could be obtained in a sale. [Source](#)

- On August 23, 2021, Mr. Cooper sent a [letter](#) to the independent directors of the board expressing his concerns on corporate governance practices. He urged the board to separate the roles of chairman and CEO, reinstate independent oversight of the executive management team and hold Mr. Miller accountable for years of underperformance.

The Donerail Group expresses concerns over the rejection of its acquisition proposal by Turtle Beach Corp.

Market Cap: \$440 million | Turtle Beach Corporation operates as an audio technology company.

- On August 9, 2021, the Donerail Group (6.4%) stated that it has been engaged with the board and management of Turtle Beach Corp. for the past five months regarding a number of value-creating and governance-enhancing topics. In a [letter](#) to the company dated July 19, 2021, Donerail made an offer on April 27, 2021, to acquire the company at \$34.50 per share.
- On August 19, 2021, Donerail (6.9%) issued a [press release](#) announcing that the company had rejected its update of \$36.50 per share. Since the submission of the increased \$36.50 per share offer, the board has indicated to Donerail that \$36.50 per share is inadequate and that the board would only be open to re-engaging if Donerail provides a proposal at a meaningfully higher price, thereby effectively rejecting Donerail's \$36.50 all-cash offer that would provide certain, immediate and meaningful value to the shareholders. Donerail further highlighted its concerns that the company's reaction to Donerail's proposals demonstrates the entrenchment of the board and its unwillingness to genuinely consider opportunities to maximize value for all the shareholders.

Outerbridge Capital Management commends the management of Allot Ltd.

Market Cap: \$563 million | Allot Ltd. provides network intelligence and security solutions to protect and personalize the digital experience in Europe, Asia, Oceania, the Middle East, Africa, and the Americas.

On August 23, 2021, Outerbridge Capital Management (7.3%) stated that it was pleased with Allot's increased efforts to highlight its cybersecurity business to investors. Outerbridge noted that the company has forecasted 400% revenue growth, to \$25 million, for its Allot Secure SECaaS product line in FY 2022; based on this and on developments in the cybersecurity market broadly, Outerbridge believes that \$100 million or more of Allot Secure revenue is attainable in the company's FY 2024. Outerbridge believes that NetProtect may also generate \$100 million or more of annual revenue in the coming years and that the present value of these opportunities, combined with the company's healthy core business and cash balances, significantly exceeds \$1 billion. [Source](#)

Joseph Stilwell suggests Parkway Acquisition Corp explore share buyback

Market Cap: \$73 million| Parkway Acquisition Corp. is a bank holding company headquartered in Floyd, Virginia, and is the parent company for Skyline National Bank.

Background:

On May 27, 2020, Joseph Stilwell disclosed 5.1% and stated his belief that the company should repurchase at least 10% of its shares annually while the stock is trading below book value. [Source](#)

Update:

On August 24, 2021, Mr. Stilwell increased his stake to 6.1% and stated his belief that the value of the company's assets is not adequately reflected in the current market price. [Source](#)

Joseph Stilwell increases his stake in ICC Holdings

Market Cap: \$52 million | ICC Holdings, Inc., through its subsidiary, provides property and casualty insurance products to the food and beverage industry in the United States.

Background:

On December 28, 2020, Joseph Stilwell disclosed a 5.6% active stake in the company and stated that he hopes to work with management and the board to improve capital allocation and profitability at the company. [Source](#)

Update:

On August 30, 2021, Joseph Stilwell increased his stake to 7.1%.

TreeHouse Foods increases its stake after reaching an agreement with JANA Partners

Market Cap: \$2 billion | TreeHouse Foods, Inc. operates as a consumer packaged food and beverage manufacturer in the United States and internationally.

Background:

- On January 29, 2021, JANA Partners (7.5%) delivered a notice to the company of their intent to propose three nominees for election at the 2021AGM. [Source](#)
- On March 2, 2021, JANA Partners (7.4%) entered into a cooperation [agreement](#) with the company and pursuant to it, TreeHouse will appoint to its Board two new independent directors: John P. Gainor Jr. (one of the nominees of JANA Partners) and Kenneth I. Tuchman.

