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The Makings of a Multibagger

An Analysis of the Best Performing Stocks over the Past 5 Years

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Project Overview

What We Did	• Analyzed the highest performing stocks over the last five years and identified their common characteristics, trends, and catalysts
Why We Did It	• To identify strategies to find the next set of high performing stocks
How We Did It	• Researched the business of each company individually using a standardized 6-page slide deck format • Compiled quantitative and qualitative data from all companies, analyzed it, and then drew conclusions based on it
What We Concluded	• Drew 5 high-level takeaways and a framework to screen for future multibaggers

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Criteria for Selection

We used Bloomberg to screen for stocks that met the following criteria:

1. Only stocks domiciled in North America, Western Europe , and Australia.
2. All sectors excluding energy, materials, and financials.
3. Total Shareholder Return (TSR) from 6/8/2015 to 6/8/2020 greater that 350%.
4. Positive trailing 12-month EBITDA.
5. Market Cap at 6/8/2020 was greater than 150M USD and less than 10B USD.
6. Average daily value traded over 200,000 USD.
7. The latest fiscal year y/y revenue growth was positive.
8. The stock is actively being traded and it is the primary security of the given company.

104

We analyzed the 104 smallest stocks (market cap below 10B) of the 130 returned from the screen because of our small and micro-cap focus.

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Our Process

For each stock we did the following:

Business and Industry Overview

Financial Snapshot	• Stock price, market cap, enterprise value, and shares outstanding today and five years ago • NTM revenue, EBITDA, and earnings multiples five years ago and today
Company Overview	• The company's product or service • The "essence of the business" • Sales breakdown by segment and geography
Industry Overview	• Industry in which the company competes • Industry structure • Low-single digits (LSD), mid-single digits (MSD), high-single digits (HSD), or > 10% industry growth rate • Barriers to entry and competitive advantages • How the industry has evolved over the last five years

Why the stock was overlooked five years ago

We surmised a bear case and/or why the company was overlooked five years ago – i.e. minimal room for growth, poor competitive position, high valuation, lack of coverage, etc. – and outlined why it turned out be wrong.

We also calculated what drove TSR: EBITDA growth, dividends, and/or multiple expansion.

Takeaways

For each company we determined what the key takeaways were and our thoughts on the stock's future.

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Industry Representation

Over-Represented
Under-Represented

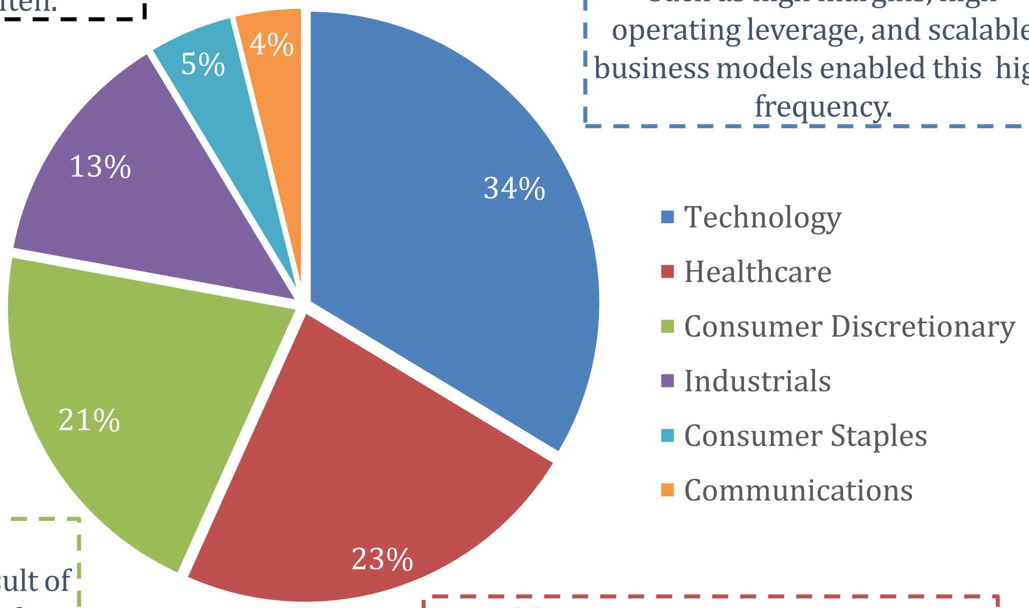
We looked at companies in six broad industries based on Bloomberg's BICS industry classifications: Consumer Discretionary, Consumer Staples, Healthcare, Technology, Communications, and Industrials. Our search excluded companies in Energy, FIG, and Materials.

Industry Breakdown

Consumer Staples and Communications tended to not outperform as often.

Unsurprisingly, Tech was the most common industry. Common traits such as high margins, high operating leverage, and scalable business models enabled this high frequency.

A range of industrial companies outperformed.



A decent amount of Consumer Discretionary companies did as a result of being innovative and high quality within their field.

Healthcare companies were common, specifically medical device companies.

Relative to Investable Universe[1]

	% of IU	% of Set
Technology	17.57%	33.65%
Healthcare	13.96%	23.08%
Consumer Discretionary	26.54%	21.15%
Industrials	21.54%	13.46%
Consumer Staples	9.43%	4.81%
Communications	7.17%	3.85%

The consumer industry[2] is under-represented with 25.96% of the set while making up 35.97% of the total universe.

The technology and healthcare industries are both notably over-represented.

The only industry that was part of the universe but was not represented in the set was Utilities.

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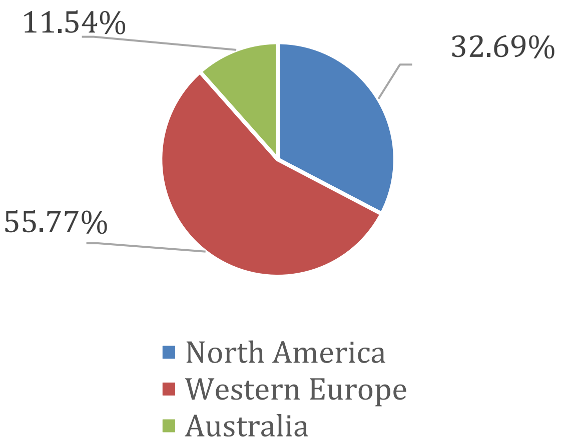
1. All stocks which meet screen criteria not including minimum TSR of 350%
2. Includes Consumer Discretionary and Consumer Staples

Geographic Representation

Over-Represented
Under-Represented

We looked at companies headquartered in North America, Western Europe, and Australia.

Continental Breakdown

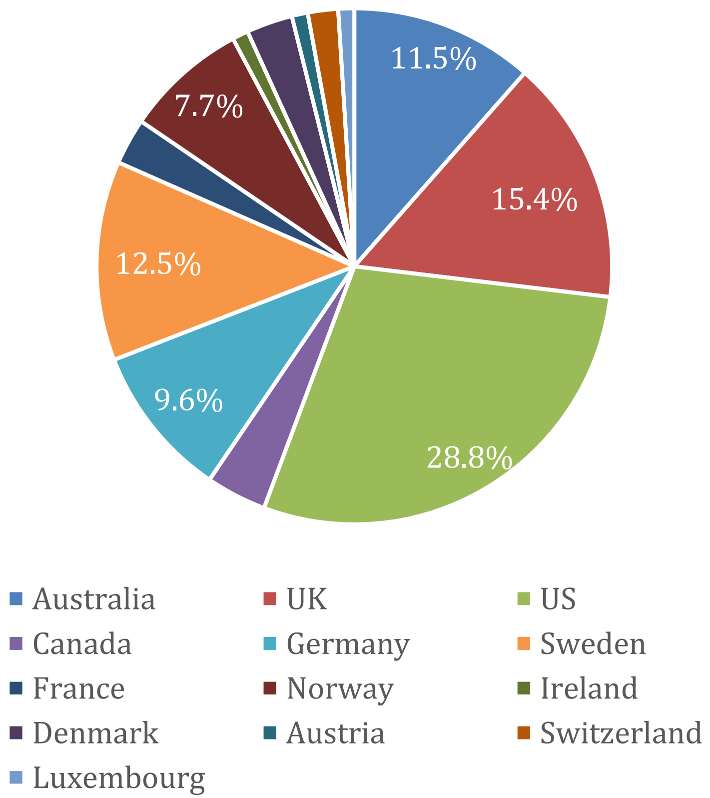


Relative to Investable Universe[1]

	% of Total	% of Set
North America	49.56%	32.69%
Western Europe	45.31%	55.77%
Australia	5.13%	11.54%

While many great opportunities are found in NA, investors seeking the best opportunities will need to be open to intercontinental companies.

Country Breakdown



Relative to Investable Universe[1]

	% of Total	% of Set
US	44.1%	28.8%
UK	10.0%	15.4%
Sweden	8.7%	12.5%
Australia	5.1%	11.5%
Germany	4.8%	9.6%
Norway	2.7%	7.7%
Canada	5.3%	3.8%
France	4.1%	2.9%
Denmark	1.7%	5.2%
Ireland	0.8%	1%
Austria	0.4%	1%
Luxembourg	0.3%	1%

The US is actually under-represented with 29% of the set but making up 44% of the total universe.

Australia, UK, Sweden, Germany, and Norway are notably over-represented.

Italy, Switzerland, and Spain are notably excluded with no top performers but are apart of the universe

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[1]All stocks which meet screen criteria not including minimum TSR of 350%

Stock Exchange Representation

The best performers were found on 15 different stock exchanges across North America, Europe, and Australia.

The majority of companies were found on these three exchanges:

Nasdaq	21.15%[1]
AIM	13.46%
OMX	12.50%[2]

But there were 12 other exchanges represented on the list as well:

ASX	11.54%	London Stock Exchange	2.88%
XETRA	9.62%	OMX	1.92%[5]
OSLO BØRS	7.69%	SIX Swiss Exchange	1.92%
NYSE	6.73%[3]	börse münchen	0.96%
EURONEXT	3.85%	NGM	0.96%
TSX	3.85%[4]	OTC Markets	0.96%

[1]Accounts for NASDAQCM, NASDAQGM, and NASDAQGS

[2]NASDAQ Stockholm

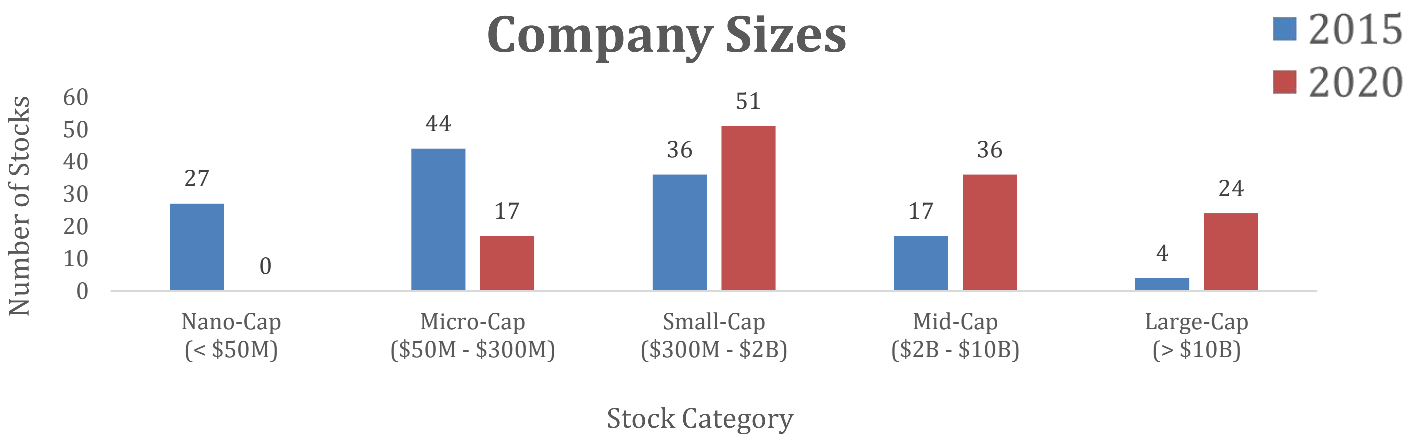
[3]Accounts for both normal NYSE and AMEX stocks

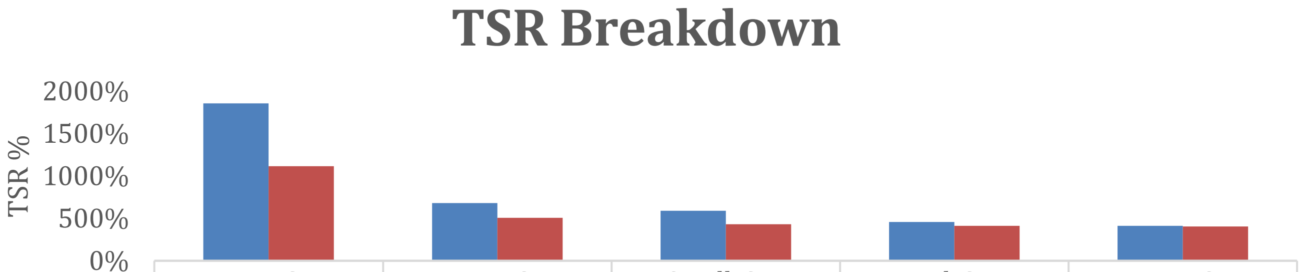
[4]Accounts for both normal TSX and TSXV

[5]NASDAQ Copenhagen

Size of the Companies

While some large companies were included in the set, smaller companies were represented more often and returned larger TSRs on average.





	Nano-Cap (< $50M)	Micro-Cap ($50M - $300M)	Small-Cap ($300M - $2B)	Mid-Cap ($2B - $10B)	Large-Cap (> $10B)
Average	1855%	682%	590%	459%	413%
Median	1114%	508%	431%	414%	403%

Investors need to be willing to look at small, under looked, and under covered stocks to find some of the biggest winners:

ENDOR THE BRAINFACTORY xebec GENOVIS

But with that said, many companies with >1B market caps outperformed as well:

Entegris Etsy JD

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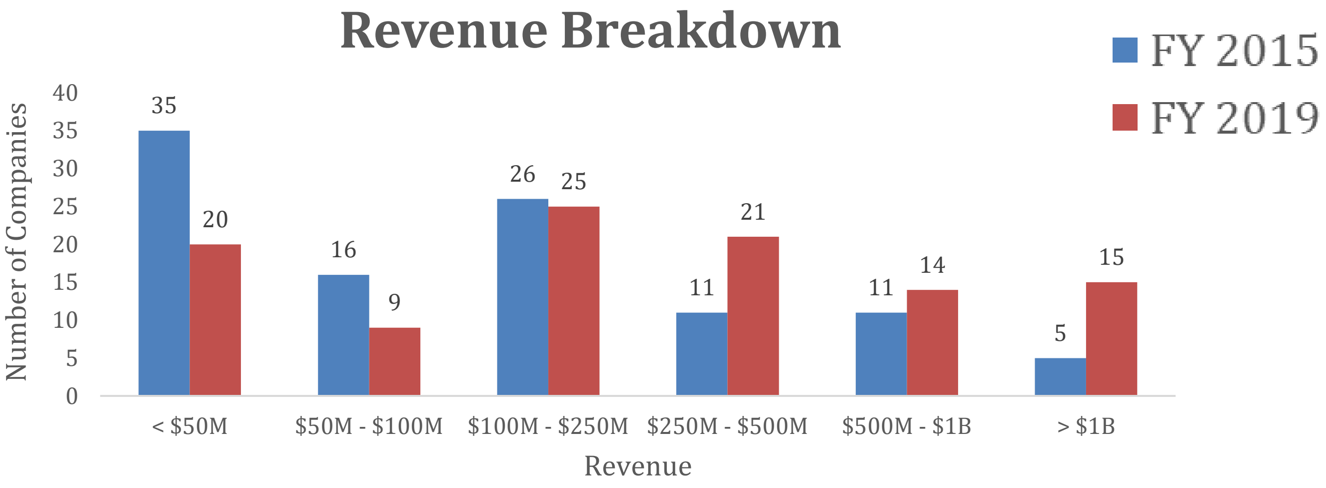
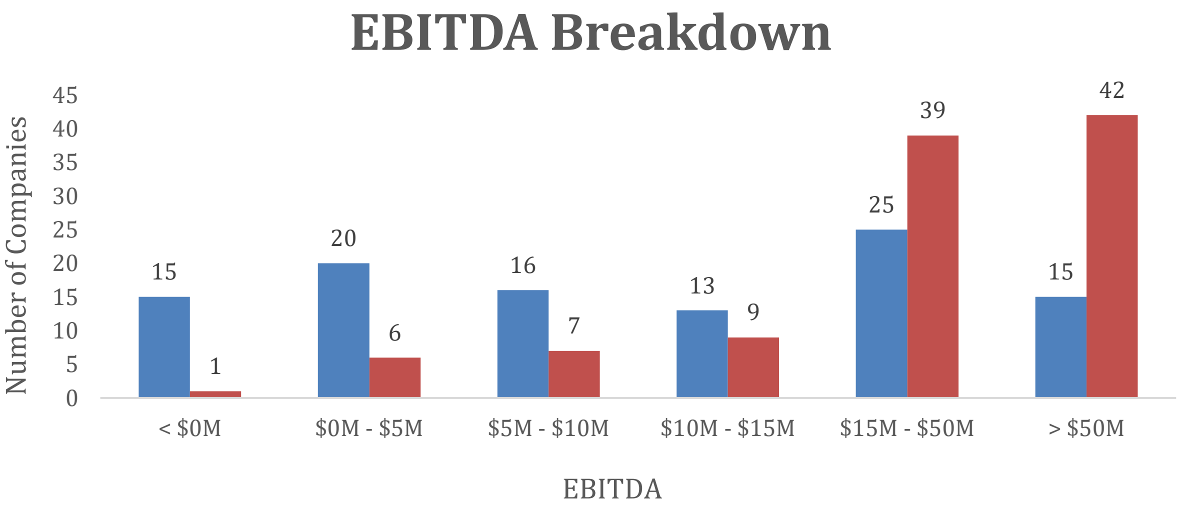
Financial Metrics





Gross Margin

	FY 2015	FY 2019	Change
25th Percentile	30.42%	31.69%	127 bps
50th Percentile	46.40%	49.19%	279 bps
75th Percentile	61.39%	66.68%	529 bps

SG&A Percentage

	FY 2015	FY 2019	Change
25th Percentile	53.57%	45.11%	-846 bps
50th Percentile	34.43%	30.27%	-416 bps
75th Percentile	16.30%	14.35%	-195 bps

EBITDA Margin

	FY 2015	FY 2019	Change
25th Percentile	4.75%	11.43%	668 bps
50th Percentile	10.22%	17.75%	753 bps
75th Percentile	17.88%	27.16%	928 bps

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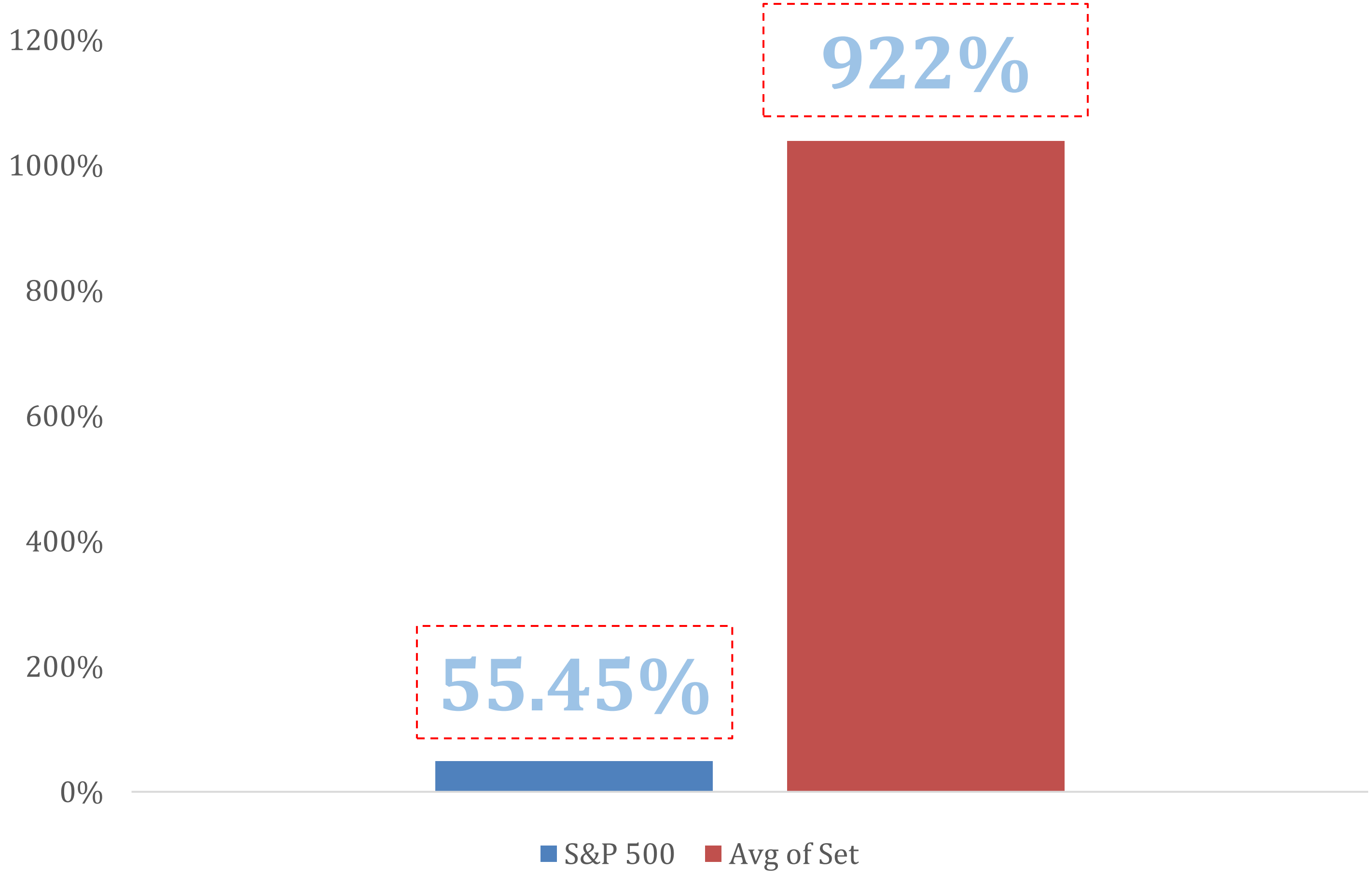
What Caused This Set of Companies to Outperform So Much?

The **S&P 500 returned 55.45%** from June 2015 to June 2020 while the **average return of the set was 922%** and the **highest performer returned 9,199%.**



Top 3 Stocks of the Set

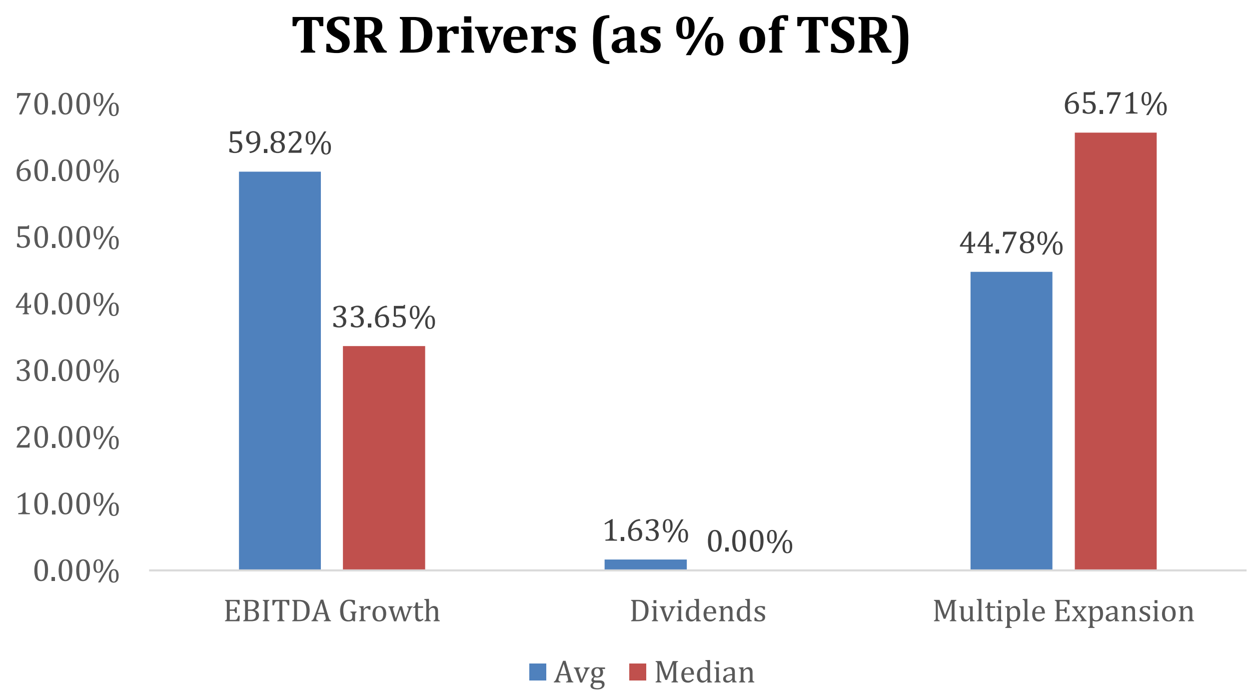
ZYNEX MEDICAL 9,199%

ENDOR THE BRAINFACTORY 8,217%

xebec 4,712%

What Drove the Returns

We broke down what drove TSR for each stock – EBITDA growth[1], dividends, and multiple expansion.



On average, EBITDA growth contributed 59.82% of TSR and multiple expansion contributed 44.78% of TSR.

However, the medians tell a different story: EBITDA growth contributed 33.65% of TSR and multiple expansion contributed 65.71% of TSR.

In general, multiple expansion and EBITDA growth played a roughly even role in driving TSR.

Dividends seldom made a major impact and only drove >10% of TSR for 2 companies.

Multiples contracted for 11 companies which muted TSR.

80% of companies had more shares outstanding in 2020 than in 2015. 23% of companies diluted by more than 50%, and 11% diluted by more than 100%.

1. Revenue was used when EBITDA was negative

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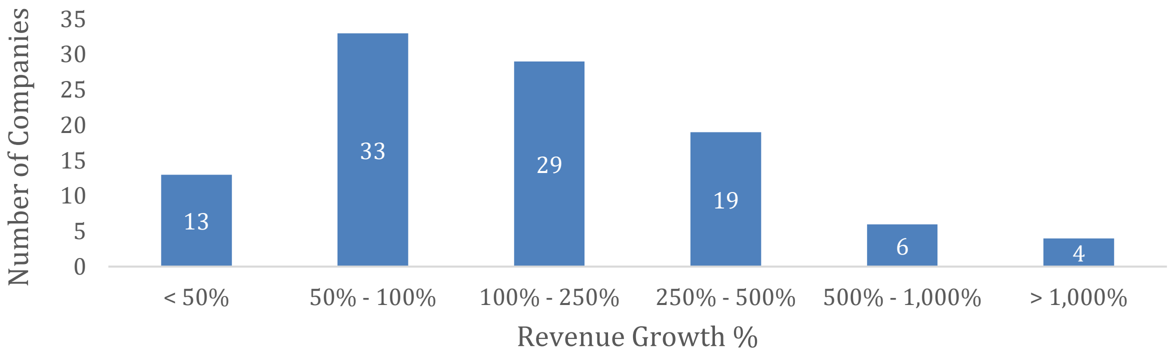
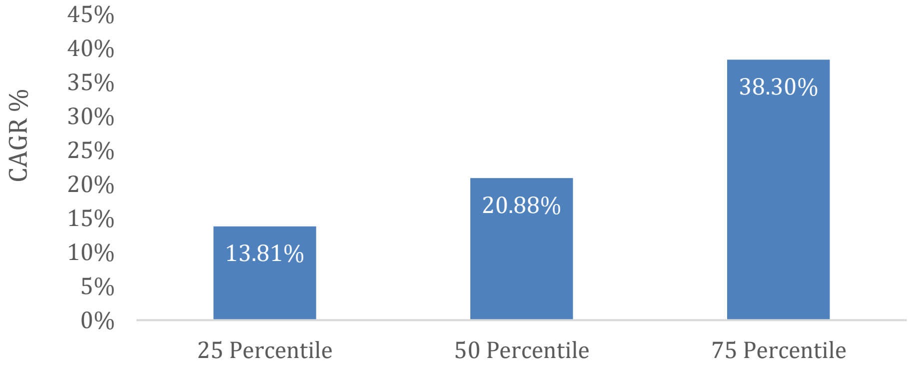
Revenue and EBITDA Growth

Median revenue grew from 113% and median EBITDA grew 137% from FY15 to FY19.

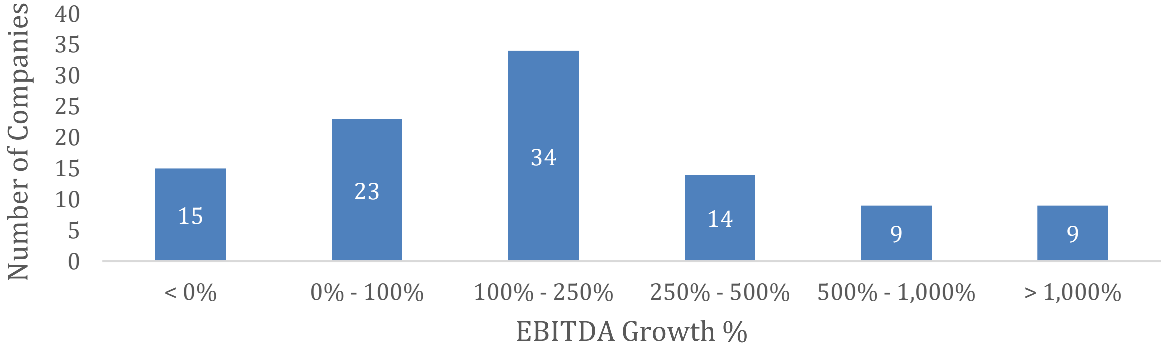
Revenue Growth % Breakdown



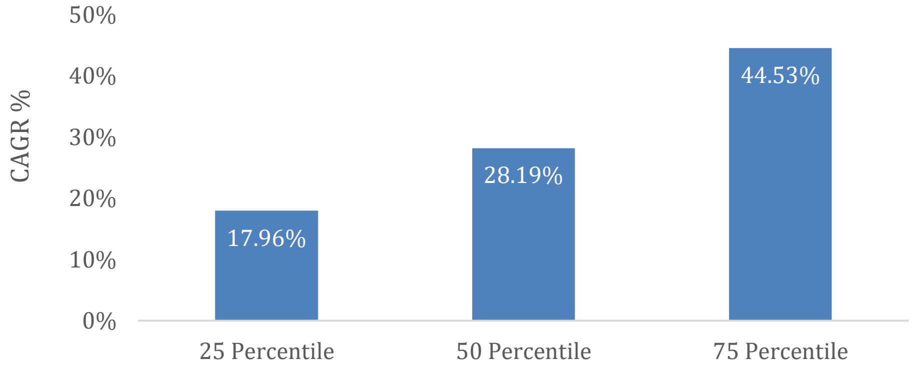
Revenue CAGR Quartiles



EBITDA Growth % Breakdown



EBITDA CAGR Quartiles



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What Drove EBITDA / Revenue Growth 1/2

Acquisitions, new products, and new contracts were often central to the growth algorithms of the companies in the set.

Companies often made acquisitions

56%

Percentage of companies where acquisitions were key to their growth[1]

EVI and JD used acquisitions to grow from 2015-2020.

19%

Percentage of companies who not only made acquisitions but made at least one **transformative acquisition**[2]

ERI's acquisition of Caesars Entertainment was a transformative acquisition.

Transformative New products

27%

Percentage of companies which launched **transformative new products**[2]

EOS launched new Remote Weapon System's product which enabled the company to become profitable.

Major New Contracts

17%

Percentage of companies which won **major new contracts**[2]

IVU landed major new contracts in Germany for its rail software.

Companies Benefited from COVID-19 Related Demand

17%

Percentage of companies whose stock was **positively impacted by the coronavirus pandemic**[2]

SLP saw its demand jump considerably as companies began racing to develop a COVID-19 vaccine.

1. Based on our subjective analysis of whether acquisitions were key to driving their growth and TSR; does not include all companies which made acquisitions
2. Based on our own subjective analysis

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What Drove EBITDA / Revenue Growth 2/2

Companies leveraged barriers to entry and competitive advantages to grow margins and profit.

Companies leveraged barriers to entry which impeded new competitors.

42%

Percentage of companies where barriers to entry were assessed to be **high**

38%

Percentage of companies where barriers to entry were assessed to be **medium**

Example Barriers To Entry:
1. Regulatory barriers (i.e. FDA approval)
2. Technological complexity of industry / start-up costs
3. Human capital requirements
4. Patents

Companies leveraged their competitive advantages.

91%

Percentage of companies assessed to have at least **moderate competitive advantages** relative to their competitors

Example Competitive Advantages:
1. Network effects
2. Cost Advantages
3. Intangible Advantages
4. Switching Costs

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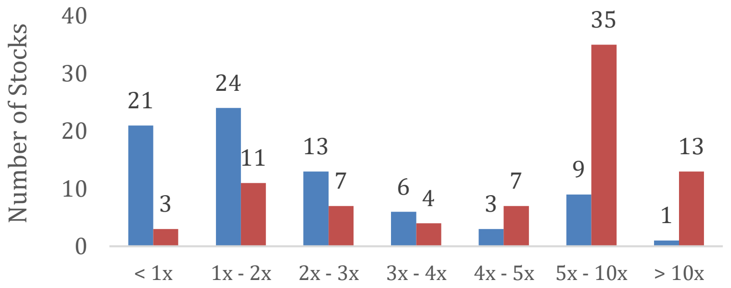
Valuation Multiples

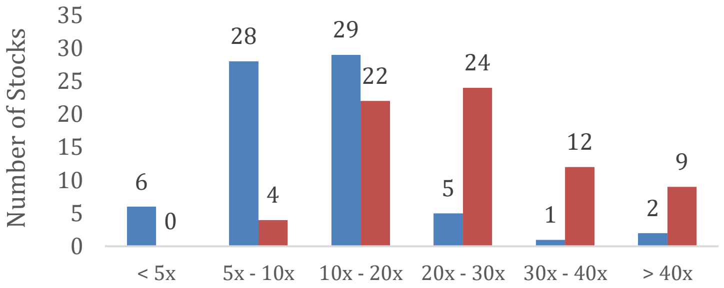
2015 2020

NTM Revenue Multiple[1]



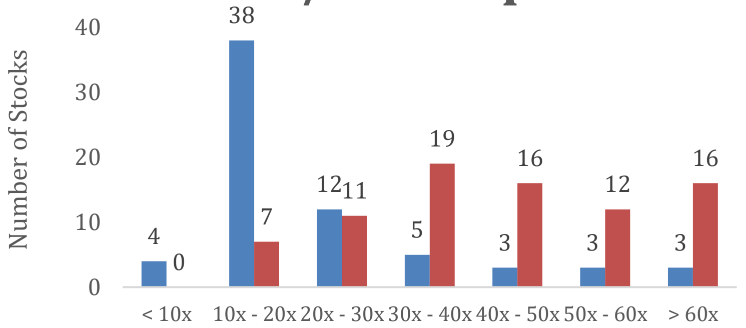
	2015	2020	Change
25th Percentile	0.94x	2.88x	208.02%
50th Percentile	1.68x	5.53x	229.17%
75th Percentile	3.09x	8.64x	179.45%

NTM EBITDA Multiple[1]



	2015	2020	Change
25th Percentile	7.58x	16.52x	117.91%
50th Percentile	10.26x	24.79x	141.62%
75th Percentile	13.77x	32.52x	136.18%

NTM P/E Multiple[1]



	2015	2020	Change
25th Percentile	14.05x	30.49x	116.94%
50th Percentile	17.57x	42.90x	144.13%
75th Percentile	27.12x	55.75x	105.55%

Along with revenue, EBITDA, and net income growth (and better outlook) multiples expanded for a variety of reasons – including better management, better investor relations, and mitigating financial crises.

6%

Percentage of times **new management** was noted as a key event and helped expand the company's multiple

Etsy

ETSY's new CEO turned the helped make the company profitable.

Better investor relations efforts was often a source of multiple expansion due to an increased awareness of the company; this often took the form of attending conferences and providing more detailed financials

enlabs

NLAB improved IR by releasing English financial reports, among other improvements.

12%

Percentage of times **mitigating a crisis** was noted as a key event and helped expand the company's multiple

city chic collective

CCX divested from multiple unprofitable business units.

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1. Does not include LTM multiples (not all companies had forward multiples five years ago)

High-Level Takeaways

1) Look for businesses with advantageous positioning: 80% of businesses had moderate-to-high barriers to entry and 91% had moderate-to-high competitive advantages.

2) Spend time on financially healthy companies: 88% of outperformers came from a position of financial health in June 2015 and grew faster than the market might have anticipated. Looking for financially healthy companies, rather than turnarounds, is also less risky.

3) Acquisitions can create value: While many acquisitions fail to create value[1], the highest performing stocks often leverage acquisitions to bolster their returns. If you are looking for phenomenal returns, finding companies that make strong acquisitions will increase your odds of success.

4) Don't rely on multiples: While it is always better to buy a great business at a low multiple rather than a high one, many of the top performing stocks began with already healthy multiples – those multiples often expanded even further.

5) Be open to international companies: Many of the best performing were American (32%); however, the USA was under-represented in the set[2], meaning it is less likely that a company in America would achieve > 350% returns compared to some other countries such as Sweden, Australia, and Germany.

[1]https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/where-mergers-go-wrong

[2]All stocks which meet screen criteria not including minimum TSR of 350%

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Specific Takeaways

If we were to screen for future multibaggers, we believe the following criteria would return the highest percentage of success.

Country	• **Companies in the UK, Sweden, Germany, Norway, and Australia**
	  • These countries were over-represented in the set likely because of their strong rule of law, quality educational institutions, and favorable economic conditions
	  • There also tends to be less initial coverage of smaller stocks in these countries than in the U.S., which may be due to lower populations of small-cap focused analysts and investors

Industry	• **Companies in technology and healthcare industries**
	  • The industries were over-represented in the set likely because of often low unit costs, high gross margins, high operational leverage, and growth opportunities
	  • The aging population and an increased reliance on tech/software for everyday life have and will continue to be strong tailwinds for the growth of these industries

Size	• **Companies with market caps below $2B**
	  • Companies below $2B market caps represented 84% of the set, often because of low analyst coverage and institutional ownership
	  • Smaller companies often have more room to increase their share of their target markets relative to larger companies, which often have larger market penetration

Multiples	• **Companies trading below 3x NTM Sales, 20x NTM EBITDA, and 30x NTM PE and/or those without forward multiples**
	  • 82% of companies from the set traded below these multiples or without forward multiples five years ago
	  • These leave room for multiple expansion, which drove a substantial amount of the TSRs

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Table of Contents – Individual Stock Slides (In Order from Highest to Lowest TSR)

ZYNEX MEDICAL

NasdaqCM:ZYXI

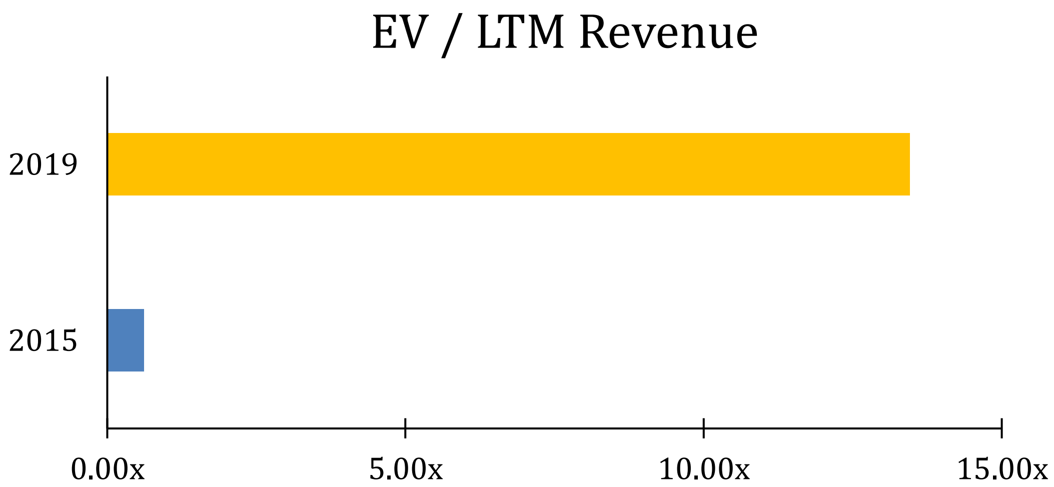
9,119% 5 Year TSR
Rank: 1/104

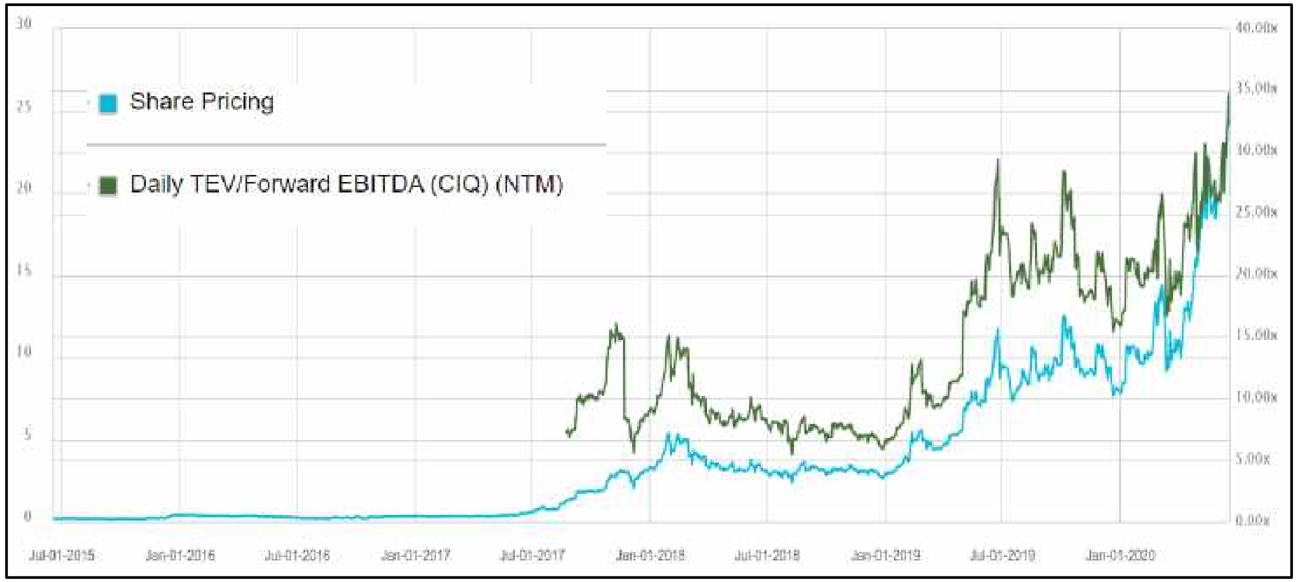
Zynex Overview

Zynex Medical is a medical device manufacturer that produces and markets electrotherapy devices for use in pain management, physical rehabilitation, neurological diagnosis and cardiac monitoring.

Statistic	06/08/2015	06/08/2020
Stock Price	$0.22	$21.26
Market Cap	$6.88M	$705.67M
Enterprise Value	$11.37M	$696.81M
Shares Outstanding	31.27M	33.19
EV / LTM Revenue	0.62x	13.46x
EV / NTM EBITDA	NA	28.50x
PE	NA	49.07x

Statistic	FY 2015	FY 2019
Revenue	11.6M	45.5M
EBITDA	(2.1M)	11.8M

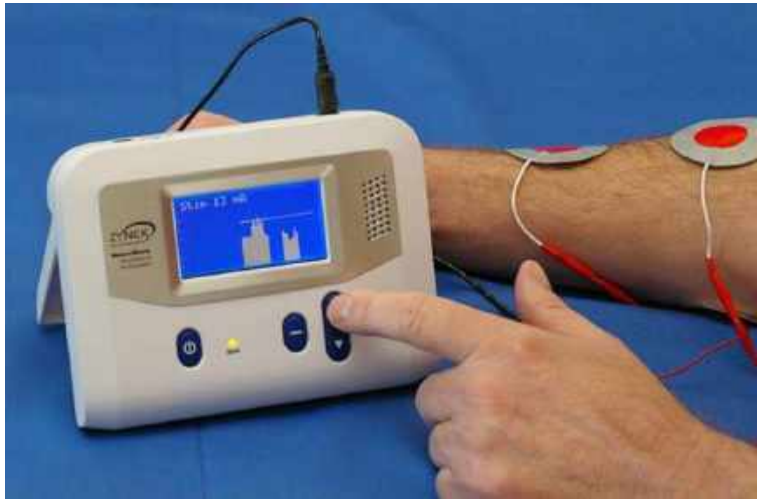




Zynex Business Model

Primary Product

Zynex Medical	Non-invasive electrotherapy pain management devices that require a prescription and are generally billed to insurance.

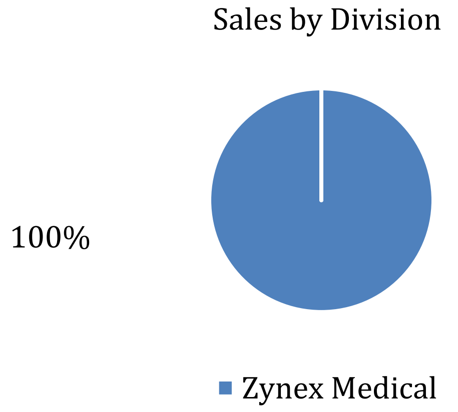


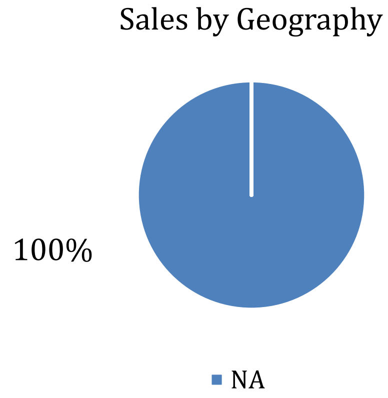
Zynex's NeuroMove that is primarily used for stroke, spinal cord and traumatic brain injury rehabilitation.

Context

ZYXI is a pain management product company.

- Products to treat chronic and acute pain through elecotrotherapy.
- Products designed for home-use and are easy to use.
- Market products to physicians and therapists who then prescribe use of ZYXI products to patients who bill their insurance.
- Help reduce reliance on medication, particularly opioids.





ZYXI is a capital light business as they outsource much of their manufacturing.

Zynex Competitive Analysis

Low Threat
Medium Threat
High Threat

Global Electrotherapy Market

Manufacturing and distribution of a variety of electrotherapy treatments and devices for a variety of issues, such as spinal cord injuries and neurological disorders.

Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
Market Structure: Monopolistic Competition **Market Size**: ≈964M[1] **Industry Growth**: MSD[1] • ZYXI is one of the largest American players but the industry remains fragmented. • Getting FDA approval for novel electrotherapy system devices remains key point of competition.	• **Regulatory barriers: FDA approval can take years.** • Start up costs: it can require significant research and development to create a new product. • Sales force is needed to communicate product effectiveness to physicians and therapists. • However, there are many over-the-counter electrotherapy devices, and many devices do not involve new tech.	• Relationships with physicians and therapists are key to getting prescribed. • Navigating reimbursement schemes can be challenging. • Device functionality: ZYXI NeuroWave has three modalities (one is standard).	• Changes in reimbursement policies / regulations. • Other treatments prove to be more effective.	• Higher prevalence of neurological disorders anticipated to drive future growth. • Opioid epidemic in the US has worsened: 128 people die each day in the US to opioid overdose. • Catalyzed trend away from drug-based treatments.

1. **Applied 4.6% growth to 2018 figures;** https://www.prnewswire.com/news-releases/global-electrotherapy-system-market-to-surpass-us-1-3-billion-by-2027--coherent-market-insights-300926014.html

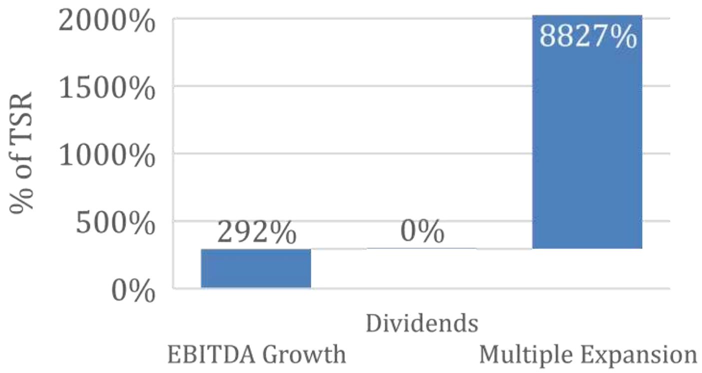
What Investors Missed

The Bear Thesis Five Years Ago:

- **Existential concerns – uncertainty whether the company will remain a going concern.**
  - Liquidity issues and default on credit facility means ZYXI will be forced to dilute existing shareholders and may go under.
- Skepticism over growth prospects for ZYXI.
  - And if there is opportunity, why invest in ZYXI when there are two larger players better suited to capture the growth.

Why They Were Wrong

Return Breakdown:



Consensus vs Results

The Actual Story of the Last Five Years

ZYXI survived	• Heightened cash flow from operations enabled ZYXI to repay its credit facility that was in default.
ZYXI grew and maintained margins.	• **ZYXI grew revenue by 292% from FY2015 to FY2019** and maintained gross margins > 80%. • Sales reps increased from 0 direct sales reps in FY2017, to 140 at the end of FY2019. • NextWave is an alternative treatment for opioids – which are the source of an epidemic across the US. Orders increased 95% from FY2018 to FY2019.
Created potential runways for future growth	• Sales force will get more efficient over time – management projects each sales force member to generate 1M in annual revenue at maturity. • **Razor and blade opportunity: ≈80% of revenue is recurring supplies sales, as more devices are sold recurring revenue possibilities increase dramatically.**
Competitors didn't capture growth – instead, they closed	• Both of ZYXI's main competitors - International Rehabilitative Sciences($150M annual revenue) and EMPI ($250M annual revenue) closed after failing audits from the OIG. ◦ However, both companies said they closed due to unprofitability; and neither could find a buyer for the business.

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Zynex Takeaways

ZYXI is a Decent Business - 2.5/5

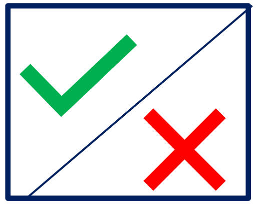
ZYXI survived and now has a moat	• ZYXI's two main competitors shut down after prosecution from the inspector general. • Regulatory restrictions and relationships with physicians and therapists (that have been bolstered by the salesforce) impede new entrants.
ZYXI grew its topline while maintaining its margins	• Expanded sales force increased sales capacity and helped grow revenue at a 35% CAGR from FY2015 – FY2019. • Gross margins remained above 80%.

ZYXI runway for growth is less clear	• **The electrotherapy industry is under significant threat from reimbursement changes:**
	    ◦ One of the largest insurers for ZYXI, Tricare, is no longer covering their products. They even cited a study that electrotherapy doesn't work.[1]
	    ◦ ZYXI has mentioned that collections are down from multiple insurance payors.
	• As ZYXI grows, it will come under heightened scrutiny from insurance:
	    ◦ Supplies sales are billed to insurance at high rates but many products are commodities (i.e. batteries and electrodes).
	    ◦ **ZYXI has been alleged to waive deductibles and copays to entice consumers to – a practice that is in a legal grey area and harms insurance companies.[2]**

Future Outlook

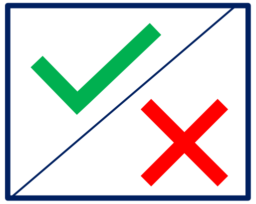
Can ZYXI Sustain its Market Position?

- ZYXI is the dominant player in the industry and the only one with a significant sales force.
  - There are many over-the-counter competitors.
- Supplies sales will likely come under scrutiny given their high reimbursement but low differentiation.



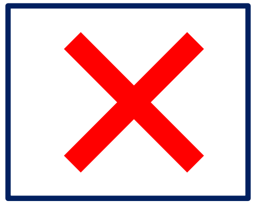
Can ZYXI continue to grow faster than the industry?

- ZYXI's sales force is the largest which will enable ZYXI to better market new products.
- **Other than the NextWAve, ZYXI's products have all been failures – and has only spent an average of $330k on R&D since 2007.**



Is ZYXI poised to continue to outperform the market?

- **Under threat from doubts over product effectiveness and insurance no longer covering their products.**
- Supplies sales are likely to be depressed as they entice consumers to overbill their insurance with copay waivers.
  - **Many supplies products are commodities.**
- Operational leverage from sales force may move in the other direction.
- The company trades at 42.9x NTM EPS, implying strong growth and at a premium to the market but outlook is less strong.