Update:

On January 29, 2021, JANA Partners increased its stake to 9.3%

Cannell Capital sends letter to the Chairwoman of Lee Enterprises

Market Cap: \$141 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

Update:

- On August 31, 2021, Cannell Capital (6.84%) sent a [letter](#) to the Chairwoman of the Board calling upon all owners to infuse the Lee board with more forward-thinking people to accomplish its mission and increase value for all shareholders. In its letter, Cannell Capital included two attachments: its thesis, which values Lee's current shares at \$205 per share *assuming* (a very important assumption) new stewardship, and a list of questions for Lee. Cannell reiterates the morality and benevolent intent of Lee's management and the BOD. To read more, [click here](#).

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AUDIT

View, Inc. (VIEW)

Formation: CF Finance Acquisition Corp. II, a special purpose acquisition company sponsored by Cantor Fitzgerald, acquired View, Inc. in March 2021 and renamed the company to View, Inc.

Delinquent filing

In August 2021, the company announced that it will delay its Form 10-Q for the quarter ended June 30, 2021.

The Audit Committee began an independent investigation concerning the adequacy of the company's previously disclosed warranty accrual. The investigation is ongoing.

Share price reaction: On this news, the company's share price crashed by 24%.

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	9/30/2019	8/27/2021	7
Youngevity International, Inc. (YGYI)	OTC	8	147	12/31/2019	6/25/2021	6
GTT Communications, Inc. (GTT)	NYSE	29	1,700	3/31/2020	5/8/2020	5
IEH CORP (IEHC)	OTC	35	32	3/31/2020	10/8/2020	5
LIBERATED SYNDICATION INC (LSYN)	OTC	97	25	9/30/2020	11/16/2020	3
TARONIS FUELS INC (TRNF)	OTC	44	28	9/30/2020	11/19/2020	3
GWG Holdings, Inc (GWGH)	NasdaqCM	232	115	9/30/2020	11/19/2020	3
China XD Plastics Company Limit (CXDC)	NasdaqGS	49	1,030	9/30/2020	11/16/2020	3
Adamis Pharmaceuticals Corporat (ADMP)	NasdaqGS	153	17	12/31/2020	4/15/2021	2
CPI Aerostructures, Inc. (CVU)	NYSE American	41	88	12/31/2020	4/15/2021	2
IFRESH INC (IFMK)	NasdaqCM	46	94	12/31/2020	2/22/2021	2
SEQUENTIAL BRANDS GROUP, INC.(SQBG)	NasdaqCM	17	90	12/31/2020	4/15/2021	2
PFSWEB INC(PFSW)	NasdaqCM	271	286	3/31/2021	5/7/2021	1
DXP ENTERPRISES INC(DXPE)	NasdaqGS	617	950	3/31/2021	5/10/2021	1
CINEDIGM CORP.(CIDM)	NasdaqGM	280	31	3/31/2021	7/30/2021	1
VIEW, INC.(VIEW)	NasdaqGM	1,189	35	3/31/2021	5/17/2021	1
MEREDITH CORP(MDP)	NYSE	19,600	2,980	3/31/2021	4/29/2021	1

Non-Reliance on Previously Issued Financial Statements

Company Name	Market cap. (\$, mm)	Revenue (\$, mm)	Date	Notes	Link
INSIGNIA SYSTEMS INC/MN (ISIG)	13.16	18.41	8/13/2021	Certain non-POPs services/products sales were subject to sales tax and that the Company had not assessed sales tax on sales of those services/products to customers	Link

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

Company name	No. of filed 10-K/10-Q forms	Market cap. (\$, mm)	Revenue (\$, mm)	Nt filed date	Pending quarter	Rectified date
EMMAUS LIFE SCIENCES INC NEW (EMMA)	2	74	23	5/17/2021	3/31/2021	9/1/2021
VYSTAR CORP(VYST)	1	29.73	27.92	8/16/2021	6/30/2021	9/7/2021
GEORGE RISK INDUSTRIES, INC. (RSKIA)	1	62	17	7/29/2021	4/30/2021	8/12/2021

Significant audit firm changes

Company Name	Date	Market cap. (\$, mm)	Revenue (\$, mm)	Trigger	Notes	Link
Holley Inc. (HLLY)	8/12/2021	1340	557.35	Material weakness	Material weakness in internal controls related to treatment for warrants issued	Link
EKIMAS Corp (ASNB)	8/27/2021	0.65	0	Going Concern	Uncertainty about the Company's ability to continue as a going concern	Link