1. https://www.acpjournals.org/doi/10.7326/M16-2367
2. https://seekingalpha.com/article/4352747-zynex-deteriorating-fundamentals-and-signs-of-reimbursement-pressure

MUN:E2N

8,217%

5 Year TSR

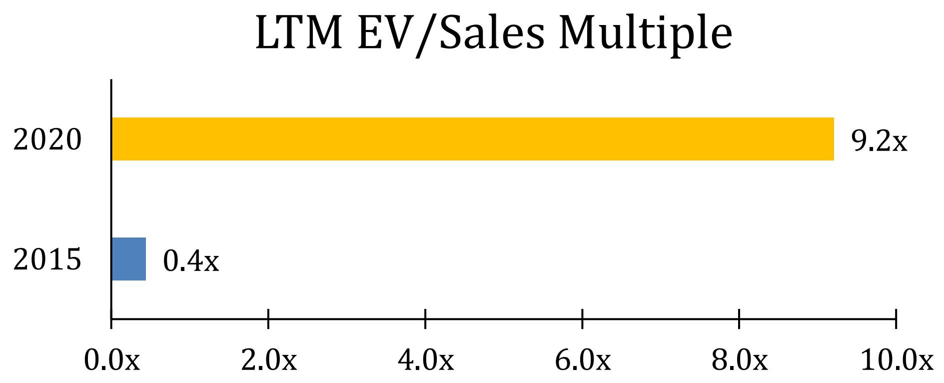
Rank: 2/104

Endor Overview

Endor AG is a gaming accessory company based in Bavaria, Germany that sells high-end sim racing gear under the brand name Fanatec.

Statistic	6/8/15	6/8/20
Stock Price	€1.04	€112.00
Market Cap	€1.85M	€208.44M
Enterprise Value	€1.53M	€208.49M
Shares Outstanding	1.78M	1.93M
EV / LTM Revenue	0.44x	9.21x
EV / LTM EBITDA	188.56x	102.20x
LTM P/E	3.57x	226.58x

Statistic	FY 2015	FY 2019[1]
Revenue	10.97M	39.38M
EBITDA	2.28M	6.50M



Endor Business Model

Primary Products

Wheels and Bases	• Wheels are used to steer in-game • Bases connect the wheels to the gaming platform
Pedals	• Used to speed up and brake in-game
Other Accessories	• Includes shifters, paddles, handbrakes, and mounting materials

CSL Elite racing wheel and base

Context

E2N provides its customers with high-quality sim racing experiences

- Their products are made to replicate as close as possible their real-world equivalents
    - This means heavy-duty, metal parts and genuine leather
    - The steering wheels give the customer the same feeling they would have in a real racecar with the same wheel
- All products are individual, so customers can mix-and-match wheels, bases, pedals, etc.
- Popular games that Fanatec devices are commonly used for include the F1 series and Forza

No Revenue Breakdowns Provided

E2N is a capital light business as all manufacturing is outsourced to China

Low Threat
Medium Threat
High Threat

Endor Competitive Analysis

Gaming Simulators

The players in this industry offer hardware products that complement and enhance video game software with the goal of making games more realistic.

Market Structure	Oligopoly
Market Size	$8.25B[1]
Industry Growth	> 10%[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

• Licensing agreements with consoles
• Brand recognition plays a big role in the gaming industry
• No extremely material barriers to entry are present, however
	• Extremely high-quality products with a well-respected reputation in the sim racing industry
	• Key partnerships and licensing agreements with many big brands
	    • These include BMW, Porsche, NASCAR, F1, and Forza, among others
	• Highly dedicated CEO who is very connected to the broader sim racing community
		• Supplier and licensing concentration
		    • Each product is only manufactured by one or two suppliers
		    • The ability to create new products relies heavily on the manufacturers of gaming platforms
		• Inability to fully capitalize on large increases in demand
			• VR gaming has become much more prevalent
			• Esports has become much more mainstream in recent years as well

[1]https://3wnews.org/uncategorised/2670177/gaming-simulators-market-2020-global-industry-size-share-explosive-factors-of-key-players-future-trends-and-industry-growth-rate-forecast-to-2024/

What Investors Missed

The Bear Thesis Five Years Ago:

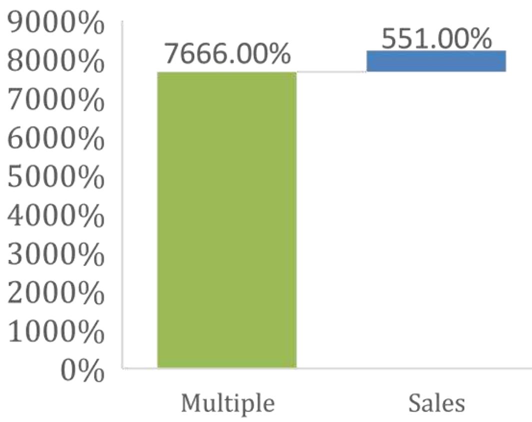
- **Endor was (and still is) a micro-cap stock without any English financials that is listed on a small stock exchange**
  - Not many investors were aware of the stock at the time
- There was not a lot of mainstream recognition and acceptance of gaming, and sim racing in particular
- All of Fanatec's products were extremely high-priced, meaning their target market was even more niche than the general nicheness of the industry as a whole

Why They Were Wrong

The Actual Story of the Last Five Years

Expanded Downmarket	• In late 2015, the first CSL wheel was launched ◦ The CSL series was designed to be a slightly cheaper, albeit still quite expensive, alternative to its extremely high-end ClubSport series
Implemented Marketing Campaigns	• **Fanatec began investing into marketing their products through partnerships with big names in the auto industry and on large Esports stages** • No marketing had been run prior to 2015
COVID-19 Boosted Sales Considerably	• Due to coronavirus shutting down all sports for a couple months, many turned to Esports and video games as a means to quench their thirst for competition • There were large races with pro drivers put on by large racing companies such as NASCAR and F1 ◦ **Sim racing was exposed to a broader audience than ever before** • Many people now had the time to invest heavily into a resource consuming hobby

Return Breakdown:



Consensus vs Results

No Analyst Coverage

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Endor Takeaways

E2N is a Good Business – 4/5

E2N has a Strong Customer Base	• **The quality of Fanatec's products compared to its competitors has created a loyal customer base**
	• A historically niche market is becoming more mainstream
	  ◦ At the high price-point that many Fanatec products are sold at, any sizable increase in interest in sim racing will lead to top and bottom line growth for E2N
	• One thing that is a cause for concern, however, is the displeasure that has been expressed on their forum regarding the terrible customer service and communication regarding huge backorders and delays in shipment dates
	  ◦ This might cause E2N to lose a decent amount of customers, as sooner or later everyone will be going back to their normal lives

Prime Position to Capitalize on Corona	• Historically, when new generations of consoles come out, sales for E2N have spiked ◦ Given the increased interest in sim racing recently, and the upcoming releases of the PS5 and Xbox Series X, Fanatec should see an extremely high level of growth • Because of the massive backorders and new customer base, Fanatec has also stated that they are looking to hiring more employees in order to continue to grow and service the demand that is and will be present

Future Outlook

Can E2N Sustain its Advantages?

- Fanatec has established itself as the premier sim racing accessory brand in the world
- Quality standards will likely be kept given the passion that the CEO has for the industry and his company

Can E2N continue to grow?

- Given the extreme increase in demand in the past few months, and the upcoming new console releases, E2N will undoubtedly continue to grow in the near future

Is E2N poised to continue to outperform?

- Although multiple expansion played a large role in prior outperformance, the increase in sales was also substantial
- Given recent sales numbers and the future growth possibilities, E2N will absolutely continue to outperform

A world powered by clean energy

TSXV:XBC

4,712%

5 Year TSR

Rank: 3/104

Xebec Adsorption Overview

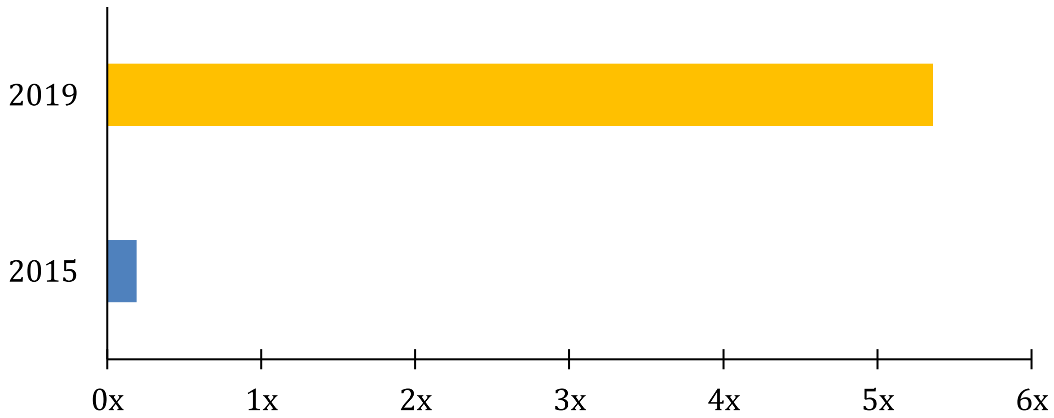
In Canadian Dollars

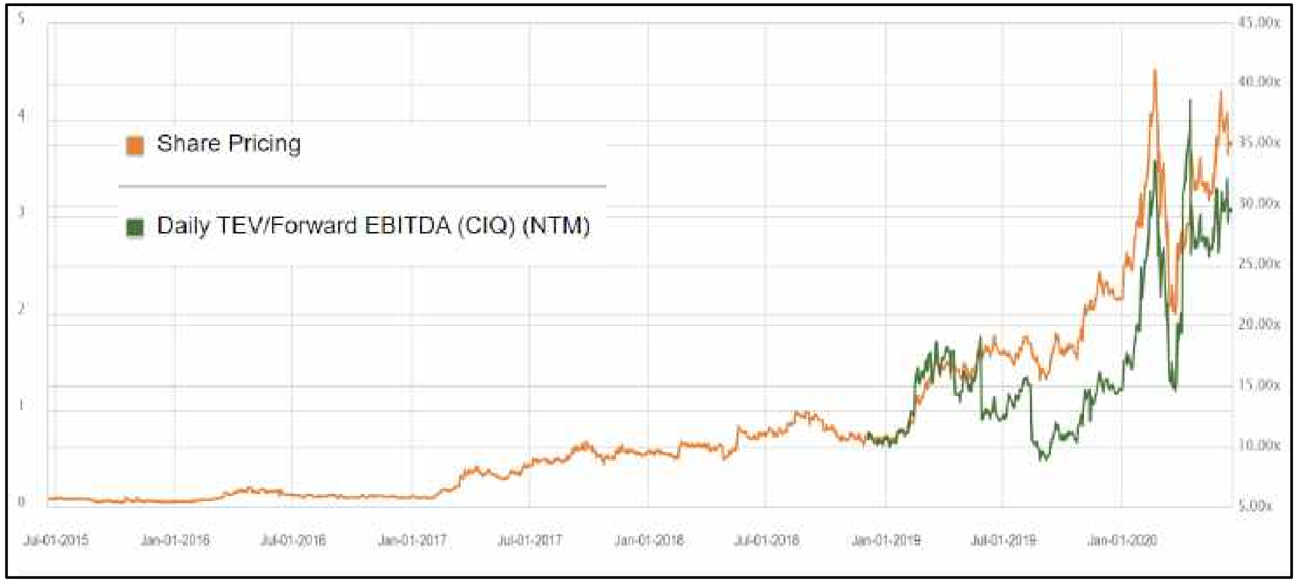
Xebec Adsorption Inc designs, engineers and manufactures products to transform raw gases into marketable sources of clean energy. The company has three reportable segments: Systems, Infrastructure and Support.

Statistic	06/08/2015	06/08/2020
Stock Price	$0.07	$4.08
Market Cap	$2.76M	$367.49M
Enterprise Value	$2.69M	$349.33M
Shares Outstanding	39.36M	90.07M
EV / LTM Revenue	0.19x	5.63x
EV / NTM EBITDA	NA	32.19x
PE	NA	46.21x

Statistic	FY 2015	FY 2019
Revenue	11.35M	49.32M
EBITDA	(2.6M)	4.65M

EV / LTM Revenue





Xebec Business Model

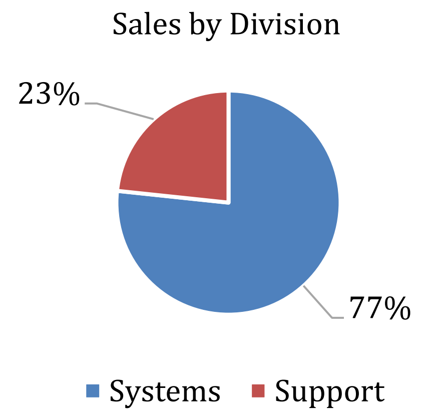
Primary Product

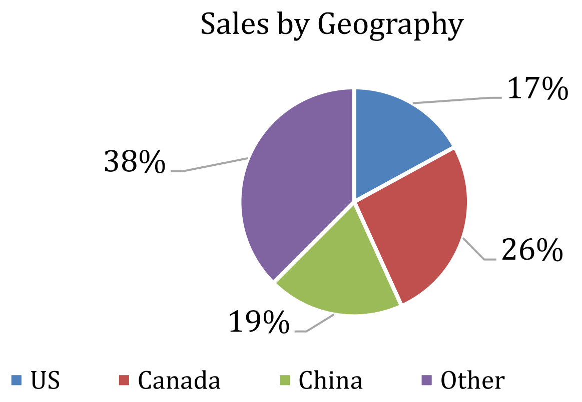
Cleantech systems	Design, engineers, and manufactures equipment used in the production of renewable natural gas.
Support	Support and maintenance services for customers that are using Xebec products.
Infrastructure	Develop renewable gas assets to produce and sell RNG.[1]

Context

XBC is a renewable gas systems and equipment company.

- Renewable natural gas is a carbon neutral natural gas made from decomposing organic matter.
    - Methane from landfills, farms, etc. can be converted to clean energy.
- Designs and makes equipment that helps customers create renewable gasses.
- XBC buys small service companies to expand service capabilities for existing customers, and to create recurring revenue.





XBC is a highly capital-intensive business.

1. Planned segment but XBC does not have any RNG assets yet.

Xebec Competitive Analysis

Low Threat
Medium Threat
High Threat

Renewable Gas Equipment Industry

This industry consists of equipment manufacturers, engineers, and designers of renewable gas equipment, including both renewable natural gas (RNG) and renewable hydrogen.

Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
Market Structure: Monopolistic Competition **Market Size**: ≈$10.9B[1] **Industry Growth**: HSD[1] • Most competitors in both RNG and renewable hydrogen have negative operating margins. • Relatively new industry that is growing fast – competitors are fighting to scale. • XBC one of the only companies with exposure to both RNG and renewable hydrogen.	• Capital intensive – need the capital to create and develop necessary products. • Human capital (i.e. skilled engineers required). • Regulatory burdens, and many contracts are large and with governments (which present bureaucratic challenges). • Technology is new and there is a heightened risk of technological obsolescence.	• Proprietary technology. • Ability to offer continued service and maintenance. • Relationships and contracts with major customers (i.e. governments, waste management, etc.).	• Technological obsolesce. • Regulatory changes.	• Climate change has become an increasingly prominent political issue. • Global pressure to move towards carbon neutral energy sources. • Paris Agreement signed in 2016; many countries legislated clean energy mandates with varying timelines.

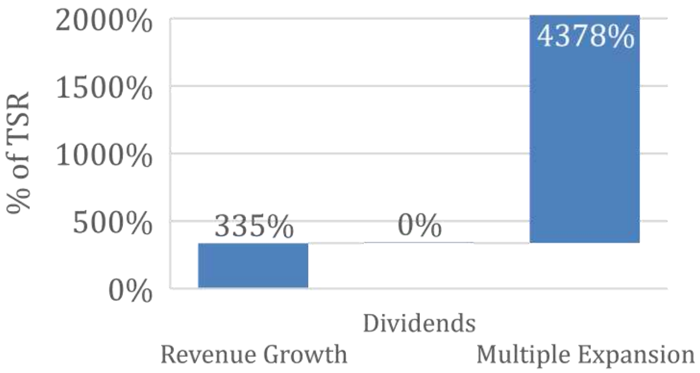
1. **Xebec's own estimates;** https://investors.xebecinc.com/wp-content/uploads/2020/06/2020-06-03-Investor-Presentation-English-Distribution.pdf

What Investors Missed

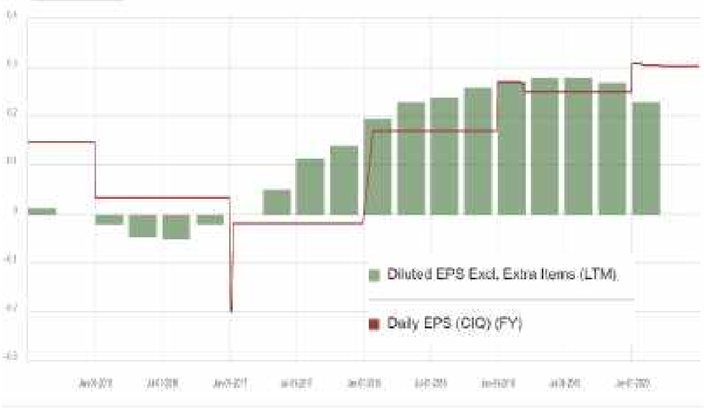
The Bear Thesis Four Years Ago:

- Unprofitable company – and even revenue is decreasing.
- Xebec has existed for 50 years, there's no reason to think that *now* is the time they will grow.
- XBC is a small company that purports to have a huge opportunity, but its very speculative and not worth the time nor the risk.

Return Breakdown:



Consensus vs Results



The Actual Story of the Last Five Years

Capitalized on new opportunity in renewable natural gas

- Management identified the opportunity in renewable natural gas and incurred short term losses to make the switch.
- Revenue was decreasing in oil and gas related revenues.
  - Management cut the segment to focus on new Cleantech.
  - Cleantech revenue grown at 70% CARGR from FY2016 to FY2019.

XBC developed strong technology and saw the opportunity early

- XBC leveraged its legacy air drying and compressed air product lines to develop proprietary, best-in class renewable natural gas adsorption products.
- Demand continues to increase, and now XBC has one of the best products – enabling them to participate in the upside of the industry growth.

Opportunity is not pure speculation

- Concern over climate change has only kept increasing and demand for renewable natural gas demand has increased in tandem.
  - Many companies have already made commitment to increasing their renewable natural gas use.[1]

1. https://investors.xebecinc.com/wp-content/uploads/2020/06/2020-06-03-Investor-Presentation-English-Distribution.pdf

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Xebec Takeaways

XBC is a Strong Business- 4/5

Renewable gas bet worked out

- **Existing business was fine but XBC used it to pivot into the more lucrative, higher growth renewable gas industry.**
- Ultimately changed organization from focussing on air drying and oil and gas services to a renewable gas company.

Revenue grown due to macro trends

- Revenue grown at 34% CAGR from 11M in FY2015 to over 49M in FY2019.
- Natural gas utilities continuing their push into renewable natural gas, which increases demand for renewable gas and for XBC's products.
- Climate change legislation that increases demand for renewable energy continues to be enacted around the world.

Runway for future growth is clear

- The trends that contributed to XBC's success show no sign of slowing down.
- Strong backorder volume: 100M in order backlog.
- Acquisition strategy to increase recurring service revenue.

Future Outlook

Can XBC Sustain its Market Position?

- XBC's technology is proprietary and they are a first mover in the space.
  - Unclear to me, however, how proprietary the technology is or whether the technology is still evolving quickly (which could render XBC's technology obsolete).

Can XBC continue to grow faster than the industry?

- If XBC can sustain its market position as the leader in the industry and the company with the best technology, it will continue to capture much of the industry's growth.
- Acquisitions in service will increase recurring revenue stream.
- New technology could be invented by a competitor – difficult to access this risk given how new the industry is.

Is XBC poised to continue to outperform the market?

- Macro trends likely will remain positive.
- If XBC can maintain its positioning as the leader, they will likely outperform. But there is the risk of potential new entrants.
- XBC needs to continue to show positive growth to avoid multiple contraction given its current 35x NTM EBITDA multiple.

appen

ASX:APX

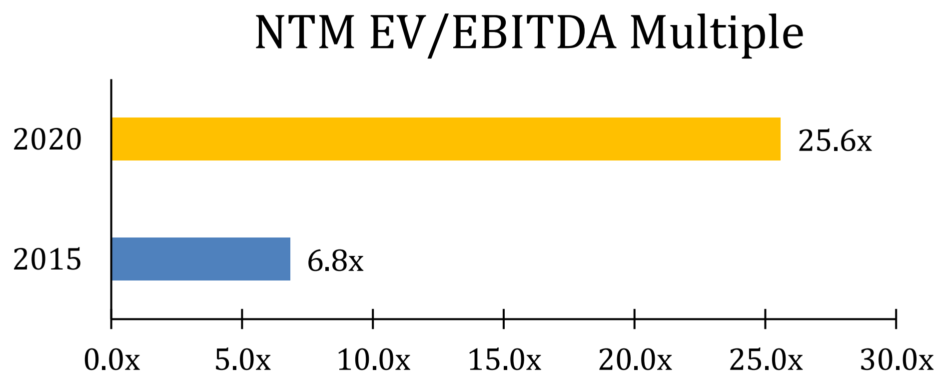
4,611%
5 Year TSR
Rank: 4/104

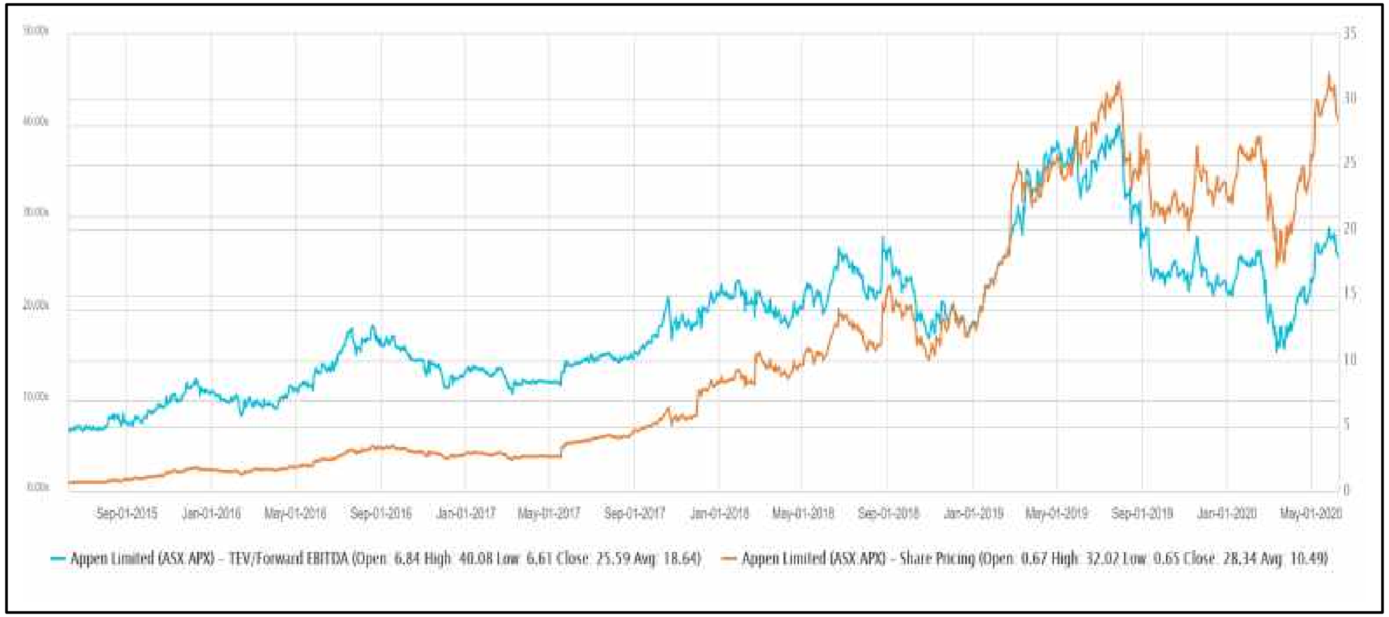
Appen Overview

Appen is a data management company based in Chatswood, NSW, Australia, that provides machine learning and artificial intelligence applications for technology companies, auto manufacturers, and government agencies.

Statistic	6/8/15	6/8/20
Stock Price	0.67 AUD	28.34 AUD
Market Cap	64.23M AUD	3.45B AUD
Enterprise Value	55.58M AUD	3.39B AUD
Shares Outstanding	95.87M	121.65M
EV / NTM Revenue	0.94x	4.59x
EV / NTM EBITDA	6.84x	23.79x
NTM P/E	13.06x	40.57x

Statistic	FY 2015	FY 2019
Revenue	82.72M	535.50M
EBITDA	13.87M	83.74M





Appen Business Model

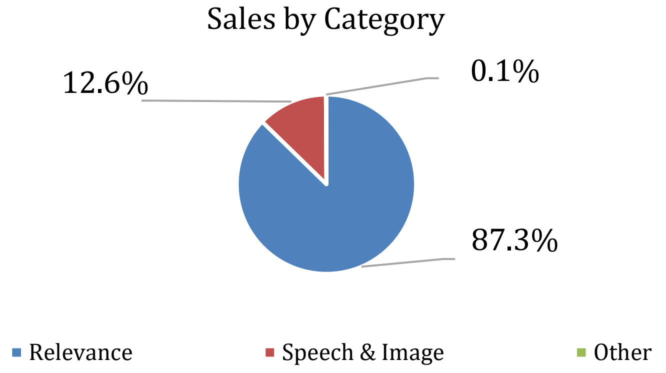
Primary Products

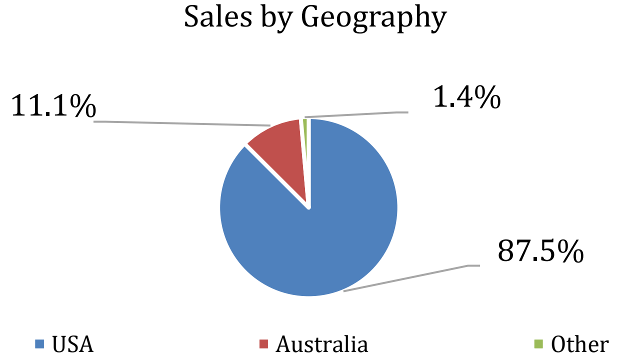
Relevance	• Annotated data used in search technology
Speech & Image	• Annotated speech and image data used in recognizers, machine translations, machine translation, speech synthesizers, and other machine–learning technologies

Context

APX teaches machines (AI) how to interpret real world actions

- APX utilizes an online independent contractor model to collect and label data
- Relevant applications include search engine, social media applications, and e-commers
- Speech & Image applications include the creation of more engaging and fluent devices including internet-connected devices, in-car automotive systems, and speech-enabled consumer electronics
  - Provides a data set of words, accents, etc. for products like Siri, Alexa, etc.
- These applications constantly need to be refreshed to maintain relevance to the time it is operating in





APX is a capital light business there as there are low overhead costs and contractors are relatively cheap

Low Threat
Medium Threat
High Threat

Appen Competitive Analysis

Big Data Analytics

The players in this industry offer data analysis of large data sets to enable companies to make better business decisions.

Market Structure	Monopolistic Competition
Market Size	$47.1B[1]
Industry Growth	> 10%[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• Reputation and dominant existing players can make it hard for new players to gain market share • Highly advanced technology is needed to be competitive	• Global workforce of over 1 million contractors • Represents 130 countries and 180 languages • Broadest set of AI tools in the space as most competitors tend to specialize	• Regulation of the AI industry could harm Appen's customer base • Changes in independent contractor laws for tech companies who rely on them as a core part of their business	• Larger presence of AI in everyday life

[1]https://www.prnewswire.com/news-releases/the-global-big-data-analytics-market-2027-a-105-billion-opportunity-assessment

What Investors Missed

The Bear Thesis Five Years Ago:

- APX was a nano-cap stock when it IPOed in January, 2015
    - **There was not a lot of time to nor knowledge of the company for the market to effectively value it**
- The little data that was present since the IPO (H1 y/y growth) was not overwhelmingly impressive enough to warrant a large price increase

Why They Were Wrong

The Actual Story of the Last Five Years

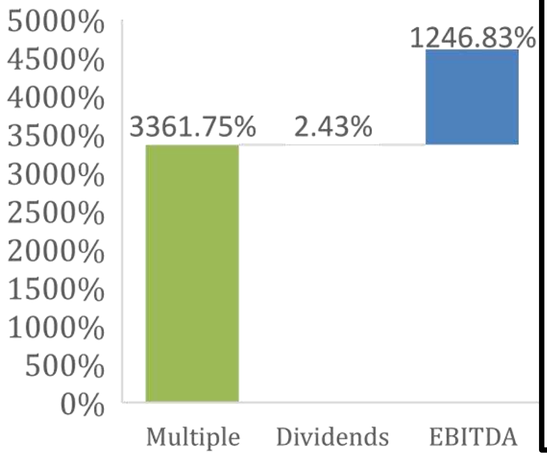
Key Acquisitions

- In November 2017, Leapforce was acquired for $80m, which substantially grew Appen's "crowd" to over 1.2 million from 400,000
- In April 2019, Figure Eight was acquired for $300m, which greatly enhanced their annotation capabilities

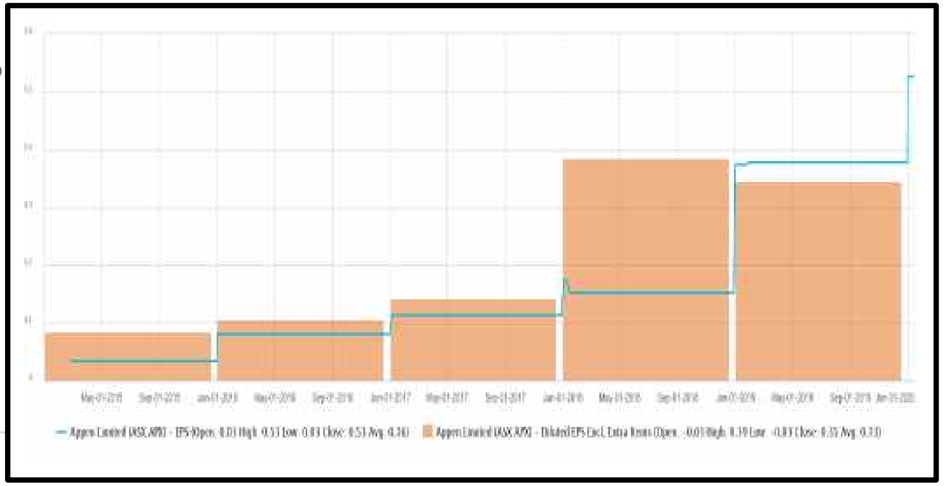
Strong Increase in Demand

- **Large players in the tech industry who utilize Appen's services began developing more projects in the AI space**
- Because of the large impact that economies of scale play in this business model due to the low overhead costs, the incremental margins were substantial
- Both of these factors contributed to a large overachievement of earnings estimates, particularly in 2018

Return Breakdown:



Consensus vs Results



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Appen Takeaways

APX is a Great Business – 5/5

APX has a Moat

- **The value that Appen provides to the large tech companies is extremely high and not present elsewhere**
  - It has been trusted by Apple, Google, and the U.S. government
- Without Appen, these companies would be spending a lot more money and resources to come up with a more inferior data set
  - The collection and annotation of data is vital to the success of these businesses, so Appen has a lot of supplier power

Promising Future Opportunities

- The Speech and Image segment of the business does not represent a large amount of revenues at the moment, but there is a large market for those services
- **Expansion into the relatively untapped China market (2nd largest AI market after US) is being invested in**
- High cash balance and no debt puts it in a great position to invest in future growth without as much stress on the cash flows of the business
  - Recently started investing more heavily in their sales and marketing operations in order to increase their client base even more

Future Outlook

Can APX Sustain its Advantages?

- Appen has been operating in the space for a long time (24 years), so it has developed a reputation, "crowd", and set of tools that would be difficult for any competitors to overtake

✓

Can APX continue to grow?

- The tailwinds behind the AI industry are extremely powerful
- Appen will undoubtedly grow in proportion to or faster than the industry as a whole given how critical its value-add is to the industry

✓

Is APX poised to continue to outperform?

- Although there has been some multiple expansion, its current multiples are still below their ATHs
- The market can only account for so much potential given the uncertainty of their plans, and the S&I business and China market represent huge growth potential

✓

FORTNOX

NGM:FNOX

2,406%

5 Year TSR

Rank: 5/104

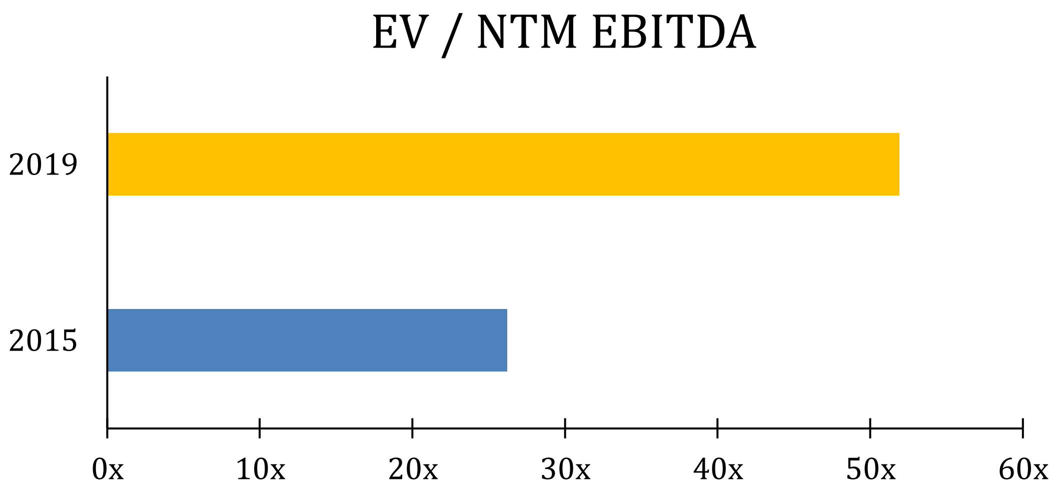
Fortnox Overview

Currency in Swedish Krona

Fortnox AB operates as a cloud-based platform for financial administration for small businesses, accounting firms, associations, and schools. It offers various programs and services for billing, bookkeeping, payroll, and expense management.

Statistic	04/01/2016	06/08/2020
Stock Price	16.1 Kr	272.00 Kr
Market Cap	940.52M Kr	16.26B Kr
Enterprise Value	906.56M Kr	16.17B Kr
Shares Outstanding	58.42M	59.79M
EV / NTM Revenue	6.15x	22.16x
EV / NTM EBITDA	26.24x	51.91x
PE	39.51x	81.79x

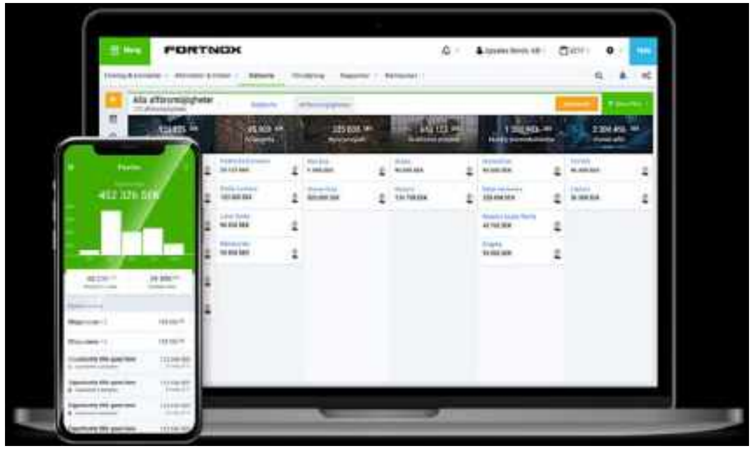
Statistic	FY 2015	FY 2019
Revenue	144.9M	555.7M
EBITDA	25.5M	177.4M



Fortnox Business Model

Primary Product

SaaS Services	Variety of cloud-based administration services for small businesses and accounting firms.



FNOX software dashboard.

Context

FNOX is a cloud based administration software company.

- Current expertise is in accounting software used by accounting firms in Sweden
  - 50% of the sector already uses FNOX software in Sweden.
- Also leading supplier of ERP systems for small businesses in Sweden.
- FNOX working to increase modules and features for existing products.
  - Also has network of partners that develop software that ports into FNOX software.

All of FNOX's revenue is in Sweden and all is generated through SaaS services. The company does not have any other reportable segment nor any substantial sales in another country.

FNOX is a medium capital business solely because of the capital requirement to develop new software.

- Low Threat
- Medium Threat
- High Threat

Fortnox Competitive Analysis

ERP Systems Market in Sweden

Participants supply a variety of different ERP systems to companies operating in Sweden.

Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

Market Structure: Oligopoly
Market Size: ≈402.68M Kr[1]
Industry Growth: MSD[2]
• Major international competitors, but few focused on Swedish market.
• Many competitors offer one service, few with full suite of options.
  • Many competitors' software ports into FNOX software so both can be used simultaneously.
	• **High switching costs**: once a company begins to use FNOX software, they incur costs if they want to switch.
	• Product offering: new customers may want a full suite of solutions – but its challenging to start with a range of products.
	• FNOX has compiled customer feedback and is in tune of what the market wants/needs.
	• Low-start up capital required; many major international players.
		• Upselling more products to customer base.
		• Wide ranging customer base.
		• Industry standard: accounting firms hesitant to use something else.
		• Ecosystem of software that connects to FNOX software.
		• Churn is very low.
			• Major competitor (i.e. SAP or Oracle) make a major push into Swedish small business market.
			• Technological obsolesce.
			• Downturn in Swedish economy (bankruptcies already mentioned as source of churn).
				• Increased digitization of small companies.
				  • Especially in finance and administration (FNOX's industry): one in two small business owners believe those areas are greatest opportunity for digitization.

1. https://www.statista.com/forecasts/966871/erp-software-market-revenue-in-sweden
2. **Based on historical growth rates**

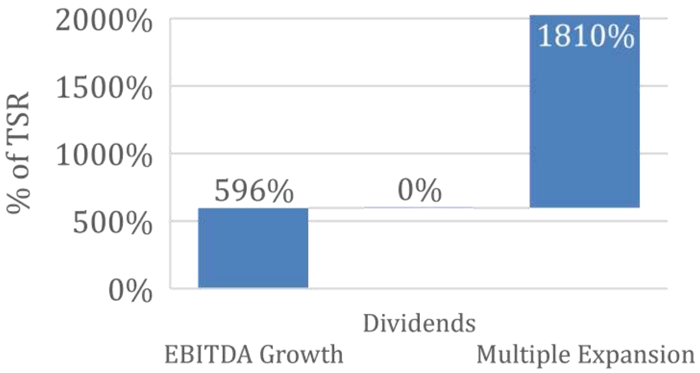
What Investors Missed

The Bear Thesis Four Years Ago:

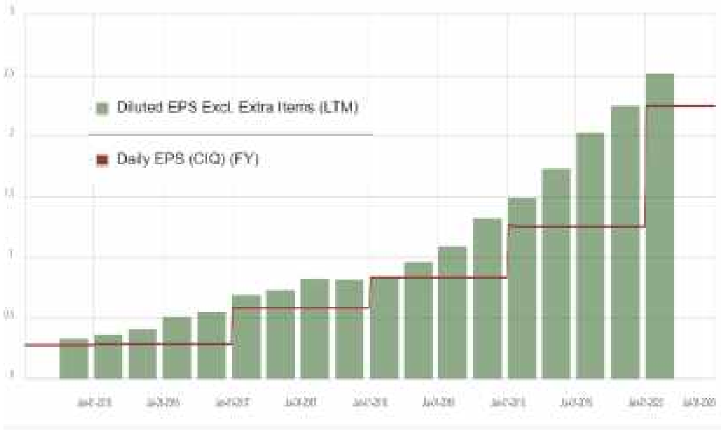
- Niche company with some growth prospects – but not that many.
    - Major companies will prioritize digital transformation, but small companies will not.
- FNOX's product offering is not that large and their growth will be stunted by the lack of breadth.
    - And competitors will create the software that FNOX doesn't have, and crowd them out of the market.
    - Products are also not particularly revolutionary – another counterpoint to their growth plan.

Why They Were Wrong

Return Breakdown:



Consensus vs Results



The Actual Story of the Last Five Years

Digitization has become increasingly important, and popular

- World has become more digital every year and business has digitized as well.
- FNOX notes that digitization is especially important for small business to remain competitive – they can't afford to lose the digital edge to larger competitors.

FNOX product offering was focused, enabling them to grow

- FNOX did not try and boil the ocean at the start – instead focusing on financial and accounting administration software.
- As FNOX's customer base has grown they've expanded their product offering each year.
    - ARPU grown to 160Kr in Q1 2020, 37% growth since 2016.
- Revenue grown at 31% CAGR since FY2015.

FNOX has created network effects through its product offering gap

- FNOX has partnered with over 400 companies who have created software that ports into FNOX software.
    - FNOX can connect existing customers with these companies for specific products they do not offer.
    - The customer becomes more entrenched in FNOX's ecosystem while the partner gets a new customer.
- Churn rate is very low.

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Fortnox Takeaways

FNOX is a High Quality Business- 4.5/5

FNOX has a moat

- **High barriers to entry due to switching costs and network effects.**
- FNOX's customers use FNOX's software for critical tasks – like accounting, and inventory management.
  - Become further entrenched in FNOX ecosystem by using 3rd party software for other tasks that ports into FNOX.

FNOX has laid out a simple plan and followed it

- FNOX set out to capture new customers, increase product portfolio, and then upsell existing customers with further services.
- Customers grown from 155k in FY2016 to 313k in FY2019.
- Multiple new products introduced and ARPU grown to 160Kr in Q1 2020, 37% growth since 2016.

FNOX has a clear runway for growth

- FNOX can continue to incrementally expand its product line
  - Given market share, FNOX's has best sense of needs of current Swedish small businesses due to feedback they receive.
- FNOX's revenue is recurring, and at low incremental cost which has enabled gross margins >50%.
- Can continue to benefit from network effects as more partners develop software that works with FNOX software.

Future Outlook

Can FNOX Sustain its Market Position?

- FNOX's moat is strong.
- FNOX benefits from network effect and switching costs.
- FNOX operates in the Swedish small business and accounting industries, which is more niche and less competitive than other international markets.

Can FNOX continue to grow faster than the industry?

- FNOX can continue to increase its ARPU by creating new ancillary software products.
- FNOX is more likely to capture new market share given that their software's value is continually bolstered by partner companies.

Is FNOX poised to continue to outperform the market?

- FNOX is in an industry that is minimally affected by Covid-19.
- FNOX can likely sustain its market position and continue to grow both its user base and ARPU.
- At 21.5x NTM Revenue FNOX will need to continue its fast growth and maintain margins – a new formidable competitor, some form of technological obsolesce, or a major breach could make the company underperform.

KORU™ MEDICAL SYSTEMS

NASDAQCM:KRMD

2,226%

5 Year TSR

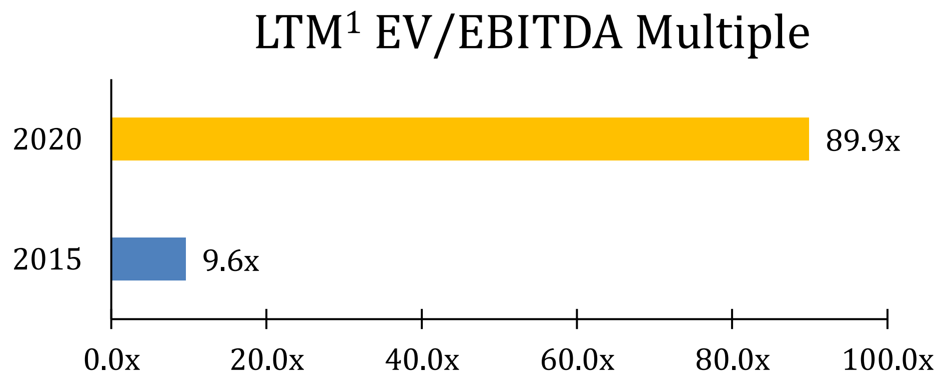
Rank: 6/104

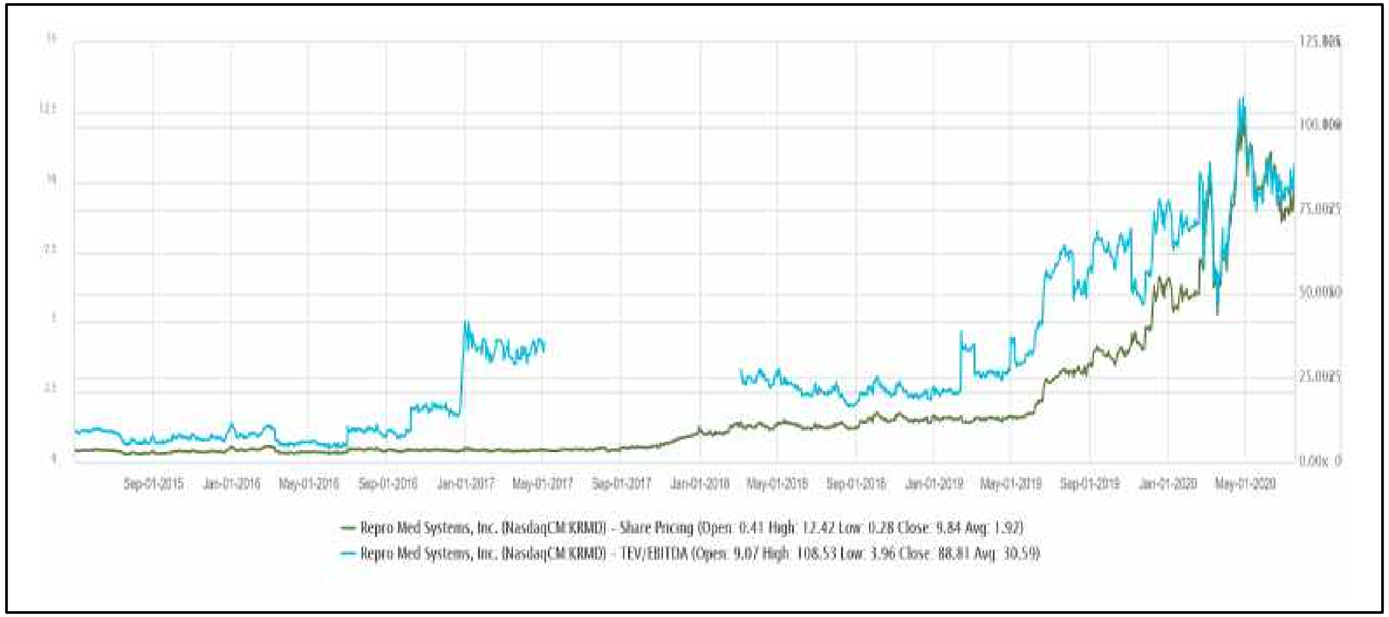
Repro-Med Systems Overview

Repro-Med Systems, which operates under the name Koru Medical Systems, is a medical devices company that is focused on ambulatory infusion and is based in Chester, NY.

Statistic	6/8/15	6/8/20
Stock Price	$0.43	$11.02
Market Cap	$16.53M	$437.44M
Enterprise Value	$13.71M	$431.85M
Shares Outstanding	38.04M	39.87M
EV / LTM Revenue	1.22x	17.61x
EV / LTM EBITDA	9.58x	89.94x
LTM P/E	21.74x	110.20x

Statistic	FY 2015	FY 2019
Revenue	12.25M	23.16M
EBITDA	1.45M	4.34M





[1]No sell-side coverage in 2015, so LTM multiples are used

Repro-Med Systems Business Model

Primary Products

Freedom System	• Syringe infusion system designed for the self-administration of medicine • Tubing and needles are single use and are a source of recurring revenue

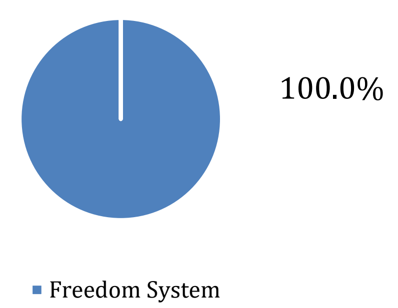
KRMD's Freedom System with a Freedom60 driver

Context

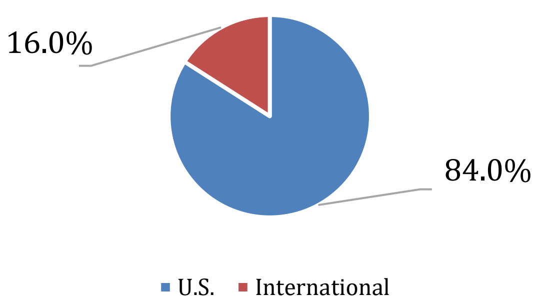
KRMD improves the lives of patients around the world

- The Freedom Integrated Infusion System allows chronically-ill patients to self-administer subcutaneous infusion therapy in their homes
- It's comprised of a syringe driver, either the FREEDOM60 or FreedomEdge, needles (HIgH-Flo Subcutaneous Safety Needle Sets), and tubing (Precision Flow Rate Tubing)
- The system is portable, easy to operate, has an impeccable safety profile, and is effective
- The system is sold both directly and through distributors to pharmacies and other home infusion providers

Sales by Category



Sales by Geography



KRMD is a capital intensive business as manufacturing is performed in-house

[1]2017 figures were only for the 10 months ending 12/31/17 due to a change in the fiscal calendar of KRMD

Low Threat
Medium Threat
High Threat

Repro-Med Systems Competitive Analysis

Medical Device Manufacturing

The players in this industry offer support devices for a variety of medical needs and issues.

Market Structure	Monopolistic Competition
Market Size	$45.3B[1]
Industry Growth	LSD[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• The industry is heavily regulated by the FDA and other government agencies • Many companies already have large research teams working on the profitable ideas • There are high initial investment costs, a high level of competition, and a fast rate of technological change in the industry • However, the Freedom System is not an extremely complicated product, and it is possible for copycats to steal market share	• Being a smaller player in a highly competitive industry, KRMD had to and did find a profitable niche and was the first to capitalize on the home care market • The Freedom System is a lot cheaper, simpler, and convenient than its competitors • Partnerships with several drug manufacturers	• Heavily regulated industry, which could in the future have margin compression with the implementation of new health car policy • Use of the products relies entirely on the demand and supply for certain drugs, such as Hizentra® and Cuvitru® • Heavy distributor concentration, as 4 distributors accounted for 67% of FY19 sales • Move to new office in the next couple years could slow production and/or incur large transition costs	• Ongoing shift from institutional care to home and alternate site care

[1]https://my-ibisworld.com/us/en/industry/33451b/industry-at-a-glance

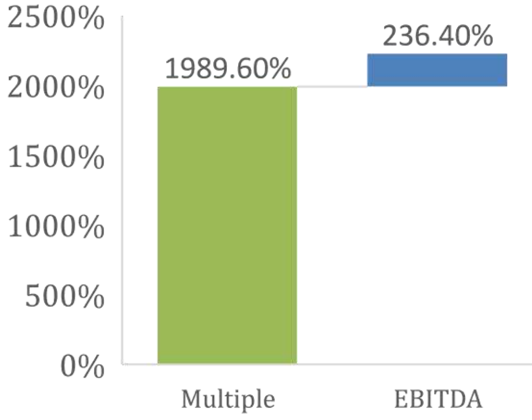
What Investors Missed

The Bear Thesis Five Years Ago:

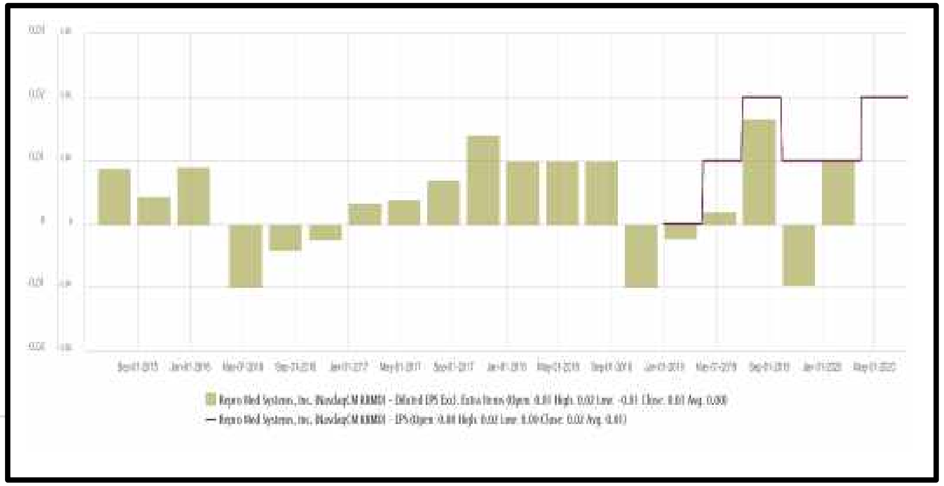
- KRMD used to be a microcap company with no sell-side coverage and has been considered a penny stock for its entire public life
- **Worries that management was not trying to maximize shareholder value, as there was a long period of revenue growth but stagnant profit growth**
- KRMD is a one-product wonder with little ambition to expand their offerings and end market

Why They Were Wrong

Return Breakdown:



Consensus vs Results



The Actual Story of the Last Five Years

Large Multiple Expansion

- This is evident in the revenue breakdown on this slide
- This is likely due to the increased awareness of the stock and the promising potential for growth in the future
- **The initial large jump in multiples/price can be directly correlated to the company's first real investor relations presentation at the LD Mirco Invitational on 6/5/19**

Definitive Growth Plan Laid Out

- A clear strategic plan for the near future was presented to investors for the Q2 2019 conference call
- This laid out enticing financial goals such as a \$50M run rate and a gross margin of 70%+ by the end of 2022 and 20% y/y organic revenue growth
- This plan instilled confidence into investors that creating shareholder value was important to them

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Repro-Med Systems Takeaways

KRMD is a Good Business – 4/5

KRMD has a Moat

- It operates in a niche segment within the broader medical devices industry and has good relationships with many drug manufacturers that KRMD's products are designed to help administer
- It has been tangled up with lawsuits over the past several years with a major competitor over patent issues, but most, if not all, of the decisions have gone KRMD's way

Strong Upside Potential

- The medical world is onboard with subcutaneous over IV treatment, as it is cheaper for everyone involved
- Soon, more medications will be able to be administered through subcu methods
- **The current market is also not very penetrated right now, as, according to KRMD's investor presentation, only 70,000 out of 270,000 (26%) patients in the U.S. are receiving immunoglobulin therapy to treat their Primary Immunodeficiency Diseases (PIDD)**
  - Those numbers also don't take into account patients with Chronic Inflammatory Demyelinating Polyneuropathy (CIDP), which, while being a smaller overall number relatively, can still be treated by the Freedom System

Future Outlook

Can KRMD Sustain its Advantages?

- KRMD is well liked by many in the health care and drug manufacturing world due to its easy-to-use characteristics
- With the high price of many competitors, KRMD stands out with its simpler and more cost-effective solution

Can KRMD continue to grow?

- KRMD has a very promising future given the low market penetration that it currently has
- There is huge growth potential internationally that has not been conquered yet as well

Is KRMD poised to continue to outperform?

- Even though much of its high TSR over the past 5 years came from multiple expansion, its fast top-line growth will still allow it to outperform the market (both at current multiples and even with some multiple contraction) chemometec

CPH:CHEMM

2079%

5 Year TSR

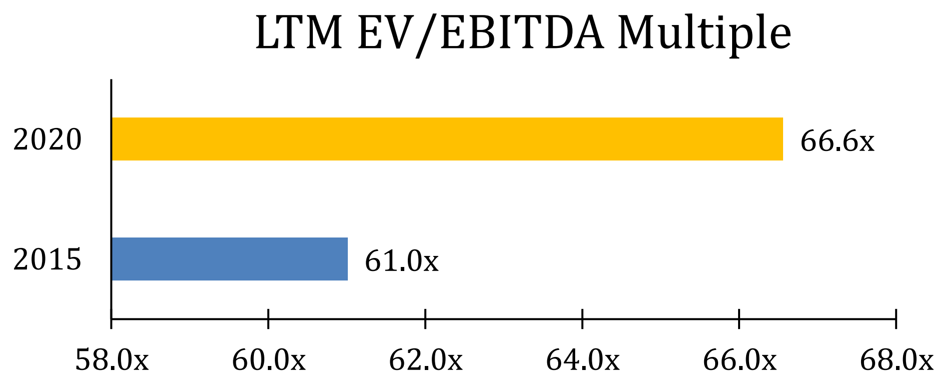
Rank: 7/104

ChemoMetec Overview

ChemoMetec A/S, headquarter in Allerod, Denmark, designs, develops, and produces instruments for a range of applications in cell counting and evaluation.

Statistic	6/8/15	6/8/20
Stock Price	17 kr	320 kr
Market Cap	295.29M kr	5.04B kr
Enterprise Value	296.50M kr	4.75B kr
Shares Outstanding	17.37M	15.75M
EV / LTM Revenue[1]	5.84x	24.14x
EV / LTM EBITDA	61.01x	66.56x
LTM P/E	97.39x	107.12x

Statistic	FY 2015	FY 2019
Revenue	61.239M kr	175.513M kr
EBITDA	7.385M kr	61.155M kr



[1]NTM multiples not available

ChemoMetec Business Model

Primary Products

Analytical Equipment	• Specially developed microscope and analytical technology • Instruments & disposable articles such as plastic cassettes and glass slides

ChemoMetec volume-calibrated single-use Via1-Cassette

Context

CHEMM specializes in development, production, and sale or analytical equipment for cell counting

- Products are aimed at simplifying cell analytics by combining technology and components to create complete systems
- Customers are in the fields of cell based immunotherapy, cancer, stem cell research, drug development, and quality control of products such as beer and milk
- Long term relationships with some customers, but also make sales through their website
- Main markets are addressed in house, but work with distributers for other markets

Breakdown of revenue by segments[1]

Breakdown of revenue by geography

CHEMM is a moderately capital intense business as it produces some products, but also receives components from subcontractors

ChemoMetec Competitive Analysis

Low Threat
Medium Threat
High Threat

Life Science Tools & Services

The players in this industry are involved in drug discovery, development, and production by providing analytical tools, instruments, consumables, supplies, and contract research services

Market Structure	Oligopoly
Market Size	$461.97B[1]
Industry Growth	> 10%[2]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• Technology requires significant R&D to develop • Strict regulatory environment • Relationships and reputation are very important and take time to build	• High quality and precision analytical instruments provided by CHEMM give their customers a competitive advantage • CHEMM products help immunotherapy companies achieve higher quality and precision, ultimately aiding them in the regulatory process • Geographic proximity to customers makes for strong relationships and good service	• Faulty equipment causing imprecise measurements could damage brand reputation and thus negatively impact current and future relationships • Concentrated customer base in the life sciences field	• Development of new therapies, including cellular immunotherapy • Allocation of more resources for cell counting and cell analysis within customer companies • Push for digitalization & automation of analytical processes

[1] https://eresearch.fidelity.com/eresearch/markets_sectors/sectors/industries.jhtml?tab=learn&industry=352030
[2] YTD

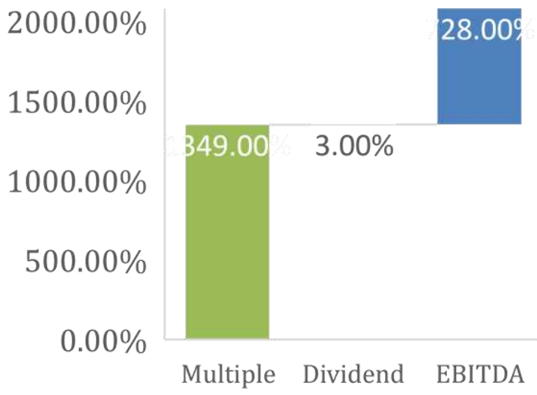
What Investors Missed

The Bear Thesis Five Years Ago:

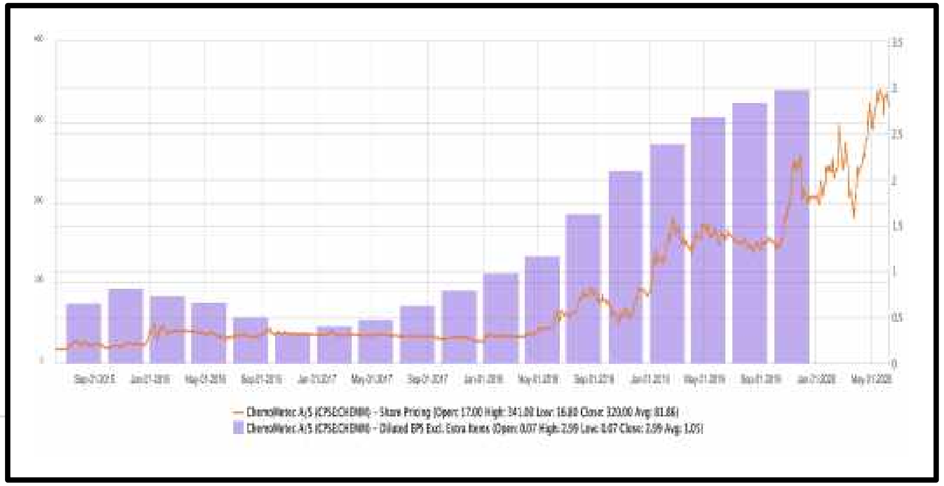
- **In 2015, CHEMM was a small company with a limited geographic reach and product portfolio**
  - Niche market with specific uses for CHEMM technology
  - Unsure how the technology would be accepted by the industry
  - Unsure if the need for cell analytic technology of this sort would be needed in the long run
  - Some of the uses of CHEMM software were yet to exist themselves

Why They Were Wrong

Return Breakdown:



EPS vs Share Price[1]



The Actual Story of the Last Five Years

Increased Demand for Products

- Structural changes increasing demand for analytical equipment
- Industries CHEMM serves are facing increasingly strict regulatory environments, increasing demand for CHEMM products
- Immuno-based cell therapy is a key growth driver for CHEMM
- To capitalize on this, CHEMM has worked to involve themselves with customers from the very beginning of the development process, making them an integral part of the end product and ultimately the customer's operations

[1]EPS estimates not available

Back to List

ChemoMetec Takeaways

CHEMM is a Great Business – 4.5/5

CHEMM has a Niche	• CHEMM technology has found its niche in cell analytics for immunotherapy • The demand for their technology in this space has increased over the last five years • At the same time, CHEMM technology could be applied to many other industries and fields
Strong Financial Growth	• Margin expansion and revenue growth over the last five years show the success of CHEMM's business • Very strong gross profit and EBITDA margins at 90.38% and 34.84% respectively for FY 2019 (up from 85% and 12% respectively in 2015) • Consistent topline growth over the last five years, with revenue growing 55.7% in 2019 to 175.51M DKK • With such strong financial results, the CEO proposed, for the first time in company history, to issue a DKK 3 per share dividend in 2019

Future Outlook

Can CHEMM Sustain its Advantages?

- Patented technology
- Strong relationships with customers

Can CHEMM continue to grow?

- Growing into the immunotherapy product space
- Growing number of countries approving immunotherapies
- Launch of NC-202 product has CHEMM poised to continue growing revenue
- New and updated products in the pipeline will grow CHEMM revenue once released

Is CHEMM poised to continue to outperform?

- Very high PE multiple could indicate CHEMM is currently overvalued
- CHEMM has not yet reached all its possible customers and has continued to develop new and profitable products, making it seem likely that they can continue to outperform

GAMES WORKSHOP®

LSE:GAW

2,022%

5 Year TSR

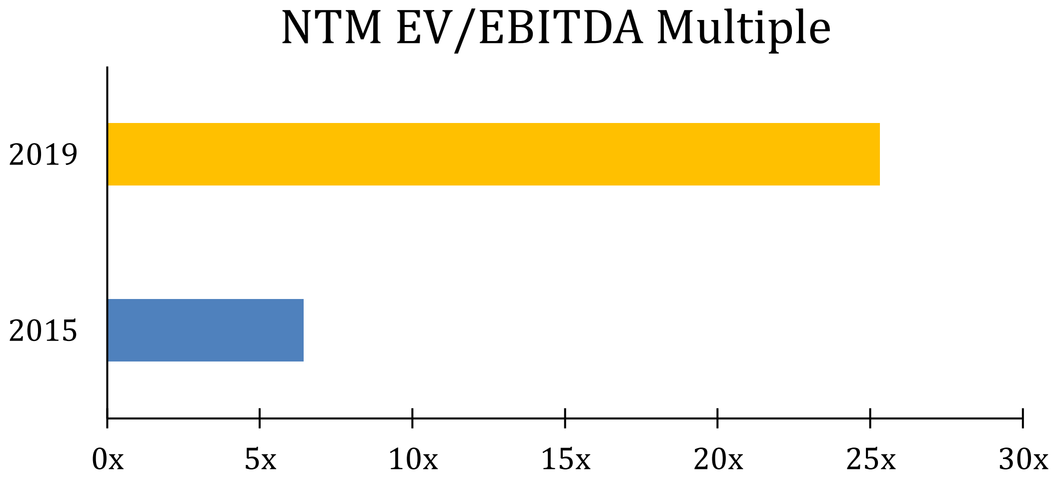
Rank: 8/104

Games Workshop Overview

Games Workshop Group PLC (often abbreviated as GW) is a vertically integrated British manufacturer of miniature wargames, based in Nottingham, England. Its best-known products are Warhammer Age of Sigmar and Warhammer 40,000.

Statistic	06/08/2015	06/08/2020
Stock Price	£5.02	£75.6
Market Cap	£160.32M	£2.47B
Enterprise Value	£151.91M	£2.47B
Shares Outstanding	32.06M	32.68M
EV / NTM Revenue	1.24x	9.39x
EV / NTM EBITDA	6.43x	25.31x
PE	12.28x	39.90x

Statistic	FY 2015	FY 2019
Revenue	119.1M	256.6M
EBITDA	21.4M	90.1M



Games Workshop Business Model

Primary Product

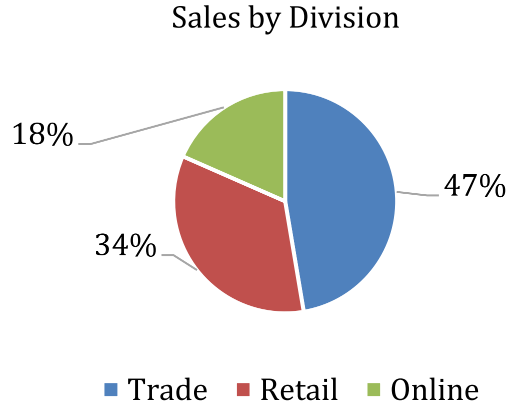
Miniature Figures	Customizable miniature figures based on fantasy characters that can be collected, painted, used in games, and used as props in models.

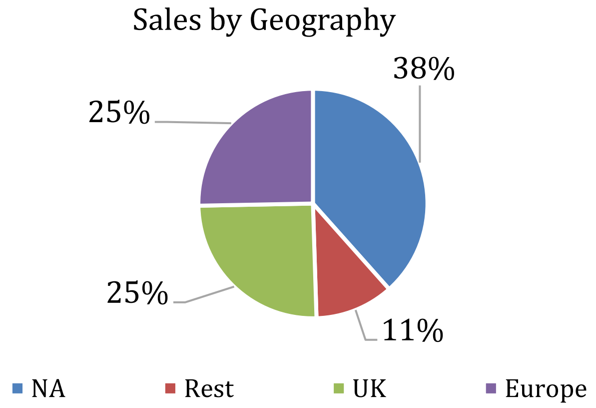
Sample GAW miniatures

Context

GAW is a hobby company.

- GAW's product appeal to a specific subset of the population (i.e. "middle class nerds").[1]
- The endless collectability, painting, games, and models to be created give hobbyists continued entertainment.
- GAW's retail stores serve as community hubs for hobbyists to come together and socialize over their miniature figures.
- GAW is vertically integrated and controls supply chain from manufacturing to retail.





1. https://www.theguardian.com/lifeandstyle/2019/jan/21/heroin-for-middle-class-nerds-how-warhammer-took-over-gaming-games-workshop

Low Threat
Medium Threat
High Threat

Games Workshop Competitive Analysis

Hobby and Games Market

The industry consists of collectible games, hobby board games, non-collectible miniatures, hobby card and dice games, and roleplaying games.

Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

<table><tr><td>**Market Structure**</td><td>Oligopoly</td></tr><tr><td>**Market Size**</td><td>≈$1.49B[1]</td></tr><tr><td>**Industry Growth**</td><td>LSD[1]</td></tr></table>
- GAW games are the top two games in the miniatures market.
- Fantasy Games and WizKids have competing products but none threaten GAW's grip on market share.
	• Fans of games are loyal –and dedicated.
	• **Strong network effects**: the more participants a game has the better it becomes as there are more players to play against.
	• **High switching costs**: once a player has invested time and money in one game, switching to another becomes less attractive.
		• Scale enables GAW to innovate more than its competitors.
		• GAW's vertical integration allows them to control distribution.
			• Video games have/are taking market share.
			• Does not appeal to youth due to popularity of video games; fanbase getting older.
			• Designs are stolen and/or copied to some extent by a competitor.
				• GAW has made the miniatures market more accessible:
				  • Simpler game rule format.
				  • Painting miniatures made easier.
				  • Cosmetic overhaul of retail locations.
				  • Widened price point range of products.

1. **Only North America ;** https://icv2.com/articles/news/view/43024/hobby-game-sales-total-1-5-billion-2018

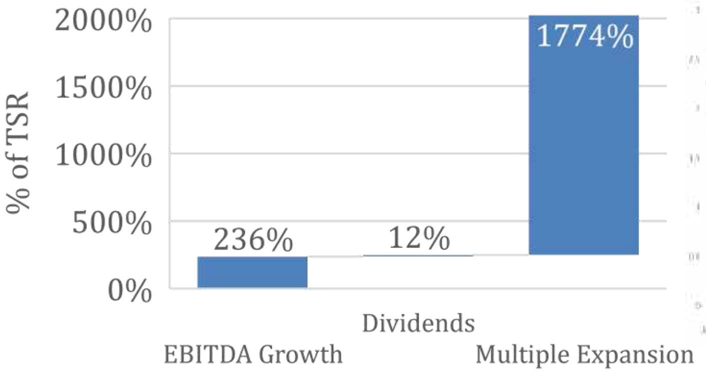
What Investors Missed

The Bear Thesis Five Years Ago:

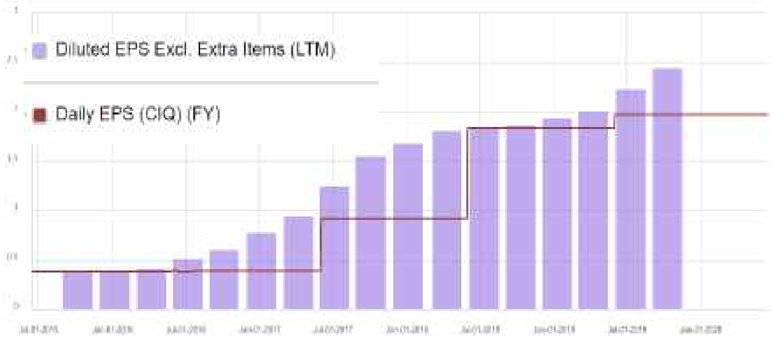
- The discontinuation of GAW's oldest game, Warhammer Fantasy Battle, will alienate existing loyal fans. And the replacement, Age of Sigmar, will fail to attract new fans.
- GAW is disconnected from its fanbase – resulting in poor new product releases.
- Transition to "one-man" store model will make the stores less profitable and destroy the community atmosphere.

Why They Were Wrong

Return Breakdown:



Consensus vs Results



The Actual Story of the Last Five Years

New products have been a success	• Age of Sigmar has outperformed Fantasy Battle, and the simpler format has attracted new fans. • Miniature releases across product lines have been "stellar."[1] • Age of Sigmar's best changes have been incorporated into Warhammer 40k which has improved the game.
GAW engaged with the fanbase	• GAW has become far more engaged with its fanbase through social media.
Store model helped GAW cut costs	• GAW's focus on *quality* rather than *quantity* of employees proved successful. • Focus on cutting costs by minimizing expenses on salaries, rent (on offices and stores), and mass advertising has worked: EBIT margins have increased from 13.8% in FY 2015 to 31.7% in FY 2019.
Licensing IP	• GAW has begun licensing its IP which has provided GAW with a runway for growth, and almost unlimited potential upside. • Licensing IP flows almost entirely to the bottom line.

1. https://www.miniaturemarket.com/reviewcorner/the-games-workshop-renaissance-editorial/

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Games Workshop Takeaways

GAW is a High Quality Business- 4.5/5

GAW has a wide moat

- **High barriers to entry have given GAW a wide moat – and essentially no direct competition.**
- GAW has loyal fans, benefits from network effects, and players are prevented from trying other games due to high switching costs.
- Stores act as "community hubs" – fans that stop playing the game suffer social consequences as well.

GAW has become more cost efficient

- GAW has cut store costs by having less employees, shutdown underperforming stores, and minimized rent.
- EBIT margins have increased from 13.8% in FY 2015 to 31.7% in FY 2019.

GAW has created a runway for growth

- New Age of Sigmar game a major success – attracting new fans, and enabling GAW to improve its core "40k" game.
- GAW has begun to leverage royalties:
  - Royalty income increased from £1.7 million to £11.4 million from FY2018 to FY2019.
  - Video games remain a major avenue for potential growth.
- **GAW is a high quality business with a strong moat, efficient business operations, and a strong runway for future growth.**

Future Outlook

Can GAW Sustain its Market Position?

- GAW's moat is strong.
- The niche nature of the industry discourages potential new entrants.
- GAW has been the leader in fantasy miniature figures and related games for 20+ years.

Can GAW continue to grow faster than the industry?

- GAW's moat impedes new competitors from competing with them.
  - Prospective players will likely buy GAW because few alternatives are available.
- GAW's scale enables them to innovate more than their competitors and capture more network effects.
  - Existing players will continue to purchase GAW games and products.

Is GAW poised to continue to outperform the market?

- GAW's moat and efficient cost structure protects the company from downside.
- Significant runway for growth in licensing GAW's IP.
  - Licensing has already rapidly scaled rapidly, flows almost entirely to the bottom line, and strengthens GAW's brand which helps its core miniature business – justifies their premium multiple.

STO:GENO

1,715%

5 Year TSR

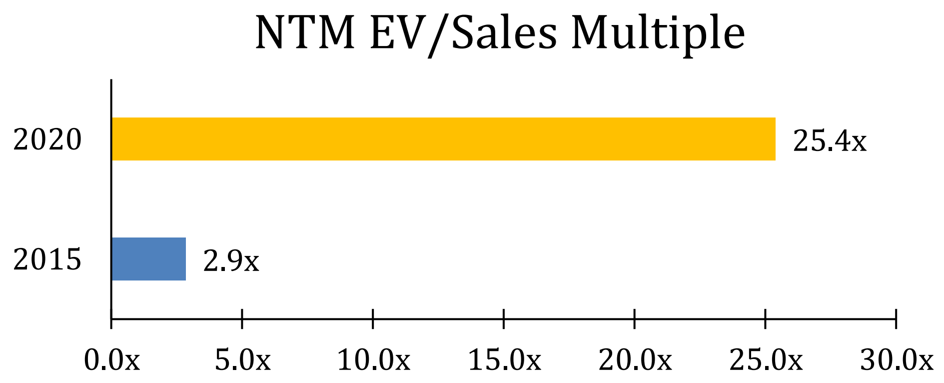
Rank: 9/104

Genovis Overview

Genovis is an international biotech company based in Lund, Sweden that develops, produces, and sells tools for developing drugs for customers in the medical device and pharmaceutical industries.

Statistic	6/8/15	6/8/20
Stock Price	SEK 2.00	SEK 31.80
Market Cap	SEK 43.69M	SEK 2.08B
Enterprise Value	SEK 42.15M	SEK 2.02B
Shares Outstanding	21.85M	65.84M
EV / NTM Revenue	2.85x	25.39x
EV / NTM EBITDA	N/A	91.91x
NTM P/E	N/A	213.71x

Statistic	FY 2015	FY 2019
Revenue	13.27M	60.55M
EBITDA	-23.55M	17.09M



Genovis Business Model

Primary Products

SmartEnzymes	• Enzymes with unique properties that can be used as biological tools to support the research and development of complex pharmaceuticals

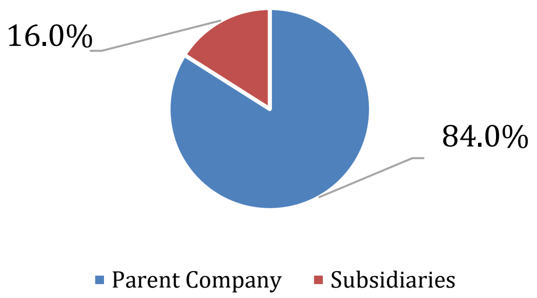
A couple of GENO's flagship products, FabRICATOR and GlycINATOR

Context

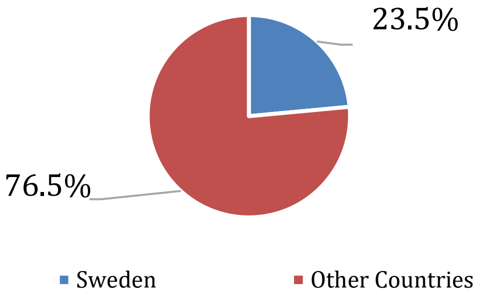
GENO helps bring safe and effective medicine to the market

- GENO talks to drug developers and discovers new needs for enzymes, which they then develop
- Genovis enzymes are used in many applications throughout the drug manufacturers path to market, including:
  - Initial screening process for clone selection
  - Sample preparation for analysis of antibody binding capacity
  - Monitoring and development of the manufacturing process
  - Quality control during production

Sales by Category



Sales by Geography



GENO is a capital intensive business as production is done in house

Low Threat
Medium Threat
High Threat

Genovis Competitive Analysis

Life Science Tools

The players in this industry offer analytical tools, instruments, consumables and supplies that are used in drug discovery, development, and production.

Market Structure	Monopolistic Competition
Market Size	$51.5B[1]
Industry Growth	HSD[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

• High levels of expertise within the biotech field are required to break in
• High up-front R&D costs
	• High-quality products and a robust patent portfolio
	  • No true competitors that offer comparable technology
	• Great customer relationships allow for close collaboration and insights into new needs and trends
	• More precise results in a shorter period of time
	• Strong supply chain that allows for one-day delivery of enzymes
		• High currency risk due to most sales taking place outside of Sweden
		• Many members of the Board and senior management, including the chair, do not own shares of GENO
		  • Incentives may not be aligned with those of shareholders
			• Increased need for quality analyses earlier in the development of biological drugs

[1]https://www.grandviewresearch.com/industry-analysis/life-science-tools-market

What Investors Missed

The Bear Thesis Five Years Ago:

- Extreme micro-cap company ($5.27M) that is based in and traded in Sweden
  - **Not a lot of awareness about what the company does and its upside potential due to little to no marketing done by the company, both to investors and potential customers**
- Stagnating path to profitability in the past couple of years

Why They Were Wrong

The Actual Story of the Last Five Years

Increased Sales and Marketing Presence

- GENO added more staff to their S&M team around the world
- There was a large increase in technical marketing materials for conferences and customer meetings
  - Lead to increased knowledge of the firm from outsiders

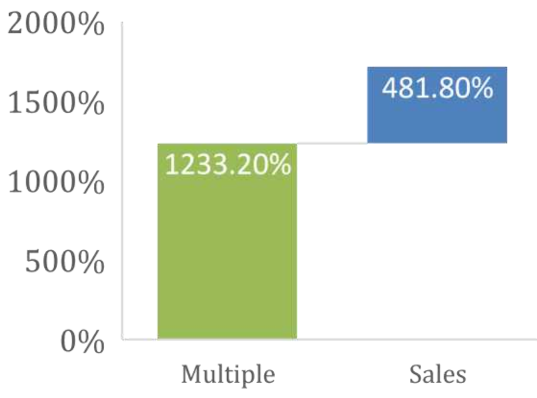
Very Large Customer Engaged

- **In Q3 2019, GENO received an order for SEK 13M from a global pharmaceutical company**
  - The enzymes are to be used in in the manufacturing process of a biological drug
- This order helped catapult GENO's growth rate

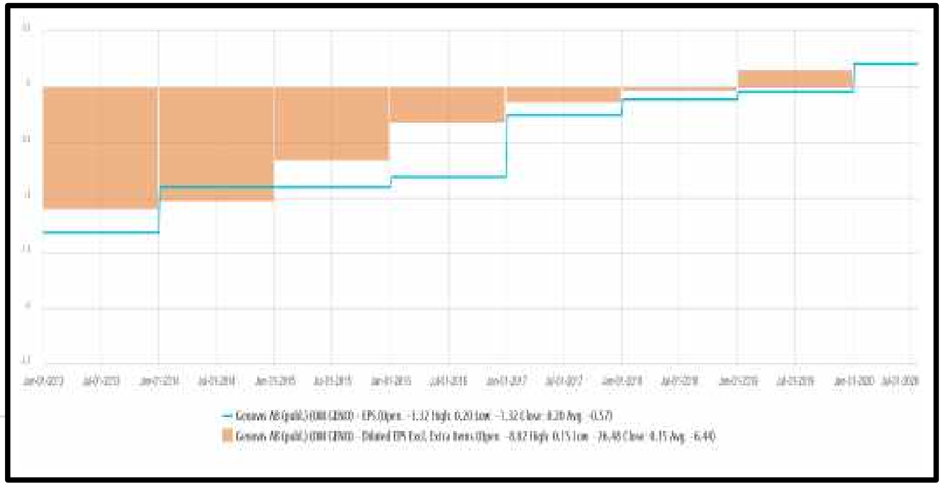
Timely Acquisition

- In April 2020, GENO acquired San Diego based QED Bioscience for SEK 20M in cash
- **QED has a variety of Coronavirus research tools, which are currently in very high demand, in its product portfolio**

Return Breakdown:



Consensus vs Results



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Genovis Takeaways

GENO is a Very Good Business – 4.5/5

GENO has a Moat

- GENO's products mainly compete with older technology
  - Higher quality results in a shorter amount of time
- **A partnership was formed in 2019 with one of the largest players in the industry, Thermo Fisher Scientific (TMO)**
  - Focus on improving quality analyses
  - Potentially a target for an acquisition by TMO

Substantial Capacity for Future Growth

- **In 2019, GENO expanded their premises and built a brand-new production lab**
  - Provides GENO with the ability to have better quality control throughout the supply chain
  - Allows for an even more agile response to the needs of their customers
- These facilities are key for accomplishing their goals of organic sales growth > 25% and 3 new product launches annually

Future Outlook

Can GENO Sustain its Advantages?

- Given the high barriers to entry of the industry, GENO likely can sustain its advantages
- If, however, competitive, similar products do enter the market, the advantages may not be sustained

?

Can GENO continue to grow?

- GENO is still in its infancy when it comes to growth
- There is a lot of upside potential given the increased need for high-quality analysis early in the development process

Is GENO poised to continue to outperform?

- Although multiple expansion has played a large role in the past, the high growth figures will continue to be present
- These high figures will be due to both organic growth and inorganic growth from acquisitions (QED)

ENXTPA:XIL

1,678%

5 Year TSR

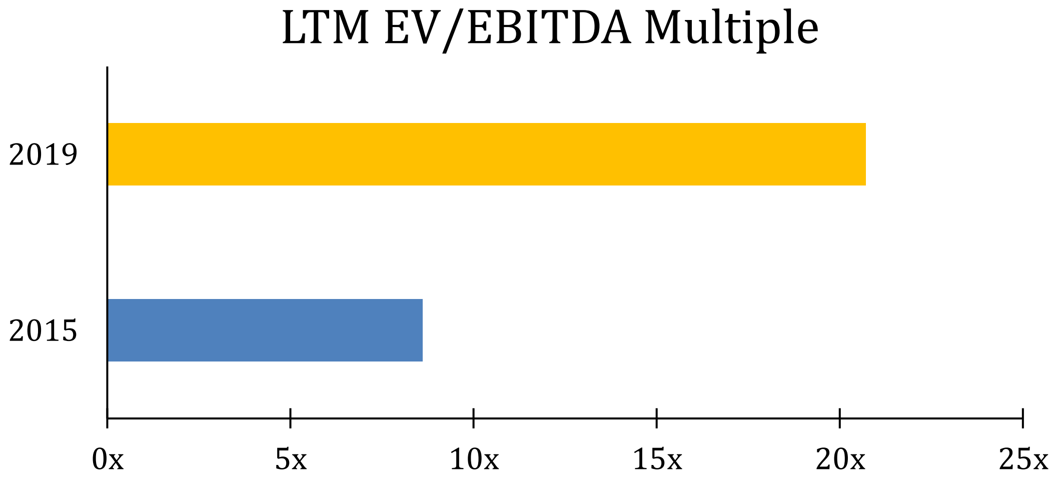
Rank: 10/104

Xilam Overview

Xilam is a French production company that specializes in animated television series and feature films. It creates, produces, and distributes children's and family entertainment content in 2D and 3D formats for TV, film, and digital media platforms.

Statistic	06/08/2015	06/08/2020
Stock Price	€2.21	€38.30
Market Cap	€9.31M	€189.17M
Enterprise Value	€21.63M	€200.85M
Shares Outstanding	4.23M	4.85M
EV / LTM Revenue	1.66x	6.56x
EV / LTM EBITDA	8.61x	20.71x
PE	6.54x	27.66x

Statistic	FY 2015	FY 2019
Revenue	11.3M	22.3M
EBITDA	10.7M	26.7M



Xilam Business Model

Primary Product

New Production	Creating new and original animated productions.

Catalogue	Licensing distribution rights of past productions that are in the company catalogue.

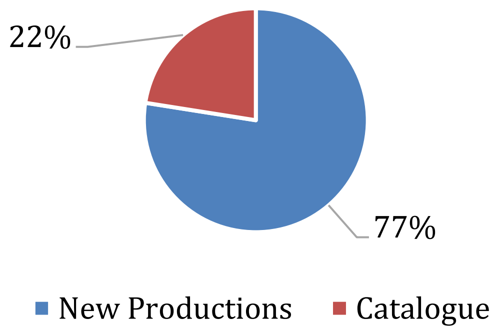

Sample Xilam 2019 productions.

Context

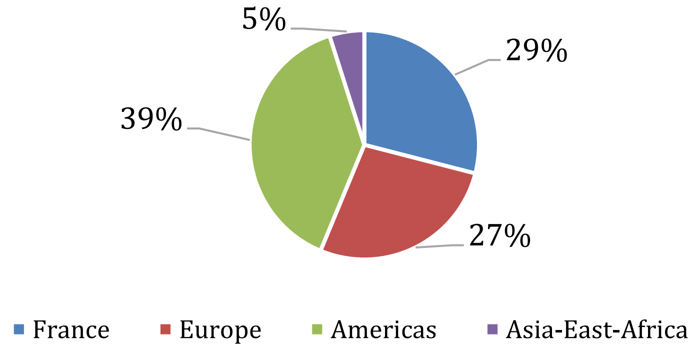
XIL is a fully integrated animation studio

- Creates original content and uses few third-party rights agreements.
- XIL prices to cover the majority of production costs, and then realizes extra profit through licenses the rights.
- Controls the entire production process giving them a tight grip on costs.
- Distributes the content to television and major SvoD platforms.
- Continues to distribute past productions from the catalogue and uses presale agreements to finance new productions.

Sales by Division



Sales by Geography



High capital required for creating new productions; XIL is a capital-intensive business.

Low Threat
Medium Threat
High Threat

Xilam Competitive Analysis

Movie & TV Production	Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

Operators in this industry produce and distribute movies and television content that is sold/licensed to distributors, such as streaming networks or cable networks.	**Market Structure**: Oligopoly
	Market Size: 60.8B[1]
	Industry Growth: MSD[2]
	• In the US, five companies hold 77% of market share for all movie production.
	• XIL does not have the immense scale of the biggest studios but is large for a niche player
	  • Less than 1% market share.
		• Long production cycles means high start up capital is required.
		• Human capital requirements are high; getting talent can be difficult in many markets.
		• **Brand matters:** can't secure contracts without production history and brand but can't create production history and build brand without contracts.
			• Scale enables XIL to continue to innovate.
			• XIL has retained top talent.
			• Strong production history (i.e. Oscar nominated films).
			• XIL has relationships with major distributors (i.e. Netflix).
				• A major production flop can damage reputation.
				• Distributors, such as Netflix, move all production in house.
				• Industry trends away from animation / long-form video.
					• Leverage increasingly lies with content creators, not distributors.
					  • **Rise of streaming has begun to commoditize distribution.**
					• Content is becoming globalized in tandem with distribution.

1. Only USA; IBIS World
2. Average of TV and Movie Production industry growth rates of 6.0% and 2.4%, respectively.

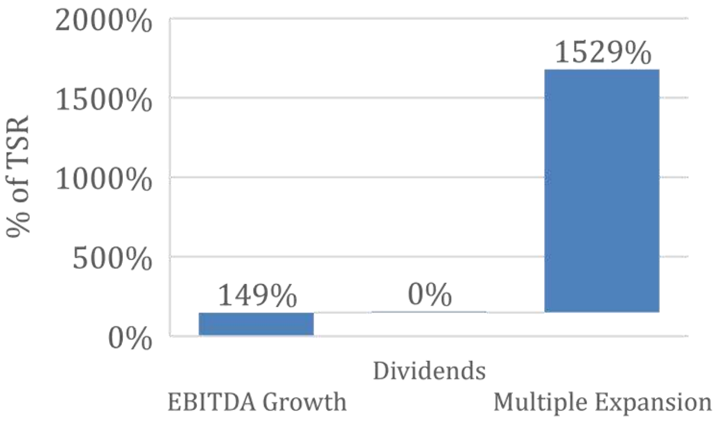
What Investors Missed

The Bear Thesis Five Years Ago:

- XIL is a niche animation studio but has, and will not, land consistent major new production contracts.
- Long-form tv is dying out and being replaced by short-form content such as YouTube; demand for XIL's films will stagnate or decrease.
    - XIL's 13m FY 2014 revenue is 26% lower than FY 2001.
- XIL will be squeezed out by major movie and animation studios, and distributors will integrate vertically to control the production process.

Why They Were Wrong

Return Breakdown:



Consensus vs Results

The Actual Story of the Last Five Years

XIL has landed major contracts

- Original content revenue has increased 125% from 6.9M in FY2014 to 15.5M in FY2019.
- **In 2015, XIL secured contracts with Nickelodeon, Disney, Cartoon Network; in 2019, with Netflix and Amazon.**
- *I Lost My Body* Netflix film won critical acclaim: first animated Grand Prix winner at Cannes Film Festival.

Demand for content is greater than ever

- Rise of streaming has begun to commoditize distribution and made content more valuable, as it is the differentiating factor.
- Content is being used by major players (i.e. Apple) to minimize churn.

New content distribution industry structure benefits XIL

- Demand for content, especially for streaming, has outpaced ability to create it – solidifying consistent demand for XIL's work.
- Industry has globalized giving XIL more access to international markets which represented 73% of total sales in FY2019 (up from 56% in FY2017).
- YouTube is a new catalogue revenue stream which grew 17% from FY2018-FY2019.

Xilam Takeaways

Xilam is a Good Business – 4/5

XIL has a moat

- **Strong barriers to entry impede new animation studios from opening.**
- Immense capital and experience is required to open a new studio – impeding new entrants.
- Content quality reputation must be built over time – but without it , it's difficult to secure new contracts.

XIL has benefited from industry structure changes

- XIL has secured major new contracts as streaming companies fight to offer the highest quality of content.
- XIL has capitalized on the globalization of content consumption; **international sales now represent 73% of total sales.**
    - Animation is also particularly well suited for global consumption given the ease to "redub" the voiceover in animation.

XIL has created a runway for growth

- As more major contracts are signed, XIL's catalogue increases in size and value.
    - YouTube is a new revenue stream for XIL's catalogue.
- The critical acclaim of XIL's recent content will increase both demand and value for their content going forward.
    - Demand increase also magnified by "streaming wars."
    - Will likely offset some of the high capital required to produce content which has historically depressed cash flow

Future Outlook

Can XIL Sustain its Market Position?

- XIL's moat is strong.
- The capital requirements and the challenge to secure contracts without production history impedes new entrants.
- XIL has greatly improved its reputation with the critical and commercial success of recent productions.

Can XIL continue to grow faster than the industry?

- **Legal changes made by the EU will enable XIS to grow faster than the industry:**
    - By Jan 2021, all platforms in France must spend at least 25% in French production, of which 50% must be independent production, like XIS.
    - 30% of content on platforms in the EU must be European origin.

Is XIL poised to continue to outperform the market?

- Streaming wars show no sign of slowing down as new platforms continue to launch (i.e. HBO Max).
    - XIL content library will also become more valuable, increasing catalogue revenue.
- Aforementioned legal changes, enhanced reputation, and contacts will drive original production revenue.
- 40x FCF valuation means multiple may contract if growth not fully realized.

NASDAQGM:FIVN

1,646%

5 Year TSR

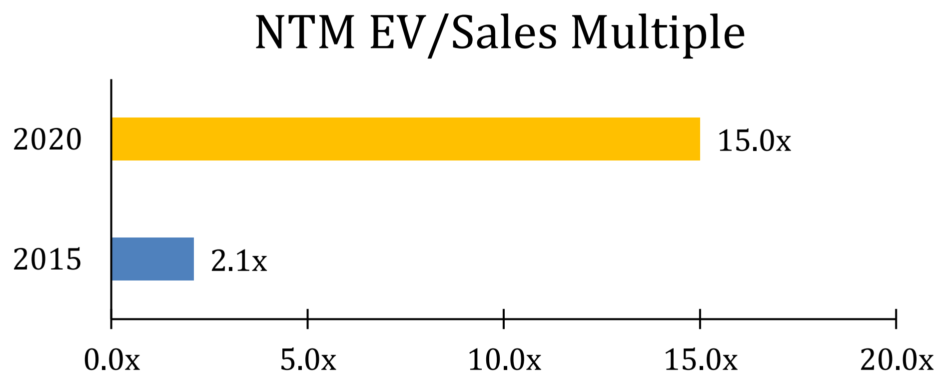
Rank: 11/104

Five9 Overview

Five9 is a leading provider of intelligent cloud software for virtual contact centers based in San Ramon, CA.

Statistic	6/8/15	6/8/20
Stock Price	$5.74	$96.99
Market Cap	$286.06M	$6.28B
Enterprise Value	$262.17M	$6.18B
Shares Outstanding	49.43M	61.70M
EV / NTM Revenue	2.07x	15.69x
EV / NTM EBITDA	N/A	96.11x
NTM P/E	N/A	126.12x

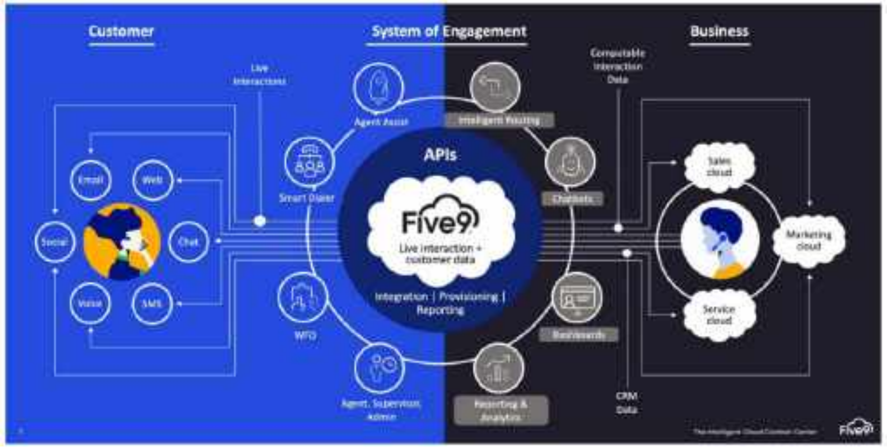
Statistic	FY 2015	FY 2019
Revenue	128.87M	328.01M
EBITDA	-13.76M	17.2M



Lululemon Business Model

Primary Product

Cloud CRM Solution	• Comprehensive, end-to-end cloud software solution for virtual contact centers

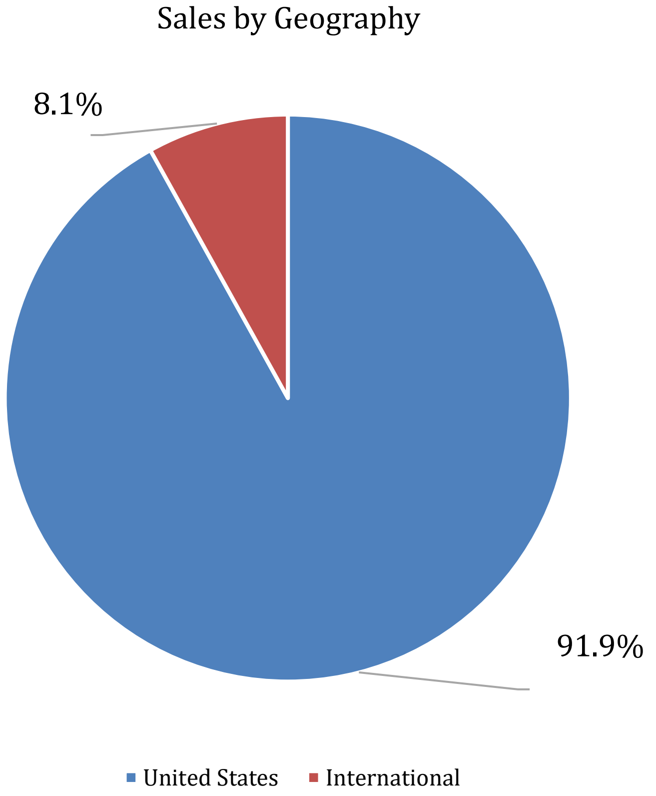


Visual showing how Five9 operates

Context

Five9 helps organizations maintain customer relationships more effectively

- A contact center is a central point from which all customer interactions across various channels are managed
- FIVN's virtual contact centers allow companies to perform all the actions that legacy contact centers perform and more, while allowing its employees to work remotely
  - This greatly reduces the costs that come along with having a large, physical center



FIVN is a capital light business as software companies do not require large CapEx

Low Threat
Medium Threat
High Threat

Five9 Competitive Analysis

Contact Center Software

Players in this industry offer software that empowers organizations to build and enhance relationship with their customers and prospects by providing effective communication across various channels, such as voice, video, web, chat, mobile applications, and social media

Market Structure	Pure Competition
Market Size	$23.4B[1]
Industry Growth	> 10%[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• Low barriers to entry as a result of little specialization required to enter the market • Relatively low switching costs	• Rapid deployment and support of their comprehensive solution • Extensive partner ecosystem that includes Oracle, Salesforce, and Microsoft, among others • Established market presence and a large, diverse customer base of over 2,000 organizations • The platform is reliable, secure, and highly scalable	• Adherence to FCC regulations is mandatory as FIVN is technically a telecommunications service provider • Security breaches could result in a reputation hit as well as litigation • FIVN does not control the operations of the 4 data centers where the servers that run their solution are housed	• Customers have grown to expect seamless customer service across many channels due to the rapid adoption of mobile devices and social media

[1]https://www.marketsandmarkets.com/Market-Reports/contact-center-software-market-257044641

What Investors Missed

The Bear Thesis Five Years Ago:

- Top line growth rate had peaked in 2011, and since then it has been declining rapidly, despite increased sales and marketing spend
    - **There were no signs that the growth it was once achieving when its technology was considered innovative was coming back anytime soon**
- Future growth plans and business expenditures seemed extremely unrealistic, EBITDA margins were negative and FIVN was predicting 20+% margins without a clear plan

Why They Were Wrong

The Actual Story of the Last Five Years

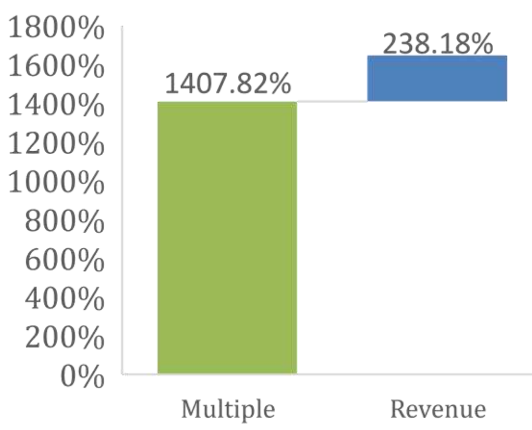
Steady Path to Success

- Revenue growth never rebounded to its 2011 peak, but it did stay relatively constant over the past 5 years at around 25%
- EBITDA margins have been increasing, however, as it is now positive, though still low at 5%
    - This is due to more long-term contracts which bring in revenue but require less SG&A expenses

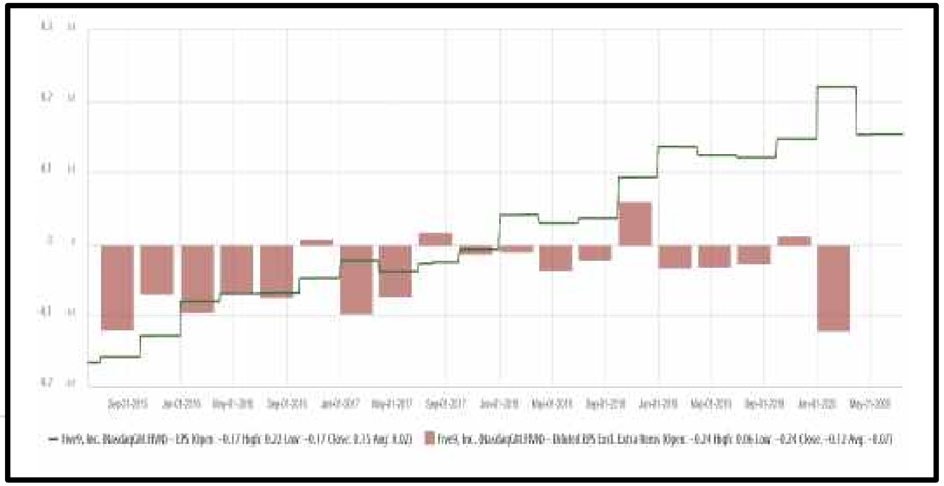
Digitization of the Customer Relations Industry

- As the channels that that are used prevalently in customer service have expanded tremendously as the social media world has expanded, the need to manage these channels efficiently has also emerged
- **FIVN was ahead of its time in its early days, and that allowed the company to capitalize on this general industry shift that has become much more prevalent in the past 5 years**

Return Breakdown:



Consensus vs Results



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Five9 Takeaways

FIVN is a Good Business – 4/5

FIVN has a Moat in a Growing Industry	• **Despite not operating in a very high barrier to entry business, FIVN has established itself as a comprehensive and reliable platform in an extremely competitive industry** • It is also the only pure-play public cloud contact provider • As more companies look to move to the cloud for their contact center solutions, FIVN is always going to be in the conversation for many • FIVN already has many large and recognizable customers and partners that it boasts to cement its credibility in an ever-expanding industry
Promising Financial Profile	• Despite having never recorded a profit, FIVN is on the verge of breaking that cycle • **Revenue has shown tremendous organic growth figures which has resulted in its first (although low) operating profits in FY18 and FY19** • Plenty of room for margin expansion as well given the low incremental costs that comes with additional clients • There is $209M of convertible senior notes on the balance sheet, but that is manageable given that may not even need to be paid back

Future Outlook

Can FIVN Sustain its Advantages?

- FIVN is one of the early players in the industry, and thus has built a great reputation that it can capitalize on in the future

Can FIVN continue to grow?

- FIVN operates in a relatively untapped market that offers great value to its customers
- Top-line will continue to grow as the industry becomes the standard rather than the exception

Is FIVN poised to continue to outperform?

- Given the extreme role multiple expansion played in its prior outperformance, FIVN will likely not be able to sustain its current valuation of a high-teens EV/sales in the long run (comps are high single digits)
- Revenue growth and margin expansions will likely counteract that multiple contraction in the short-run, however, and FIVN can and likely will continue to outperform

JUMBO

ASX:JIN

1,442%

5 Year TSR

Rank: 12/104

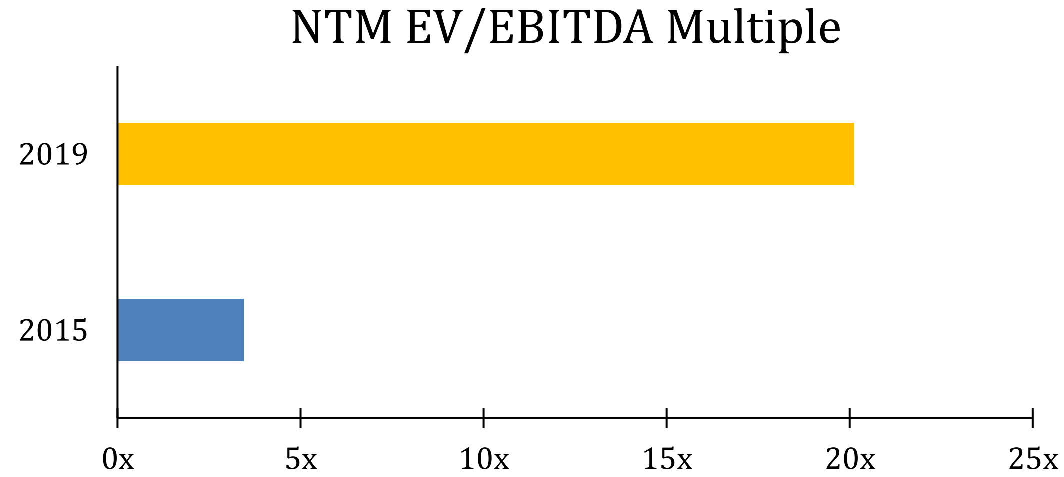
Jumbo Interactive Overview

In Australian (AUD) Dollars

Jumbo Interactive sells lotteries tickets on behalf of lotteries through its website. The company is involved in the sale of official government and charity lotteries through digital platforms; and sale of its SaaS digital lottery platform.