List of all audit firm changes in August 2021

Date	Company Name	Market cap. (\$, mm)	Revenue (\$, mm)	Outgoing audit firm	Newly appointed audit firm	Link
8/2/2021	HERON THERAPEUTICS, INC. /DE/ (HRTX)	1210	83.26	OUM & Co. LLP	WithumSmith+Brown PC	Link
8/3/2021	RENAISSANCE HOLDINGS LTD (RNR)	7110	5050	Ernst & Young Ltd.	PricewaterhouseCoopers Ltd.	Link
8/9/2021	Stagwell Inc (STGW)	1572	1260	BDO USA, LLP	Deloitte & Touche LLP	Link
8/9/2021	Reservoir Media, Inc. (RSVR)	486.93	81.78	Marcum LLP	Deloitte & Touche LLP	Link
8/12/2021	CCC Intelligent Solutions Holdings Inc. (CCCS)	5520	631.64	Withum+Smith+Brown, PC	Deloitte & Touche LLP	Link
8/12/2021	Holley Inc. (HLLY)	1340	557.35	Marcum LLP	Grant Thornton LLP	Link
8/12/2021	STEM, INC. (STEM)	3050	47.62	WithumSmith+Brown, PC	Deloitte & Touche LLP	Link
8/16/2021	Hippo Holdings Inc. (HIPO)	3070	58.4	WithumSmith+Brown, PC	Ernst & Young LLP	Link
8/20/2021	Spire Global, Inc. (SPIR)	260.19	34.19	Marcum LLP	PricewaterhouseCoopers LLP	Link
8/24/2021	AvePoint, Inc. (AVPT)	1740	170.06	Crowe LLP	Deloitte & Touche LLP	Link
8/30/2021	SmartRent, Inc. (FWAA)	2420	52.53	WithumSmith+Brown, PC	Deloitte & Touche LLP	Link

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 PHARMA-CEUTICALS (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	57	STILWELL JOSEPH - 37.8% Khoshaba Daniel - 11.4% 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% VIEK 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	19	SRK Fund I, LP. - 8.37% Eriksen Capital Management LLC - 10.1%
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% Cata-mount Strategic Advisors, LLC - 3.75%
Rocky Mountain Chocolate Factory, Inc. (RMCF)	50	28	21	AB Value Management LLC - 12.9% Global Value Investment Corp. - 8.1%
MDC PARTNERS INC (MDCA)	426	1,180	32	Indaba Capital Management, L.P. - 11.9%, Stag-well Agency Holdings LLC - 19.9%
CAPITAL SENIOR LIVING CORP (CSU)	80	247	27	ARBITER PARTNERS CAPITAL MANAGEMENT - 13.8%, PANGAEA VENTURES - 12.7%