Statistic	06/08/2015	06/08/2020
Stock Price	$0.97	$12.07
Market Cap	$42.66M	$753.54M
Enterprise Value	$18.90M	$687.84M
Shares Outstanding	44.20M	62.42M
EV / NTM Revenue	0.14x	9.21x
EV / NTM EBITDA	3.15x	15.92x
PE	47.78x	26.98x

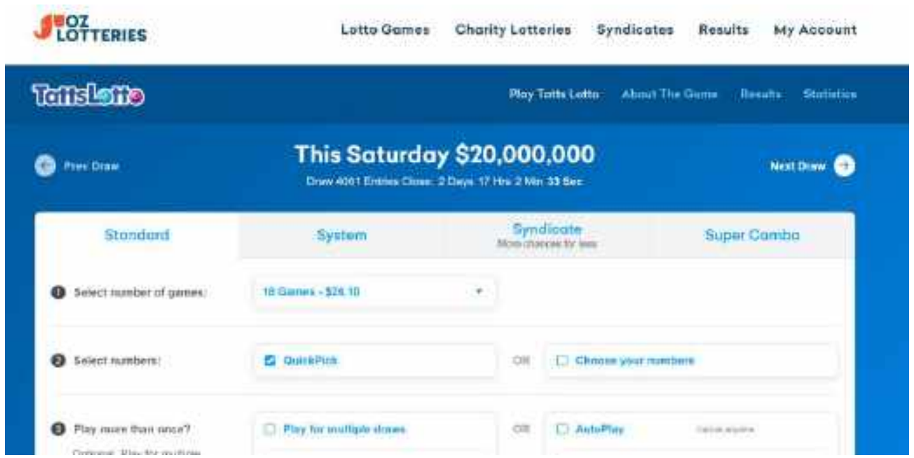
Statistic	FY 2015	FY 2019
Revenue	29.2M	65.21M
EBITDA	1.98M	36.55M



Jumbo Interactive Business Model

Primary Product

Online Lottery Ticket Selling	Operates OzLotteries.com, an online lottery platform that connects lotteries with buyers.
Online Lottery Software	SaaS software that enables lotteries to sell tickets online.

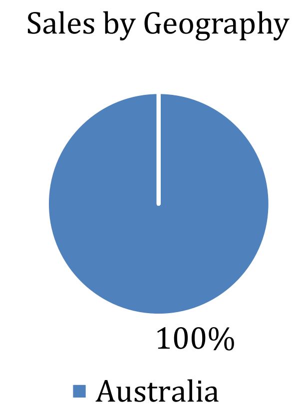


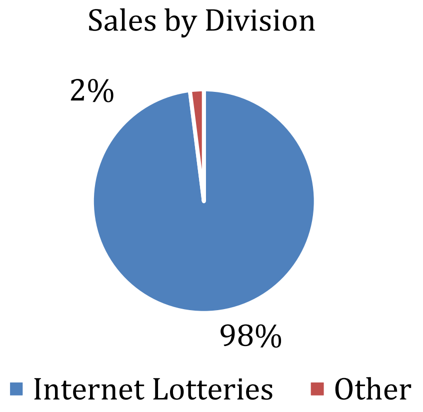
Sample OzLotteries.com page

Context

JIN enables lotteries to sell online.

- OzLotteries.com is a platform for Australian lotteries to sell tickets digitally.
  - JIN has best in class-software and millions of customers already on the site – allowing partner lotteries to grow and sell more tickets.
  - ≈20% take rate.
- JIN's SaaS business will enable lotteries - from around the world - to build their digital business.
  - Revenue not expected until FY2021.





JIN is a digital, capital light business

Jumbo Interactive Competitive Analysis

Low Threat
Medium Threat
High Threat

Australian Lottery Industry

Industry firms primarily operate lotteries and sell lottery tickets. A lottery is a prize draw that players pay to enter, with winners drawn randomly by lot. Firms that operate lotto-style games and football pools are also included in the industry.

Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
<table><tr><td>**Market Structure**</td><td>Oligopoly</td></tr><tr><td>**Market Size**</td><td>7B[1]</td></tr><tr><td>**Industry Growth**</td><td>LSD[1]</td></tr></table> • Two biggest Australian lotteries estimated to have 70% market share. - JIN has contracts with both (Tabcorp and Lotterywest). • JIN competes with the digital apps of the major lotteries: Lotterywest.com and thelott.com.	• Industry is concentrated – getting market share in the online ticket reselling segment requires a contract with a major lottery. • Regulations impede new lotteries from starting. • JIN has multi-year contracts with both major lotteries. • Many firms do not want to enter given the perceived negative PR.	• JIN's scale gives superior data which enables: • Lower marketing spend. • More effective innovation. • Cash on balance sheet allows JIN to innovate/invest when an opportunity arises.	• Losing a contract with a major lottery. • Lottery decides to start their own digital platform. • New regulations being enacted. • Other forms of gambling (i.e. sports betting) become more popular.	• **Australian lottery Industry has become more consolidated:** Two of the four biggest lotteries - Tabcorp and Tatts Group – merged in 2017. • Online gambling has become increasingly legalized: • Represents a growth opportunity for JIN.

1. https://www.ibisworld.com/au/industry/lotteries/661/

What Investors Missed

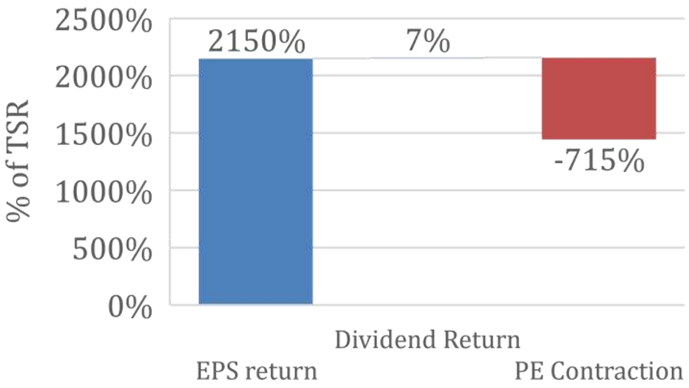
In Australian (AUD) Dollars

The Bear Thesis Five Years Ago:

- Skeptical of changes to core OzLotteries.com website and app.
  - Took high development expenses to make “major upgrade to software.”
- Jackpot sizes, a key driver of revenue, are going down.
  - Lottery players are older which is another headwind to growth.
- Expansion efforts so far have not been promising
  - Expansion to German market lacks clear thesis.
  - New Jumbopets.com website (sells pet food) demonstrated lack of focus.

Why They Were Wrong

Return Breakdown:



Consensus vs Results

The Actual Story of the Last Five Years

Software upgrades have been a major success	• New software has created a better customer experience and more customers:
	  • 761,863 active customers in FY from 437,540 in FY 2018.
	• Higher transactional capacity.
	• Syndicates feature a success – growing from 17% to 31% of sales.
	  • Syndicate customers also have a 27% higher average lifetime value.
	  • Essentially outsources CAC and outperformed due to social nature.
	• Software platform captures more data:
	  • Helped lower CAC from $17.28 to $13.81 and increase customer spend from $371.13 to $385.44.
	• Created SaaS opportunity.

Jackpot Sizes fluctuate –	• **Jackpots do drive sales but revenue has grown at a 17.4% CAGR from FY2015 to FY2019 – absorbing jackpot size fluctuations.**
SaaS expansion strategy makes sense	• There is a clear opportunity: only 7% of the world’s lottery tickets are sold online. • It’s directly related to JIN’s core business.

Back to List

Jumbo Interactive Takeaways

In Australian (AUD) Dollars

Jumbo Interactive is a High Quality Business – 5/5

JIN has a wide moat	• **JIN has contracts with both major Australian lotteries – and has maintained strong and successful relationships with them.** ◦ Tatts Group owns 13% of JIN, underscoring their commitment. • Government regulations and licensing restricts new entrants.
JIN has made important investments in its core business	• **New software has lowered marketing expenses, increased customer spend, and increased total customers.** • Enabled more transactional capacity so JIN can better exploit large jackpots when they happen. • Created a new SaaS opportunity - potential major stream of revenue (but has not yet been implemented)
JIN's SaaS business has created a runway for growth	• **Major potential opportunity: size of global lottery ticket market is $445B but only 7% of tickets are sold online.** • Data collected from customers can help JIN improve its core OzLotteries website and lower its marketing spend. • Very little incremental costs. • Gambling regulations are generally becoming less restrictive which can bolster the opportunity: ◦ Just six states allow online lotteries, but all six have legalized the practice in the last six years.

Future Outlook

Can JIN Sustain its Market Position?

- JIN's moat is strong.
- Regulations and market concentration impede new entrants.
- Many companies hesitant about entering the gambling space for perceived PR issues.

✓

Can JIN continue to grow faster than the industry?

- **JIN, due to its contracts with both major lotteries, essentially has a monopoly on 3rd party online Australian lottery tickets (lotteries have their own digital platforms).**
- JIN's scale enables data advantages that will continue to lower their marketing costs, attract new users, and increase user spend.
- JIN's SaaS business provides a clear runway for growth.

✓

Is JIN poised to continue to outperform the market?

- **JIN's core business is extremely consistent:**
  - Lottery ticket sales are actually slightly countercyclical.
  - Despite jackpot sizes fluctuating each year, JIN has only had 3 years of revenue decline since 2000.
- IN's SaaS business provides a runway for growth which will also improve its core business by increasing data collection.
- At 25x PE, JIN trades at ≈ market multiples despite lower risk and a strong growth profile.

✓

HYPOPORT

XTRA:HYQ

1,433%

5 Year TSR

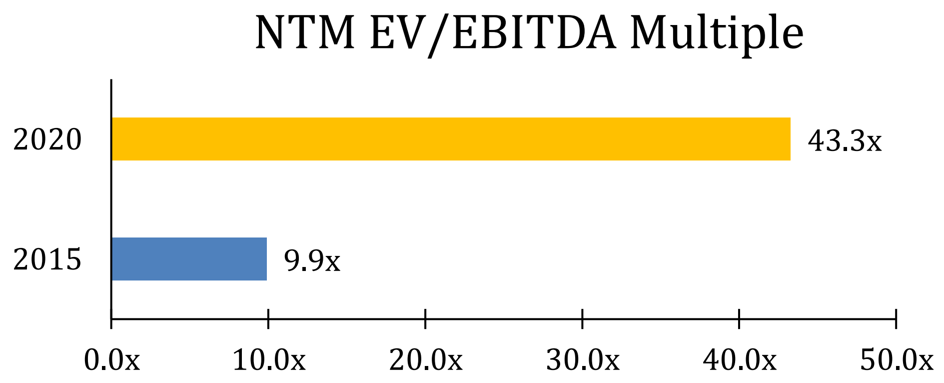
Rank: 13/104

Hypoport Overview

Hypoport is a holding company based in Lübeck, Germany, that has a portfolio of technology companies that focus on the credit, real estate, and insurance industries.

Statistic	6/8/15	6/8/20
Stock Price	€25.50	€398.00
Market Cap	€155.29M	€2.51B
Enterprise Value	€158.17M	€2.65B
Shares Outstanding	6.09M	6.30M
EV / NTM Revenue	1.21x	6.13x
EV / NTM EBITDA	9.92x	43.28x
NTM P/E	19.65x	82.08x

Statistic	FY 2015	FY 2019
Revenue	138.98M	337.24M
EBITDA	20.35M	37.62M



Hypoport Business Model

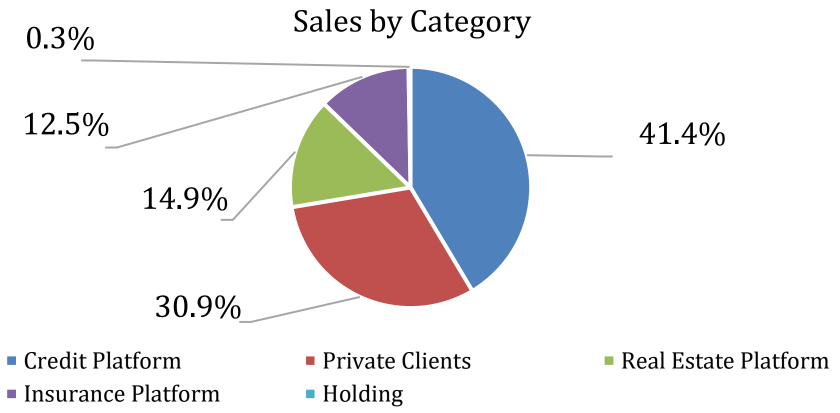
Primary Products

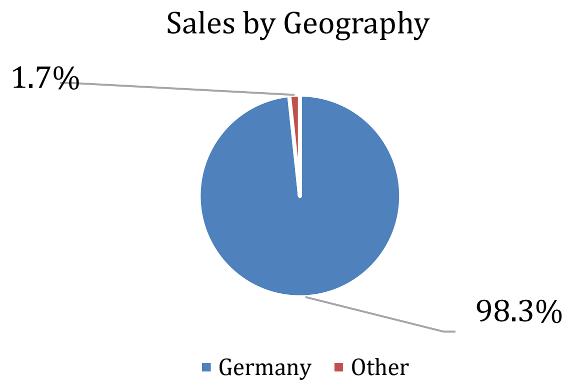
Credit Platform	• B2B web-based credit platform, EUROPACE • Sub-marketplaces and distribution companies that are tailored to individual target groups
Private Clients	• Companies focused on the brokerage of residential mortgage finance products for customers
Real Estate Platform	• Companies that offer services related to the sale, valuation, financing, and management of residential properties
Insurance Platform	• Companies that provide sales and administrative platforms and distribution support services

Context

HYQ digitalizes the financial institution industry

- It specializes as a property financing intermediary and is expanding its value chain more into the insurance and real estate sectors
- The 2 major subsidiaries that account for a lot of HYQ's revenues are EUROPACE in the credit platform segment and Dr. Klein in the private clients segment
  - EUROPACE is Germany's leading transaction platform for mortgage finance, building finance and personal loans
  - Dr. Klein distributes mortgage finance and other financial products to consumers
- Revenue is derived differently by each subsidiary





HYQ is a capital light business as FinTech businesses are not manufacturing heavy

Low Threat
Medium Threat
High Threat

Hypoport Competitive Analysis

FinTech

The players in this industry offer technological solutions to common financial necessities such as payments, loan issuance, and insurance.

Market Structure	Perfect Competition
Market Size	$200B[1]
Industry Growth	> 10%[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• Existing players have a sizable amount of affiliated vendors on their platforms that are difficult to replicate	• Not overly concentrated in one area • Able to offer multiple services under the same company • Strong reputation for quality • First mover in a lot of the areas it operates in (like credit platforms)	• The heavy reliance on the mortgage industry makes HYQ susceptible to macroeconomic downturns • Potential conflict of interest between subsidiaries could have a negative affect on the business as a whole	• More people are buying homes in Germany

[1]https://www.prnewswire.com/news-releases/global-fintech-market-value

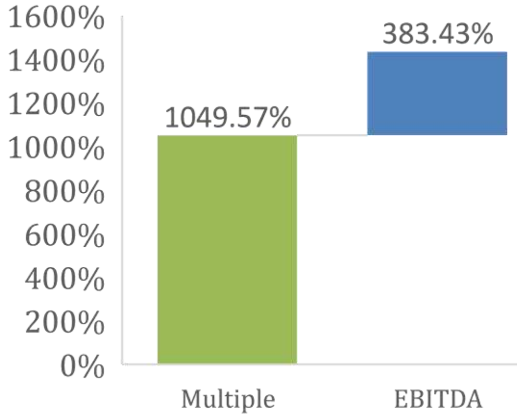
What Investors Missed

The Bear Thesis Five Years Ago:

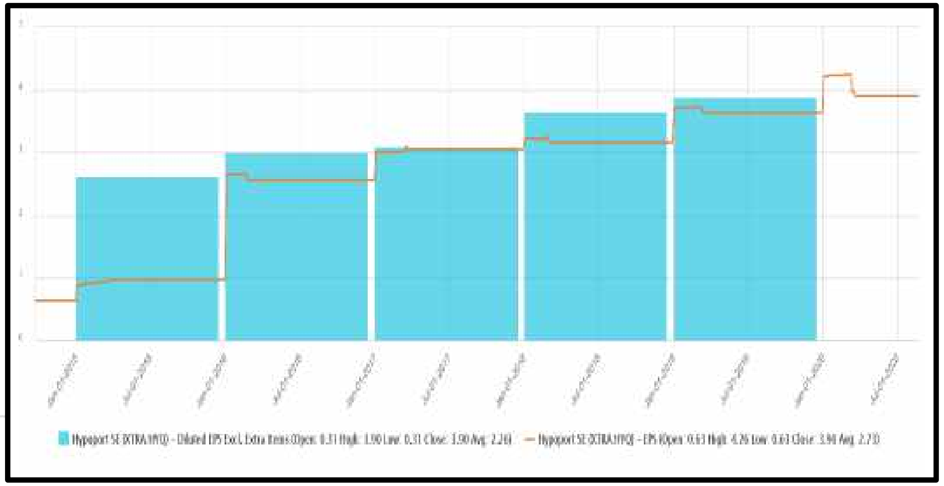
- **Micro cap stock with not a lot investor awareness**
  - Those analysts that were following the business were not predicting extremely high growth

Why They Were Wrong

Return Breakdown:



Consensus vs Results



The Actual Story of the Last Five Years

Included in an Index

- **In December 2015, HYQ was added to the German Small-Cap-Index (SDAX)**
  - This increased volume and increased investor interest

Several Accretive Acquisitions

- **Throughout the past 5 years, HYQ has made 7 acquisitions which have expanded offerings and grown revenue substantially**
  - In June 2016, NKK Programm Services was acquired, which greatly expanded the insurance segment
  - In 2017, 3 more acquisitions were made with the intention of bolstering the insurance segment
  - In 2018, FIO Systems and Value were acquired, which resulted in the launch of the Real Estate Platform segment
  - In June 2018, ASC Assekuranz-Service center was acquired, which helped bolster insurance revenues

Back to List

Hypoport Takeaways

HYQ is a Good Business – 4/5

HYQ has a Moat

- **Hypoport is a key player in digitalizing the financial services industry in Germany, especially in the real estate subvertical**
    - EUROPACE is the leader in its space and Dr. Klein is still expanding its already large footprint
- So many financial players already use HYQ's platforms, and further acquisitions are only bolstering the offering as a whole

Strong Real Estate Industry Tailwinds in Germany

- **Net inward migration, increased life expectancy, and more one-person households are all driving up demand for homes, property prices, and mortgage financing business**
    - In addition to those in the past (which will also likely continue into the future), lower interest rates due to COVID-19 macro adjustments are seeing more people surging to buy
    - More home sales leads to more volume on HYQ's financing marketplaces

Future Outlook

Can HYQ Sustain its Advantages?

- Although HYQ's competitive advantages are not particularly strong, it should be able to sustain them
- In particular the first mover advantage is key due to the established platforms it already has

Can HYQ continue to grow?

- HYQ is in the process of scaling its acquired businesses and there are also strong industry tailwinds that will likely propel future growth
- However, this is somewhat limited given the impression that HYQ is confined to Germany indefinitely

Is HYQ poised to continue to outperform?

- Given the large multiple expansion that has taken place in the past, it is unlikely that HYQ will continue to outperform despite the tailwinds boohoo group plc

AIM:BOO

1320%

5 Year TSR

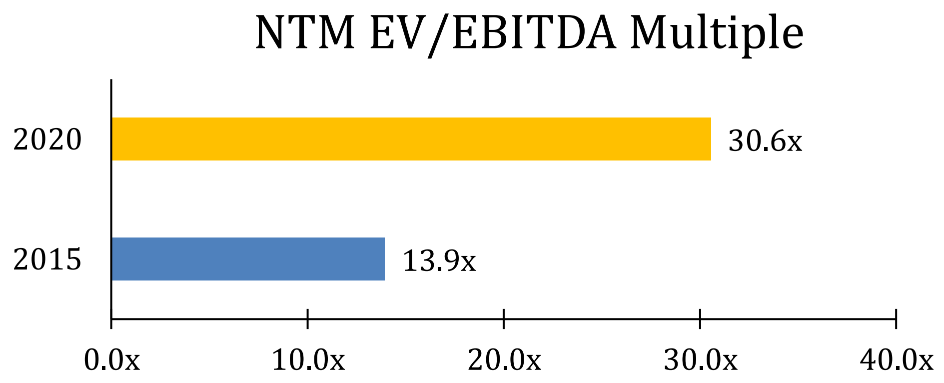
Rank: 14/104

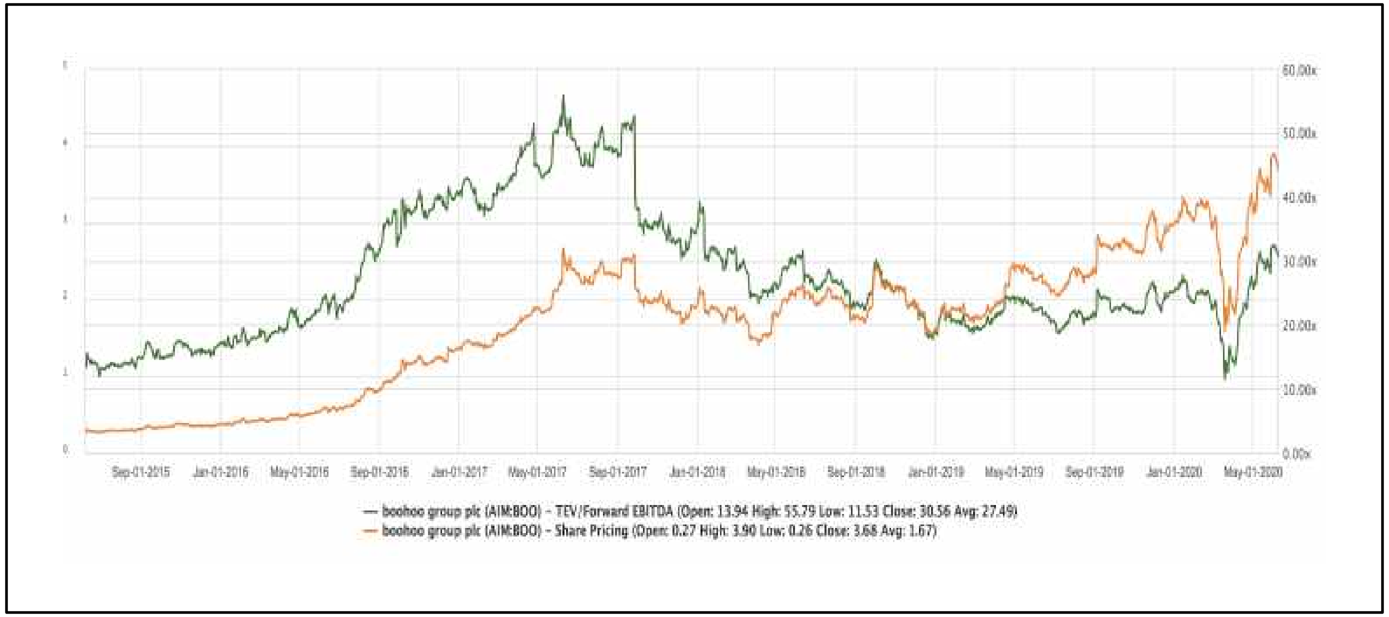
Boohoo group plc Overview

Boohoo group , through its subsidiaries, is an online fashion retailer that designs, sources, markets, and sells clothing, shoes, accessories, and beauty products, based in Manchester, England.

Statistic	6/8/15	6/8/20
Stock Price	£0.27	£3.68
Market Cap	£303.25M	£4.27B
Enterprise Value	£249.10M	£4.06B
Shares Outstanding	1.12B	1.16B
EV / NTM Revenue	1.42x	2.78x
EV / NTM EBITDA	13.94x	30.56x
P/E	25.45x	55.42x

Statistic	FY 2015	FY 2019
Revenue	£195.4M	£1234.9M
EBITDA	£16.6M	£107.6M





Boohoo Business Model

Primary Products

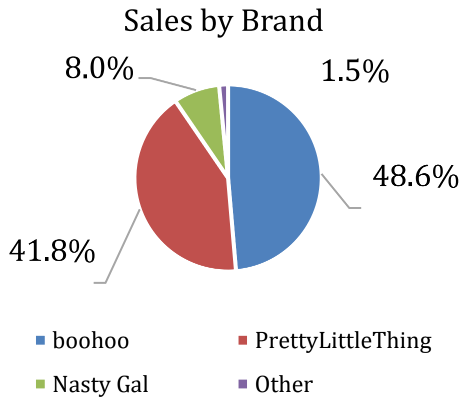
Apparel	• Clothing, primarily for women, but some brands carry a men's line • Shoes & accessories • Beauty products

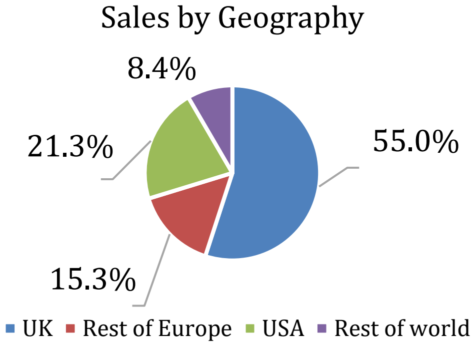
Boohoo brands are known for their fashion-forward, low-cost clothing items

Context

BOO brands target 16-40 year old "fashion-conscious" consumers

- BOO has 7 brands that are differentiated by message, appeal, price-point, and target age-group
- Women's wear options in a variety of styles and sizes
- BOO designs, sources, markets and sells its products
- Sales are made directly to consumers via brand websites
- Major marketing focus on social media and the use of social media "influencers" to increase sales and brand awareness





BOO is a capital light business, as manufacturing is outsourced.

Low Threat
Medium Threat
High Threat

Boohoo Competitive Analysis

Internet & Direct Marketing Retail

The players in this industry offer retail services, primarily on the internet.

Market Structure	Perfect Competition
Market Size	$2.86T[1]
Industry Growth	> 10%[2]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• There are no material barriers to entry in this industry • Brand recognition is important, but not imperative	• BOO brands have reasonably priced clothing, making it accessible to a wide customer base • BOO brands, especially boohoo, Nasty Gal, and PrettyLittleThing have brand recognition and following • Customer base resilient to economic changes, giving BOO some cushioning from economic cycles	• Failure to keep up with the latest trends and styles can adversely impact BOO sales • Failure to respond to sustainability concerns, and environmental and labor abuse in the supply chain could damage BOO reputation and sales	• Retail is shifting away from fast fashion toward more sustainable practices • Increased concern for the impacts of fast fashion on the environment

[1]https://eresearch.fidelity.com/eresearch/markets_sectors/sectors/industries.jhtml?tab=learn&industry=255020
[2] FY 2019

What Investors Missed

The Bear Thesis Five Years Ago:

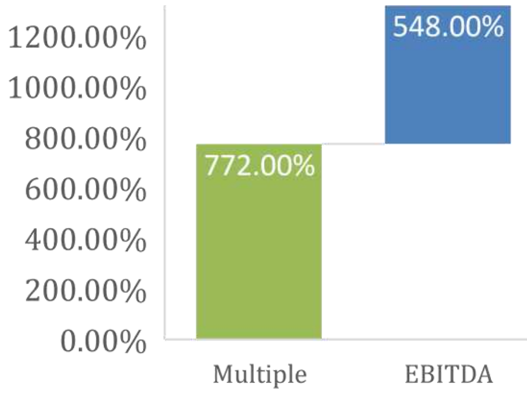
- **In 2015, BOO made a number of expensive investments for future growth and did not stand out significantly from competitors**
    - BOO brands operate exclusively online, while many of their competitors had physical storefronts in addition to online retail
    - Made investments in their website and warehouse extensions, as well as developed an app
    - BOO had just recently gone public in 2014 and was founded in 2006, making it relatively new to its peers

Why They Were Wrong

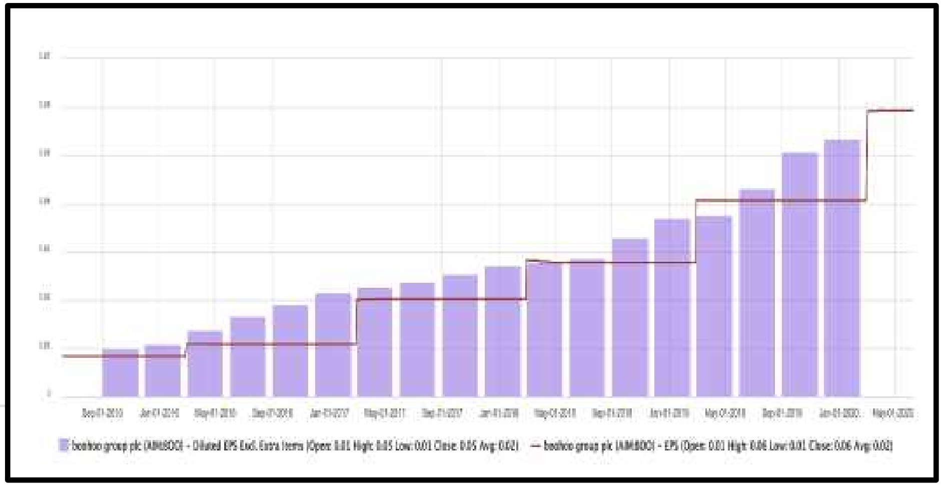
The Actual Story of the Last Five Years

Key Acquisitions	• Major acquisitions of Nasty Gal and PrettyLittleThing in 2017, which now combine for about 50% of BOO revenue • In 2019 acquired three new brands: MissPap, Karen Millen, and Coast • Increased market share and portfolio diversification with these brand acquisitions
Good Investments	• BOO sees the importance of social media in marketing, so they invested using influencers as brand reps, which increases brand awareness and sales • Investment in BOO websites and apps has aligned with the shift from in person shopping to online & increased their sales • Warehouse investments have also proven themselves, as they have allowed BOO to keep pace with customer demand

Return Breakdown:



Consensus vs Results



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Boohoo Takeaways

BOO is a Okay Business – 3.5/5

Strong Customer Base & Marketing

- Despite the shift toward sustainability, BOO's target market is more focused on new fashion items than their impact on the environment
- BOO's main type of customer is resilient to economic cycles and will continuously and somewhat regularly make purchases from their brands
- BOO brands appeal to a wide range of people outside of of their target audience for more sporadic purchases
- BOO knows how to market to its most profitable type of customer by using social media and social media influencers to showcase their offerings

Growth & Industry Success

- BOO has had consistent topline growth over the last 5 years, but it is expected to slow over the next three years
- Gross margins have been around 55% over the last 5 years and EBITDA margins have stayed at around 9%, which is about industry average and higher than some of its main competitors such as ASOS
- EPS has generally outperformed analyst estimates over the last 5 years

Future Outlook

Can BOO Sustain its Advantages?

- BOO has little differentiation from its competitors, offering similar clothing, at similar prices and similar quality
- Brand loyalty doesn't benefit retailers like BOO, but customer service is key

Can BOO continue to grow?

- BOO launched BooMan and can continue to expand into the men's wear market
- Also launched a "sustainable" line to try to appeal to those concerned for the environment
- Different sizing options have yet to be fully targeted (plus sized, petite)

Is BOO poised to continue to outperform?

- BOO has better margins than competitors and a large customer base that will continue to grow their revenue
- Outperformance in the long run depends on if consumers move away from fast fashion in favor of sustainable brands & if environmental regulation will be increased in the industry

Phoslock Environmental Technologies

ASX:PET

1282%

5 Year TSR

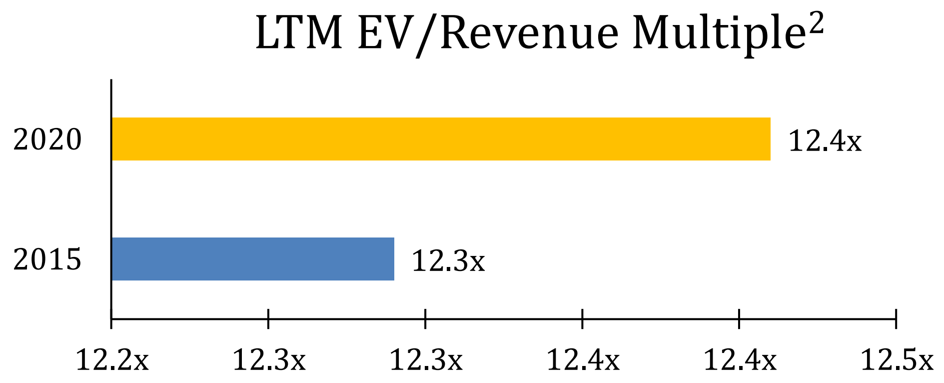
Rank: 15/104

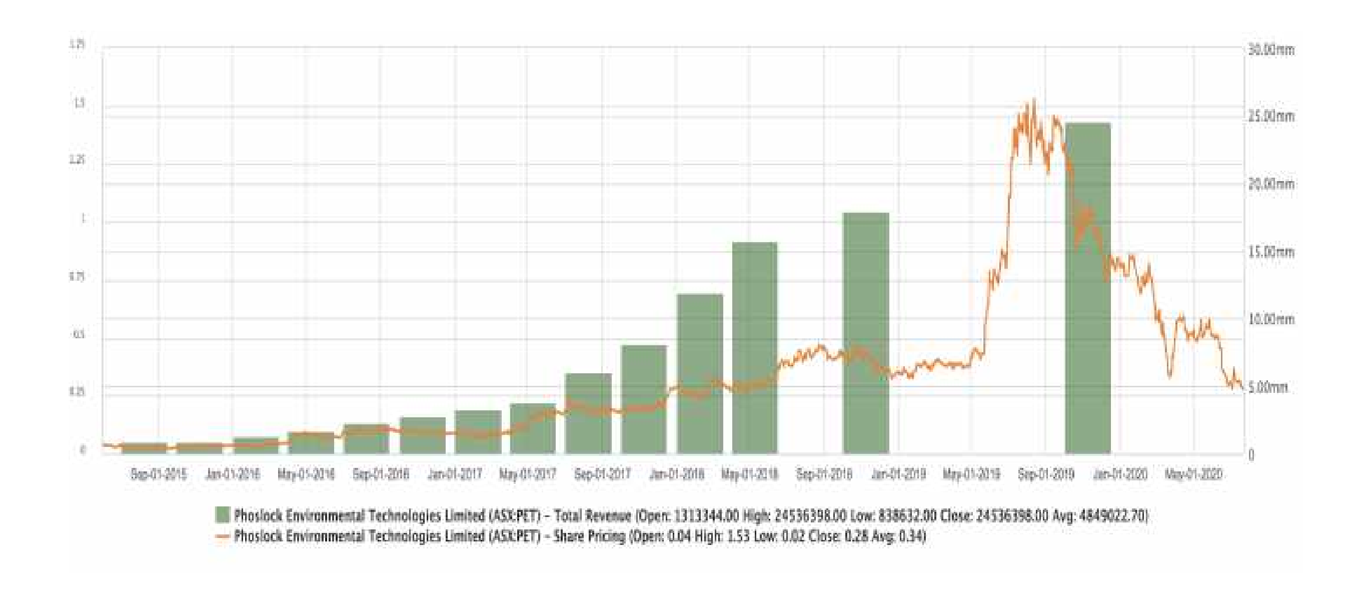
Phoslock Environmental Technologies Overview

Phoslock Environmental Technologies, based out of Melbourne, Australia, designs, engineers, and implements solutions for water treatment related projects.

Statistic	6/8/15	6/8/20
Stock Price	0.03 AUD	0.51 AUD
Market Cap	8.68M AUD	318.75M AUD
Enterprise Value	10.91M AUD	304.47M AUD
Shares Outstanding	249.25M	625.00M
EV / LTM Revenue[1]	12.29x	12.41x
EV / LTM EBITDA[2]	N/A	72.38x
P/E[3]	N/A	96.24x

Statistic	FY 2015	FY 2019
Revenue	839K AUD	24.536M AUD
EBITDA	(1.327)M AUD	3.894M AUD





ALTA FOX CAPITAL

[1]NTM multiples not available
[2]EBITDA was negative for FY2015
[3]EPS was negative for FY2015 and 0 for FY2019

PET Business Model

Primary Products

Phoslock	• Phoslock binds free phosphate into an inert mineral that becomes part of the water's natural sediments
Zeolite & Bacteria	• Zeolite binds nitrogen • Bacteria improves the quality of water

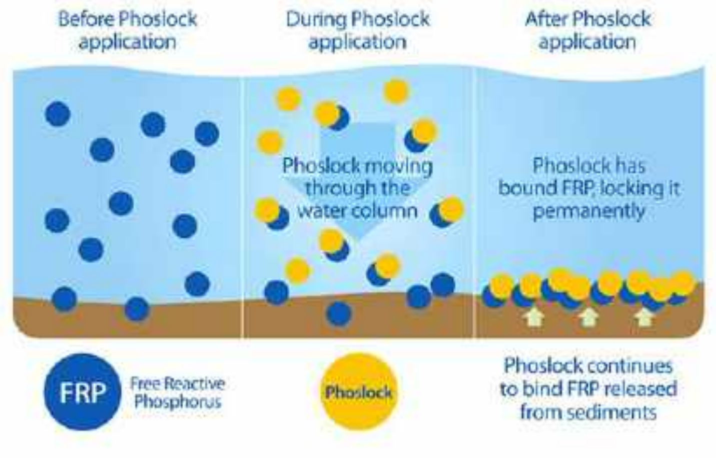
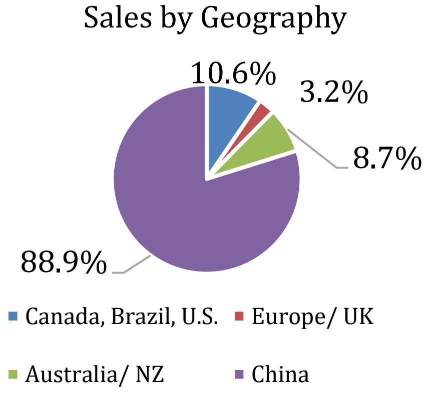


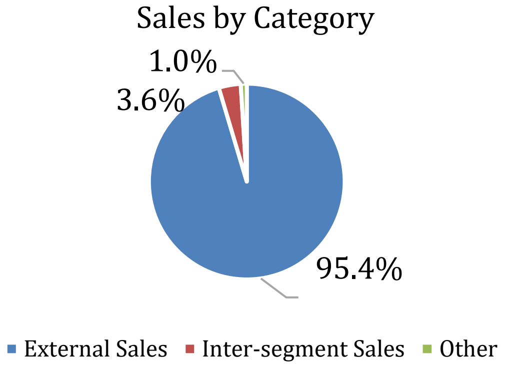
Diagram showing how Phoslock works

Context

PET offers chemical and engineering solutions for water bodies with excess nutrients and other pollutants

- Phoslock and Zeolite respectively bind with phosphate and nitrogen, compounds that cause toxic algae growth in water, and neutralize them
- In addition to supplying the product, PET engineers its implementation
- PET licenses technology to Brazilian company HidroScience and American company SePRO, each accounting for 35% of international sales
- Sales and licensees agents in 8 countries and offices in 4





PET is a capital intensive business with two large manufacturing centers for their products

Low Threat
Medium Threat
High Threat

PET Competitive Analysis

Environmental & Facilities Services

The players in this industry produce goods and services to measure, prevent, limit and minimize or correct environmental damage to water, air and soil, as well as problems related to waste, noise, and eco-systems

Market Structure	Monopolistic Competition
Market Size	~$640B[1]
Industry Growth	MSD[2]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• Significant investment in R&D needed in this space • There are some very large companies in the industry who have more resources and reach, but smaller companies still enter by specializing in certain environmental services	• Phoslock, PET's leading product, is a patented technology • Strong relationship with the Chinese government has given PET better corporate tax rates, special allowances, and long term contracts • PET provides both the product and the engineering solutions to deploy it	• Bigger companies could develop a better solution to phosphate remediation and eclipse Phoslock • PET relies heavily on the Chinese government for their revenues, which may back them into a corner	• Increased awareness and concern for the environment • Increased governmental efforts to combat and slow the effects of climate change • Concerted effort by companies to be more environmentally conscientious, driven by consumer concerns over climate change

[1] http://www.tradeforum.org/The-Environmental-Services-Business-Big-and-Growing/
[2] https://www.capitaliq.com/CIQDotNet/Lists/KeyStats.aspx?listObjectId=100885225 (Total Revenue 1 year growth)

What Investors Missed

The Bear Thesis Five Years Ago:

- **In 2015, PET was a very small company operating at a loss internationally**
    - Total revenue in 2015 was about 839 thousand AUD and they operated at a loss of about 3 million AUD
    - Small segments of revenue in Australia, Europe, and North America, but no major customers
    - Poor conversion of bids to sales, raising uncertainty about whether PET can grow and become profitable

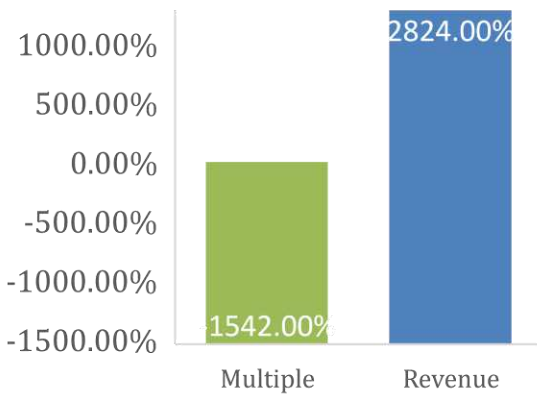
Why They Were Wrong

Relationship with China

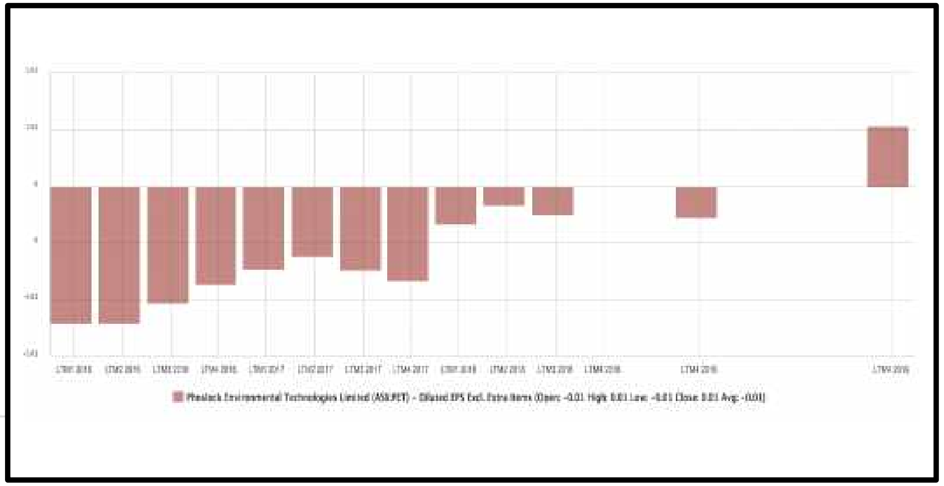
The Actual Story of the Last Five Years

- Chairman of the Board, Laurence Freedman pioneered relationship with China after Xi Jinping took office, by creating a relationship with Chinese company BHZQ
- BHZQ is privately owned by two larger companies, which are ultimately owned by the Chinese government
- The managing director of BHZQ now serves on the PET board and has invested personal money in the company[2]
- PET also integrated Chinese engineers into their business, further strengthening their relationship
- In 2019, China was PET's largest customer, generating almost 90% of their revenue
- China has massive amounts of money to spend on environmental remediation as Xi Jinping has "declared war" on pollution
- Investing heavily in this relationship, seems to indicate that PET sees great opportunity in China alone

Return Breakdown[1]:



EPS Results



[1]Revenue used because EBITDA was negative in 2015

[2]Interview where Mr. Freedman speaks on relationship with China https://www.skynews.com.au/details/_5741615894001

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PET Takeaways

PET is an Okay Business – 3/5

Niche Product

- The Phoslock product has proven its effectiveness and is very relevant to current environmental concerns
- There is a market for the product globally
- PET engineers solutions to apply their products and tailors them to the needs of the specific body of water

Concentrated Geographic Focus

- Laurence Freedman has set his sights on fully infiltrating the Chinese market
- China has the second largest GDP in the world and major water pollution issues, making it an ideal target for PET
- Depending on one market carries high risk
- PET has slow growth in other countries
- EBITDA has been negative every year until FY 2019

Future Outlook

Can PET Sustain its Advantages?

- PET's Phoslock technology is patented
- Relationship with the Chinese government, which makes up almost 90% of their revenue, remains strong with future contracts and projects

Can PET continue to grow?

- Water scarcity and the importance of clean water will drive the need for PET technologies
- Many bodies of water PET could target for contracts
- Growth plan not entirely clear, but PET very recently won contracts in WA and NJ

Is PET poised to continue to outperform?

- P/E is currently at 51.9x, way above the market
- High topline growth and high gross margins in the last three years
- Downgraded its revenue guidance for FY 2020, causing stock price to plummet
- Big opportunity for growth, if they take advantage of geographical expansion
- Phoslock technology, small size, and lack of debt make it a good acquisition target

ASX:CLV

1,281%

5 Year TSR

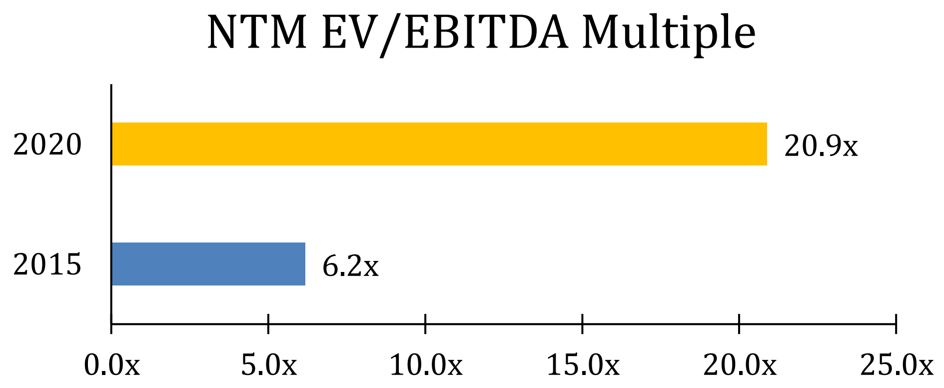
Rank: 16/104

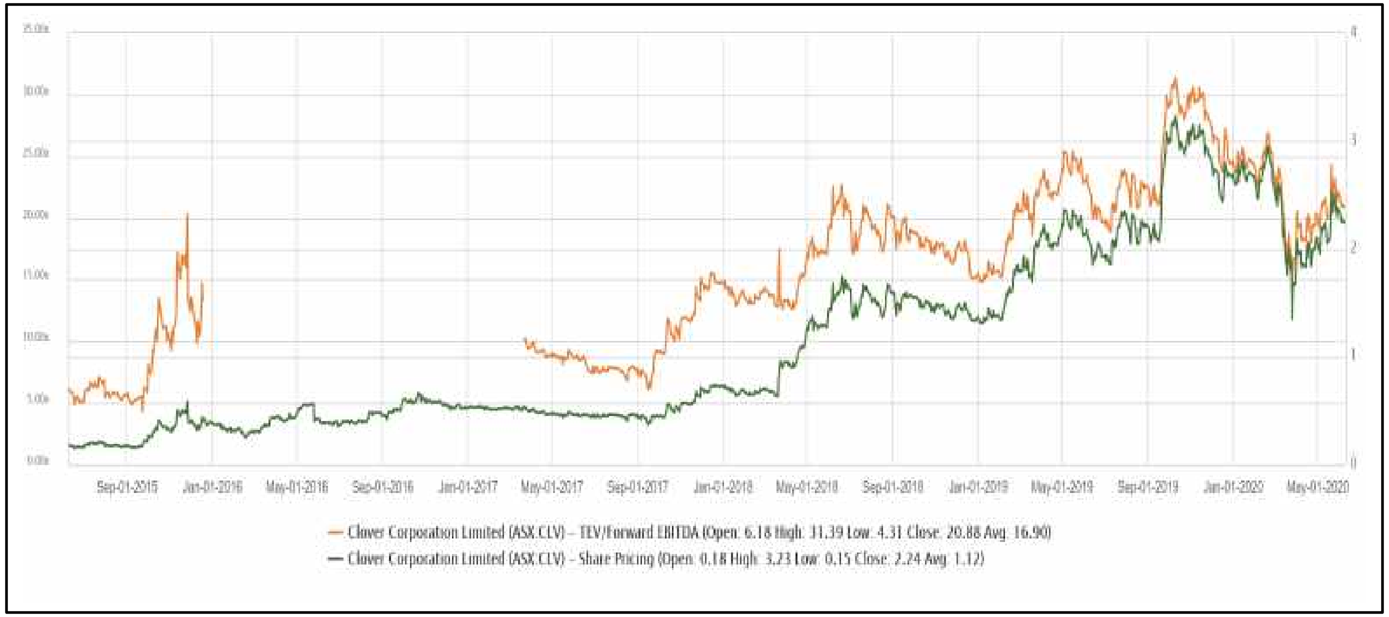
Clover Overview

Clover Corporation is a nutrients manufacturer based in Altona[1], Victoria, Australia, that focuses on refining and encapsulating bioactives[2] and operates in the market under the brand of its subsidiary, Nu-Mega.

Statistic	6/8/15	6/8/20
Stock Price	0.18 AUD	2.24 AUD
Market Cap	29.73M AUD	372.53M AUD
Enterprise Value	23.91M AUD	388.56M AUD
Shares Outstanding	165.18M	166.31M
EV / NTM Revenue	0.65x	4.13x
EV / NTM EBITDA	6.18x	20.88x
NTM P/E	10.47x	28.90x

Statistic	FY 2015[3]	FY 2019[3]
Revenue	29.92M	76.68M
EBITDA	574K	13.67M





[1]Just outside of Melbourne

[2]Definition: chemicals, chemical molecules and microbes (microscopic organisms) that have some biological effect on our bodies

[3]FY ends 7/31

Clover Corp Business Model

Primary Products

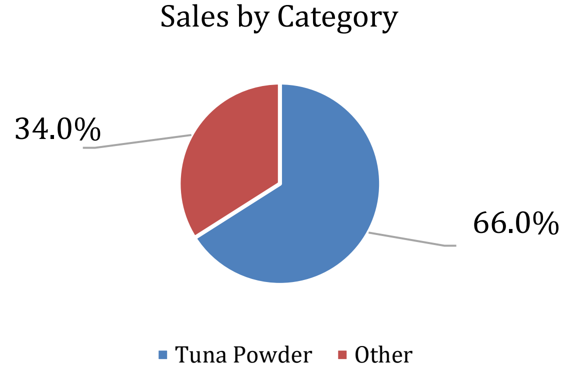
Encapsulated Powders	• Powdered forms of nutritional liquids that are designed to be incorporated into the food and beverages of other companies

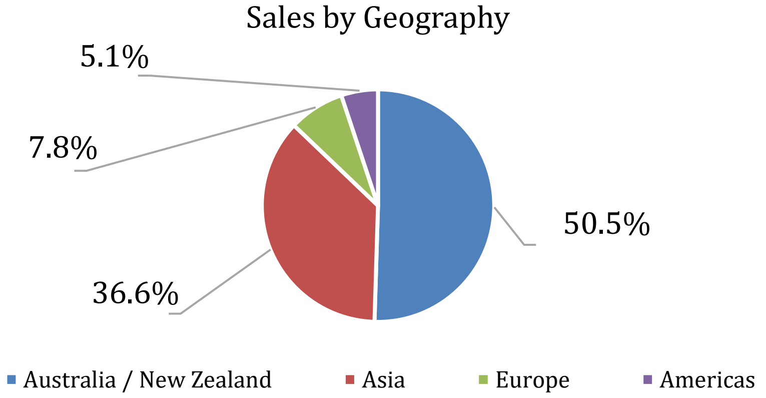
A couple of applications that CLV powders can included in

Context

CLV optimizes the health and development of adults, infants, and children

- Takes high-value oils, like Omega-3s and Omega-6s found in Tuna, and turn them into powders
- Those powders enables the oils to be included into different food and beverage products, such as drinks, gummies, and infant formula
  - This is done without including any of the bad smell and taste
- This allows consumers to take their daily dose of those high-value oils in one sitting
  - The most common means of consumption in all markets is infant formula





CLV is a capital light business as manufacturing is done in house

Low Threat

Medium Threat

High Threat

Clover Corp Competitive Analysis

Functional Food Ingredients

The players in this industry offer bioactive compounds that can be used in the manufacturing of functional food products.

Market Structure	Oligopoly
Market Size	$77.77B[1]
Industry Growth	MSD[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

• Very difficult product to make
  • Unique product that requires quite specific production technology and processes
• High up-front costs
	• CLV has the only vegan product and the only organic product on the marketplace
	• Cheap access to a new state-of-the-art manufacturing facility
	• Mainly competing against smaller, more fragmented players
	  • Very few offer powdered oils, and CLV is the only publicly traded player
		• Much business comes internationally, so currency risk is present
		• The inability to serve all of the demand that they are experiencing could harm their reputation and stunt their growth
			• Increased awareness about dietary issues

[1]https://www.marketsandmarkets.com/Market-Reports/functional-food-ingredients-market-9242020.html

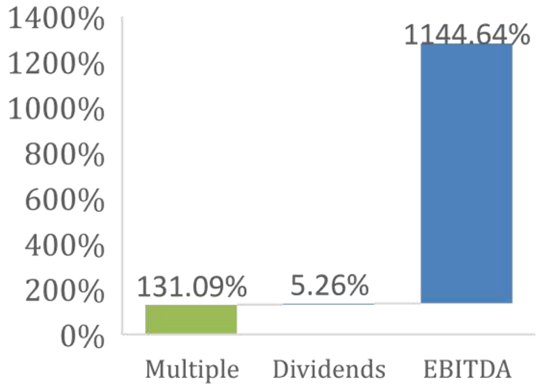
What Investors Missed

The Bear Thesis Five Years Ago:

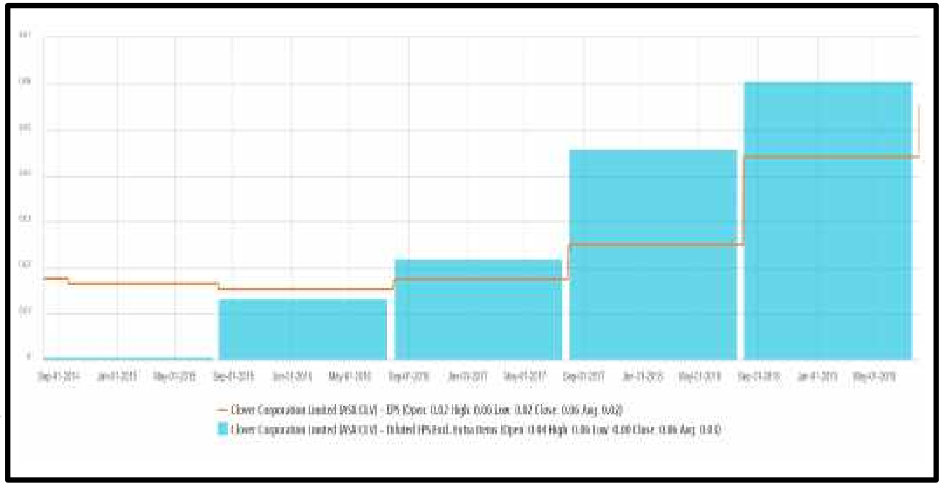
- Nano-cap company located in Australia
- **Unimpressive margins with inconsistent earnings and an extreme underperformance of expectations in FY14 (A$0.01 vs. A$0.04 EPS)**

Why They Were Wrong

Return Breakdown:



Consensus vs Results



The Actual Story of the Last Five Years

Scientifically Supported Study was Published

- **In March 2018, a critical review, driven by the Nu-Mega Ingredients R&D team, describing the benefits of high DHA[1] fish oil was published in the globally prestigious journal of Food Science and Nutrition**
- It was the first major review of DHA research studies in nearly 20 years
- It focused on 113 studies on the effects of high DHA published since 2000
  - **The studies showed positive DHA outcomes for the heart, brain, and other parts of the body**

Strong Expansion into New Markets

- **High sales growth in higher population countries outside of their base ANZ market, especially in China**
- There was also significant growth in their U.S. sales mainly caused by product line expansion into nutritional food and beverages

[1]Docosahexaenoic acid - an essential fatty acid that cannot be manufactured in the body and must be obtained through the diet, but only a few foods contain a significant amount naturally

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Clover Corp Takeaways

CLV is a Great Business – 5/5

Great Financial Profile

- Impressive continued top-line growth at a CAGR of 20% over the past 5 years
- Margins have also continued to increase as CLV takes advantage of their economies of scale capabilities
  - Gross is up to 31.20% from 23.04% 5 years ago
  - EBITDA is up to 17.53% from 3.95% 5 years ago
- Solid investment (42% stake) in Melody Dairies (NZ)
  - **They have just recently finished the production of a new spray dryer[1], which will double CLV's production capacity as well as reduce COGS**

Promising Legislation

- The EU recently passed a new regulation mandating a minimum 20mg/100Kcal of DHA in infant formula
  - This regulation took place in February 2020 and will result in a large increase in EU sales
- China is also in the process of making a draft legislation requiring a minimum of 15mg/100Kcal (up from 5mg/100Kcal) of DHA in infant formula
  - **If this comes into fruition, this will greatly increase sales both in China and the entire world**
  - China is the largest market for infant formula, so every can manufactured outside of China has a very high likelihood of ending up in China

Future Outlook

Can CLV Sustain its Advantages?

- CLV is in a great position to sustain its advantages given the high barriers to entry of the industry and the highly fragmented nutritional powdered ingredients industry

Can CLV continue to grow?

- CLV has a strong product pipeline and is continuing to work on development to expand their market
- Already experiencing high demand, and the recent doubling of their production capacity will allow them to realize that demand

Is CLV poised to continue to outperform?

- While there has been multiple expansion, most of the price increase has resulted from the extremely high EBITDA growth
- With such a high upside (doubling capacity), and being currently traded at 21x NTM EV/EBITDA (ATH is 31x), it is very likely CLV will continue to outperform

[1]Spray drying is a method of producing a dry powder from a liquid or slurry by rapidly drying with a hot gas

OB:VOW

1244%

5 Year TSR

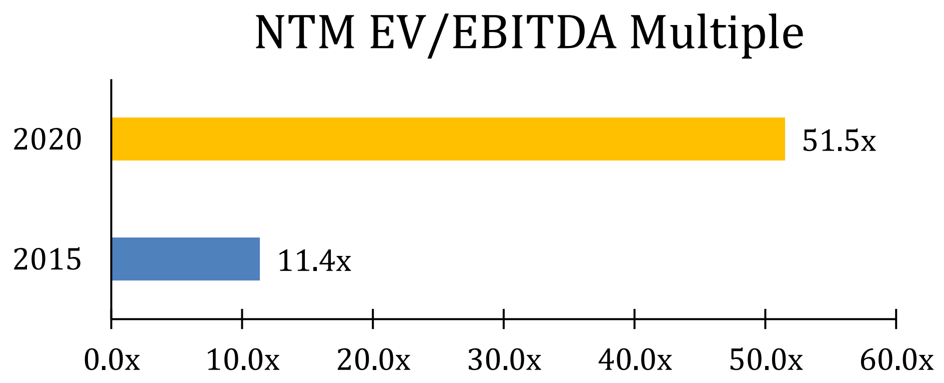
Rank: 17/104

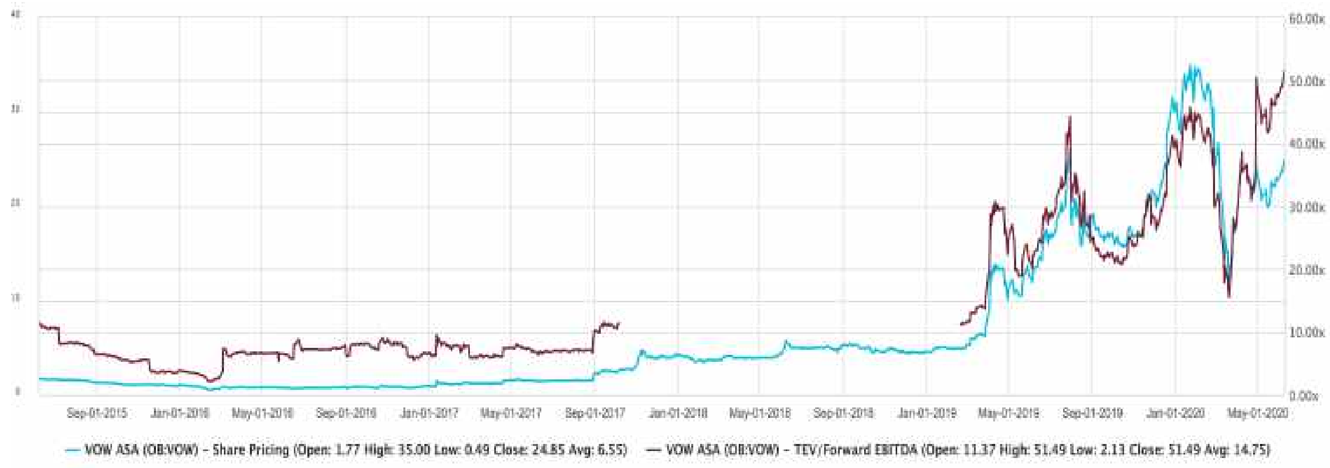
VOW ASA Overview

VOW ASA, headquartered in Lysakar, Norway, manufactures and supplies systems for processing and purifying wastewater, food waste, solid waste, and bio sludge.

Statistic	6/8/15	6/8/20
Stock Price	1.77 NOK	24.85 NOK
Market Cap	169.04M NOK	2.65B NOK
Enterprise Value	184.30M NOK	2.78B NOK
Shares Outstanding	95.51M	106.56M
EV / NTM Revenue	0.93x	5.05x
EV / NTM EBITDA	11.37x	51.49x
P/E	12.42x	108.04x

Statistic	FY 2015	FY 2019
Revenue	200.300M NOK	380.800M NOK
EBITDA	10.60M NOK	38.200M NOK





VOW ASA Business Model

Primary Products

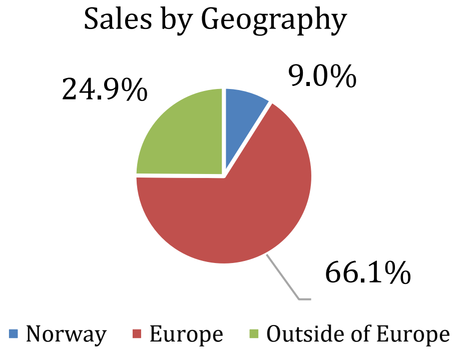
Projects	• Sea based solutions provided by the Scanship subsidiary
Landbased	• Land based solutions provided by the ETIA subsidiary
Aftersales	• Spare parts and services

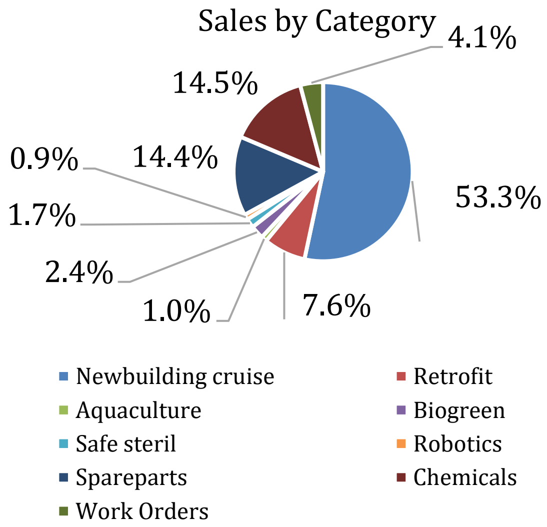
The Scanship sector of VOW provides solutions to cruise ships

Context

VOW solutions aim to mitigate climate change and prevent pollution by giving "waste value"

- Scanship subsidiary provides systems and technologies for processing waste and purifying wastewater for cruise ships and aquaculture
- Systems are either sold to shipyards for newbuild constructions or to ships in operation as retrofits.
- Aftersales focuses on sales of spare parts, consumables, and services to shipowners
- Landbased solutions deal primarily with the conversion of waste to energy, as well as sterilization of food and pharmaceutical ingredients





VOW is a capital light as production of products is mainly outsourced

Low Threat
Medium Threat
High Threat

VOW ASA Competitive Analysis

Environmental & Facilities Services

The players in this industry produce goods and services to measure, prevent, limit and minimize or correct environmental damage to water, air and soil, as well as problems related to waste, noise, and eco-systems

Market Structure	Monopolistic Competition
Market Size	~$640B[1]
Industry Growth	MSD[2]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• Significant investment in R&D needed in this space • There are some very large companies in the industry who have more resources and reach, but smaller companies still enter by specializing in certain environmental services	• Many of the solutions provided by VOW are patented and are the unique results of extensive R&D • Strong relationships with cruise companies have allowed VOW to win new contracts and employ new technology	• High dependency on the cruise ship market for revenue • Both Scanship sector and aftersales sector rely heavily on the success and growth of cruise ship industry • New build cruise operations account for over 50% of VOW revenue	• Increased awareness and concern for the environment • Concerted effort by companies to be more environmentally conscientious, driven by consumer concerns over climate change and new regulatory environments

[1] http://www.tradeforum.org/The-Environmental-Services-Business-Big-and-Growing/
[2] https://www.capitaliq.com/CIQDotNet/Lists/KeyStats.aspx?listObjectId=100885225 (Total Revenue 1 year growth)

What Investors Missed

The Bear Thesis Five Years Ago:

- **VOW was a relatively new company in 2015 surrounded by uncertainty**
  - VOW ASA, formerly Scanship Holding ASA, was originally incorporated in 2011 and listed on the Oslo Axess, a marketplace suitable for newer, smaller companies, in 2014
  - Being a newly listed company in 2015, there was little proven track record for investors to go off of, making VOW an uncertain investment
  - The entirety of VOW's business in 2015 depended on the cruise industry, which had suffered from a series of disasters in the years prior (Costa Concordia, Carnival Triumph, Carnival Splendor)

Why They Were Wrong

The Actual Story of the Last Five Years

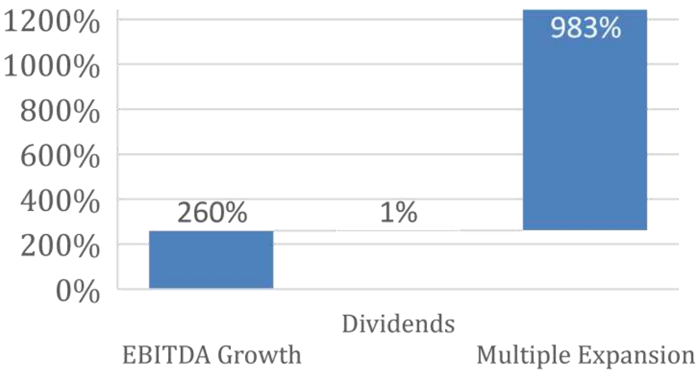
Growth & Expansion

- In 2019, VOW acquired French company ETIA that specializes in products and technologies that give value to waste and contribute to sustainable development
- This acquisition strengthens VOW's land based market access & broadens its technology portfolio
- VOW solutions are scalable and are increasingly attractive to industries other than cruise ships (land based sewage and food waste & aquaculture)

Cruise Industry Success[2]

- Cruise ship industry grown over the last 10 years, with the number of cruise ship passengers growing at an annual rate of 5.4%
- Generation Z is coming of age an prioritizes experiences, such as cruises, over material items
- The success of the cruise industry is closely tied to the success of VOW, and the cruise industry is very committed to reducing their environmental footprint, the area VOW specializes in
- Even with Covid-19 impacts on cruise industry, VOW remains largely unaffected because of the nature of their newbuild contracts, which are signed years in advance

Return Breakdown:



EPS Results[1]

[1]EPS negative in FY2019 due to ETIA acquisition
[2]https://www.forbes.com/sites/joemicallef/2020/01/20/state-of-the-cruise-industry-smooth-sailing-into-the-2020s/#2ea0867465fa

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VOW ASA Takeaways

VOW is a Great Business – 5/5

Niche Products

- VOW's initial business (Scanship) provides solutions to a very specific customer: cruise ships
- Cruise ship industry is very stable, even in the face of Covid-19, and it is increasingly environmentally conscious
- The need for VOW solutions will continue to increase as climate change intensifies
- Strong core values and mission guiding the business

Room for Growth

- VOW technology and solutions can be applied to a number industries other than cruise ships
- The acquisition of ETIA expands VOW's access to technology and to land based markets
- VOW solutions aim to mitigate climate change, an issue that will be increasingly prevalent in the long term
- Concern for the climate and need for technologies, like those produced by VOW, will only increase as Gen Z comes of age

Future Outlook

Can VOW Sustain its Advantages?

- VOW's technology is protected by patents
- Relationships with cruise lines take time to build, making VOW's valuable and difficult to compete with

Can VOW continue to grow?

- As Scanship systems grows, the Aftersales segment will grow in tandem, as it services these installations
- The acquisition of ETIA allows VOW access to a new source of revenue
- Even with Covid-19, VOW has signed a number of major contracts this spring for boats as far out at 2027, protecting their revenue growth while the cruise industry recovers

Is VOW poised to continue to outperform?

- VOW has had strong topline growth for the last 5 years
- EPS is expected to increase in the NTM, as it has for the last 3 years
- VOW has had multiple expansion over the last 5 years (with room for more), and its growth prospects make it seem likely that this trend will continue

Bactiguard®

OM:BACTI B

1,169%

5 Year TSR

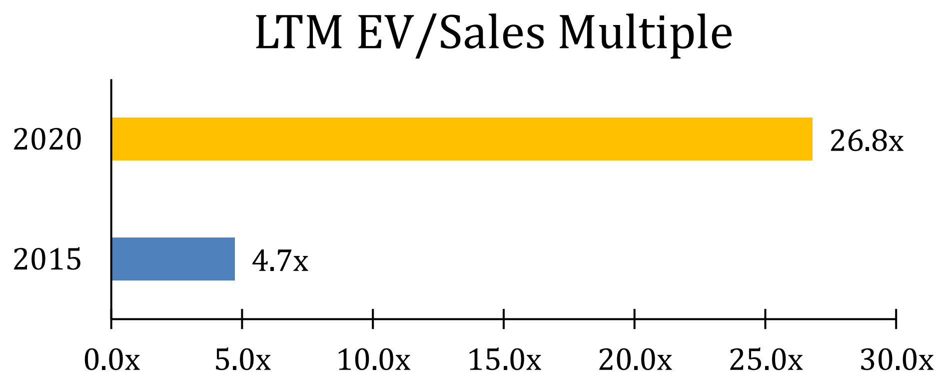
Rank: 18/104

Bactiguard Overview

Bactiguard is a medical device company based just outside of Stockholm, Sweden, that focuses on developing and manufacturing infection protection coating for catheters.

Statistic	6/8/15	6/8/20
Stock Price	11.90 SEK	150.50 SEK
Market Cap	396.30M SEK	5.05B SEK
Enterprise Value	487.97M SEK	5.29B SEK
Shares Outstanding	33.30M	33.54M
EV / LTM Revenue	4.73x	26.80x
EV / LTM EBITDA	N/A	82.84x
NTM P/E	N/A	235.28x

Statistic	FY 2015	FY 2019
Revenue	134.75M	184.99M
EBITDA	26.37M	46.80M



Bactiguard Business Model

Primary Products

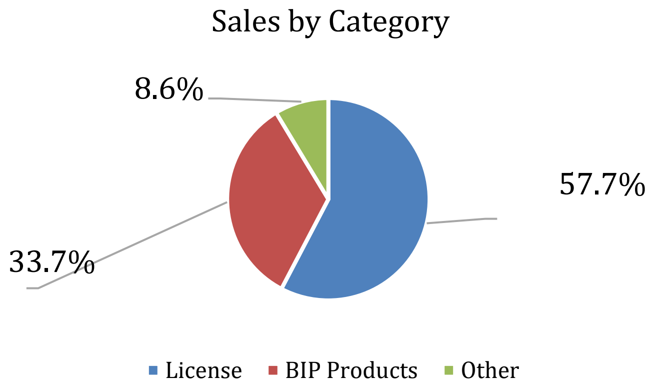
BIP Portfolio	• Direct sales of the 3 Bactiguard Infection Protection products and the product portfolio of Vigilenz
License	• License agreements for various applications through longstanding partnerships

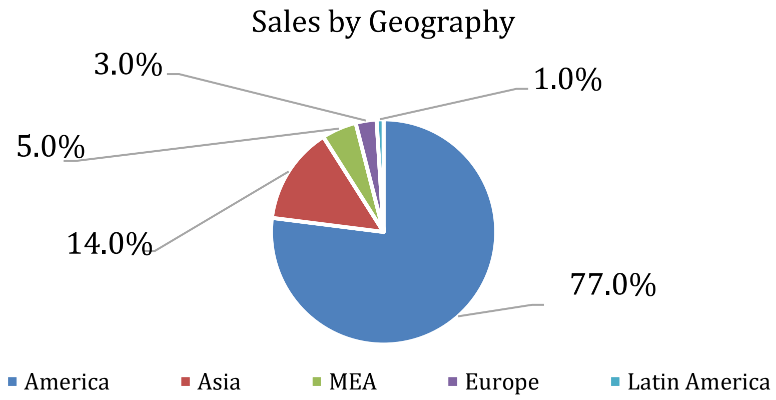
The BIP product portfolio

Context

Bactiguard saves lives by reducing the amount of healthcare associated infections that are present globally

- According to the U.S. HHS department, at any given time, about 1 in 25 inpatients have an infection related to hospital care
  - This leads to tens of thousands of deaths a year and costs the healthcare system billions of dollars
- Bactiguard provides a metal alloy coating that goes on medical devices (mainly catheters) that repels the microbes that cause infections
- BD has exclusive rights to Bactiguard products in the U.S. and Japan
  - Products are sold to the rest of the world through distributors





BACTI B is a capital intensive business as manufacturing is done in-house

Low Threat
Medium Threat
High Threat

Bactiguard Competitive Analysis

Medical Coatings

The players in this industry offer substances that enhance the maneuverability, safety, and performance of different medical devices, such as cardiovascular, neurovascular, gynecological, and others.

Market Structure	Pure Competition
Market Size	$14.15B[1]
Industry Growth	MSD[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

• High level of expertise and know-how is required to break in
  • There are patent protections for many existing players, so effective innovation is mandatory
• High levels of government regulation are present
• Abbot operates in the industry, but other competitors are smaller
	• Most other coating technologies release substances the kill both good and bad microbes, in addition to affecting the surrounding tissue
	  • Bactiguard coating is unique as it is tissue friendly due to its non-releasing technology
	• Product quality is backed by clinical research
	  • This science-backed reputation also makes the regulatory approval process move quicker for BACTIB
		• Regulatory risk is extremely prevalent
		  • If a product doesn't make it through the regulatory process, much time and money will be lost
			• COVID-19 has shed a light on the tremendous problems in healthcare around the world
			  • One of those major problems happens to be the amount of preventable infections that kill people every year

[1]https://www.marketsandmarkets.com/Market-Reports/medical-coatings-market-76047356.html

What Investors Missed

The Bear Thesis Five Years Ago:

- BACTI B IPOed on 6/19/14 at 38 SEK, and in the first year of being public, the stock price dropped to 11 SEK
  - **The initial CEO had to step away for personal reasons soon after the IPO, which led to a cycle of bad CEO recruitments in the first year (3 CEOs in 3 quarters)**
- Net income also decreased dramatically in FY '14 to -95m SEK from -3.4m SEK

Why They Were Wrong

The Actual Story of the Last Five Years

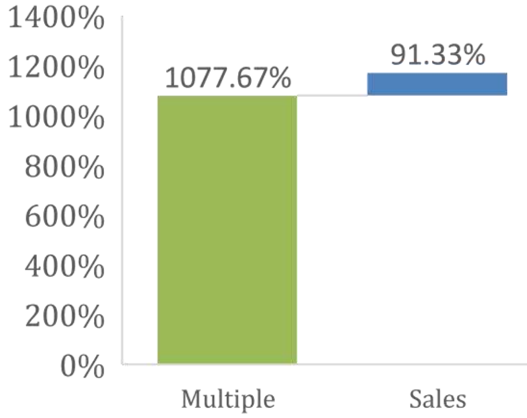
Completed First Acquisition

- **On 3/2/2020, BACTI B acquired Vigilenz, a Malaysian manufacturer and supplier of medical devices focused on wound management and infection control**
- Products are complementary to Bactiguard's existing product portfolio which presents synergy opportunities

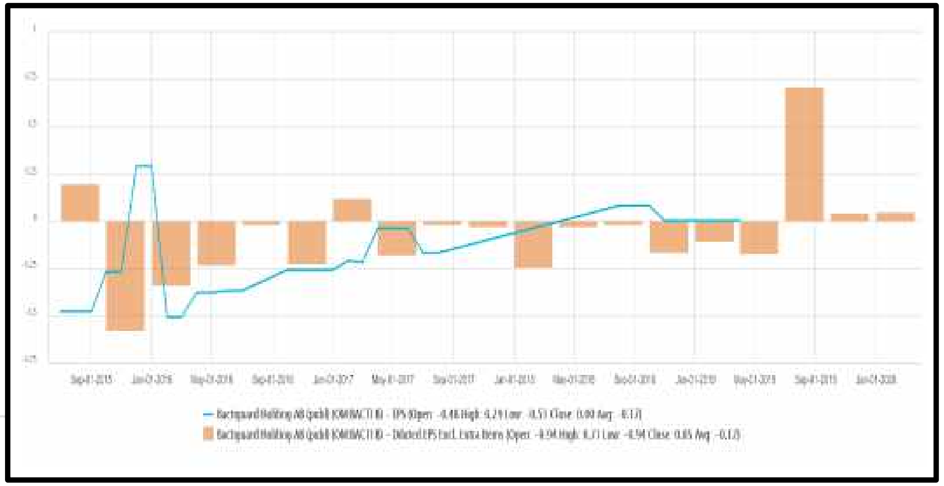
A COVID-19 Product was Launched

- Through recently acquired Vigilenz, HYDROCYN aqua was launched in Sweden on 3/12/2020
- It is a water-based antimicrobial solution that has been proven to inactivate 100% of previous strains of corona virus within 15 seconds
- **In the first few days after the launch, orders totaling around 20m SEK were received (in the Swedish market alone)**

Return Breakdown:



Consensus vs Results



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Bactiguard Takeaways

BACTI B is a Good Business – 4/5

BACTI B has a Moat	• **Bactiguard has a very strong value add in its products**
	  ◦ They save lives, reduce costs, and reduce the use of antibiotics
	  ◦ They have proven to reduce the rate of UTIs be a minimum average of 35%
	• Since the beginning of the company in 1995, there has been zero documented cases of side-effects from the coating after over 200M patients experienced it

Strong Demand in COVID Times	• **Currently building up production line in Sweden in order to increase capacity to meet future and present demand in Sweden, and Europe more broadly** • Elective surgery customers have been hit hard, but demand for protective equipment, ICU equipment, and basic medical supplies have increased substantially, which is good for the customers that operate in those segments ◦ Ultimately, a net benefit for BACTIB however
Promising Features	• All members of senior management and board members are shareholders in the company • **85% of all U.S. hospitals already use Bactiguard products on a daily basis** • Very large potential markets to break into and penetrate ◦ These include orthopedic, trauma, and dental implants

Future Outlook

Can BACTI B Sustain its Advantages?

- Most of the innovating development that set up the base of BACTIB's business model has already taken place, so the quality and research of the coating is not going anywhere

✓

Can BACTI B continue to grow?

- With its recent acquisition and openness to do more strategic M&A in the future, in addition to their clearly laid out strategic growth initiatives, it is highly likely that BACTIB will continue to grow

✓

Is BACTI B poised to continue to outperform?

- Given the tremendous amount of multiple expansion that has taken place over the last year, it seems like the market has taken into account most, if not all, future growth prospects, and thus it is unlikely to continue to outperform

✗

pro medicus

OUR SUPPORT. YOUR SUCCESS.

ASX:PME

1,167%

5 Year TSR

Rank: 19/104

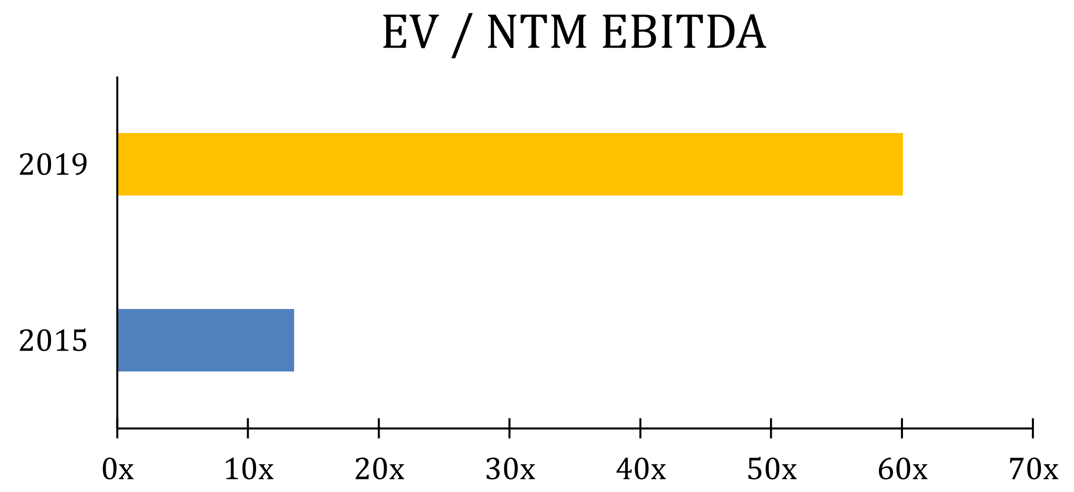
Pro Medicus Overview

In Australian Dollars (AUD)

Pro Medicus Limited is a leading imaging IT provider. Founded in 1983, the company provides a full range of radiology IT software and services to hospitals, imaging centers and health care groups worldwide.

Statistic	06/08/2015	06/08/2020
Stock Price	$2.18	$26.59
Market Cap	$218.57M	$2.76B
Enterprise Value	$205.64M	$2.72B
Shares Outstanding	100.26M	103.62M
EV / NTM Revenue	7.58x	39.86x
EV / NTM EBITDA	13.51x	60.07x
PE	67.58x	115.06x

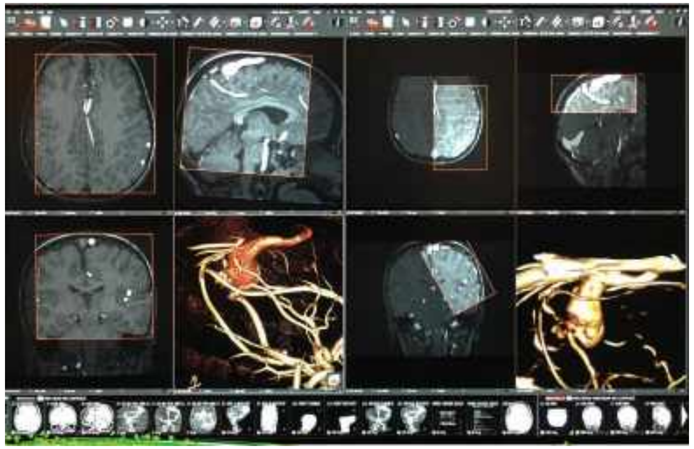
Statistic	FY 2015	FY 2019
Revenue	17.49M	50.11M
EBITDA	3.53M	25.66M



Pro Medicus Business Model

Primary Product

Health Imaging IT	Provides range of software and hardware for health imaging to hospitals, imaging centers, and health care groups.

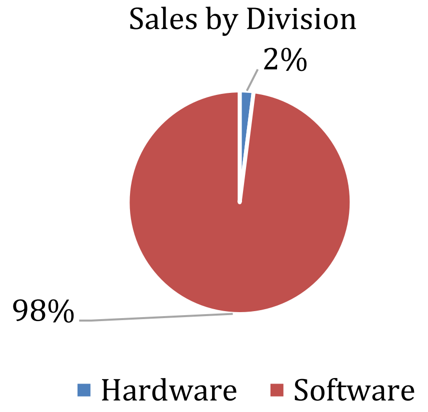


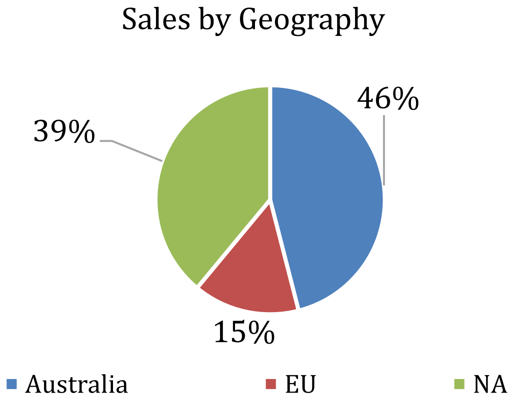
Images taken using PME Visage product.

Context

PME develops a range of health imaging IT products.

- Product range covers radiology information systems (RIS), Picture Archiving and Communication Systems (PACS) and advanced visualization solutions.
    - Specializes in RIS.
- Products help improve radiologist productivity and diagnostic accuracy.
- PME offers training and implementation for their products.
- Contracts based on transaction license model (PME charges clients each time they use their products).
    - 87% of revenue is recurring.





PME is a low capital intensity business.

Pro Medicus Competitive Analysis

Low Threat
Medium Threat
High Threat

Global Medical Imaging Market

Participants in this industry develop medical imaging hardware and software for use in MRIs, X-Rays, etc.

Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

Market Structure: Monopolistic Competition
Market Size: ≈$34B[1]
Industry Growth: MSD[1]
• Industry definition overly broad: industry definition includes hardware, which is large portion of overall industry size.
• Key competitors include Siemens, Fuji, and Cannon.
  • PME has a market lead.
	• Contracts are multi-year long.
	• Regulatory burdens.
	• Capital requirements to develop new technology.
	  • Some PME tech covered by patents.
		• First mover in radiology digitization market.
		• Reputation: PME has a top-tier products and counts some of the best hospitals as customers.
			• Data breach.
			• Critical software failure or glitch.
			• Technological obsolescence.
				• US mandated electronic health records in 2018.
				  • Images became more important part of patient's digital health record.
				• Emergence of AI to diagnose health issues.
				• Increasing openness to cloud solutions for digital health records.

1. https://www.globenewswire.com/news-release/2019/05/20/1827196/0/en/Global-Medical-Imaging-Market-Will-Reach-USD-48-6-Billion-By-2025-Zion-Market-Research.html

What Investors Missed

The Bear Thesis Five Years Ago:

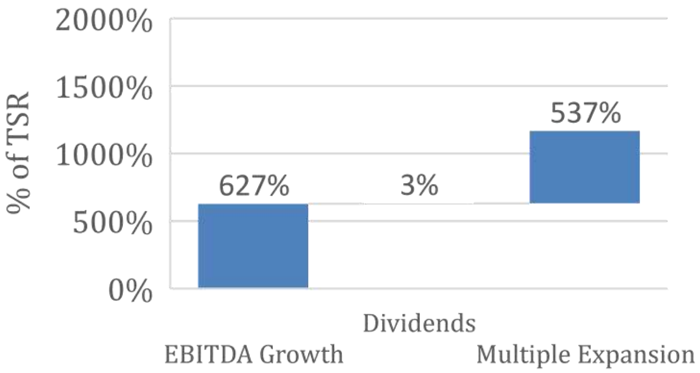
- Many hospitals simply cannot afford to buy PME's products.
  - PME products are also not a priority nor will they become a priority for hospitals.
- PME is not growing – FY2010 revenue and EBITDA substantially higher than FY2015.
  - Margins have not improved since 2010.

Why They Were Wrong

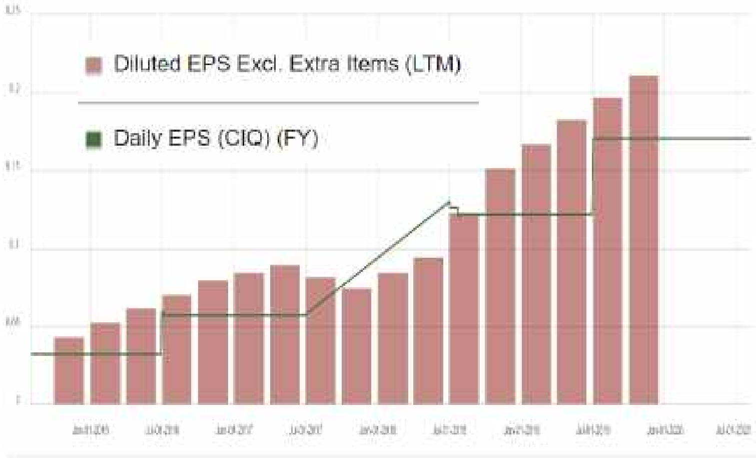
The Actual Story of the Last Five Years

Pricing model change	• PME moved towards a transaction license model – less upfront costs for customers but more recurring revenue for PME. • Made product more accessible to customers.
PME products became a priority	• US mandated electronic health records (EHR) in 2018. • 90% of EHRs are images. • File size data increased exponentially – making cloud solutions like PME's more attractive. • PME products enable hospitals to save on IT infrastructure, improve radiologist turn-around time (by 34%), and improve clinical accuracy.
Revenue, EBITDA, and margins grew	• PME signed major contracts with Partners Healthcare and Carle Foundation which grew revenue from 17M in FY2015 to 50M in FY0219. • Revenue recurring increases as PME product uses increase. • High operating leverage enabled EBITDA margins to increase from 20% in FY2015 to 50% in FY2019.

Return Breakdown:



Consensus vs Results



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Pro Medicus Takeaways

PME is a High Quality Business- 4.5/5

PME has a wide moat

- PME has a moat due to **the length of their contracts, their technological advantage and sunk R&D, and the regulatory burdens in the space.**
- PME's contracts with top-tier hospitals gives them a reputational advantage relative to competitors.

PME grew

- Industry trends helped drive demand: mandated EHRs in the US, importance of images to EHRs (and their growing file sizes), future importance of AI.
- In 2019, PME signed multiple major contracts: 27M deal with Partner Healthcare (largest contract to date), 14M contract with Duke, and others.

PME has a runway for growth

- PME's products help improve radiologist productivity by increasing their turn around time, and improve clinical accuracy.
  - Also radiology digitization will be crucial to leverage power of AI going forward.
- **Recurring revenue will continue to grow as use of PME software continues, and PME signs new contracts.**
- Industry trends towards AI, digitization of health records, improving clinical efficiency see no sign slowing.

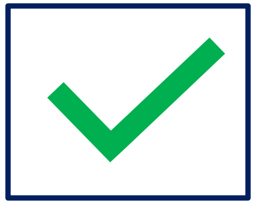
Future Outlook

Can PME Sustain its Market Position?

- PME has long-term contracts with top-tier hospitals.
  - And there is very little incentive for them to switch given their strong technology and the switching costs they would incur.
- PME benefits from regulatory barriers.

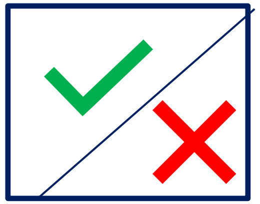
Can PME continue to grow faster than the industry?

- PME has been at the forefront of the industry and was a pioneer in radiology digitization – no evidence they will not continue to be so.
- PME can leverage its operational leverage and benefit from scale advantages.
- Reputation gives them an upper hand in winning new contracts.



Is PME poised to continue to outperform the market?

- PME will likely benefit from advantageous industry trends and sign new major contracts, and continue to benefit from transaction license recurring revenue.
  - Major opportunity outside US.
- At 115x earnings everything will need to go right for PME to justify its multiple – there is no margin for error.



Intelligent Systems

NYSE:INS

1,114%

5 Year TSR

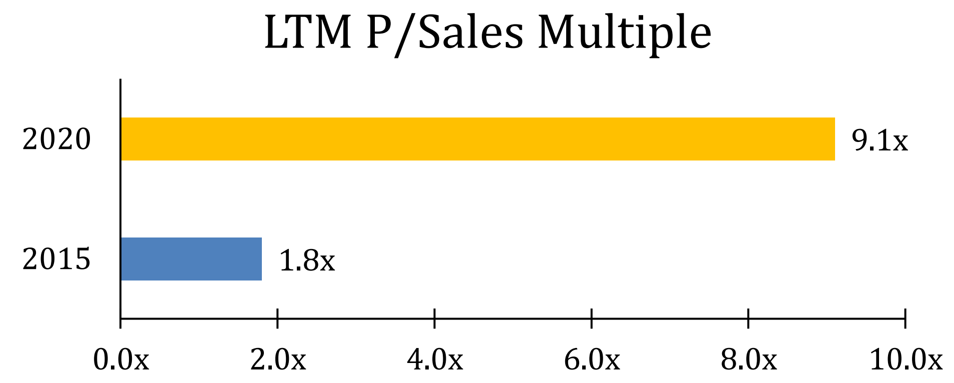
Rank: 20/104

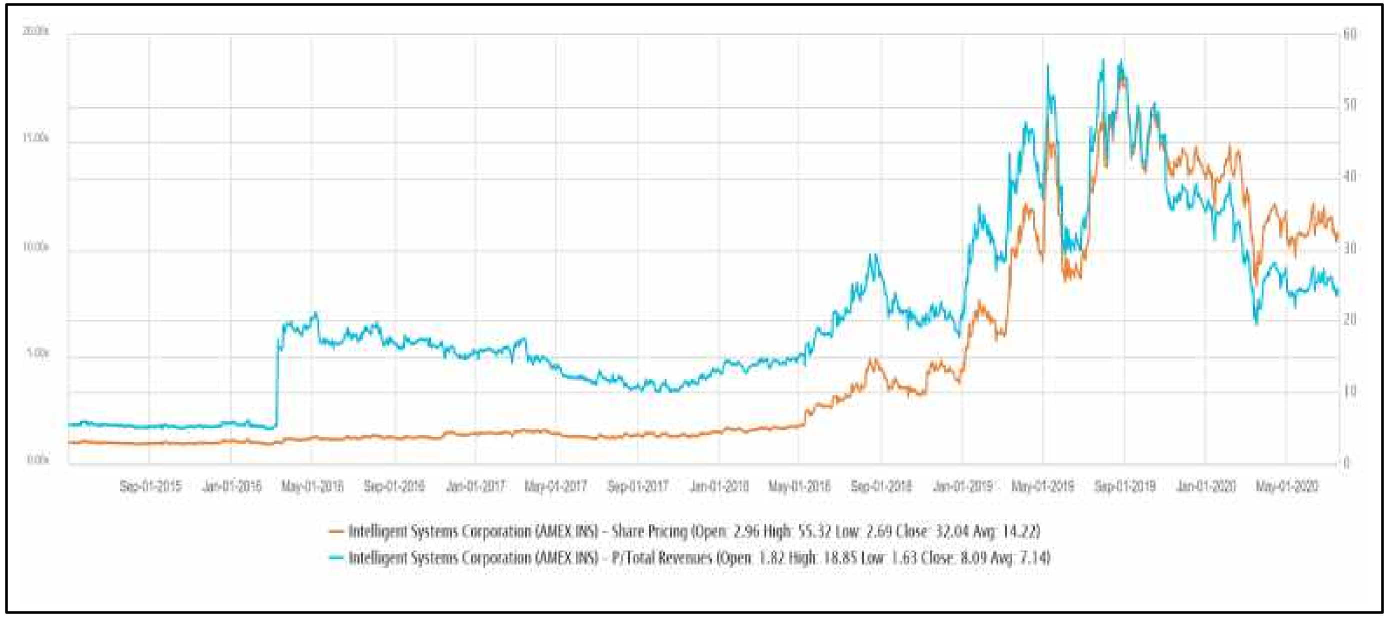
Intelligent Systems Overview

Intelligent Systems Corporation is a fintech company that develops software and offers services to aid businesses in the management and processing of payment cards. These products are offered through its subsidiary, CoreCard.

Statistic	6/8/15	6/8/20
Stock Price	$2.69	$35.95
Market Cap	$28.87M	$320.85M
Enterprise Value	$3.25M	$293.58M
Shares Outstanding	8.81M	9.00M
EV / NTM Revenue	N/A	7.44x
EV / NTM EBITDA	N/A	15.67x
NTM P/E	N/A	24.29x

Statistic	FY 2015	FY 2019
Revenue	4.78M	34.30M
EBITDA	-2.60M	14.39M





Intelligent Systems Business Model

Primary Products

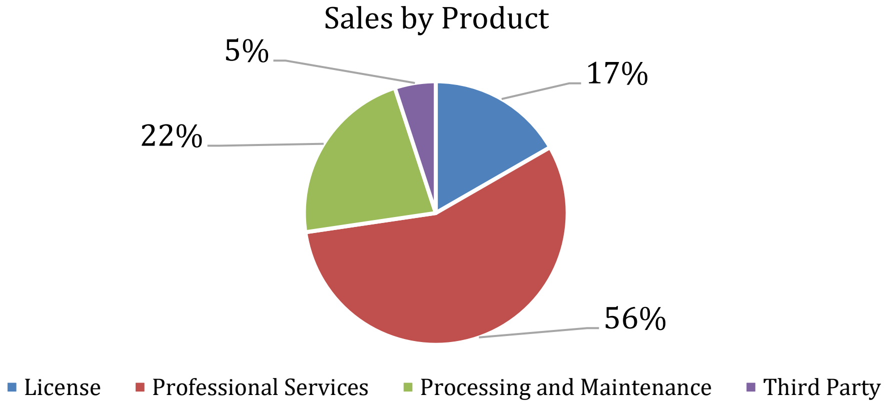
Products	• Software licenses are sold to businesses
Services	• Outsourced processing services • Professional services for software modification

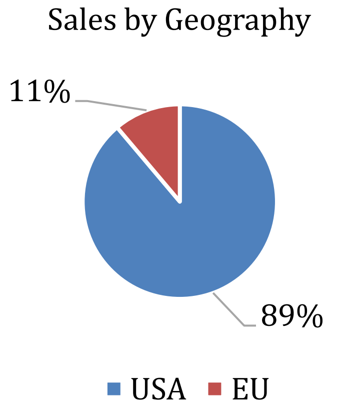
INS is Focused on Processing Payments

Context

CoreCard helps process payments (moving money from customers to businesses)

- Software licenses are provided to businesses after they are fitted for that the unique requirements of each individual client
- CoreCard also offers to run a business's processing in house through its processing services
- For a more specialized approach, CoreCard offers professional services through which the software is enhanced and modified for each individual business strategy and operational requirements





INS is a capital light business as software companies do not require heavy investments in fixed assets

Intelligent Systems Competitive Analysis

Low Threat
Medium Threat
High Threat

Payments and Processing

The players in this industry process credit and debit card transactions and connect merchants, merchant banks, card networks and others to make card payments possible.

Market Structure	Oligopoly
Market Size	$44B[1]
Industry Growth	> 10%[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• There are high switching costs for businesses using these products • Reputation is important in this industry, which may make is hard for new players to break in	• INS has a real advantage over its competition in their speed to market, and they won the Goldman Sachs – Apple Card deal because of it • **Superior customer service** ◦ Customers are given a unique product compared to the mass-produced services of its competitors	• INS has high customer concentration, with 2 customers accounting for 71% of revenue in FY19, one 60% and one 11% • Currently operating at capacity could greatly restrict the ability of INS to capitalize on the inflow of potential business	• Online and touchless purchasing are becoming more prevalent in today's society, businesses must adapt their processing technology to adapt

[1]https://www.marketsandmarkets.com/Market-Reports/payment-processing-solutions-market-751866.html

What Investors Missed

The Bear Thesis Five Years Ago:

- Micro-cap Company with no sell-side coverage and a long history of inconsistent and unimpressive earnings
- **INS was operating two totally different businesses, CoreCard and ChemFree, unsuccessfully**
  - There was little hope in management's ability to operate the business successfully, as their focuses are greatly split between two very different business models

Why They Were Wrong

The Actual Story of the Last Five Years

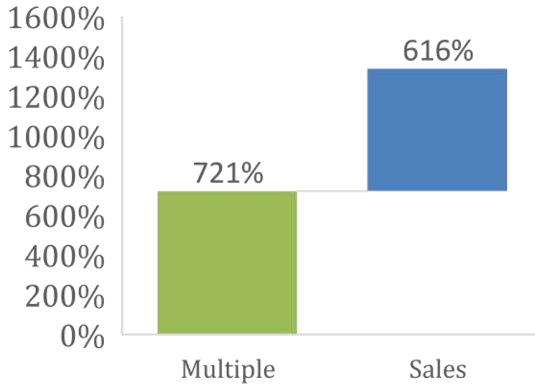
Focused their Efforts on Fintech

- INS got rid of their industrial washer business (ChemFree), which allowed them to focus their capital and efforts on the Fintech industry and their payment business.
- This greatly reduced SG&A expenses and allowed them to invest the $19M they received from the sale into expanding their CoreCard operations.

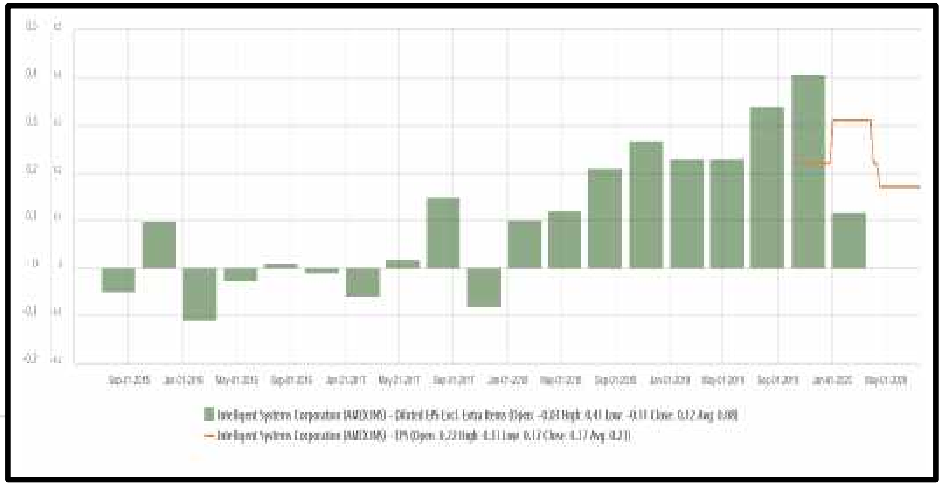
Secured 1 Large Client

- In 2018, INS secured Goldman Sachs as a client that ended up accounting for 40% and 60% of total revenue in 2018 and 2019 respectively.
- This resulted **in YoY increases in revenue of 116% and 71% in 2018 and 2019 respectively.**
- CoreCard was brought in to help Goldman with the implementation of the Apple credit card.

Return Breakdown:



Consensus vs Results



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Intelligent Systems Takeaways

INS is a Good Business – 4/5

High Upside Potential	• INS is a small business that has a lot of upside for growth. ◦ HOWEVER, management has stated that they would not have the capacity for another large customer for quite some time • INS is now solely focused on the FinTech industry, allowing them to reinvest their high cash balance in the sector
Focused Future	• Within the FinTech space, INS is looking to shift its revenue model to invest more heavily into the expansion of their services business • **Services provide a more consistent source of revenue than one-off large licensing deals** ◦ They have also historically accounted for 85% of their revenue, so it makes sense to focus on growing the cash cow of the business
Strong Industry Reputation	• **"If you can't find us, you're probably not a good prospect, and we don't need to be knocking on your doors." – Leland Strange (CEO)** • Customers seek out INS for their unique ability to solve complex problems and their speed to market. The customers come knocking and INS incurs almost zero marketing expense and have no sales staff.

Future Outlook

Can INS Sustain its Moat?

- Provided INS doesn't grow faster than it can handle, which it doesn't seem to be doing currently, INS prides itself on that speed and uniqueness compared to its competitors.

Can INS continue to grow?

- It seems like so far the Apple card has rolled out successfully, so other companies will likely see this success with Goldman and the fast implementation relative to its competitors. The Goldman deal seems to be the catalyst to much more growth in the future.

Is INS poised to continue to outperform?

- Given the extremely high demand and the fact that INS has to turn away customers, a simple expansion plan should allow the stock to continue to outperform rather comfortably

Semler Scientific

OTCPK:SMLR

1,036%

5 Year TSR

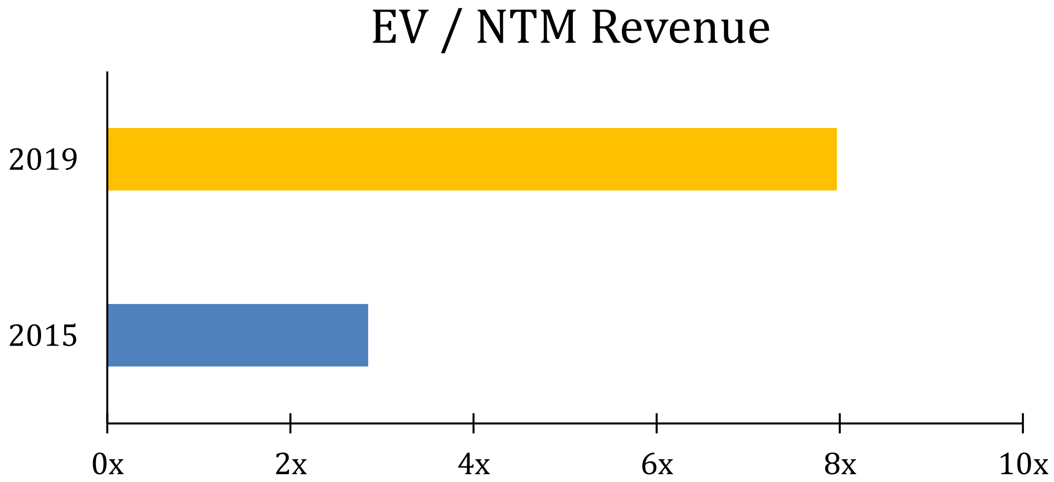
Rank: 21/104

Semler Scientific Overview

Semler Scientific, Inc. is an emerging medical risk-assessment company. It develops, manufacturers, and markets products that assist customers in evaluating and treating chronic diseases. Its current product is the QuantaFlo, which tests for PAD.