13D Filings

Date	Company Name	Market cap. (\$, mm)	Revenue (\$, mm)	Filer Name
8/3/2021	EYEGATE PHARMACEUTICALS INC (EYEG)	20.06469	0	ARMISTICE CAPITAL, LLC
8/5/2021	BOWL AMERICA INC (BWL-A)	45.93263	0	ZUCKER ANITA G
8/5/2021	HARMONIC INC (HLIT)	920.3197	451.44	SCOPIA CAPITAL MANAGE-MENT LP
8/6/2021	OCCIDENTAL PETROLEUM CORP /DE/ (OXY)	23259.34	19520	ICAHN CARL C
8/9/2021	CAPITAL SENIOR LIVING CORP (CSU)	79.84737	247.45	PANGAEA VENTURES, L.P.
8/11/2021	FEDNAT HOLDING CO (FNHC)	38.72302	293.93	HALE STEVEN A II
8/12/2021	ELECTROMED, INC. (ELMD)	114.6921	35.76	SUMMERS VALUE FUND LP
8/12/2021	GLOBAL INDEMNITY GROUP, LLC (GBLI)	382.6751	640.21	HARBERT FUND ADVISORS, INC.
8/16/2021	NOCOPI TECHNOLOGIES INC/MD/ (NNUP)	15.86135	2.64	ERIKSEN CAPITAL MAN-AGEMENT LLC
8/16/2021	ROCKY MOUNTAIN CHOCOLATE FACTORY, INC. (RMCF)	50.83161	28.37	GLOBAL VALUE INVEST-MENT CORP.
8/17/2021	MALLINCKRODT PLC (MNKKQ)	18.89165	2490	BUXTON HELMSLEY GROUP, INC.
8/17/2021	OLD POINT FINANCIAL CORP (OPOF)	113.8087	51.67	PL CAPITAL ADVISORS, LLC
8/17/2021	ROCKY MOUNTAIN CHOCOLATE FACTORY, INC. (RMCF)	50.83161	28.37	AB VALUE MANAGEMENT LLC
8/17/2021	SIGA TECHNOLOGIES INC (SIGA)	506.7677	95.46	ESOPUS CREEK VALUE SE-RIES FUND LP - SERIES A
8/20/2021	MINIM, INC. (MINM)	96.70382	55.67	HITCHCOCK JEREMY P.
8/23/2021	ALLOT LTD. (ALLT)	565.725	140.31	OUTERBRIDGE CAPITAL MANAGEMENT LLC
8/23/2021	CODORUS VALLEY BANCORP INC (CVLY)	215.5174	73.03	DRIVER MANAGEMENT CO LLC
8/23/2021	TURTLE BEACH CORP (HEAR)	459.1434	417.02	DONERAIL GROUP LP

8/23/2021	WHEELER REAL ESTATE INVESTMENT TRUST, INC. (WHLR)	30.59592	60.24	KHOSHABA DANIEL
8/24/2021	PARKWAY ACQUISITION CORP. (PKKW)	73.87503	34.52	STILWELL JOSEPH
8/25/2021	NEXTGEN HEALTHCARE, INC. (NXGN)	1021.763	572.03	RAZIN SHELDON
8/30/2021	ICC HOLDINGS, INC. (ICCH)	56.15484	58.6	STILWELL JOSEPH
8/31/2021	LEE ENTERPRISES, INC (LEE)	141.3355	792.5	CANNELL CAPITAL LLC
8/31/2021	TREEHOUSE FOODS, INC. (THS)	2230.177	4280	JANA PARTNERS LLC

13G Filings (First-time filer)

Date	Company name	Market cap. (\$, mm)	Revenue (\$, mm)	Fund name
8/10/2021	Sight Sciences, Inc. (SGHT)	1,769	30	D1 Capital Partners L.P.
8/23/2021	SharpSpring, Inc. (SHSP)	219	31	Beryl Capital Management LLC
8/16/2021	Engine Media Holdings, Inc. (GAME, MLLLF)	90	33	Porter Stuart D
8/20/2021	Americas Gold & Silver Corp (USAS)	133	36	GAM Holding AG (GMHLF, GMHLY)
8/13/2021	EyePoint Pharmaceuticals, Inc. (EYPT)	298	39	RA CAPITAL MANAGEMENT, L.P.
8/9/2021	ROVER GROUP, INC. (NEBC, ROVR, NEBCU, NEBCW, ROVRW)	411	44	Technology Crossover Management VIII, Ltd.
8/9/2021	ROVER GROUP, INC. (NEBC, ROVR, NEBCU, NEBCW, ROVRW)	411	44	Foundry Venture Capital 2013, L.P.
8/20/2021	F45 Training Holdings Inc. (FXLV)	1,215	76	L1 Capital Pty Ltd
8/23/2021	BIODESIX INC (BDSX)	225	77	Manlia Ltd
8/17/2021	Intersect ENT, Inc. (XENT)	910	103	Versor Investments LP
8/6/2021	Xponential Fitness, Inc. (XPOF)	558	104	MSD Partners, L.P.
8/6/2021	Xponential Fitness, Inc. (XPOF)	558	104	D. E. SHAW & CO, L.P.
8/3/2021	MARLIN BUSINESS SERVICES CORP (MRLN)	272	107	Western Standard LLC
8/19/2021	MARLIN BUSINESS SERVICES CORP (MRLN)	265	107	ENTRUST GLOBAL PARTNERS L L C
8/5/2021	Couchbase, Inc. (BASE)	1,321	108	North Bridge Venture Management VI, L.P.
8/20/2021	ENZO BIOCHEM INC (ENZ)	163	112	Wolf James G.
8/13/2021	Eventbrite, Inc. (EB)	1,668	123	GIC Private Ltd