Statistic	06/08/2015	06/08/2020
Stock Price	$3.45	$46.57
Market Cap	$17.17M	$305.41M
Enterprise Value	$16.11M	$294.20M
Shares Outstanding	4.98M	6.56M
EV / NTM Revenue	2.85x	7.97x
EV / NTM EBITDA	NA	25.09x
PE	NA	44.94x

Statistic	FY 2015	FY 2019
Revenue	6.87M	32.77M
EBITDA	(8.10M)	10.86M



Semler Scientific Business Model

Primary Product

QuantaFlo	5-minute PAD test that can be done by a range of health professionals, not just vascular doctors. It is licensed or rented to health professionals.

A QuantaFlo in use.

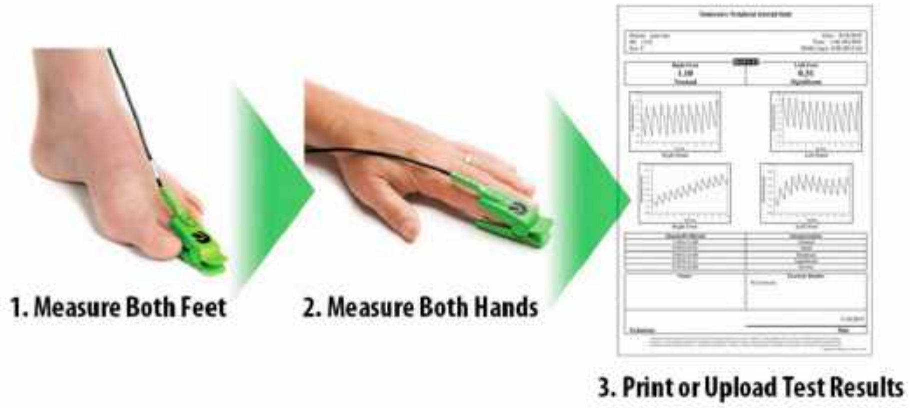
Context

SMLR is a PAD test company.

- SMLR aims to ensure more people with PAD are diagnosed.
  - PAD, or Peripheral artery disease, is when narrowed arteries reduce blood flow to limbs.
  - PAD diagnosis is good indicator of elevated risk for heart-attack, strokes, etc.
- QuantaFlo seeks to give non-vascular doctors an easy way to screen for PAD.
  - Issue is many patients with PAD do not get symptoms, and current testing often requires going to an expert.

SMLR only sells the QuantFlo product in the United States.

SMLR is a capital light business as they outsource their manufacturing.



QuantaFlo test steps.

Semler Scientific Competitive Analysis

Low Threat
Medium Threat
High Threat

US Medical Device Market

Manufacturing and selling of medical device products, such as pacemakers, ABI machines, MRIs, etc.

Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

Market Structure: Oligopoly
Market Size: 45.3B[1]
Industry Growth: LSD[1]
 	
• **Top four companies: Medtronic, GE, Abott Labs, and Danaher hold roughly 70% market share.**
• There are many large companies that manufacture the ABI machine (the competitor device to QauntaFlo).
	• Patent issued to SMLR for the QuantaFlo.
	• FDA approval needed, which can take years.
	• Many major players that create similar tests.
	    • Uncertain how proprietary SMLR tech is.
		• Relationships with health care professionals and insurers.
		• Scientific testing and study results that demonstrate product effectiveness.
		• Speed and ease at which the test can be administered.
			• **One customer nearly 50% of revenue.**
			• The QuantaFlo may stop being covered for reimbursement.
			• Another PAD test could be invented, or existing ones may be improved.
				• ACA began Medicare Advantage plans to transition away from fee-for-service to capitation model.
				    • Insurers are paid per client, not per service.
				    • Payment for heathy clients by CMS is less than for unhealthy ones. Creating an incentive to diagnose PAD as it would increase their revenue.

1. Only US; Ibis World

ALTA FOX CAPITAL

What Investors Missed

The Bear Thesis Five Years Ago:

- Burns cash and will need to raise more to survive.
- Insurers could be hesitant to reimburse such a quick procedure – especially because little expertise is enquired to administer it.
- Sure there may be upside, but it is very speculative right now.
- ACA may be repealed and fee-for-service will, for better or worse, remain the norm.

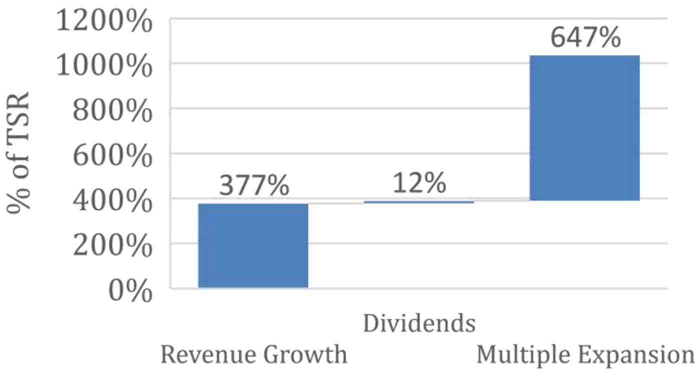
Why They Were Wrong

The Actual Story of the Last Five Years

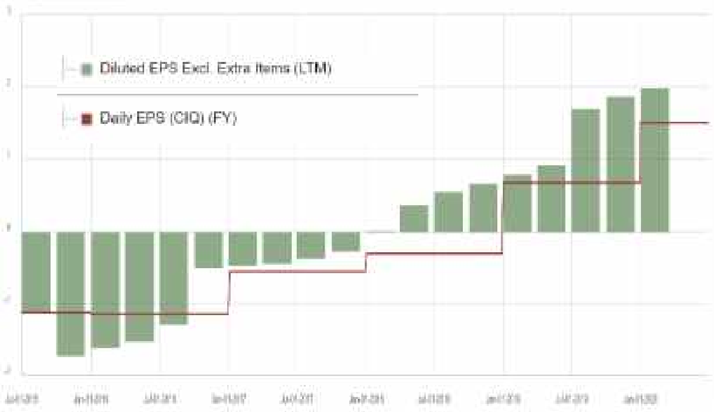
Raised enough money and then stared making money	• SMLR raised equity, stayed afloat, kept growing, and now is cash flow generative.
Reimbursement concerns continue to exist but didn't impede growth	• Physicians are generally charging for use under general reimbursement policies. • QuantaFlo has likely been denied for reimbursement in some cases but it has not been a major impediment so far, nor does SMLR track these denials.
Model was proven	• SMLR has the quickest and easiest PAD test available; and it does not need a vascular doctor to be administered. • **Recurring revenue from license model keeps gross margins very high – 88% in FY2019.** • Revenue grown at 37% CAGR since FY2015.

ACA was not repealed; healthcare payment models are changing	• The ACA was not repealed.
	• Medicare Advantage plans use a capitation model.
	    • 232B market in 2018.[1]
	    • Medicare Advantage becoming more possible and could penetrate 50% of all Medicare plans by 2025.[2]

Return Breakdown:



Consensus vs Results



1. https://www.kff.org/medicare/issue-brief/the-facts-on-medicare-spending-and-financing/
2. https://www.lek.com/sites/default/files/insights/pdf-attachments/1969_Medicare_AdvantageLEK_Executive_Insights_1.pdf

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Semler Scientific Takeaways

SMLR is a Strong Business- 4/5

SMLR identified a market opportunity

- **PAD is a major disease that affects 20M Americans but ~75% are undiagnosed.**
- Diagnosing PAD earlier would enable preventative care to start earlier – bettering patient outcomes and lowering medical costs by preventing further issues.

SMLR developed the best product

- Existing PAD tests (i.e. the ABI) took too long (upwards of 15 minutes) and often could only be administered by vascular health specialists.
    - This stopped many primary care doctors from doing them, and many cases of PAD going undiagnosed.
- SMLR's QuantaFlo test takes 4 minutes and can be done by essentially any health professional.

SMLR grew revenue and margins

- SMLR capitalized on Medicare Advantage providers who got paid by the CMS based on the health of their clients.
    - If they could use SMLR's product to determine their clients had PAD, they could charge CMS more.
    - Marks a change away from fee-for-service.
- License model lowered upfront costs for customers but created a recurring revenue stream for SMLR – enabling their high gross margins.

Future Outlook

Can SMLR Sustain its Market Position?

- SMLR is currently the leader in the space and has the best product.
- SMLR's competitors who make ABI devices are major players, and if the PAD test market proves to be lucrative, could likely enter.
- Not clear how proprietary SMLR's product actually is.

Can SMLR continue to grow faster than the industry?

- If they can maintain their market position and fend off potential new entrants their license model will enable them to outperform.
- SMLR does not have major R&D spend, nor any key new products in the pipeline and future performance will depend on QuantaFlo's success.

Is SMLR poised to continue to outperform the market?

- SMLR has identified a major opportunity in PAD testing and has benefited from the shift in payment models for Medicare Advantage Plans.
- New competitors could enter and undercut SMLR's growth; and if they lose their biggest customer, 50% of sales would be eliminated.

AIM:KWS

1,007%

5 Year TSR

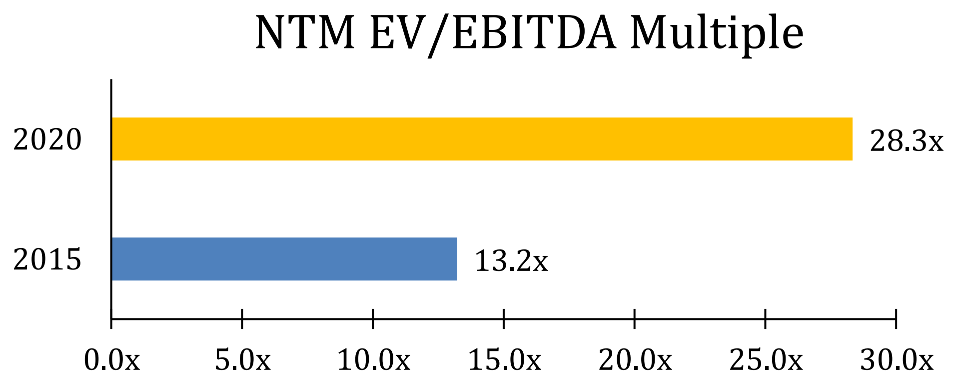
Rank: 22/104

Keywords Studios Overview

Keywords Studios is a software consultant based in Dublin, Ireland, that provides integrated, outsourced creative and technical services to video game companies.

Statistic	6/8/15	6/8/20
Stock Price	£1.67	£17.21
Market Cap	£78.69M	£1.25B
Enterprise Value	£69.94M	£1.28B
Shares Outstanding	47.26M	72.47M
EV / NTM Revenue	1.77x	4.13x
EV / NTM EBITDA	13.21x	28.33x
NTM P/E	16.93x	42.90x

Statistic	FY 2015	FY 2019
Revenue	57.95M	326.46M
EBITDA	9.07M	40.50M



Keywords Studios Business Model

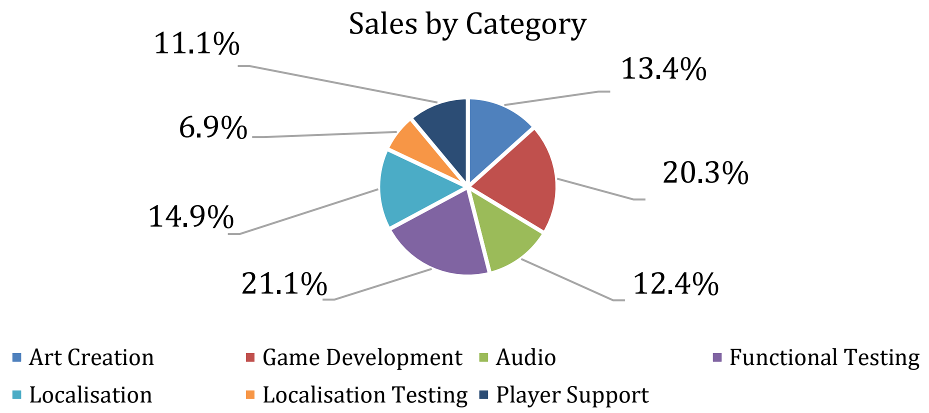
Primary Products

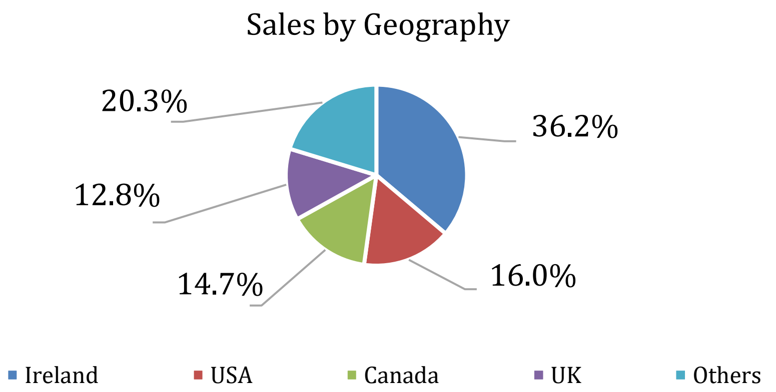
Art Creation	• Creation of video game graphical art, game trailers, and marketing materials
Game Development	• Outsourced software creation for any part of the development process
Audio	• Voiceover recording, voice production, music management, and sound effect services
Functional Testing	• Quality assurance services pertained to hardware compliance and market reception
Localization	• Translation of in-game text, audio scripts, cultural adaptation, and marketing materials in over 50 languages

Context

KWS is a one-stop-shop for all video game development needs

- KWS allows companies to increase their performance capabilities by offering outsourcing services
  - A variety of services for every stage in the development cycle are included in their product portfolio
- KWS' 950+ clients include small developers as well as the large, blue-chip, global video game companies
  - 23 of the top 25 video game companies by revenue are customers





KWS is a capital light business as there is not material production involved in the business

Low Threat
Medium Threat
High Threat

Keywords Studios Competitive Analysis

Video Game

The players in this industry develop video games.

Market Structure	Pure Competition
Market Size	$170.55B[1]
Industry Growth	> 10%[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

• No material barriers to entry
  • Many players in the market
• Only sizable advantage for the larger players is the marketing budget
	• Many locations allows them to be close to their clients
	  • No other player in the industry that operates on a global scale
	• Strong reputation as a provider of high-quality aid
		• Currency risk is present due to the global nature of the business	• Video games have become much more mainstream

[1]https://www.grandviewresearch.com/industry-analysis/video-game-market

What Investors Missed

The Bear Thesis Five Years Ago:

- Small micro cap company listed on the lower volume AIM exchange
- **Received little to no analyst coverage which resulted in many investors not knowing about the stock**

Why They Were Wrong

The Actual Story of the Last Five Years

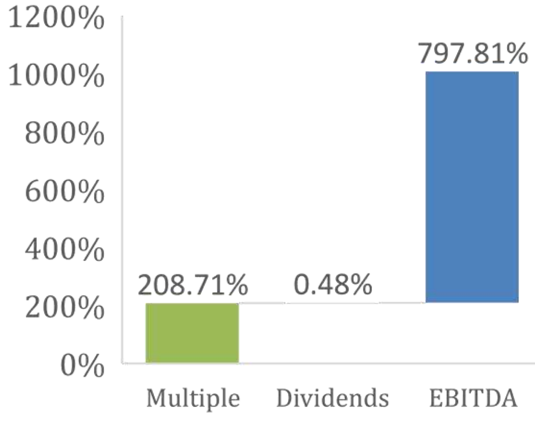
Increased their Investor Relations Efforts

- In July 2016, CEO Andrew Day presented at the ShareSoc Richmond conference
  - **This was the first time KWS had made a large effort to actively get in front of investors**
  - The change in the slope of the share price from flat to steep can be traced to this event

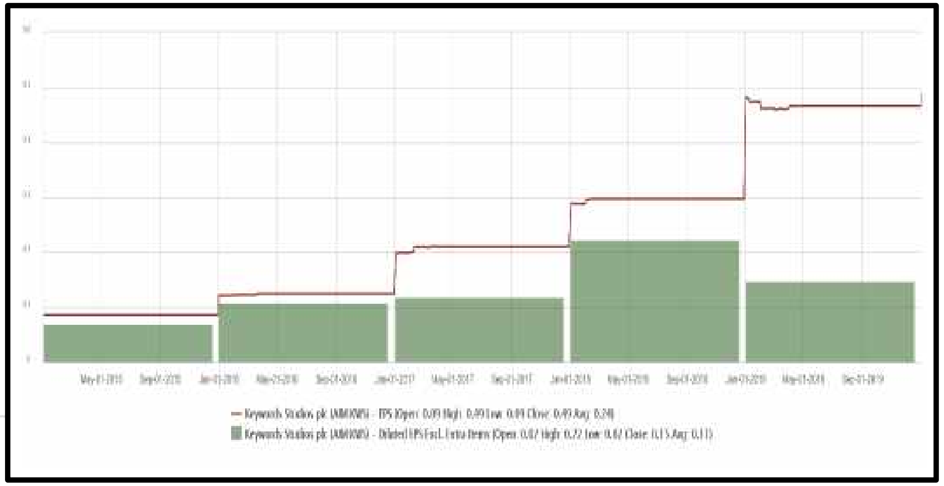
High Amount of Accretive Acquisitions

- **KWS ramped up their acquisition efforts to complete around 5 – 10 per year**
- These helped expand both their geographic reach and their service capabilities
- Being near their clients around the world increased the quality and amount of work that they could complete, which increased revenues substantially

Return Breakdown:



Consensus vs Results



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Keywords Studios Takeaways

KWS is a Good Business – 4/5

KWS has a Moat	• KWS offers a substantial value add to its clients that cannot be found in very many other companies • **It is cheaper for many companies to hire KWS than to do many of these operations in-house**
Strong Tailwinds for the Video Game Industry	• Launch of the new generations of consoles later in 2020 • **A fast-growing industry drives more demand for outsourcing services** • High innovation in both the actual games and the distribution of those games drives competition and increases output • Rejuvenation of the industry both through new players and "retired" players having more free time during COVID-19
Strong Positioning for Future Growth	• **Strong M&A pipeline of high-quality, attractive companies** • High cash balance fueled by strong cash generation and a recent £100m raise allows KWS to capitalize on these opportunities efficiently and effectively • Growth will continue to happen at similar rates as in the past because of their increased resources and capabilities

Future Outlook

Can KWS Sustain it' Advantages?

- KWS has established itself as a reliable partner in the video game development process
- There are no other companies that have the same global reach and quality thresholds that KWS has

Can KWS continue to grow?

- The video game industry is continuing to expand as more competition leads to more innovation and the new consoles arrive
- KWS is a key part of the development process for many companies, so they will undoubtedly continue to grow at a minimum in line with the industry

Is KWS poised to continue to outperform?

- Although multiple expansion did take place in the past, the potential growth of the company could negate some slight contraction
- KWS will likely continue to outperform as not all future growth is calculated in yet

ALTA FOX CAPITAL

HUB24

ASX:HUB

866%

5 Year TSR

Rank: 23/104

HUB24 Overview

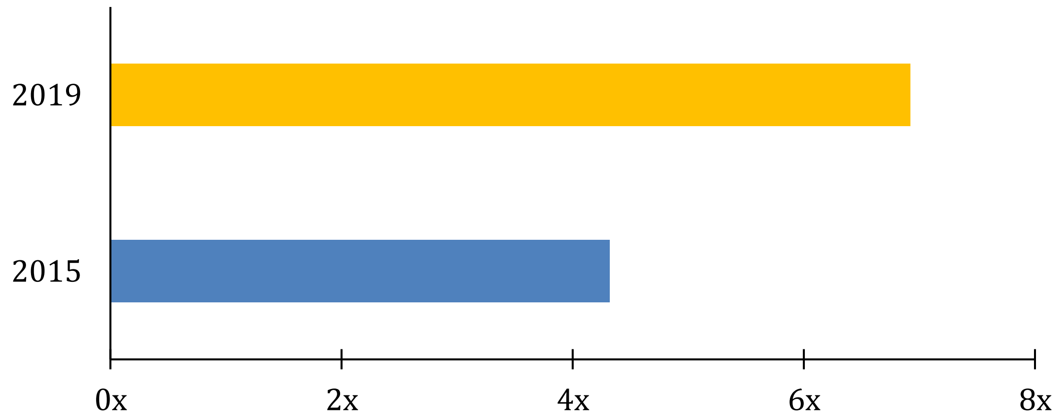
In Australian Dollars

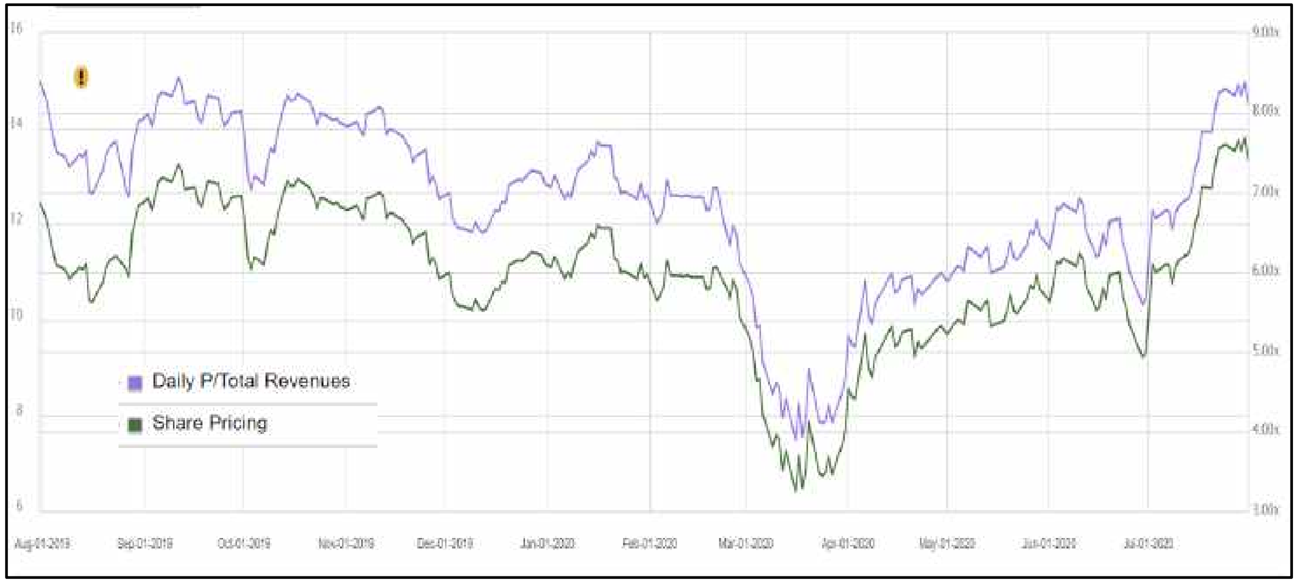
HUB24 Limited is a financial service company that provides investment and superannuation portfolio administration services, and licensee services. It operates the HUB24 investment and superannuation platform.

Statistic	06/08/2015	06/08/2020
Stock Price	$1.16	$11.4
Market Cap	$60.39M	$715.99M
Shares Outstanding	52.06M	62.81M
Price / LTM Revenue	4.32x	6.92x
PE	NA	50.44x

Statistic	FY 2015	FY 2019
Revenue	29.3M	97.5M
EBITDA	NA	NA

Price / LTM Revenue





HUB24 Business Model

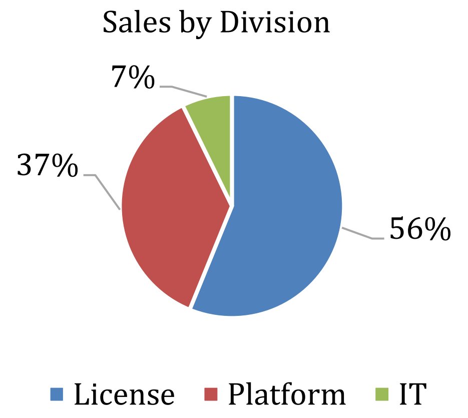
Primary Product

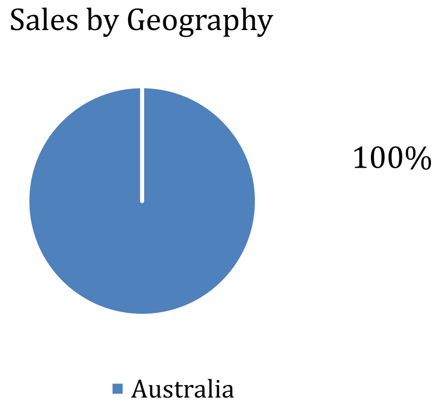
Investment and superannuation platform	Provides financial advisors capability to offer their clients access to a wide range of investments.
Paragem	Financial advice licensee. Provides compliance, software, education and support to financial advisors.
Agility	IT services for the financial services industry.

Context

HUB24 provides services for independent financial advisors.

- HUB24 investment platform helps independent financial advisors with range of activities: making investments, monitoring fees, managing portfolios, etc.
- HUB also offers business solutions for financial advisors to help build their brand and win clients.
- Paragem is a community for financial advisors that help advisors maintain compliance standards, gives access to research, etc.





HUB is a low capital intensity business.

HUB24 Competitive Analysis

Low Threat
Medium Threat
High Threat

Financial Advisor Platform Industry

Participants in this industry provide platforms upon which financial advisors can build their practice.

Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
<table><tr><td>Market Structure</td><td>Monopolistic Competition</td></tr><tr><td>Market Size</td><td>≈$858.5B of FUA[1]</td></tr><tr><td>Industry Growth</td><td>> 10%[1]</td></tr></table> • Traditionally market was dominated by major bank platforms, such as Macquarie and BT. • HUB24 and Netwealth are two fintech disruptors who are capturing the most market share. • Non-institutional platforms now represent 60% of financial advisors.	• Regulatory barriers. • Need strong security cybersecurity measures. • Switching costs: hassle to transfer client funds / data across platforms. • Industry is evolving quickly and there is a race to win market share: likelihood of new fintech entrants is high.	• Scale enables data advantages (which features are most useful, etc.). • Reputation as good platform. • Feedback from customer base. • Paragem benefits from network effects.	• Switching platforms relatively common: 29% of financial advisers switched in 2019. • Data breach. • New fintech entrants or major bank makes large investment to protect market share.	• Specialty platforms gained market share as banks lost it. • Government report (Royal Commission) changed industry regulations and led to financial advisors switching away from major bank platforms.

1. https://yourir.info/resources/3929695d306a6404/announcements/nwl.asx/3A521585/NWL_NWL_2019_Results_Presentation.pdf

What Investors Missed

The Bear Thesis Five Years Ago:

- Stale, mature industry – not much room for HUB to capture market share and grow.
- Unprofitable company that has consistently negative operational cash flow since 2008.
  - With 12M in cash on the balance sheet HUB may go under soon.
- HUB's product, given their scale, will always be inferior to those of the major institutions.

Why They Were Wrong

The Actual Story of the Last Five Years

Industry evolved

- Royal Commission report essentially found widespread conflicts of interest and poor service in Australian financial industry:
  - Those recommending investments (financial advisors) worked for banks that sold these products.
- Led to financial advisors moving towards independent platforms, like HUB.
- Regulatory changed that eliminates of grandfathered commissions likely to open FUA from incumbent platforms.

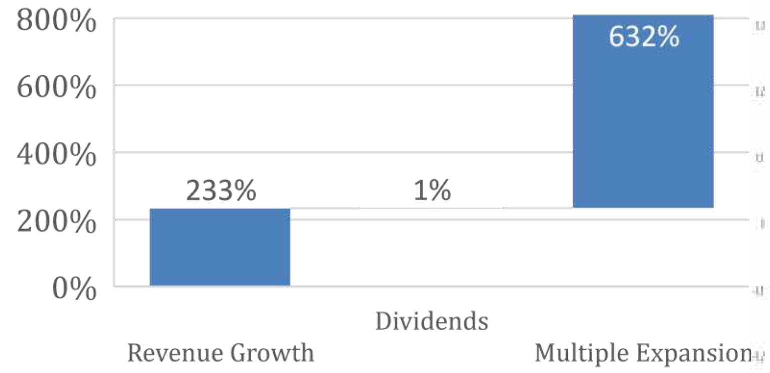
HUB is now profitable and cash flow positive

- Cash flow positive since FY2016; profitable since FY2017.
- Issued dividend in FY2018.

HUB has a strong, competitive product

- Independent, non-bank nature of product attractive post Royal Commission report.
- Strength in managed account segment: added 129 new managed portfolios to platform in Q1 2020, for example.
- 89% of customers believe HUB is best platform; consistent industry recognition as having top product.

Return Breakdown:



Consensus vs Results

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HUB24 Takeaways

HUB is a Good Business- 3.5/5

HUB's industry changed dramatically	• **The Royal Commission report released in 2017 dramatically altered the industry.** • Report shined light on conflicts of interests and abuse in major banks and led to advisors fleeing to independent platforms, like HUB. • Regulation changes catalyzed by report, such as removal of grandfathered commissions, freed up FUA from incumbent institutions (mainly major banks).

HUB capitalized on this these changes	• HUB is the fastest growing platform in the industry.
	• Grew adviser customer base from 484 in FY2015 to 1,625 in FY2019.
	    • FUA grown at 72% CAGR over same period.
	    • Revenue grew from 29M to 97.5M in same period.
	• Market leading position in managed accounts space undergirded growth.

HUB has a runway for growth	• Specialist platforms continue to win market share from institutional incumbents. • HUB has invested in its products and has industry leading features, which has enabled HUB to achieve industry leading growth over the last three years – and potentially going forward. • Potential of further disruption from new entrants.

Future Outlook

Can HUB Sustain its Market Position?

- HUB does have some advantages: switching costs, strong product, reputation, etc.
  - But 29% of advisors switched platforms in 2019.
- Industry is evolving quickly and new entrants threaten positioning.
  - Banks may be unwilling to lose market share for much longer and make major new investments.

Can HUB continue to grow faster than the industry?

- HUB has proven they can grow faster than the industry – in fact, the fastest over the last three years.
- HUB needs to stay on top of trends to continue growth trajectory.
- Potential new entrants, more competition from banks, and changing industry means growth trajectory is more uncertain.

Is HUB poised to continue to outperform the market?

- HUB has capitalized on an evolving industry and captured market share.
- But customers are not particularly sticky and many have changed products; there is also the threat of banks and new competitors entering.
- At 50x earnings, HUB will likely struggle to continue to outperform.

secunet

XTRA:YSN

855%

5 Year TSR

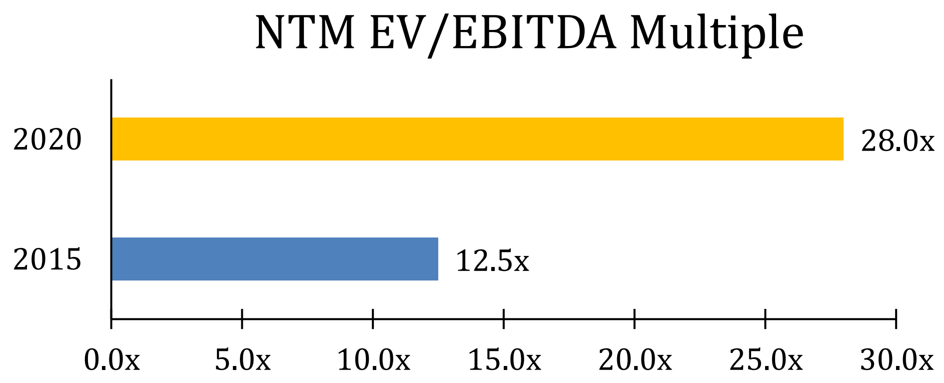
Rank: 24/104

secunet Overview

secunet is an IT security company based in Essen, Germany, that operates as a subsidiary of their parent company Giesecke+Devrient, who owns 78.96% of the shares.

Statistic	6/8/15	6/8/20
Stock Price	€20.25	€178.50
Market Cap	€131.01M	€1.15B
Enterprise Value	€103.67M	€1.11B
Shares Outstanding	6.47M	6.47M
EV / NTM Revenue	1.26x	5.04x
EV / NTM EBITDA	12.49x	27.99x
NTM P/E	29.35x	52.35x

Statistic	FY 2015	FY 2019
Revenue	91.09M	226.90M
EBITDA	9.60M	35.40M



ALTA FOX CAPITAL

secunet Business Model

Primary Products

Services	• Specialist consulting on IT security, software development, and the development and implementation of comprehensive security solutions
Product Portfolio	• A variety of hardware and software solutions ranging from tablets, to crypto-gateways and servers, to inter-country registration kiosks in airports

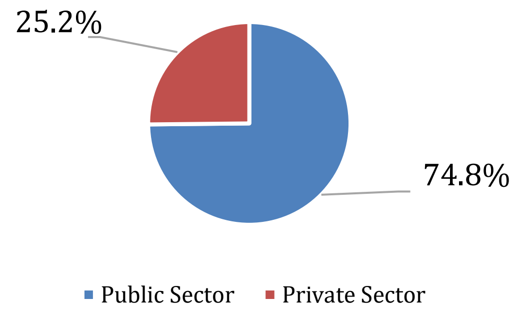
A secunet easygate kiosk that is used in many EU airports

Context

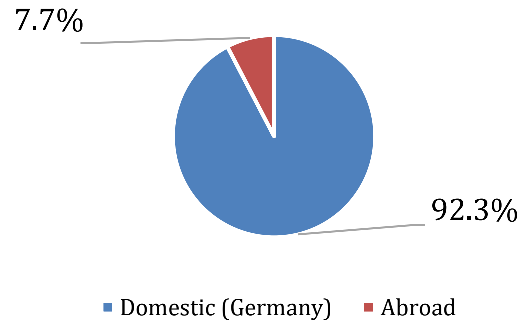
YSN secures IT systems and optimizes IT processes

- YSN specializes in IT high security, complex solutions, and demanding projects in which technologies and processes are combines
    - The range of solutions is mainly geared towards large-scale IT infrastructures
- YSN provides tailored solutions matching the individual requirements of each client
- Consulting and development projects are handled in close collaboration with the clients at 11 locations around Germany

Sales by Category



Sales by Geography



YSN is a capital intensive business as it is an R&D heavy business and production is done in house

Low Threat
Medium Threat
High Threat

secunet Competitive Analysis

Cyber Security

The players in this industry offer technologies, processes, and practices designed to protect networks, devices, programs, and data from attack, damage, or unauthorized access.

Market Structure	Monopolistic Competition
Market Size	$172.15B[1]
Industry Growth	> 10%[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• Shortage of high-quality talent interested in the IT security business • Many potential customers already have established relationships with IT security providers • Reputation is critical in winning business when dealing with critical components on client's business	• Strong relationships with the EU, NATO, and the German government • YSN has been in business for over 20 years and thus has a lot of experience in the space	• The parent company owns a majority stake and has different incentives than the common shareholders	• Increased reliance on the internet and software in everyday life

[1]https://www.grandviewresearch.com/industry-analysis/cyber-security-market

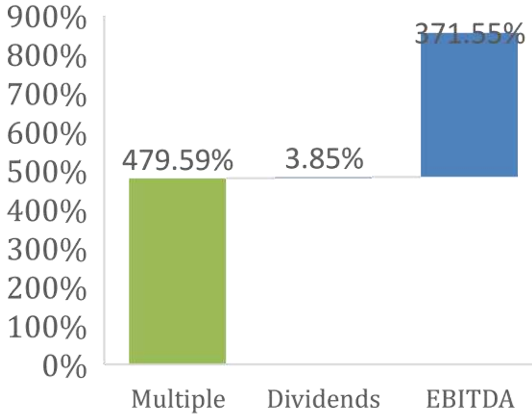
What Investors Missed

The Bear Thesis Five Years Ago:

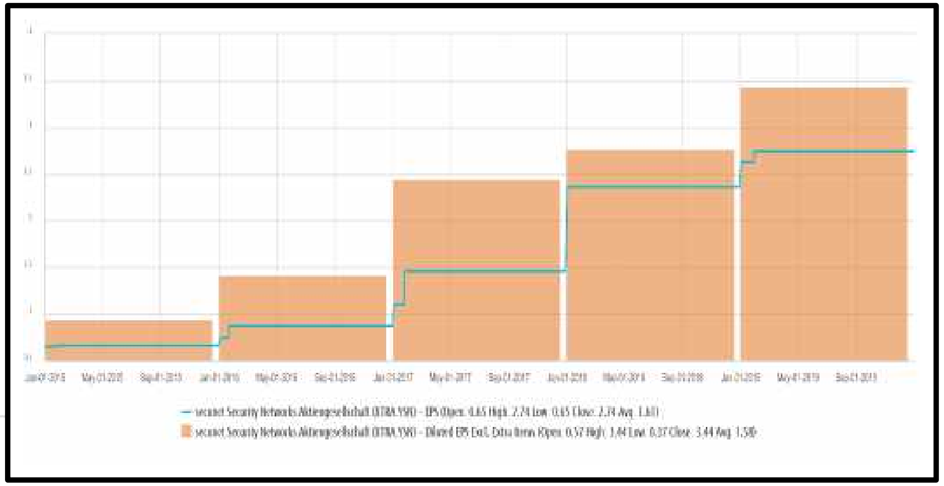
- Micro-cap stock with very little trading volume that trades on a minor exchange
    - **Actual amount of free float only about 10% of total shares outstanding**
- Order book was down y/y which did not indicate an extremely promising future

Why They Were Wrong

Return Breakdown:



Consensus vs Results



The Actual Story of the Last Five Years

Strong Industry Tailwinds

- In the private sector, shifting technological advances in the business world required new IT security measures
- In the public sector, worries about the security of critical infrastructure and the complexity of network scenarios (5G) have increased demand as well

Expanded into the Healthcare Industry

- Germany has been officially undergoing a digitization of their health care system since it passed an ehealth law in 2016
- YSN decided to capitalize on this opportunity given their expertise in IT infrastructure and security
    - In 2018, the "konnektor," securely integrates the information on the management systems of hospitals, doctor's offices, and pharmacies into the broader national Telematics Infrastructure (TI)
    - **In April 2020, the organization in charge of the project, gematic, approved the product for field testing and then commercialization**

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secunet Takeaways

YSN is a Good Business – 4/5

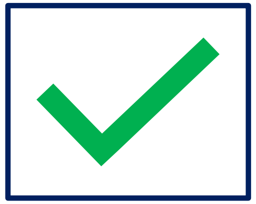
YSN has a Moat	• **YSN has excellent relationships with some major customers, specifically the government bodies** • In a world that is becoming more and more digitized everyday, people want to feel protected, and YSN provides that security
Strong Future Potential	• **With the dive into the healthcare industry yet to be fully commercialized, there is a lot of upside potential for the company that is not known at this point** • The table is also set for the company to launch more products related to IT in other industries as well • Also a lot of room to continue to grow their existing private company client base

Worrisome Ownership Structure	• With Giesecke+Devrient owning 78.96% of the shares, with regards to voting rights, YSN is essentially a private company
	  • **The ~10% of free float shares really have no power**
	  • If things end up going badly for either the parent or YSN, the interests of the free float shareholders would not be considered at all

Future Outlook

Can YSN Sustain its Advantages?

- The reputation that YSN has developed over its long tenure in the IT business as a high quality provider is hard to lose
- Its strong relationships with its key clients are likely to stay intact in the future



Can YSN continue to grow?

- The strong potential to break into new markets (healthcare) and the broader industry and cultural tailwinds behind them will undoubtedly continue to drive the growth of YSN

Is YSN poised to continue to outperform?

- Given the reasonable multiples (22x EV/NTM EBITDA) the stock is currently trading at as well as the huge upside potential that it has, it is very likely that YSN will continue to outperform into the near future

FUTURE

LSE:FUTR

850%

5 Year TSR

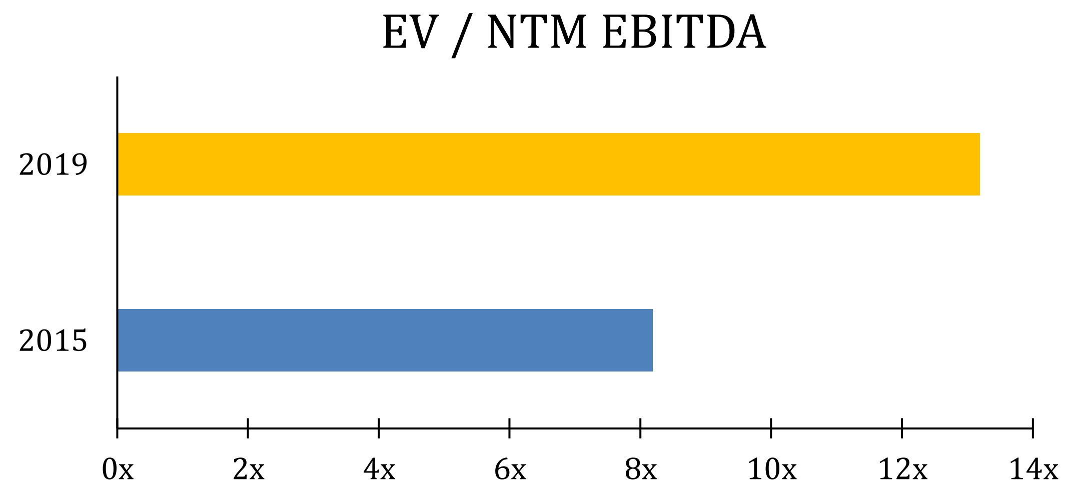
Rank: 25/104

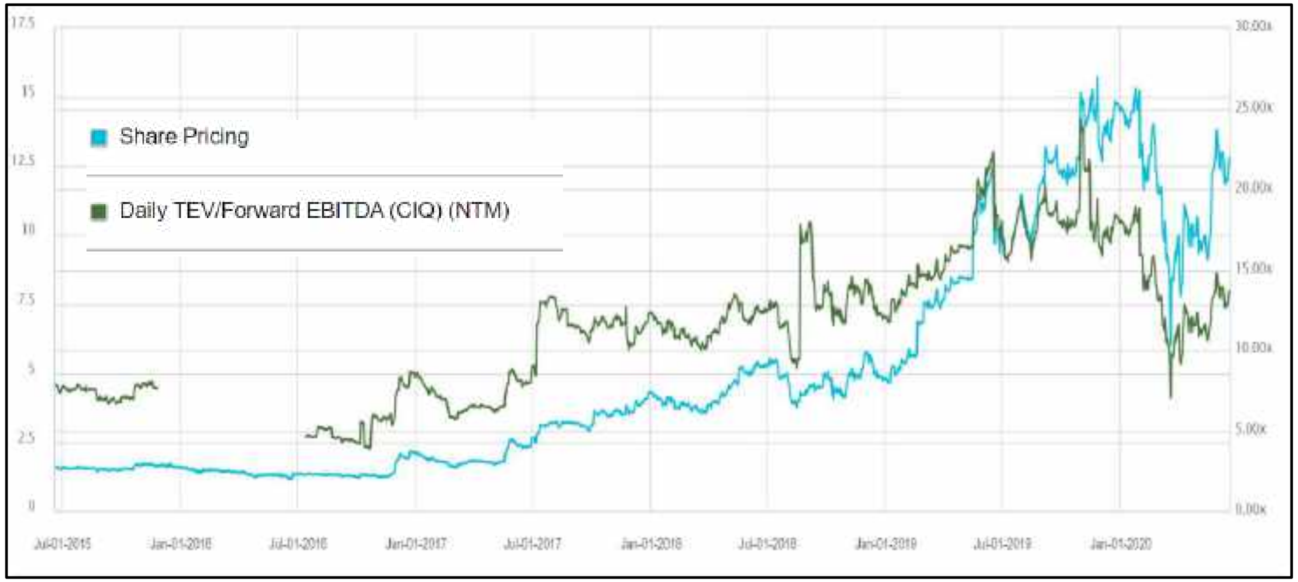
Future Overview

Future plc is a British media company founded in 1985. It publishes more than 50 magazines in fields such as video games, technology, films, music, photography, home and knowledge.

Statistic	06/08/2015	06/08/2020
Stock Price	£1.67	£12.78
Market Cap	£37.05M	£1.25B
Enterprise Value	£32.35M	£1.29B
Shares Outstanding	22.20M	97.90M
EV / NTM Revenue	0.57x	3.62x
EV / NTM EBITDA	8.19x	13.19x
PE	51.66x	19.93x

Statistic	FY 2015	FY 2019
Revenue	59.8M	221.5M
EBITDA	1.4M	44.1 M





Future Business Model

Primary Product

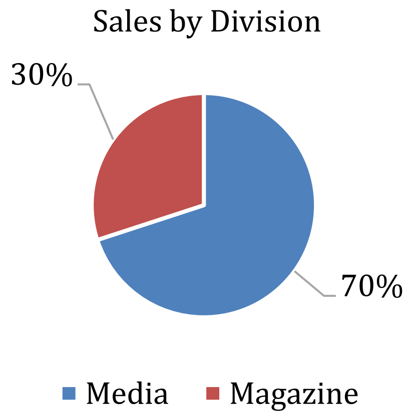
Media	Operates online websites and runs events. Revenue from advertising, ecommerce, ticket sales, and email newsletters.
Magazines	Operates 78 specialty magazines on a variety of topics (i.e. guitars, pc gaming, etc.).

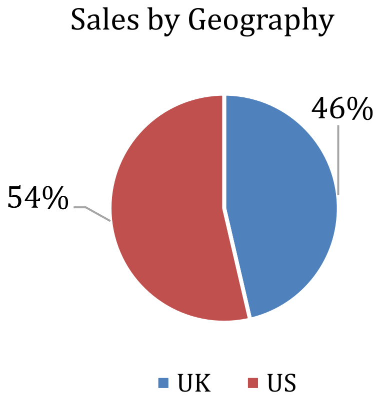
Sample FUTR websites and magazines

Context

FUTR is a specialty media company.

- Operates niche websites and magazines on a variety of topics.
- FUTR creates communities around niche topics through its media platforms (both websites and magazines) and its events.
- FUTR sells variety of services to brands such as content creation, advertising, audience data insights, print licensing, and digital licensing.





FUTR is a low/medium capital business due to the capital intensity required to create new, original content.

Future Competitive Analysis

Low Threat
Medium Threat
High Threat

FUTR operates in many niche markets online and in magazines from home renovations, to photography, to music. It would be misleading to say that FUTR competes in one industry / market – it competes in many.

Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

Market Structure: Monopolistic Competition / Oligopoly
• Each specific website / magazine operates in a different sub-industry with varying competitive dynamics.
• FUTR has leading psotions in many of the sub-industries:
  • #1 UK/US consumer technology publisher.
  • #1 PC gaming website.
  • #1 online space publisher.
  • #1 consumer music making magazine.
  • #1 homebuilding show in UK.
	• **Network effects:** sites have self-published content feature which means more users which create more content, which attracts more users.
	• Low-startup costs.
	• Search engine optimization.
	• Publisher relationships for magazines.
		• Understanding and experience: FUTR knows what content works and how to monetize it.
		• Diversified end-markets: FUTR can lose positioning without destroying bottom line.
		• Relationships with advertisers.
			• Competitors can steal market share in even more niche ends (i.e. electric guitar focused site competes with FUTR guitar magazine).
			• Changes to google search algorithm.
			• Social media groups (i.e. FB groups) steal market share.
				• Social media has become even more prevalent, especially for news and content.
				• Print magazines continue long-term decline.

1. **Only North America ;** https://icv2.com/articles/news/view/43024/hobby-game-sales-total-1-5-billion-2018

What Investors Missed

The Bear Thesis Five Years Ago:

- FUTR "transformation" program is not a signal of future success – but rather a sign of a company in decay.
  - Good companies with strong management do not need to sell £24.8m worth of assets and restructure debt.
- Magazines are dying out – makes no sense to invest in a magazine company.
  - FUTR even projects revenue declines for magazines.
- Revenue is decreasing, EBITDA has been negative, and the company is unprofitable.

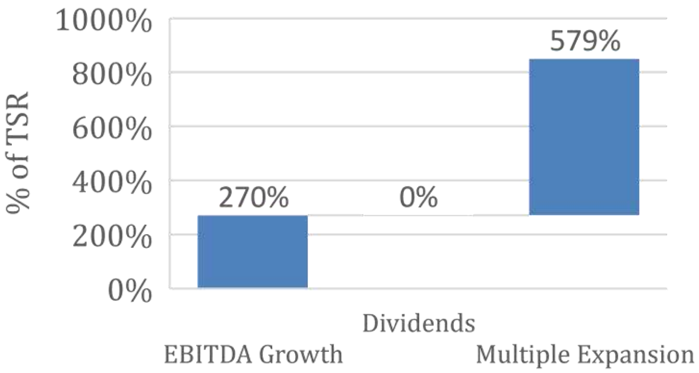
Why They Were Wrong

The Actual Story of the Last Five Years

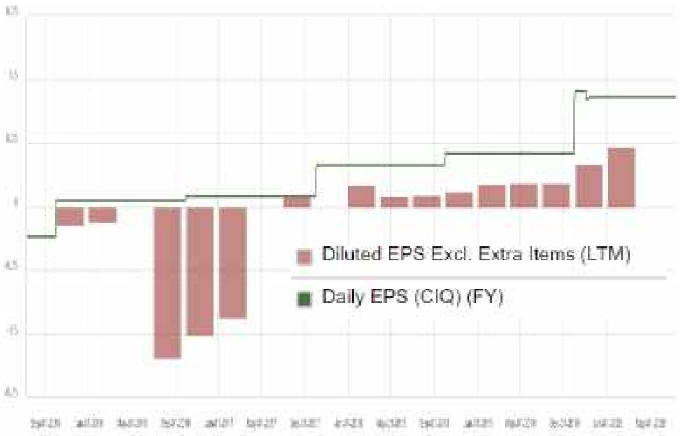
Transformation was a success	• Strengthened balance sheet and protected the company from credit risk. • Made tough decisions to cut costs (employees) and sell segments that were diluting the company's focus. • Focus on media segment and fast growing digital segment. • Added to FTSE 250 index in June 2019.
Magazines not over	• Management acknowledges that print is in steady long-term decline. • Niche nature of magazines has insulated FUTR from some of the decline – subscribers flat from 2018 to 2019 and circulation increased 15%.

New revenue streams	• FUTR identified new revenue streams and exploited them: ecommerce, events, and advertising.
	  ◦ Ecommerce revenues virtually non-existent in FY2015 to ≈30% of revenue in HY2020.
	  ◦ Consistent growth in digital advertising revenue.
	  ◦ Consistently launched new events.
	• Revenue grown at 40% CAGR from 60M in FY2015 to 221.5M in FY2019.

Return Breakdown:



Consensus vs Results



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Future Takeaways

FUTR is a Good Business- 3.5/5

FUTR made necessary changes

- **FUTR addressed its balance sheet issues by restructuring debt, selling non-core assets, laying off workers, and closing offices.**
- Simplified the business to focus on digital segment where it saw most growth potential.

Digital media did grow

- FUTR optimized the back-end for websites, which made launching new websites easier.
- Grew revenue streams by expanding ecommerce, optimizing advertising capabilities, and launching new events.
- Made many acquisitions and captured synergies on the back-end, while using their SEO and other capabilities to grow users.

FUTR has a runway for growth

- Trends that FUTR utilized to grow can continue to drive growth:
  - Ecommerce continues to grow.
  - Digital media increasingly popular and can make further acquisitions.
- Low incremental costs and high gross margins in digital segment means growth will flow through to bottom line.
- Magazine segment in long-term decline, but FUTR has nevertheless maintained its revenue contribution and even grown circulation.

Future Outlook

Can FUTR Sustain its Market Position?

- FUTR is a market leader in the majority of its segments (i.e. TechRadar in personal tech sites).
- FUTR could lose positioning in any segment – but very unlikely to lose it in many segments.
- Social media continues to threaten original content producers as people search for "posted" articles rather than seek them out through Google search.

Can FUTR continue to grow faster than the industry?

- FUTR understands its core business and has an executions strategy that works.
  - Exemplified by the many successful acquisitions.
  - Continues to be opportunities for further acquisitions.
- Low incremental costs for digital media revenue, and network effect from sites as users post and interact with content.

Is FUTR poised to continue to outperform the market?

- FUTR can continue to grow events, advertising, and ecommerce revenue.
  - Demonstrated they will remain focused on core business and not deviate.
- FUTR's 13x NTM EBITDA does not price in significant growth outperformance relative to the market.
- Persistent threat of social media boxing out FUTR from its demographics and decreasing ad revenue.

NasdaqGS:CWST

819%

5 Year TSR

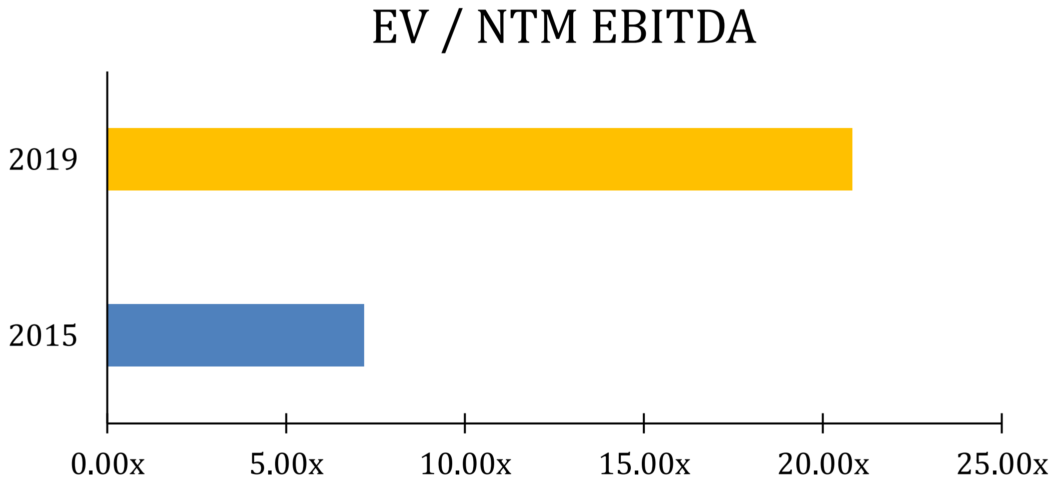
Rank: 26/104

Casella Waste Systems Overview

Casella Waste Systems provides resource management expertise and services to residential, commercial, municipal and industrial customers in the areas of solid waste resource collection, recycling, organics, energy recovery and disposal.

Statistic	06/08/2015	06/08/2020
Stock Price	$5.65	$52.55
Market Cap	$231.29M	$2.54B
Enterprise Value	$775.18M	$3.16B
Shares Outstanding	40.58M	48.31M
EV / NTM Revenue	1.45x	4.13x
EV / NTM EBITDA	7.18x	20.82x
PE	NA	98.82x

Statistic	FY 2015	FY 2019
Revenue	546.5	743.3
EBITDA	91.0	138.3



Casella Waste Systems Business Model

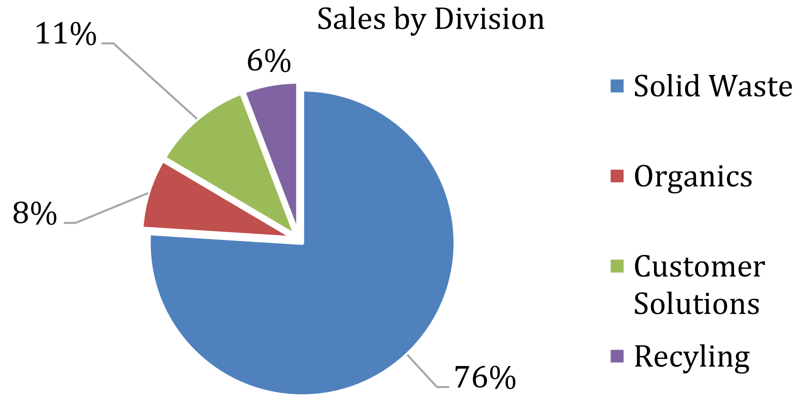
Primary Product

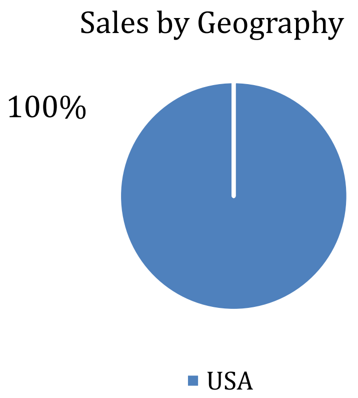
Solid Waste Operations	Includes the collection, processing, and disposal of solid waste. This segment also includes revenue from the power generated by converting landfill gas to energy.
Organics	Leveraging organic portion of waste stream to create products, such as fertilizers and mulch.
Customer Solutions	Work with large-scale customers to develop custom solid waste solutions.
Recycling	Processing of recyclable materials and sale of recycled materials.

Context

CWST is a full service, vertically integrated solid waste management company.

- One-stop shop for customers and their solid waste management.
  - Customer solutions segment enables CWST to tailor specific solutions for large clients.
- CWST tries to earn revenue from the actual waste itself through selling organic products and recycled commodities.
- Range of customers: residential, commercial, municipal, industrial.





Heavy machinery needed to transport / process waste; high-capital intensity business.

Low Threat
Medium Threat
High Threat

Casella Waste Systems Competitive Analysis

Waste Collection Services Industry

Operators in this industry collect waste and recyclable materials. Nonhazardous waste includes municipal solid waste, or household waste, and industrial and commercial waste. This industry also includes transfer stations in which waste is relocated from local vehicles to long-distance automobiles for transport to disposal facilities.

Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

Market Structure: Oligopoly
Market Size: 51.7B[1]
Industry Growth: LSD[1]
 	
• **Top 3 competitors – Waste Connections, Republic Services, and Waste Management Inc - have 45.5% market share.**
 	
• CWST is a significant regional player but does not compete on a national level with the largest competitors.
	• Regulations can be complex, are subject to change, and are different across municipalities, states, etc.
	
	• Start up capital is high given the capital intensive nature of the business.
	
	• Contracts generally last over a year.
		• Scale enables economies of scale.
		• Integration of different segments allows for more competitive contract bids as full-suite solutions can be offered.
		• Vertical integration prevents companies from paying "tipping fees" to landfills.
			• Losing a major contract.
			
			• Changes in fuel prices.
			
			• New, more stringent regulation.
			
			• Changes in price for recycled commodities.
				• The industry has gotten more consolidated due to major M&A:
				  • **3rd and 4th largest players merged in 4.1B 2016 merger.**
				  • The three major players made many acquisitions over last five years.
				• Recycling is now ≈35% of municipal waste; recycling rates have risen steadily for 30 years.

1. Only US; Ibis World

ALTA FOX CAPITAL

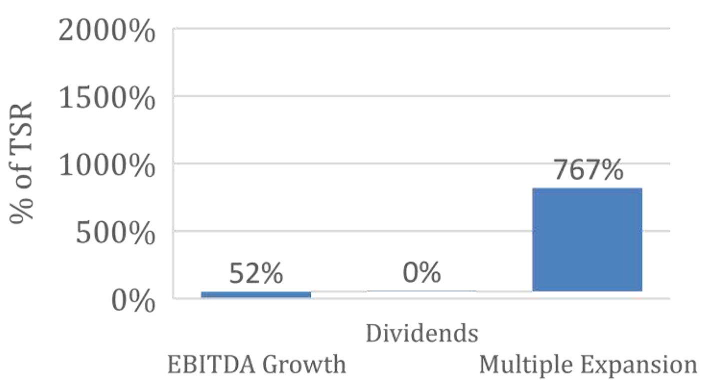
What Investors Missed

The Bear Thesis Five Years Ago[1]:

- **Poor capital allocation:**
  - Doesn't paid dividends while peers do.
  - **Capex of $770M over 10 years with no resulting increase of earnings power.**
- High leverage: 6x Debt/EBITDA while peers at 2.9x.
- Poor historical performance: up 11% over five years while peers up between 38% and 54%; guidance missed multiple times.
- Poor, and potentially corrupt, management.
  - Over 10 years, the Company has paid more than $80 million to Casella Construction, Inc. a company of which CEO John Casella is both a director and executive officer and his brother is President.

Why They Were Wrong

Return Breakdown:



Consensus vs Results

The Actual Story of the Last Five Years

Capital allocation improved	• Increased capex hurdle rate and focused on tuck-in acquisitions. • 5 year average Capex as a % of revenue dropped from 12.17% from FY2010-2014 to 10.91% in FY2015-2019.
Leverage went down	• CWST refinanced various tranches of debt and sold non-core assets; Leverage reduced to 3.8x over 5 year period.
Clear goals were outlined - and achieved	• Management outlined 5 goals for 2021 in Aug 2017 to drive growth and increase value. • **Landfill price increased above inflation each year since FY2015 – demand currently exceeds supply for landfill capacity.** • Cost of Operations as a % of collection revenues down 6.2% since FY 2014. • Recycling commodity prices down 18% from FY2018 to FY2019 (shrunk topline) but segment EBITDA up 0.7M due to operational improvements.
Governance improved, which kept management on track	• Activist investor JCP Investment Management catalyzed the appointment of two new independent directors. • JCP was satisfied with the governance changes and confident that CWST would no longer award contracts improperly.

1. https://www.sec.gov/Archives/edgar/data/911177/000141588915003029/ex992prec14a08569015_091015.pdf

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Casella Waste Systems Takeaways

CWST is a Strong Business- 4/5

Activist involvement catalyzed CWST to fix key issues	• Governance was improved through new independent board members. • Leverage was refinanced and reduced.
CWST improved its operations	• **Landfill pricing increased above inflation each year; and landfill capacity increased by 9.5% since FY2014.** • Route and fleet optimization, and fuel hedging lowered collection operation expenses. • Improved recycling model to reduce commodity risk by passing increased cost to customers. • Investments in back-end technology, such as CRM and ERM systems.
CWST can capitalize on favorable trends, and leverage its scale	• CWST is in an essential, non-cyclical industry of waste management. • Closing disposal sites (landfills) have led to a shortfall in disposal capacity in key CWST markets of NY, VT, MA, ME, and NH – **creating a supply / demand imbalance that will give CWST pricing leverage.** • Tuck-in acquisitions give CWST an avenue for future growth. • Scale enables operational efficiencies that will allow CWST to outcompete other regional players.

Future Outlook

Can CWST Sustain its Market Position?

- CWST is a dominant regional player in the waste management industry.
- Scale, strategically located landfill sites, long-term contracts, and regulations impede new entrants.

Can CWST continue to grow faster than the industry?

- Landfill supply / demand imbalance will CWST to increase prices and subsequently increase their margin faster than non-vertically integrated competitors.
- Tuck-in acquisitions provide an avenue to realize top-line growth and operational synergies.

Is CWST poised to continue to outperform the market?

- Waste management is a mature industry with minimal growth prospects.
- Much of the operational efficiencies that have led to CWST's outperformance have been realized.
  - And CWST is trading at its highest NTM EBITDA multiple ever.
- Recyclable commodity prices (pulp paper and carboard) trending downwards.

SimulationsPlus

SCIENCE + SOFTWARE = SUCCESS

NASDAQCM:SLP

816%

5 Year TSR

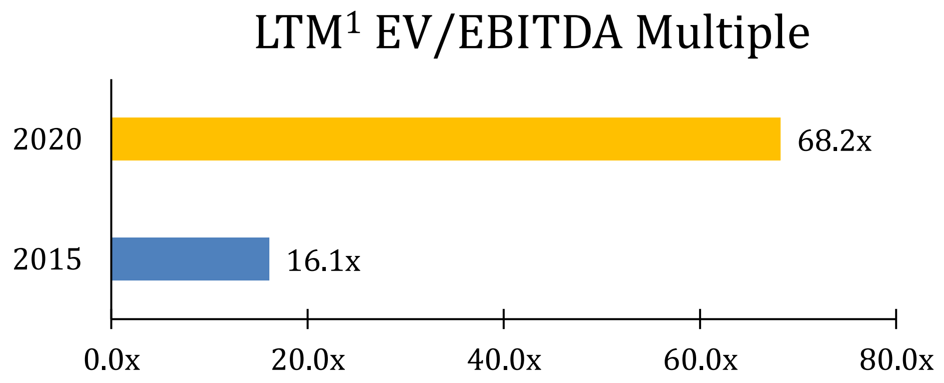
Rank: 27/104

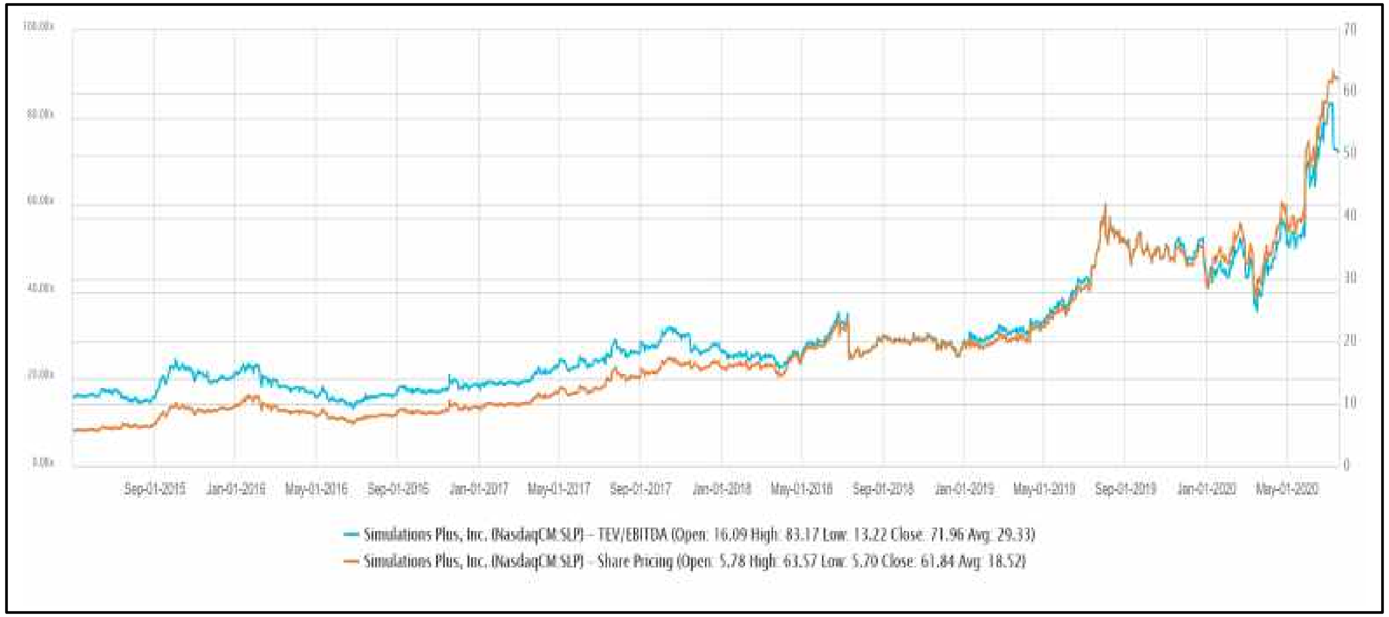
Simulations Plus Overview

Simulations Plus is a pharmaceutical focused software company based out of Lancaster, CA that provides software programs and consulting services to guide early drug discovery, preclinical, and clinical development programs.

Statistic	6/8/15	6/8/20
Stock Price	$5.56	$49.73
Market Cap	$97.40M	$883.60M
Enterprise Value	$91.30M	$871.99M
Shares Outstanding	17.07M	18.32M
EV / NTM Revenue	4.97x	19.84x
EV / NTM EBITDA	N/A	51.99x
NTM P/E	23.12x	113.02x

Statistic	FY 2015	FY 2019
Revenue	19.66M	37.71M
EBITDA	7.48M	12.49M





ALTA FOX CAPITAL

[1]There was no sell-side coverage in 2015, so LTM EBITDA were used for the sake of comparison

Simulations Plus Business Model

Primary Products

Software	• Software licenses, usually in terms of 1 year or less, and a set amount of customer support
Consulting	• Conduct contracted consulting studies for companies who are looking to outsource

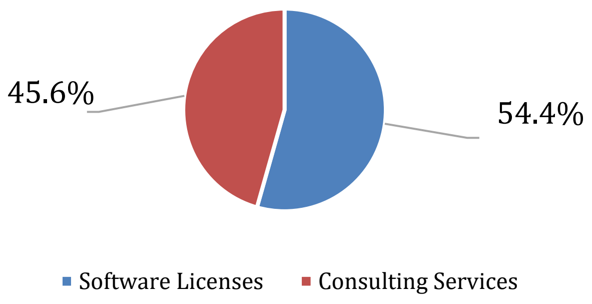
Simulations Plus Interface Example

Context

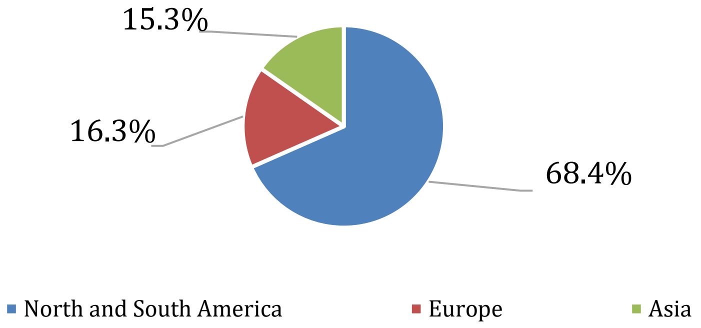
Simulations Plus helps companies develop drugs

- SLP currently offers 10 software products, each for different purposes and for different parts of the process
- Their most popular product, GastroPlus, is the most widely used commercial software of its type by pharmaceutical companies
- If a small company doesn't have the resources to run the tests it wants to, or if large companies have a difficult problem, SLP is brought in on the consulting side to run studies or solve problems through the consulting product

Sales by Product



Sales by Geography



SLP is a capital light business as software companies do not require heavy investments in fixed assets

Low Threat
Medium Threat
High Threat

Simulations Plus Competitive Analysis

Biosimulation Software

The players in this industry offer mathematical models of biological processes which can provide information about dose precision and drug-drug interaction at a molecular level.

Market Structure	Oligopoly
Market Size	$2.1B[1]
Industry Growth	> 10%[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• The switching cost for existing customers is extremely high due to the complexity of the software, thus, new entrants will have a hard time gaining market share • Relationships with national and international health and regulatory bodies are key to fund R&D and grow a strong client base	• For a majority of SLP's software products, including the flagship GastroPlus, there are 1 or 0 major competitors • This is due to the high barriers to entry and initial startup costs • Most products each offer a unique combination of capabilities within the software relative to their competitors	• If healthcare reform on a national level results in cheaper healthcare prices, the profits of SLP's clients may drop, which could result in less R&D expenses which means less business for SLP	• Use of simulations has become more widespread in the drug development process

ALTA FOX CAPITAL

[1]https://www.databridgemarketresearch.com/reports/global-biosimulation-market

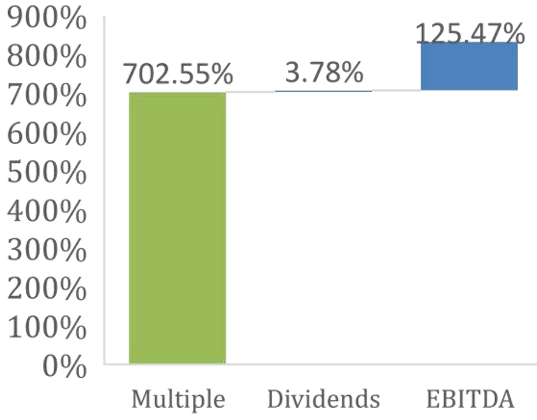
What Investors Missed

The Bear Thesis Five Years Ago:

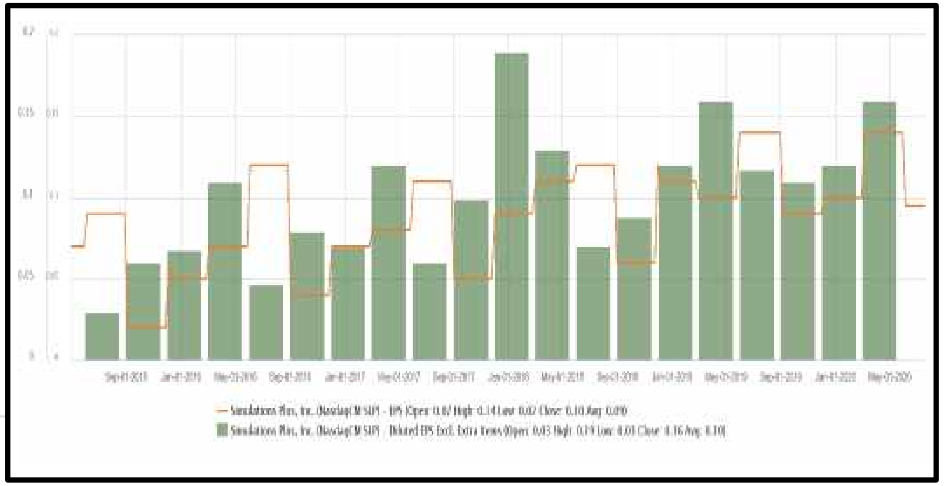
- **SLP recently acquired a contract research organization (CRO), Cognigen, with the intent of expanding its consulting revenues, but this was not appealing to investors as it was a lower margin business compared to its software business**
- It used to be micro-cap company with little trading volume and no sell-side coverage, so many investors were not aware of the company

Why They Were Wrong

Return Breakdown:



Consensus vs Results



The Actual Story of the Last Five Years

Investments in Sales and Marketing

- SLP took advantage of an increase in adoption of modeling and simulation in the pharmaceutical market by increasing their sales presence at conventions and industry events around the world

Accretive Acquisitions

- SLP has made more acquisitions in addition to Cognigen that have helped steadily grow the top line
- DILIsym has allowed SLP to grow their consulting product faster
- Lixoft will provide SLP with the ability to expand their European reach as well as grow their software

Several Big Deals

- In May 2019, the Pharmaceuticals and Medical Devices Agency in Japan added licenses
- In July 2019, a 5-year, potentially revolutionary research collaboration with the FDA's Center for Veterinary Medicine

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Simulations Plus Takeaways

SLP is a Great Business – 5/5

SLP has a Moat	• SLP is in a niche sector that is extremely specialized with only one main competitor (Certara) • There are high switching costs and a network is extremely important to be successful in their industry • Their customers are in the healthcare industry, which will likely never slow down unless everyone dies
SLP is in Great Financial Shape	• Both cash on the balance sheet and operating cash flows are about 34% of revenue for FY19 • The gross margin is very high for a company that brings in nearly half of its revenues from consulting, at 73% • SLP has no debt and pays out a quarterly dividend of $0.06 per share
COVID-19 Presents a Great Opportunity to Show Off	• SLP recently rolled out their StrategiesPlus COVID-19 ACT Program • The world needs vaccines and drugs to fight COVID as soon as possible, and modeling and simulation are the means to enhance the forecasts of clinical trials before they happen so less time is wasted • With this tech on display for the world to see, there will likely be a surge in the demand for their product in the future

Future Outlook

Can SLP Sustain its Advantages?

- SLP has been the leader in its field for a over 20 years, so it has established itself in an industry with few players
- As long as competitors don't just copy the software, their advantage should be sustainable

Can SLP continue to grow?

- The simulation industry is just starting to grow, and being an established player in the industry, SLP will no doubt continue to grow as it expands into new markets and adds more products

Is SLP poised to continue to outperform?

- Even if SLP just grows at the projected 5-year CAGR of 15%, which is a conservative estimate, the stock will outperform the market comfortably
- As long as SLP continues to grow at a high rate, slight multiple contraction from its ATH will not be detrimental to its outperformance

FRONTIER

AIM:FDEV

780%

5 Year TSR

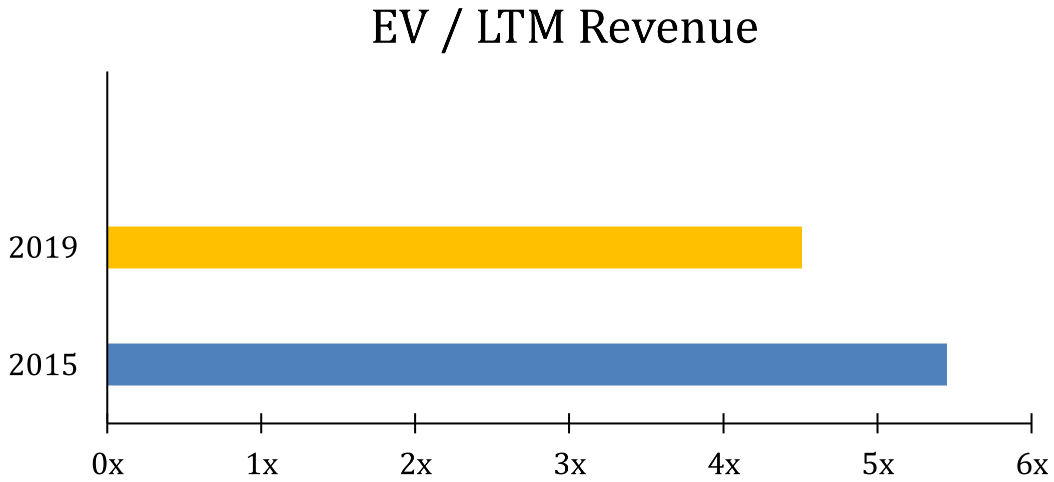
Rank: 28/104

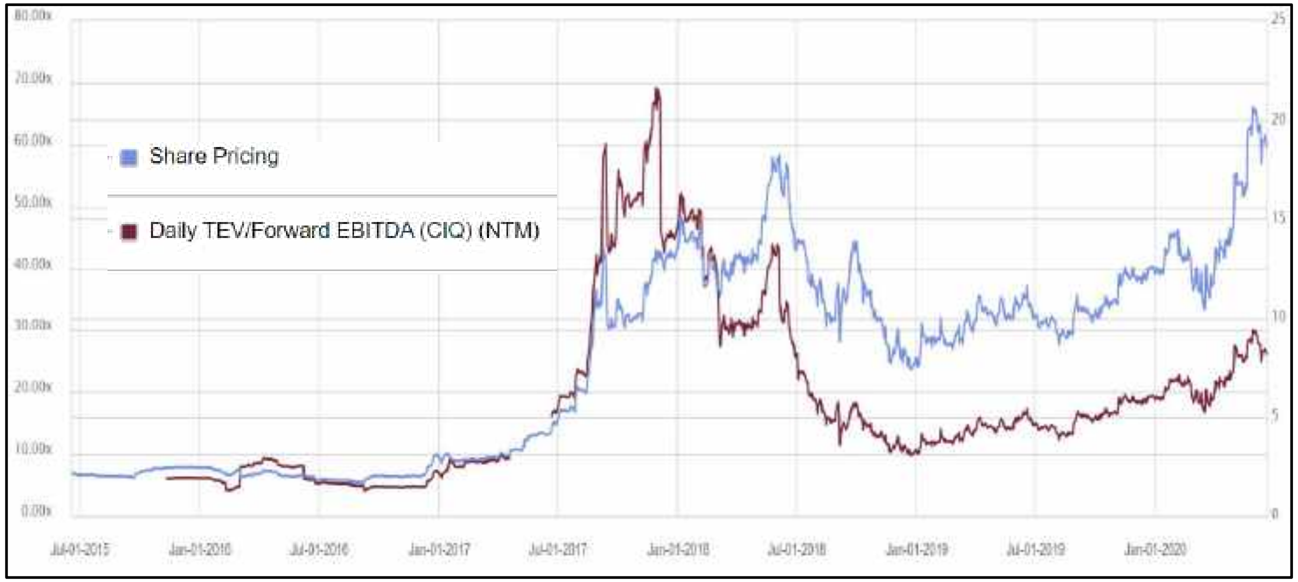
Frontier Developments Overview

Frontier Developments plc develops and publishes video games for the interactive entertainment sector in the United Kingdom and internationally. It develops games across various platforms using its cross-platform technology.

Statistic	06/08/2015	06/08/2020
Stock Price	£2.21	£19.04
Market Cap	£74.39M	£731.31M
Enterprise Value	£64.43	£726.57M
Shares Outstanding	33.74M	38.41M
EV / LTM Revenue	5.47x	12.75x
EV / NTM EBITDA	NA	26.72x
PE	NA	55.58x

Statistic	FY 2015	FY 2019
Revenue	22.8M	89.7M
EBITDA	1.8M	20.3M

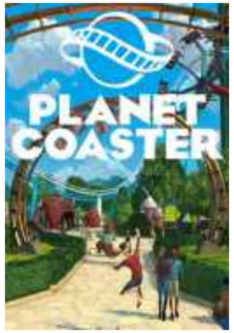




Frontier Business Model

Primary Product

Creating and Self-Publishing Video Games	Frontier develops and self-publishes video games for a variety of platforms.



Sample Frontier Games

Frontier Publishing	Frontier publishes video games made by other developers.

Context

FDEV makes and sells their own video games.

- Historically, FDEV was a "work-for-hire" developer.
- Now, FDEV develops their own games and publishes them themselves.
- FDEV aims to create high quality game franchises, which they can continue to update through new versions or in-game expansion packs.
- FDEV seeks to partner with developers to help them publish their games and bring them to market.

FDEV is a medium capital intensity business due to the cost of developing new games

Low Threat
Medium Threat
High Threat

Frontier Competitive Analysis

Video Games Industry in the US

Includes all video game related industries in the US. Game development, publishing, and retail sales make up the majority of the industry along with the development and sale of gaming consoles.

Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

Market Structure: Monopolistic Competition
Market Size: $63.4B[1]
Industry Growth: > 10%[1]
• In 2019, top four competitors earn 29.9% of total industry revenue.
• Publishers of games capture significant portion of profits with low incremental costs (given that most games are now purchased digitally).
	• Developer talent is necessary to make high-quality games.
	• Games can take years to develop and so significant start up capital is required.
	• Technology is required to port games to multiple platforms.
		• Game franchises develop loyal fanbases who solidify the game's community and are repeat customers.
		• **Network effects: the more players a game has the better it is.**
		  • Especially online multiplayer experience.
			• A poor game release can tarnish a franchise and harm its associated community.
			• A major cyber breach can tarnish a brand and stop players from playing.
			• New technologies can eclipse existing technologies forcing companies to adapt quickly.
				• **Shift towards digital rather than physical distribution of games.**
				  • Enabled FDEV to focus on self-publishing games.
				• Games have longer lifespans and are often played longer than one-year but continually updated through expansion packs, updates ,etc.

ALTA FOX CAPITAL

1. Only USA; Ibis World

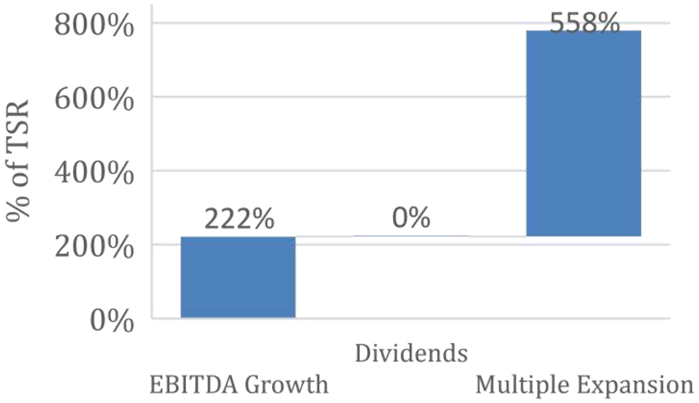
What Investors Missed

The Bear Thesis Five Years Ago:

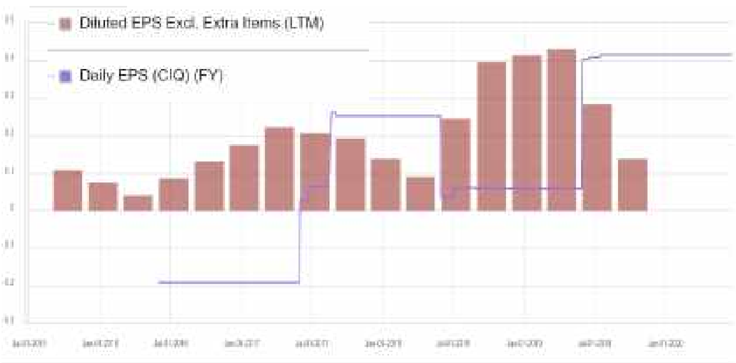
- FDEV will not be able to make the transition from being a “developer for hire” to a self publisher.
- The quality of FDEV’s game IP is low and will be outcompeted by major players.
    - “Elite Dangerous” will not be a franchise quality game.
- Game platforms are shifting rapidly – publishers with significant scale, like EA and not FDEV, are best suited to adapt.
    - Trends seem to indicate a greater importance of mobile, which is not a focus of FDEV.

Why They Were Wrong

Return Breakdown:



Consensus vs Results



The Actual Story of the Last Five Years

Self-publishing has been a success

- Transition made almost entirely in two years.
- **Shift to self-publishing has increased gross margins from 30% in FY2013 to 60% in FY2019.**
- FDEV has successfully developed and launched multiple game franchises.

Game IP development has been a success

- Focus on games where it has unique competency, such as “Tycoon games.”
- *Jurassic World Evolution* sold 1M units in 5 weeks.
- *Elite Dangerous* continues to be popular since its 2014 launch, crossing 3M unit sales in 2019.
- *Planet Coaster* is a leader in the tycoon genre.

FDEV capitalized on the right platforms

- PC and console games still 53% of global video game market revenue; mobile is 35%.
- Mobile game market less of a focus on quality and has low barriers to entry – less attractive, therefore, for FDEV.
- Proprietary COBRA software enables FDEV to port its games quickly and easily across various platforms.

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Frontier Takeaways

FDEV is a Solid Business- 4/5

FDEV's transition to self-publishing worked	• FDEV is no longer reliant on securing contracts with major publishers. • **FDEV can capture higher margins associated with publishing games, evidenced by the 100% gross margin increase from FY2013 to FY2019.**
FDEV has created games with long-term franchise potential	• Elite Dangerous sustained popularity since 2014 release; four major updates made since; 3M units sold; strong critical acclaim. • Planet Coaster sustained popularity since 2016; 11 separate theme packs; 2M units sold; leader in tycoon genre.

FDEV has identified avenues for future growth	• FDEV seeks to continue to build on existing franchises through new releases.
	    • Views games as a "service" to be continually updated and monetized.
	• Launched new Planet Zoo game recently; secured "major global IP license for a future game release in 2021."
	• Frontier publishing initiative has secured 3 clients as of November 2019. FDEV has essentially transitioned from being a developer for hire and relying on publishers to vice versa.
	    • Enables FDEV to capture higher margins.
	• Potential possibility to license COBRA software.

Future Outlook

Can FDEV Sustain its Market Position?

- FDEV has two proven franchises which have demonstrated longevity, have continued to grow, and continued to be monetized.
- FDEV's games are leaders in their receptive niches with strong communities: Elite Dangerous in space flight simulation genre; Planet Coaster in tycoon genre.

Can FDEV continue to grow faster than the industry?

- FDEV has new self-published games in the pipeline and has a strong track record of success so far.
- Frontier publishing anticipated to be material contributor to future growth.
- Core games have remained popular: Elite Dangerous' highest avg steam players achieved in May 2020 despite 2015 launch.

Is FDEV poised to continue to outperform the market?

- Core games poised to continue to succeed given sustained success.
- Multiple avenues for future growth: new self-published games, frontier publishing initiative, potential licensing of Cobra.
- FDEV trades at a reasonable 26x NTM EBITDA, which is at a substantial discount to FDEV's peak multiples in 2017 which were as high as 53x.

Altium®

ASX:ALU

768%

5 Year TSR

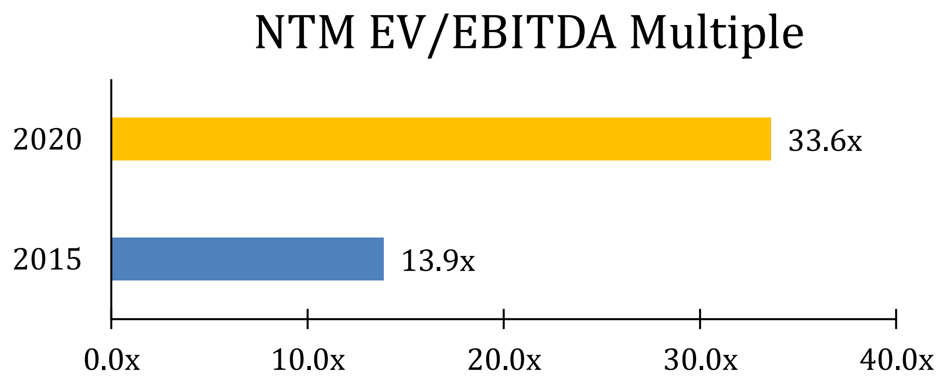
Rank: 29/104

Altium Overview

Altium is a tech company based in La Jolla, California, that develops and sells computer software for the design of electronic products.

Statistic	6/8/15	6/8/20
Stock Price	4.43 AUD	33.96 AUD
Market Cap	572.68M AUD	4.45B AUD
Enterprise Value	500.65 AUD	4.35B AUD
Shares Outstanding	129.27M	130.91M
EV / NTM Revenue	4.46x	13.01x
EV / NTM EBITDA	13.89x	33.62x
NTM P/E	23.27x	56.75x

Statistic	CY 2015	CY 2019
Revenue	85.21M USD	186.55M USD
EBITDA	28.64M USD	71.14M USD



Altium Business Model

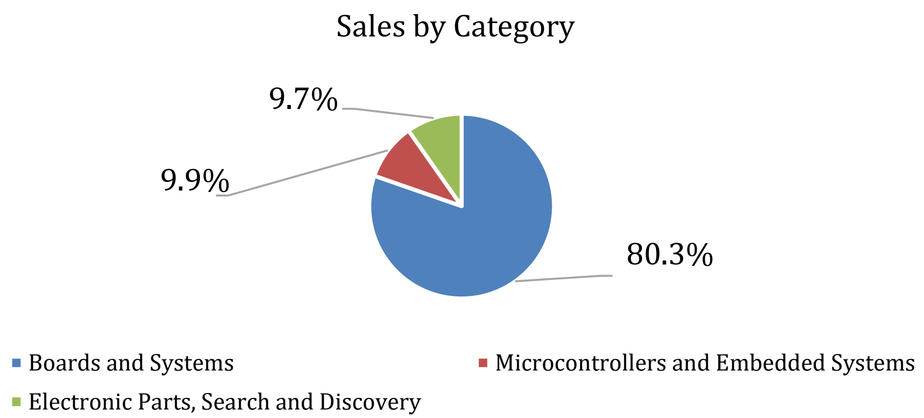
Primary Products

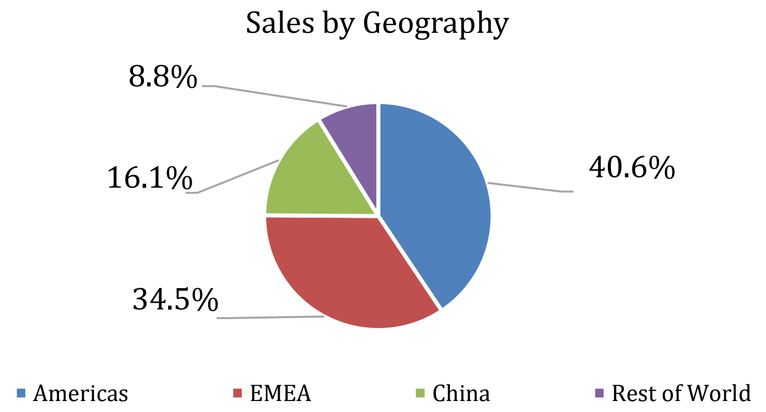
Boards and Systems	• Software that is used to design printed circuit boards • Operates under the Altium Designer, Circuit Studio, and Solidworks PCB brands
Microcontrollers and Embedded Systems	• Tools for embedded software development • Operates under the TASKING brand
Electronic Parts, Search and Discovery	• Delivery of part-level intelligence to the electric design engineering community • Operates under the Octopart brand

Context

ALU helps electrical engineers design circuitry boards

- Printed circuit boards (PCBs) are key to the development of electronics and smart connected products
    - Every laptop, smartphone, etc. has a PCB in it
- The design of PCBs for complex devices requires sophisticated electronic design automation software
- Several high profile companies use ALU's products, including Tesla, Apple, and Google
- ~60% of revenue is recurring as most of ALU's products are sold as a subscription





ALU is a capital light business due to the lack of manufacturing need to produce products

Low Threat
Medium Threat
High Threat

Altium Competitive Analysis

Printed Circuit Boards

The players in this industry design, manufacture, and sell printed circuit boards for a variety of applications.

Market Structure	Monopolistic Competition
Market Size	$61.34B[1]
Industry Growth	MSD[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• High levels of technical know how are required to enter and be competitive • Existing players already have good relationships with many of the high-profile customers • High up-front R&D costs are needed to develop a high-quality product	• Great management team who is able to execute plans successfully • Great relationships with existing customers • Market-leading product in terms of quality and ability	• Low individual risks • Only the general business risks such as execution and macroeconomic risks	• More and more of everyday life is revolving around the use of electronic devices

[1]https://www.mordorintelligence.com/industry-reports/printed-circuit-board-market

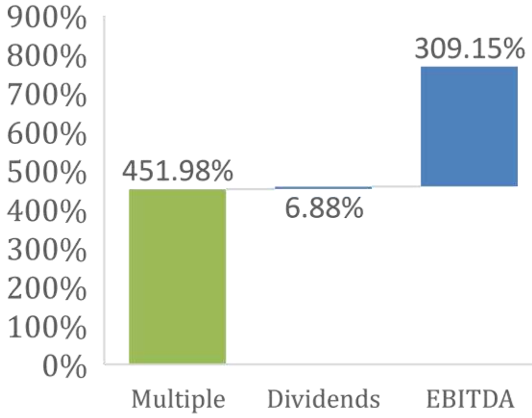
What Investors Missed

The Bear Thesis Five Years Ago:

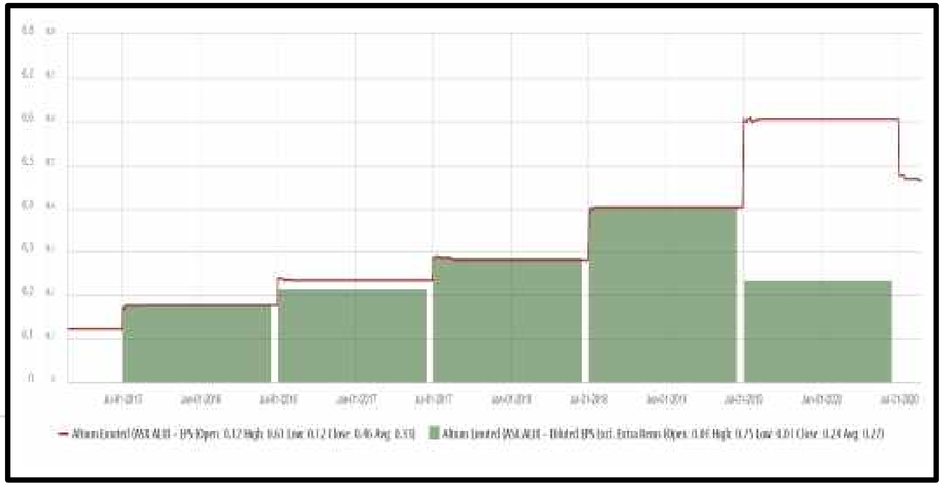
- Altium was relatively well known at the time for a small-cap Australian stock and had been performing very well going into June 2015
  - **There was just not enough hard evidence to justify an extremely high jump in price at the time given high growth targets were just speculation at the time**
  - There was also the concern that it was trading at high multiples historically

Why They Were Wrong

Return Breakdown:



Consensus vs Results



The Actual Story of the Last Five Years

Execution of Clear Growth Plan

- In 2016 ALU set a goal to be the market leader in PCB design software
  - These goals (more quantitatively) were $150m in PCB revenue and $200m in total revenue by 2020
  - They also aimed for EBITDA margins to be at least 35%
- **Although those figures were quite aggressive (doubling revenue in 4 years), throughout the process, ALU had continually performed well above the minimum growth rates to achieve those goals**
  - They would have achieved those goals if it weren't for COVID
- ALU focused a lot of its efforts on decreasing costs, as EBITDA margins did hit its goals and grew from 28.3% in 2015 to 39.98% in 2020 (CAGR of 7.2%)

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Altium Takeaways

ALU is a Very Good Business – 4.5/5

ALU is in a Good Financial Position Despite Lower Sales

- **Low churn – once customers use the product, its hard to go back to not using it**
  - Short-term economic hit can be a long-term benefit as a result of looking out for their clients in difficult times
- ALU has no debt and a robust cash balance that puts it in a fantastic position to back up their high growth potential
  - The solid management team has driven their past success and has put them in a strong position for future growth

Strong launch in the Midst of COVID-19

- Altium 365 was released early in May 2020 due to the need for the product because of the coronavirus pandemic
  - It is a platform that digitally connects electronic design to the supply chain through to the manufacturing floor
  - **It allows customers to continue their business from anywhere while still being able to connect with anyone**
- Over 2,600 companies and 5,000 active users have already joined the platform since its launch
- This goal of this platform is to change Altium from a maintenance-based perpetual company into a capability-based SaaS company

Future Outlook

Can ALU Sustain its Advantages?

- ALU is the leader in its segment and competes mainly against other fragmented players with lower quality products
- Will likely be able to retain its existing large customers and its products are well liked

Can ALU continue to grow?

- ALU is in the process of revamping its business model which includes expanding into the other areas of the PCB supply chain, which will no doubt catapult further growth

Is ALU poised to continue to outperform?

- Because COVID did slightly hurt ALU, its numbers are down and its not trading at ATH multiples
- However, the mid-to-long-term outlook for ALU is still very positive and will likely continue to outperform

Biotage

OM:BIOT

752%

5 Year TSR

Rank: 30/104

Biotage Overview

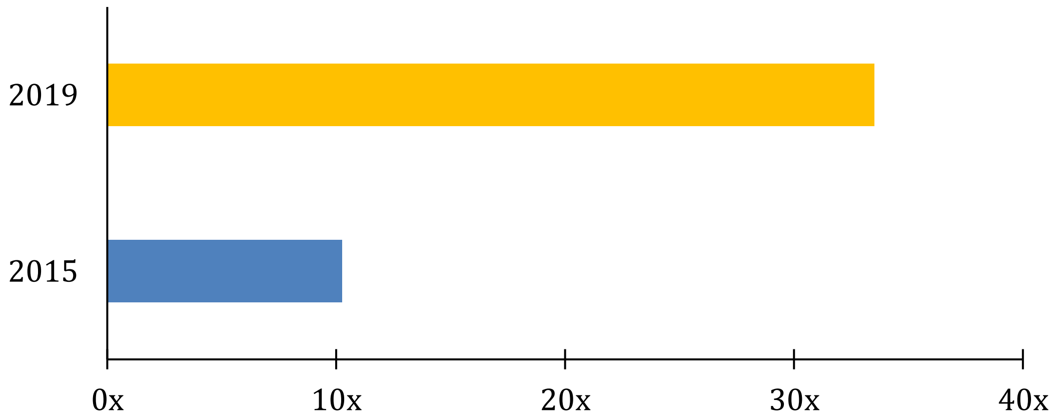
In Swedish Krona (Kr)

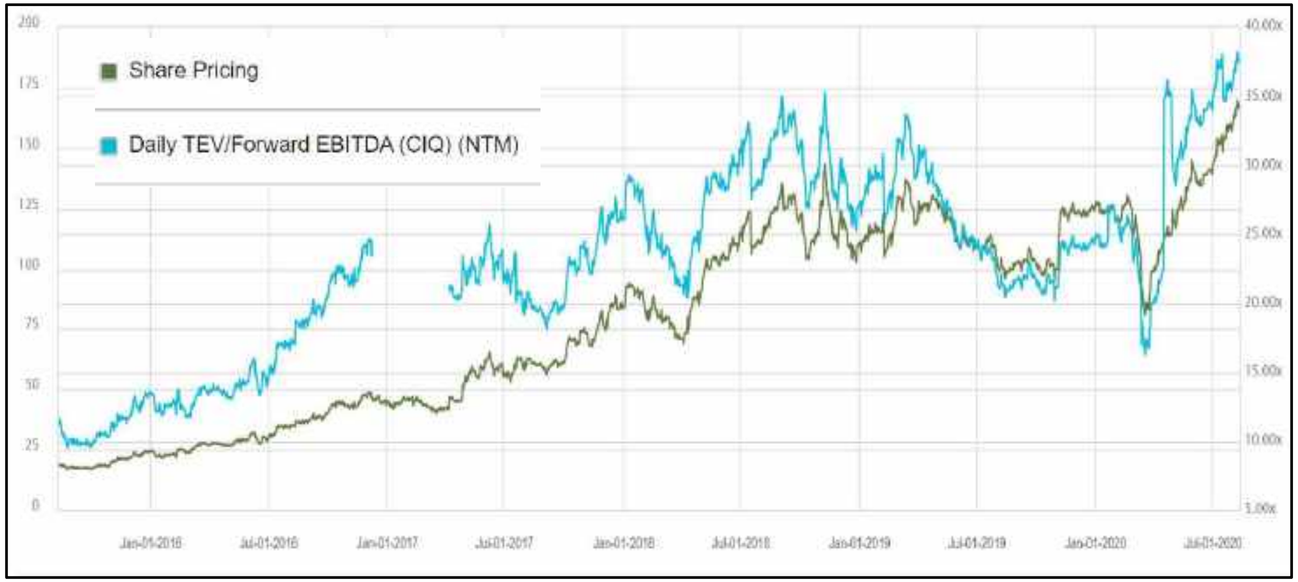
BIOT provides technologies and solutions for separating molecules and synthesizing chemical substances. BIOT's customers include pharmaceutical companies, biotech companies, and academic institutes.

Statistic	06/08/2015	06/08/2020
Stock Price	17.2 Kr	137 Kr
Market Cap	1.1B Kr	8.93B Kr
Enterprise Value	997.39M Kr	8.87B Kr
Shares Outstanding	64.71M	65.20M
EV / NTM Revenue	1.66x	7.72x
EV / NTM EBITDA	10.26x	33.52x
PE	17.55x	58.61x

Statistic	FY 2015	FY 2019
Revenue	610.5M	1.10B
EBITDA	89.4M	243.3M

EV / NTM EBITDA





Biotage Business Model

Primary Product

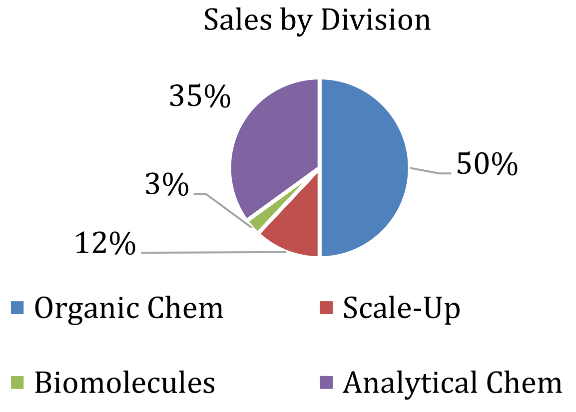
Full solutions	BIOT creates full solutions for separating molecules and synthesizing chemical substances. Solutions include equipment, support, software, consumables, and service.

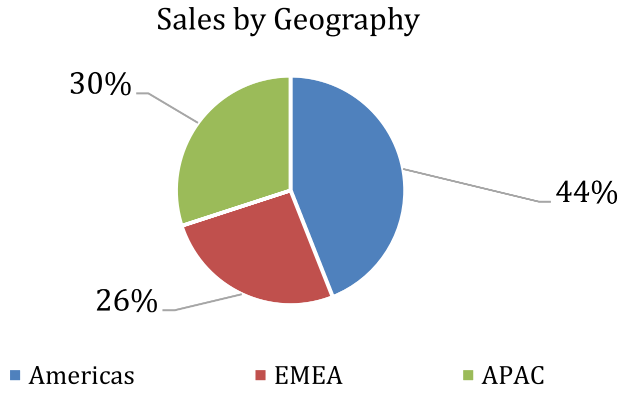
Sample BIOT products.

Context

BIOT offers solutions for separating molecules and synthesizing chemical substances.

- Enables customer to speed up drug development (saves chemists from laborious work), improve diagnostics, and streamline research.
- Customers include pharmaceutical companies, hospital labs, universities, and government agencies.
- 4 distinct end markets:
    - Organic chemistry (primarily for design of new drugs).
    - Scale-up (industrial scale solutions for production of pharmaceutical/food products).
    - Biomolecules (primarily for design of new drugs).
    - Analytical chemistry (food safety testing and patient sample preparation).





BIOT is a medium capital intensity business.

Low Threat
Medium Threat
High Threat

Biotage Competitive Analysis

Laboratory Supply Wholesaling Industry

Operators in the Laboratory Supply Wholesaling industry engage in the wholesale distribution of laboratory, scientific and school equipment and supplies. This industry excludes wholesalers that predominantly distribute medical, hospital and dental equipment and supplies.

Competitive Landscape

Market Structure	Oligopoly / Monopolistic Competition
Market Size	≈$10B[1]
Industry Growth	LSD[1]

- Industry definition overly broad: BIOT's products help only with separating molecules and synthesizing chemical substances.
- BIOT is one of the largest players in the flash purification subset of the industry and a leader in other subsets of the industry (such as automated separation of wastewater).
- BIOT pioneered automation tech for various stages of drug R&D.

Barriers To Entry

- BIOT seeks patents for applicable products.
- Technological expertise required to develop products.
    - High startup capital (BIOT has over 300M in R&D spend since 2015).
- Regulatory barriers.

Competitive Advantages

- Direct sales team: 95% of BIOT sales are direct.
- Diversified customer base: no customer >5% of sales.
- Global reach.
- 52% sales are aftermarket and recurring.
- Reputation and clout.

Risks

- Need to remain at the forefront of science to be competitive.
- Product failure or manufacturing issues.
- Exposure to politically risky international markets (i.e. China which is key end market).

What's Changed in the Industry

- Increased research in biomolecules and cannabis.