8/18/2021	KALTURA INC (KLTR)	1,492	132	GOLDMAN SACHS GROUP INC (GS, GCE, GSC, FRLG, GCEC, GSCE, GS-PA, GS-PC, GS-PD, GS-PJ, GS-PK)
8/3/2021	Inspired Entertainment, Inc. (INSE, INSEW)	264	141	DG Capital Management, LLC
8/19/2021	ACM Research, Inc. (ACMR)	1,627	191	MORGAN STANLEY (MS, CNY, INR, URR, MLPY, MS-PA, MS-PE, MS-PF, MS-PI, MS-PK, MS-PL)
8/13/2021	Traverse Therapeutics, Inc. (TVTX)	938	204	Deep Track Capital, LP
8/5/2021	OppFi Inc. (FGNA, OPFI, FGNA-UN, FGNA-WT, OPFI-WT)	965	206	GILDER GAGNON HOWE & CO LLC
8/13/2021	OppFi Inc. (FGNA, OPFI, FGNA-UN, FGNA-WT, OPFI-WT)	759	222	Blackstone Holdings I L.P.
8/13/2021	o9	383	266	Archon Capital Management LLC
8/19/2021	Sharecare, Inc. (FCAC, SHCR, FCACU, FCACW, SHCRW)	2,260	332	HEARST COMMUNICATIONS INC
8/16/2021	Eagle Bulk Shipping Inc. (EGLE, EGKPF)	582	370	Pilgrim Global ICAV
8/10/2021	Cognyte Software Ltd. (CGNT)	1,827	457	FMR LLC
8/10/2021	Doma Holdings, Inc. (CAP, DOMA, CAP-UN, CAP-WT, DOMA-WT)	2,534	467	Fifth Wall Ventures Management GP, LLC
8/17/2021	Phillips Edison & Company, Inc. (PECO, PHEC, PHECD)	1,699	511	INTEGRATED CORE STRATEGIES (US) LLC
8/16/2021	OIL STATES INTERNATIONAL, INC (OIS)	328	543	PALISADE CAPITAL MANAGEMENT LLC/NJ
8/9/2021	Outbrain Inc. (OB)	1,080	818	BAUPOST GROUP LLC/MA
8/11/2021	Sage Therapeutics, Inc. (SAGE)	2,540	1,110	BB BIOTECH AG
8/6/2021	WW INTERNATIONAL, INC. (WW)	2,177	1,310	Melvin Capital Management LP
8/10/2021	se Inc. (BNED)	404	1,430	FANZZLIDS HOLDINGS, LLC
8/26/2021	Wayside Technology Group, Inc. (WSTG)	122	271	Cove Street Capital, LLC
8/26/2021	WW INTERNATIONAL, INC. (WW)	1,551	1,290	Senvest Management, LLC
8/26/2021	Apyx Medical Corp (APYX)	384	38	Cowen Financial Products LLC
8/30/2021	SmileDirectClub, Inc. (SDC)	2,073	727	683 Capital Management, LLC
8/30/2021	Hill International, Inc. (HIL)	140	294	Wellington Trust Company, National Association Multiple Common Trust Funds Trust, Micro Cap Equity Portfolio
8/30/2021	PROGENITY, INC. (PROG)	96	75	CVI Investments, 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
Daseke, Inc. (DSKE)	519.59	0.81	1/5/2021	8/3/2021	7
OneSpan Inc. (OSPN)	1003.41	4.35	8/4/2021	6/9/2021	1.9
Adtalem Global Education Inc. (ATGE)	1813.38	2.4	8/6/2021	3/30/2021	4.3
SYNCHRONOSS TECHNOLOGIES INC (SNCR)	255.11	1.5	3/10/2021	8/9/2021	5.1
MIND TECHNOLOGY, INC (MIND)	28.37	2.26	8/11/2021	8/11/2021	0
MMA Capital Holdings, LLC (MMAC)	159.5	11.43	8/13/2021	8/13/2021	0
Spire Global, Inc. (SPIR)	260.19	9.36	8/20/2021	8/20/2021	0
AMC Networks Inc. (AMCX)	2055.9	1.54	8/24/2021	1/15/2021	7.4
INFORMATION ANALYSIS INC (IAIC)	37.06	2.49	8/30/2021	2/5/2021	6.9
SYNALLOY CORP (SYNL)	106.87	0.74	10/28/2020	8/30/2021	10.2
SmartRent, Inc. (SMRT)	2420	0.65	8/30/2021	8/30/2021	0
SOC Telemed, Inc. (TLMD)	286.33	4.25	9/1/2021	12/14/2020	8.7
Sally Beauty Holdings, Inc. (SBH)	2094.51	0.98	9/1/2021	11/17/2020	9.6
EVERSPIN TECHNOLOGIES INC (MRAM)	142.19	3.23	12/15/2020	9/3/2021	8.7
1847 Goedecker Inc. (GOED)	330.86	3.32	9/3/2021	7/20/2021	1.5
Riley Exploration Permian, Inc. (REPX)	427.88	4.6	3/4/2021	9/3/2021	6.1
Blue Bird Corp (BLBD)	552.79	0.93	6/22/2021	9/3/2021	2.4
GULFPORT ENERGY CORP (GPOR)	1476.19	2.37	9/7/2021	5/17/2021	3.8

CEO changes

Date	Company Name	Internal/ External appointment	CEO Name	Market cap. (\$, mm)	Revenue (\$, mm)	Link
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8/3/2021	Scholar Rock Holding Corp (SRRK)	Internal	Nagesh Mahanthappa	1041.75	15.08	Link
8/3/2021	ENPRO INDUSTRIES, INC (NPO)	Internal	Eric A. Vaillancourt	1781.78	1070	Link
8/4/2021	ProSight Global, Inc. (PROS)	External	Jonathan Ritz	562.56	824.12	Link
8/4/2021	OneSpan Inc. (OSPN)	Internal	Steven R. Worth	1003.41	210.1	Link
8/4/2021	Cornerstone Building Brands, Inc. (CNR)	External	Rose Lee	1826.54	4770	Link
8/5/2021	CONNS INC (CONN)	External	Chandra Holt	670.01	1430	Link
8/6/2021	Adtalem Global Education Inc. (ATGE)	Internal	Stephen W. Beard	1813.38	1090	Link
8/9/2021	Epizyme, Inc. (EPZM)	External	Grant Bogle	597.58	22.04	Link
8/11/2021	MIND TECHNOLOGY, INC (MIND)	Internal	Robert P. Capps	28.37	22.22	Link
8/11/2021	GRAHAM CORP (GHM)	Internal	Daniel Thoren	138.91	100.94	Link
8/13/2021	MMA Capital Holdings, LLC (MMAC)	Internal	Laurence L. Gottlieb	159.5	31.09	Link
8/20/2021	Spire Global, Inc. (SPIR)		Peter Platzer	260.19	34.19	Link
8/23/2021	NEWPARK RE-SOURCES INC (NR)	Internal	Matthew Lanigan	199.81	509.55	Link
8/24/2021	Stabilis Solutions, Inc. (SLNG)	External	Westervelt T. "Westy" Ballard	113.8	56.42	Link
8/24/2021	AMC Networks Inc. (AMCX)	External	Matthew Blank	2055.9	2900	Link
8/30/2021	INFORMATION ANALYSIS INC (IAIC)	External	G. James "Jamie" Benoit	37.06	15.17	Link
8/30/2021	IMMERSION CORP (IMMR)	Internal	Francis Jose	249.08	36.7	Link
8/30/2021	PETMED EXPRESS INC (PETS)	External	Mathew N. Hulett	584.02	292.32	Link
8/30/2021	SmartRent, Inc. (SMRT)	Internal	Lucas Haldeman	2420	52.53	Link

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8/31/2021	Greenlane Holdings, Inc. (GNLN)	Internal	Nicholas Ko-vacevich	53.91	140.76	Link
8/31/2021	Talis Biomedical Corp (TLIS)	Internal	Kimberly J. Popovits	206.64	16.84	Link