1. US only; IBIS World.

ALTA FOX CAPITAL

What Investors Missed

The Bear Thesis Five Years Ago:

- BIOT has been successful recently and grown both topline and EPS – but its growth is bound to taper off soon.
  - New competitors will enter and begin to capture share from BIOT, or at least prevent them from growing.
- Gross margin down 4% from 2015 to 56%.

Why They Were Wrong

The Actual Story of the Last Five Years

BIOT grew

- BIOT expanded to new geographies through new sales offices: Seoul in 2016, Italy and India in 2017, Belgium, Netherlands and Luxembourg in 2018.
  - Sales outside NA grew at 15.8% CAGR from 343M in FY2015 to 617M in FY2019.
- BIOT expanded penetration into new end markets:
  - Analytical chemistry (food production) through 2018 Horizon acquisition.
  - Biomolecules through 2019 PhyNexus acquisition.

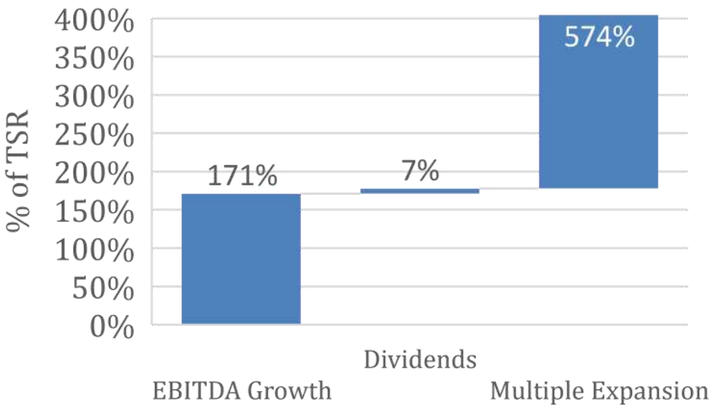
BIOT protecting its positioning

- BIOT consistently invested >7% of sales into R&D each year.
- Largest launch in company history in 2018 with launch of new tech platform, flash purification system, and consumable line.
- Continued to invest in software (a competitive advantage relative to competitor products).

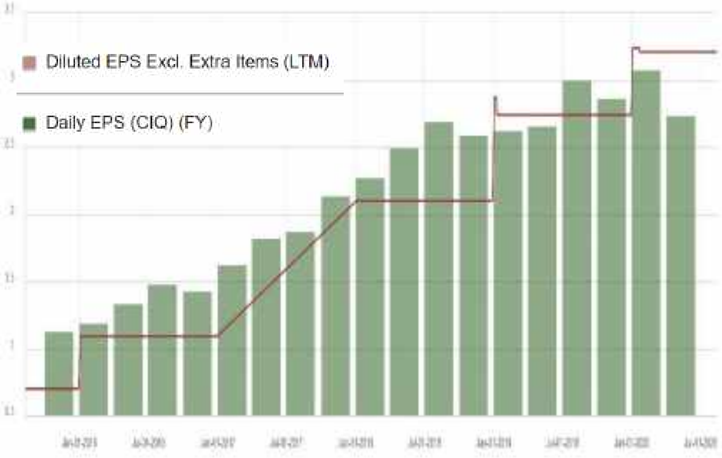
Gross Margin expanded

- BIOT invested in fine tuning manufacturing processes and making them more automated.
  - Gross margin rose to 62.2% in FY2019 from 56.1% in FY2015.

Return Breakdown:



Consensus vs Results



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Biotage Takeaways

BIOT is a High Quality Business- 4.5/5

BIOT has a moat	• BIOT operates in a highly specialized industry in which it has experience and capabilities. • BIOT has patents which insulates its products from competitors. • Regulatory barriers. • BIOT sells 95% of its product directly meaning it has **direct relationships** with its customers. • Also provides BIOT with valuable feedback which it uses to develop new products.

BIOT grew	• BIOT leveraged its strong products and grew in core end markets internationally and in new markets.
	• Expanded international presence, especially in Asia (i.e. China and South Korea) by establishing sales teams.
	• Expanded into new end markets:
	    • Expanded to biomolecule end market which is just 3% of current sales but represents avenue for future growth.
	    • Expanded presence in food safety.
	    • Identified Cannabis market as area for growth.

BIOT has a runway for growth	• BIOT can continue to grow internationally and increase penetration in core end market of organic chemistry. • Biomolecule segment could be major contributor to future growth.

Future Outlook

Can BIOT Sustain its Market Position?

- BIOT has a wide moat created by strong barriers: patents, regulations, and technological advantages.
- BIOT operates in a specialized industry.
- BIOT has direct customer relationships and low customer concentration (losing one customer will not have a major impact on its position).
- BIOT has a strong reputation.

Can BIOT continue to grow faster than the industry?

- BIOT has industry leading tech (enabled through R&D spend) that will enable them to continue to capture market share.
- Opportunities to expand direct sales presence in EMEA (BIOT still uses many distributors in this region).
- Biomolecule segment and new acquisitions could catalyze growth,.

Is BIOT poised to continue to outperform the market?

- Strong market position, moat, and avenues for growth.
- Industry standard multiple is roughly 20x earnings, at nearly 50x earnings BIOT will need to continue to greatly outperform peers to justify its premium valuation.
    - Currently no major competitors, but if BIOT continues its growth trajectory it is likely to attract new entrants.

Alliance

ASX:AQZ

732%

5 Year TSR

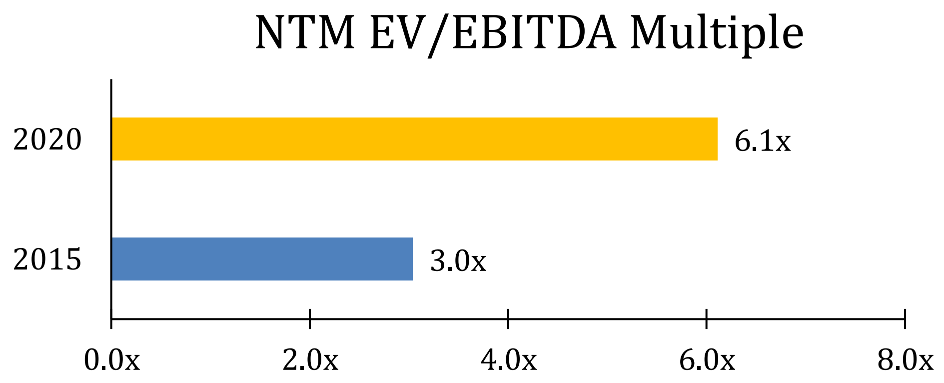
Rank: 31/104

Alliance Overview

Alliance Aviation Services is a small airline based in Brisbane, Queensland, Australia, that flies a variety under-served routes as group charter flights and as normally scheduled flights.

Statistic	6/8/15	6/8/20
Stock Price	0.42 AUD	3.11 AUD
Market Cap	44.70M AUD	396.43M AUD
Enterprise Value	136.67M AUD	468.78M AUD
Shares Outstanding	106.43M	127.47M
EV / NTM Revenue	0.70x	1.51x
EV / NTM EBITDA	3.04x	6.14x
NTM P/E	7.37x	14.92x

Statistic	CY[1] 2015	CY[1] 2019
Revenue	189.0M	290.65M
EBITDA	40.15M	69.25M



[1]HY ends on 12/31, so CY numbers are easily available for comparison

Alliance Business Model

Primary Products

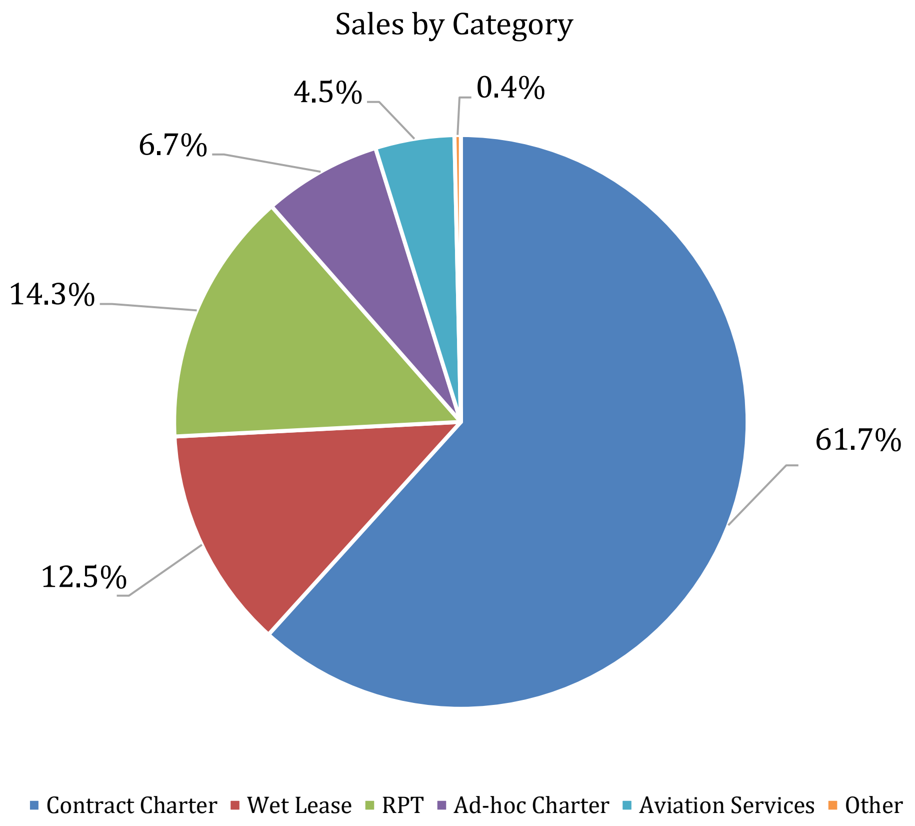
Contract Air Charter Services	• Group flights on a routine schedule set in advance by their clients
Wet Leasing Services	• Providing aircraft, crew, maintenance, and insurance to third-party airline operators
Regular Passenger Transport (RPT)	• Normal consumers purchasing tickets to travel on one of AQZ's pre-determined routes

An Alliance Airlines Fokker 100

Context

AQZ transports passengers around all parts of Australia

- Most of their revenue comes from the transportation of workers and contractors to and from remote project sites of major mining and energy companies
- In addition to the products already mentioned AQZ also offers
  - ad-hoc charter flights primarily through their surplus capacity
  - aviation services, such as selling or leasing aircraft and aircraft parts as well as line and heavy maintenance service to other airlines



AQZ is a capital intensive business due to the large amount of facilities and equipment needed to operate an airline.

Alliance Competitive Analysis

Low Threat
Medium Threat
High Threat

Non-Scheduled Air Transport in Australia

The players in this industry offer a range of services, including chartered air transport for passengers and freight, air training for pilots, private air transport for individuals and businesses, and aerial works services such as skywriting.

Market Structure	Oligopoly
Market Size	$1B[1]
Industry Growth	LSD[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

• Extremely high up-front costs
  ◦ Must take on a lot of debt in order to finance operations and equipment purchases early on
• High regulatory barriers set by the government
	• Strong repeat customer base
	• Relatively low debt balance compared to other airline companies
	• Very little to no load factor risk for many of AQZ's operating segments due to contractual agreements
	• Fleet simplicity allows for more flexibility across the organization as all pilots know how to fly every plane
	  ◦ Only Fokker aircraft
		• The coronavirus precautions could go on for a lot longer than expected, making safe, close-quarter flight very hard	• The major players in the Australian domestic aviation market are facing financial struggles
			  ◦ Virgin Australia entered administration in April and Qantas isn't doing too well either

[1]https://www.ibisworld.com/au/industry/non-scheduled-air-transport/473/

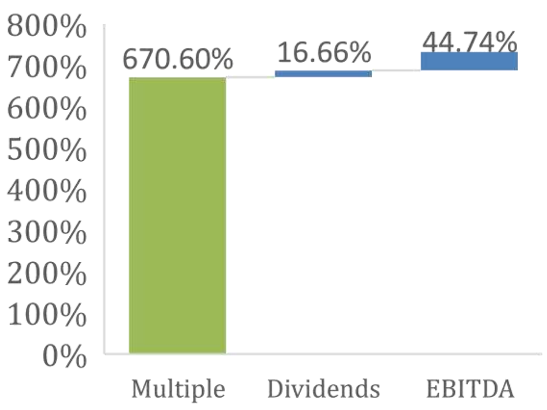
What Investors Missed

The Bear Thesis Five Years Ago:

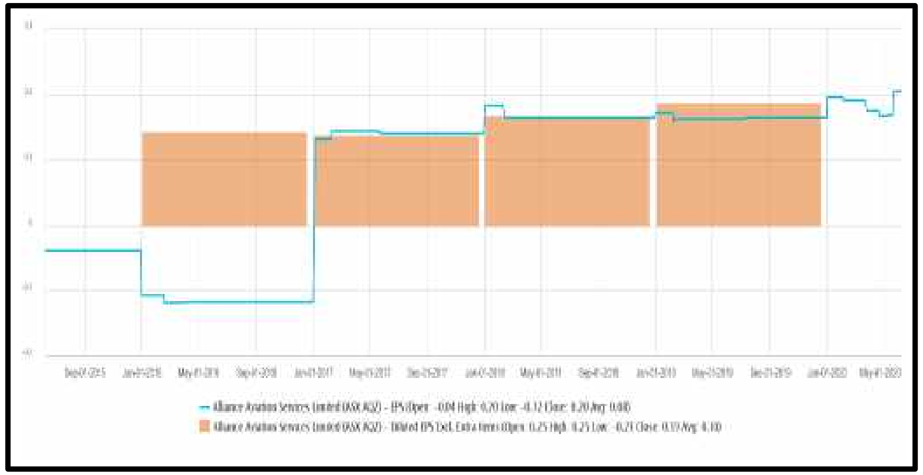
- **Very large statutory loss in H1 2015 (CH 2 2014) due to the impairment of their fleet**
    - This was mainly caused by a downturn in Fly-In-Fly-Out activities in the coal seam gas industry, which AQZ was overly exposed to
    - Stock price dropped 50% when H1 results came out and the EPS was -0.24 AUD compared to 0.06 AUD in H1 2014
- **Half of the engineering force was laid off in 2015 and began outsourcing their maintenance to Austrian Technik in Bratislava, Slovakia**

Why They Were Wrong

Return Breakdown:



Consensus vs Results



The Actual Story of the Last Five Years

Expanded Fleet	• **In late 2015, AQZ purchased 21 additional Fokker aircraft from Austrian Airlines** ◦ Austrian was in the process of retiring the planes, so it was a great deal for both parties
Virgin Australia Partnership	• In 2016, AQZ began flying the Brisbane to Emerald route through a wet lease agreement • **In 2017, more routes to underserved Queensland cities were added to that partnership, which greatly expanded AQZ's reach of the greater Australian population**
Entered More Markets	• **In addition to the expansion caused by the VA partnership, AQZ also expanded its presence throughout all parts of Australia** ◦ This was done both through contracts as well as RPT

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Alliance Takeaways

AQZ is a Solid Business – 3/5

AQZ has a Moat	• **AQZ operates in a niche within the broader Australian aviation market in the sense that they operate primarily as a FIFO charter service for mining companies**
	  ◦ The companies are loyal to AQZ because they have historically had excellent on time performance, which is valued highly
	    ▪ According to one of their clients, every hour late the incoming flight is, A$50k is lost
	• They have a good balance of products so they are not only reliant on one revenue stream, and future growth will likely come from those other categories, such as RPT and wet leasing

Decent Financial Profile	• **AQZ has grown top-line at a CAGR of 11.4%, but, while EBITDA margins have increased since 2015 (their statutory loss year), there has been a downward trend since 2010 (30.63% vs. 24.13%)** • A decent cash balance is present on the balance sheet, and, for an airline company, the debt level isn't too bad, as it can easily be covered by the current asset balance

Future Outlook

Can AQZ Sustain its Advantages?

- So long as AQZ doesn't expand too quickly and forget the fundamentals that got them to where they are today, it is highly unlikely any competitors will be able to take market share away from them given the strong relationships with their customers and their simplistic fleet

Can AQZ continue to grow?

- With the administration of Virgin, it is likely that AQZ will be able to capture some of their route network that Virgin gives up as AQZ brings on more planes

Is AQZ poised to continue to outperform?

- Given the large amount of multiple expansion that has taken place (now trading at ATHs), it is unlikely that any normal rate of EDITDA growth will allow AQZ to continue to outperform
- Some multiple contraction will likely be seen as well

Data#3

ASX:DTL

731%

5 Year TSR

Rank: 32/104

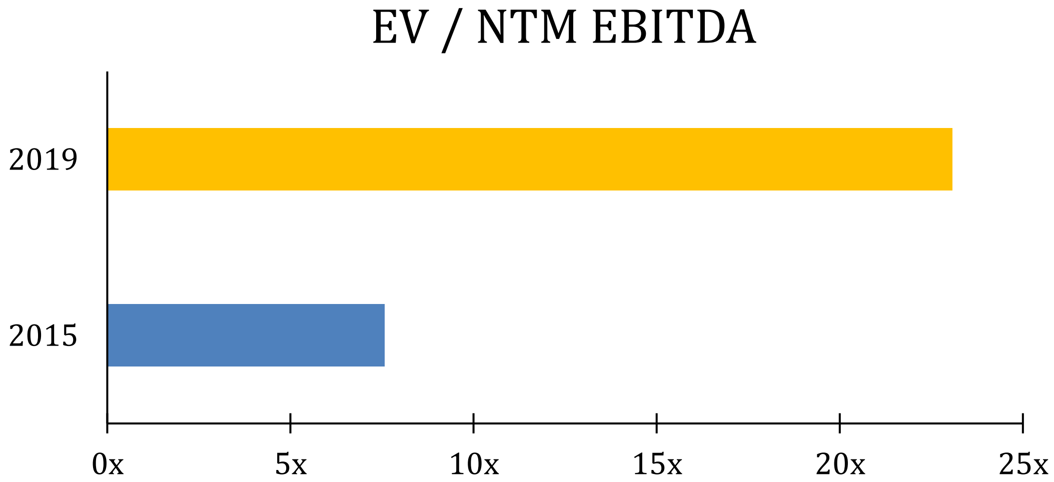
Data#3 Overview

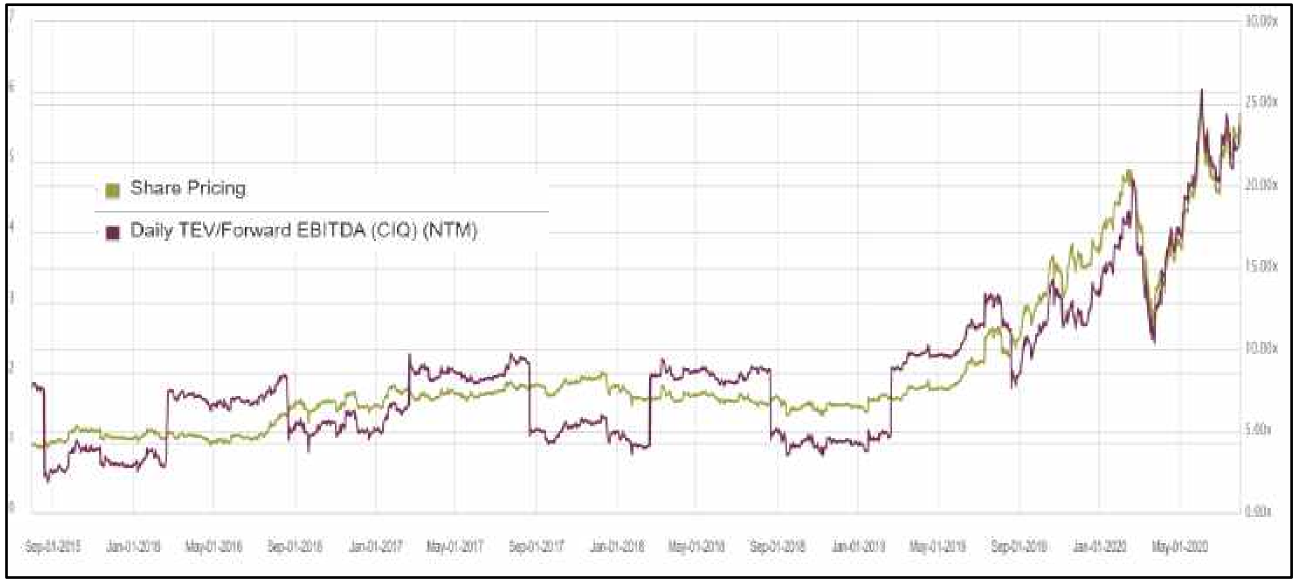
In Australian Dollars (AUD)

Data#3 is an Australian IT services and solutions provider. DTL has vendor technologies that span across cloud, mobility, security, data & analytics and IT lifecycle management. DTL also supplies consulting, project services and managed services.

Statistic	06/08/2015	06/08/2020
Stock Price	$0.82	$5.20
Market Cap	$126.26M	$800.67M
Enterprise Value	$120.99M	$792.25M
Shares Outstanding	153.98M	153.97M
EV / NTM Revenue	0.13x	0.52x
EV / NTM EBITDA	7.58x	23.08x
PE	14.24x	37.87x

Statistic	FY 2015	FY 2019
Revenue	869.4M	1.49B
EBITDA	15.8M	29.2M





Data#3 Business Model

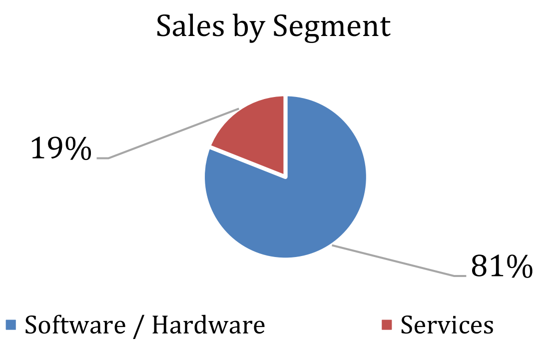
Primary Product

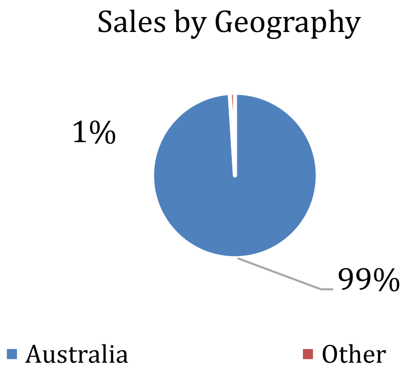
Software Solutions	Supply/management of customer software licenses, deployment of software, and consulting for effective software use.
Infrastructure Solutions	Help customers maximize value from technology infrastructure: servers, storage, networks and devices.
Services	Project services for the design and deployment of technology solutions; support services for annuity-based contracts; and people solutions for the provision of staff.

Context

DTL is a value-added software vendor.

- DTL provides entire range of enterprise IT solutions: procurement, implementation, and maintenance.
- DTL is a software vendor for range of software products from Microsoft, Adobe, Palo Alto Networks, etc.
- DTL helps customers (companies and governments) complete digital transformations to adapt to cloud, improve cybersecurity, leverage data , etc.





DTL is a low capital-intensive business.

Low Threat
Medium Threat
High Threat

Data#3 Competitive Analysis

Australia Software Suppliers Industry

Industry operators primarily wholesale computer software and provide services related to computer software. The industry includes distribution of physical software, digital downloads and related after-sales service, but excludes consulting services.

Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
<table><tr><td>**Market Structure**</td><td>Monopolistic Competition</td></tr><tr><td>**Market Size**</td><td>13B[1]</td></tr><tr><td>**Industry Growth**</td><td>> 10%[1]</td></tr></table> • DTL is the largest enterprise software supplier in Asia Pacific. • Competes with other Software vendors such as FirstFocus and DSC-IT. • Also competes against customers going directly to software creators (i.e. Microsoft).	• **60% of DTL revenue is under contract.** • Range of software / services provided.	• Brand reputation and scale. • Product selection: DTL has relationships with many major suppliers. • Experience: DTL has completed many digital projects and understands process well.	• Erosion of major supplier relationship. • Data breach / major technical failure. • Loss of major customer. • Customers go direct to software creators.	• Data analytics, cybersecurity, and digital transformation more of a focus for companies.

1. https://www.ibisworld.com/au/industry/software-suppliers/5463/

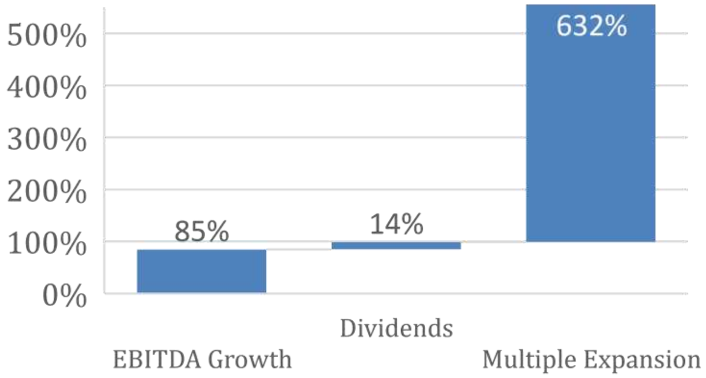
What Investors Missed

The Bear Thesis Five Years Ago:

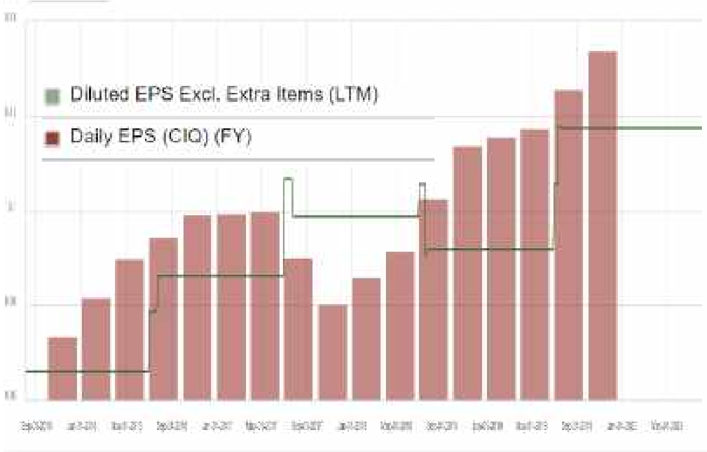
- Product reselling not that attractive of a business: low margin and barriers to entry are not that high.
- DTL has been around since the 70s – market trends may represent an opportunity, but DTL is and old company not suited to capture it.
- EPS has fluctuated each year but is down 30% from FY2011.

Why They Were Wrong

Return Breakdown:



EPS Results



The Actual Story of the Last Five Years

DTL capitalized on the business model	• Concerns were valid:
	  • Margins remain low at 2.3% EBITDA margin.
	  • Barriers to entry are still not high.
	• DTL made the best of its industry by growing service revenue from 168M in FY2015 to 262M in FY2019, which is higher margin.
	  • EBITDA margins rose from 1.8% to 2.3%.
	• Strong relationships with software creators (i.e. Microsoft) and value-added services created a moat.

DTL did not lose positioning	• DTL capitalized on industry trends, specifically the cloud. • Cloud revenue increased at 66% CAGR from 47M to 362M from FY2015 to FY2019. • Revenue grew at 14% CAGR to 1.48B.
EPS grew	• While EPS did fluctuate each year (especially in 2018 due to one-time events) 2019 EPS was a record $0.12 and a sign of the future.

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Data#3 Takeaways

DTL is a Good Business- 3.5/5

DTL has a strong position

- **DTL is the largest largest enterprise software supplier in Asia Pacific.**
- DTL has strong relationships with key software providers:
  - On various partner advisory councils (I.E. Microsoft and HP).
  - One of Microsoft's 10 biggest partners worldwide.

DTL capitalized on industry trends

- Technological trends - such as emphasis on cybersecurity, data analytics, and leveraging the cloud - drove demand.
  - DTL utilized its position to capture market share growth and grow top and bottom line.
  - Specifically relationship with Microsoft Azure enabled DTL to grow cloud revenue to 362M.
- Expanded service offerings which are higher margin and a differentiator with competitors.

DTL has a runway for growth

- Industry trends mentioned above likely to continue and/or accelerate.
- DTL has a strong position in Australia market and can likely continue what its doing – growing by capturing market share as the market expands.

Future Outlook

Can DTL Sustain its Market Position?

- DTL is the leading company in its industry and home market of Australia and Fiji.
- DTL has strong partner relationships that it continues to build upon.
- DTL has a strong reputation and service business.

Can DTL continue to grow faster than the industry?

- DTL has benefited from Microsoft's major investments in cloud which enabled it to grow its cloud business through being a vendor of Azure products.
  - DTL is not guaranteed to be partnered with company who invests in leading tech going forward (whether that is AI, virtual reality, etc.).

Is DTL poised to continue to outperform the market?

- DTL is in an industry that is growing due to secular trends towards digital transformation, but it is not a high barrier to entry business.
- DTL is likely to grow because of its market position and relationships, but at 38x forward earnings I think its likely it's future growth will not justify its multiple, especially with past hiccups that depressed EPS.

SKYLINE CHAMPION

NYSE:SKY

716%

5 Year TSR

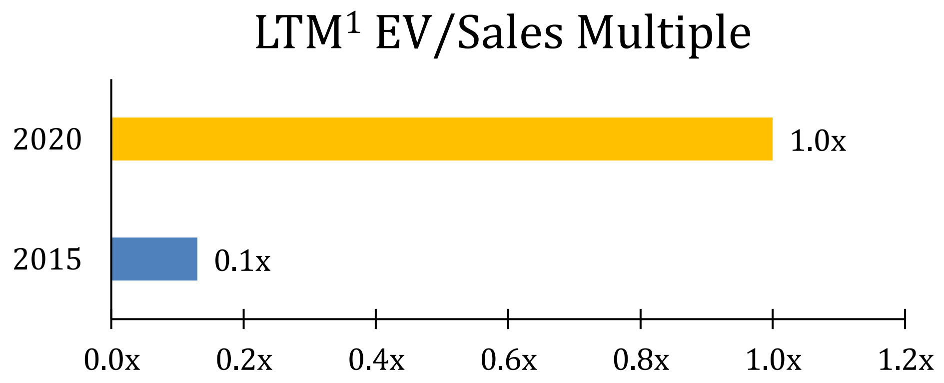
Rank: 33/104

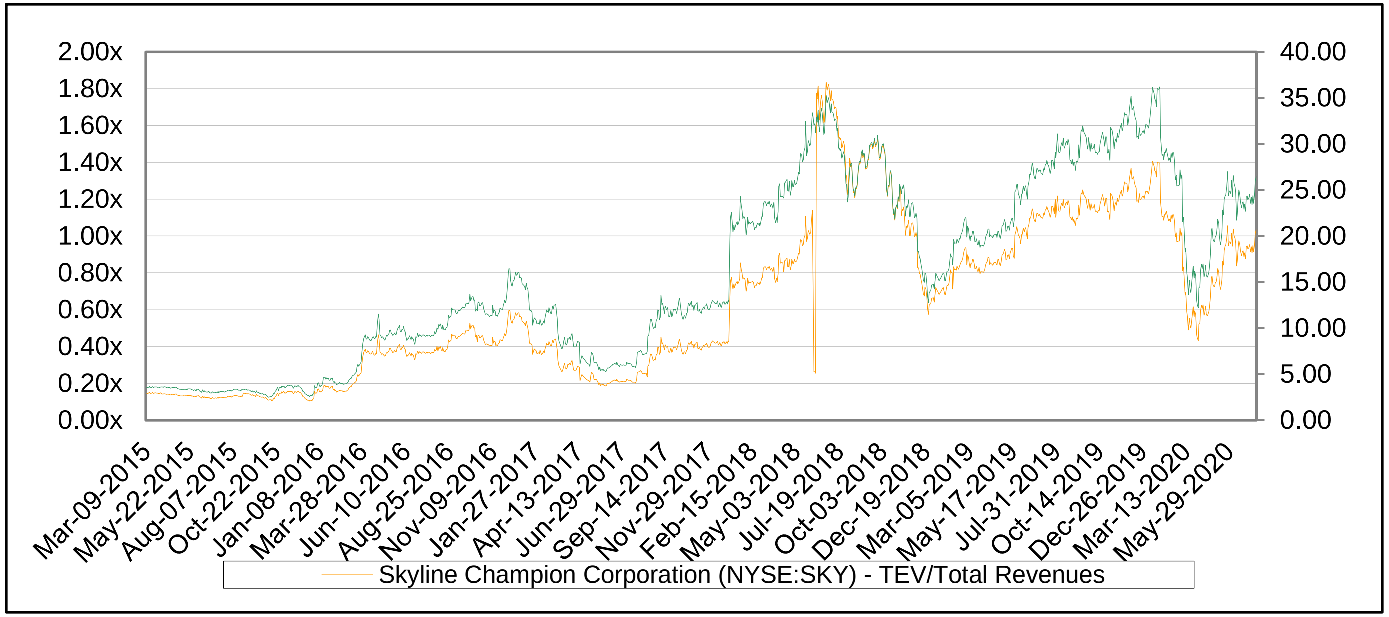
Skyline Champion Overview

Skyline Champion is a designer and builder of manufactured and modular homes and factory-built, commercial solutions and is headquartered in Troy, MI.

Statistic	6/8/15	6/8/20
Stock Price	$3.31	$22.40
Market Cap	$27.77M	$1.45B
Enterprise Value	$29.17M	$1.37B
Shares Outstanding	8.39M	56.78M
EV / NTM Revenue	N/A	1.24x
EV / NTM EBITDA	N/A	24.49x
NTM P/E	N/A	50.73x

Statistic	FY 2015	FY 2019
Revenue	186.99M	1.37B
EBITDA	-2.78M	108.83M





Skyline Champion Business Model

Primary Products

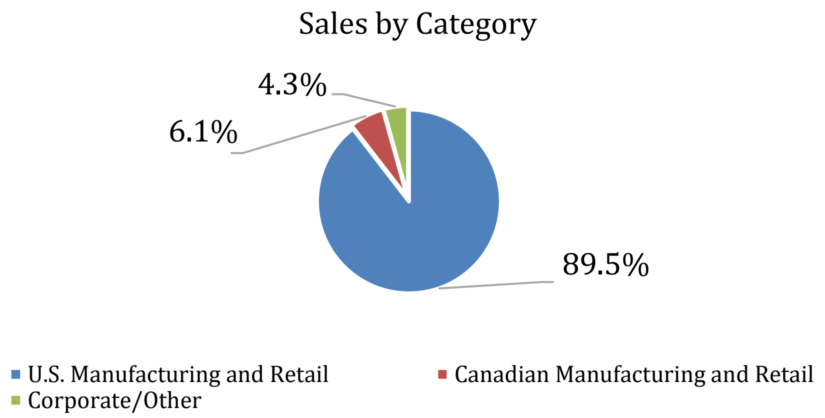
Factory-Built Housing	• Broad range of manufactured and modular homes, as well as park model RVs, ADUs, and commercial modular structures
Logistics	• Transportation of homes and recreational vehicles from manufacturing facilities to retailers

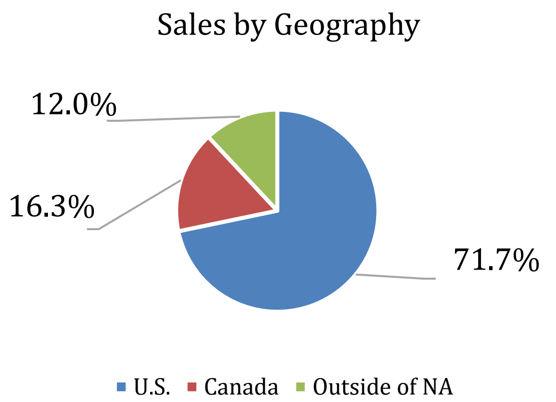
Examples of SKY's factory-built housing products

Context

SKY mass produces and sells affordable homes

- Through its assembly line production system, SKY can manufacture homes at a fraction of the cost of an on-site home
- SKY has 38 manufacturing facilities, many of which are located in states with high numbers and growth of manufactured home sales
- Average price of homes were $61k in the U.S. and $84K in Canada, with prices ranging from $20k - $300k
  - Targeting lower-income, millennial, first-time home-buyers
- Owns 21 direct retail sales centers operated under the Titan Factory Direct brand





SKY is a capital intensive business due to high manufacturing costs

Skyline Champion Competitive Analysis

Low Threat
Medium Threat
High Threat

U.S. Manufactured Housing

The players in this industry offer single-family homes that are constructed entirely in a factory and then transported to the site and installed.

Market Structure	Oligopoly
Market Size	$5.00B[1]
Industry Growth	LSD[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• Economies of scale play a large role in the manufactured housing market • It is not easy for new players to jump into the industry and be profitable in the short run • 3 largest manufacturers of HUD code homes had a combined market share of 76% (SKY is the second largest at 17%)	• SKY offers a diverse set of high-quality products to capture a large amount of the alternative housing market • No other substantial differentiating factors from other manufactured home companies however	• Due to many codes and regulations on the state, local, and national levels, the risks of government interference are large • The housing market is heavily influenced by the larger economic environment (e.g. financing costs, employment rates, etc.) of the countries it operates in • External distributors are relied on heavily for 90% of their sales	• Greater access to cheaper financing that is comparable to other forms of housing than in the past

[1]https://www.ibisworld.com/united-states/market-research-reports/manufactured-home-dealers-industry/

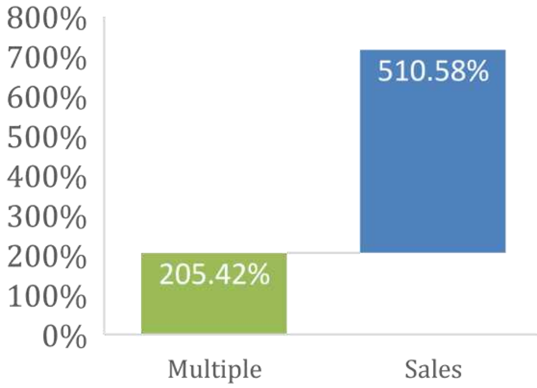
What Investors Missed

The Bear Thesis Five Years Ago:

- **There were questions among investors about whether or not SKY was a competent manufacturing organization**
  - In late 2014, SKY sold its RV business for a very little ($981k) because of decreasing revenues and persistent operating losses
  - SKY was experiencing these negative trends despite a large recovery in the RV industry which pushed was pushing it to peak sales
- Large player Cavco attempted to buy SKY in 2014 at a 50% premium, but SKY did not want to sell, signaling a lack of desire to do what is best for their shareholders

Why They Were Wrong

Return Breakdown:



Consensus vs Results

No EPS Estimates until 2019

The Actual Story of the Last Five Years

Extremely Accretive Merger

- Prior to June 2018, Skyline and Champion were 2 separate companies with separate tickers
  - Champion was the larger company, with 14% market share, while Skyline had 3% market share
- **When the two companies merged, the combined market share jumped to 17%, and Skyline's ticker was adopted for the combined entity**
- Thus, SKY, which was representing a smaller company in the market, was now representing the 2nd largest (overtaking Cavco) and the largest publicly traded company
- This merger also allowed for a large amount of synergies, as its adjusted EBITDA margin improved from 6.7% to 9.2%

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Skyline Champion Takeaways

SKY is an Average Business – 2.5/5

Interesting Industry

- Improved financing programs for manufactured homes from financial and government institutions
- Strong tailwinds are present from the eased regulations by the Trump administration
- **However, large, industry-wide growth still does not seem extremely promising**
- Because of SKY's large market share, anything good that happens to the demand of manufactured housing will be very beneficial for SKY
  - At the same time, any discovery of market penetration would greatly impact SKY in a negative way as well

Mediocre Financials

- **While top-line growth was high right after the merger, FY19 Y/Y growth was much lower at <1% despite strong economic conditions**
- EBITDA margins have expanded due to synergies, and are decent for being a capital-intensive industry
- Cash flows are strong, as spend on PPE is small relative to net income and the only sizable debt is a revolving credit facility that is manageable

Future Outlook

Can SKY Sustain its Advantages?

- Given SKY's only real advantages over its competitors are its value proposition relative to its competitors, it is not sustainable long term

Can SKY continue to grow?

- SKY will continue to grow, although it doesn't seem like the organic CAGR will be very high
- The most likely path to high growth would be acquisitions of the fragmented bottom 20% of the market

Is SKY poised to continue to outperform?

- Much of the outperformance from the past 5 years came directly from the addition of revenue and synergies from the large merger, which will not likely happen again at that scale in the future given possible market penetration issues mensch maschine

CAD as CAD can

XTRA:MUM

704%

5 Year TSR

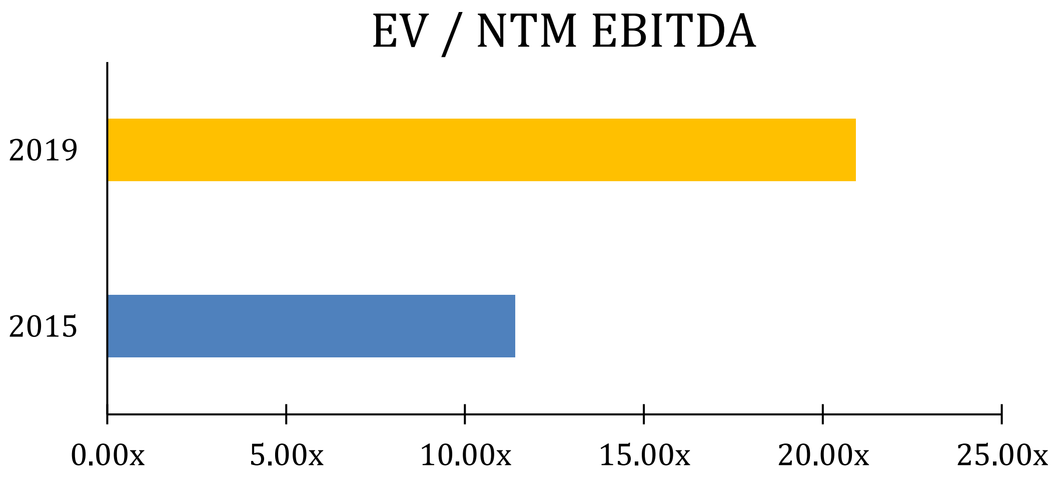
Rank: 34/104

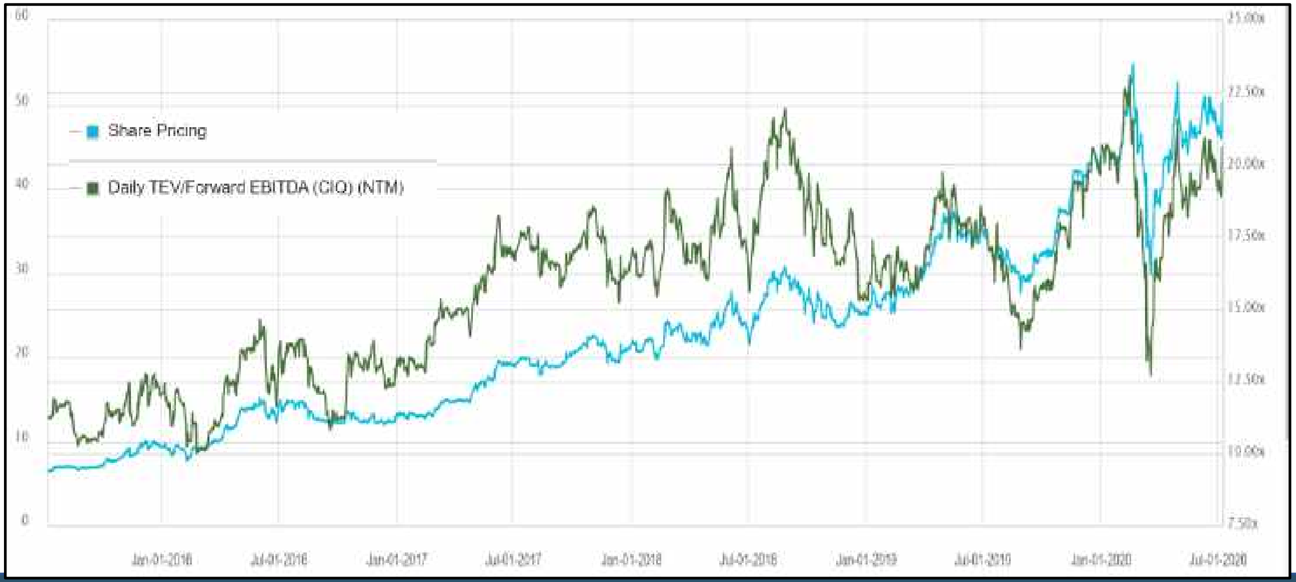
Mensch und Maschine Overview

Mensch und Maschine Software is a leading supplier of engineering software, such as Computer Aided Design, Manufacturing and Engineering, Product Data Management and Building Information Modelling/Management solutions.

Statistic	06/08/2015	06/08/2020
Stock Price	€6.40	€51.00
Market Cap	€102.46M	€855.78M
Enterprise Value	€133.28M	€870.88M
Shares Outstanding	16.01M	16.78M
EV / NTM Revenue	0.85x	3.18x
EV / NTM EBITDA	11.41x	20.92x
PE	21.41	43.59x

Statistic	FY 2015	FY 2019
Revenue	160.4M	245.9M
EBITDA	12.4M	30.1M





Mensch und Maschine Business Model

Primary Product

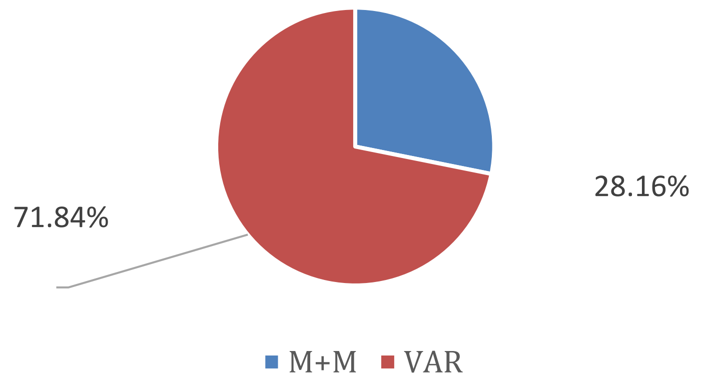
M+M proprietary Software	Develops proprietary software for engineering purposes: CAD/CAM/CE (computer aided design, manufacturing & engineering), PDM (product data management) and BIM (building information modelling).
Value Added Reselling (VAR)	Custom versions of M+M software offerings and Autodesk software with custom modifications. MUM also offers training services for their software.

Context

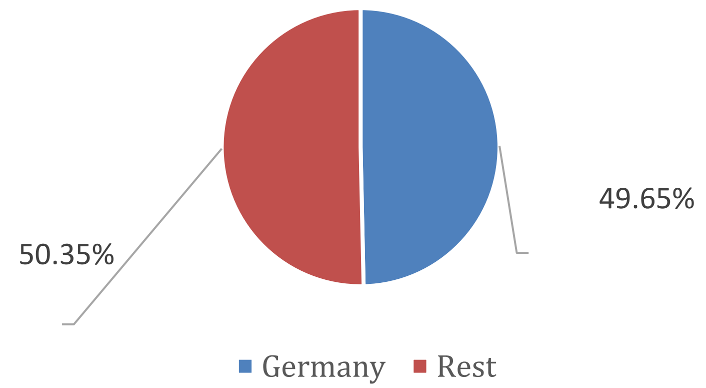
MUM is a B2B engineering software company.

- MUM develops software for a variety of engineering purposes.
    - And at a variety of price points (from >€1000, to <€100,000 per seat).
- MUM has customers in many industries, including aerospace, architecture, automotive, etc.
- MUM also helps customers in Germany, Austria, and Switzerland with custom solutions (i.e. adding additional functionality to one of their products).
- MUM resells Autodesk software but adds value by creating customer specific modifications to the software.

Sales by Segment



Sales by Geography



MUM is a medium capital intensity business because of the capital requirement to develop new software.

Low Threat
Medium Threat
High Threat

Mensch und Maschine Competitive Analysis

Engineering Software Market

Participants develop, modify, distribute, and sell software for a variety of engineering tasks.

Competitive Landscape

Market Structure	Monopolistic Competition
Market Size	25.6B[1]
Industry Growth	HSD[1]

- MUM is a leading player in the German speaking markets (Germany, Switzerland, Austria).
  - Market still largely fragmented; MUM has about 4.5% market share.
- Globally there are many big players in the space, such as Dell, BenQ, and Casio.

Barriers To Entry

- High start up costs to develop new software.
- **Customers are sticky due to how embedded their operations are with the software.**
- Highly specialized end-markets and uses.

Competitive Advantages

- **Reputation:** MUM has been in the industry since the 1980s and has built a reputation of quality and reliability.
- MUM can customize its software – and has experience doing so.
- MUM's experience and customer base enables them to see trends in the industry.

Risks

- Security breach.
- Major international player makes large push into German market.
- Customers begin to develop software in-house.
- Reliance on Autodesk software.

What's Changed in the Industry

- Software has become more of a competitive advantage and companies are spending more on it.
- Accessing the software through mobile phones increasingly important.
- Starting in 2012, MUM stopped distributing standard Autodesk software.
  - Acquired some reselling partners, and now directly sells value-added custom versions of Autodesk software.

1. https://www.theinsightpartners.com/reports/engineering-software-market

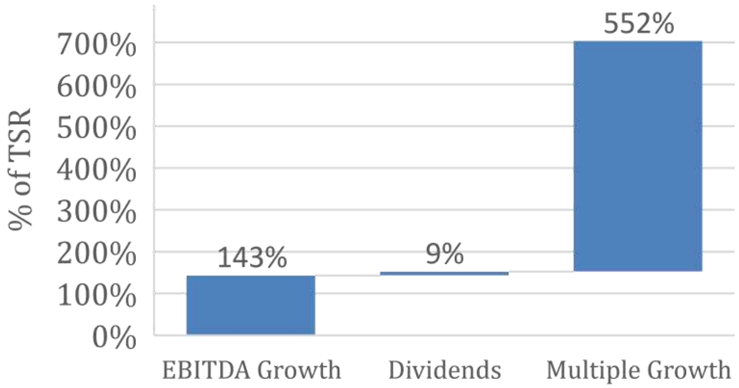
What Investors Missed

The Bear Thesis Four Years Ago:

- Any margin expansion from switching from distribution to reselling Autodesk software has already been realized.
- VAR segment will not be a major, material contributor to neither the bottom nor top line.
- Selling the distribution business was a mistake – and 2014 was the final year MUM will see any revenue from it.

Why They Were Wrong

Return Breakdown:



Consensus vs Results

The Actual Story of the Last Five Years

Gross margins stayed flat – but EBITDA margins did not	• Following the transition away from distribution in FY2011, gross margins increased from 36.5% to 53% and stayed flat since. • EBITDA margins have risen from 7.7% in FY2015 to 12.2% in FY2019. • Management has a "relentless focus on costs" and has cut SG&A as a % of revenue from 36.5% in FY0215 to 32% in FY2019.
VAR has been a success	• As companies view software more so as a competitive advantage, demand for custom solutions has increased. • Autodesk switch to subscription initially reduced revenues, but increased long-term cash flow due to recurring nature of future revenue. • VAR Segment EBITDA increased at 25% from 4.6M in FY2015 to 14.3M in FY2019.
Business model change worked	• MUM now focuses on the higher margin, more competitively insulated proprietary software. • Acquiring reselling partners enabled MUM to capture higher margin and get a better understanding of their customers.

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Mensch und Maschine Takeaways

MUM is a High Quality Business- 4.5/5

MUM's business model switch worked

- **Exiting the distribution business enabled MUM to capture higher margin, and focus on developing proprietary software.**
  - Also made MUM more in tune with the market and the needs of its customers.

MUM grew its top and bottom line

- MUM's investment in its proprietary software paid off as it grew software EBITDA at 28% CAGR from 8.2M in FY2015 to 22.3M in FY2019.
  - Also made smart acquisition of majority of SOFiSTiK, which expanded offering.
- Management's focus on cutting costs grew MUM's EBITDA margin each year to now 12.8% from 7.7% in FY2015.
- Transition away from distribution business model enabled MUM to continue to capture higher gross margins.

MUM has a potential runway for future growth

- MUM has a moat given the proprietary and niche nature of their software, the stickiness of customers, and its customization ability.
- Autodesk reselling revenue now recurring.
- Can capture more market share in Europe and internationally and has low incremental unit costs.
- MUM has increased its dividend each year since FY2015.

Future Outlook

Can MUM Sustain its Market Position?

- MUM's moat is strong.:
  - High start up costs
  - Sticky customers
  - Proprietary nature of software and niche nature of industry.

Can MUM continue to grow faster than the industry?

- MUM has top quality software and a strong reputation that will enable it to capture industry growth.
- MUM's pivot to customization of their software and Autodesk software is in line with industry trends towards software as a competitive advantage.

Is MUM poised to continue to outperform the market?

- Likely to maintain industry position and likely to continue to see growth; however, engineering software space is a mature industry and unlikely to grow extremely quickly.
  - At 44x NTM earnings, MUM will need to grow much faster than the industry.
- Another new competitor or some other impediment to growth will cause MUM to underperform given its valuation.

servicestream
ESSENTIAL NETWORK SERVICES

ASX:SSM

700%

5 Year TSR

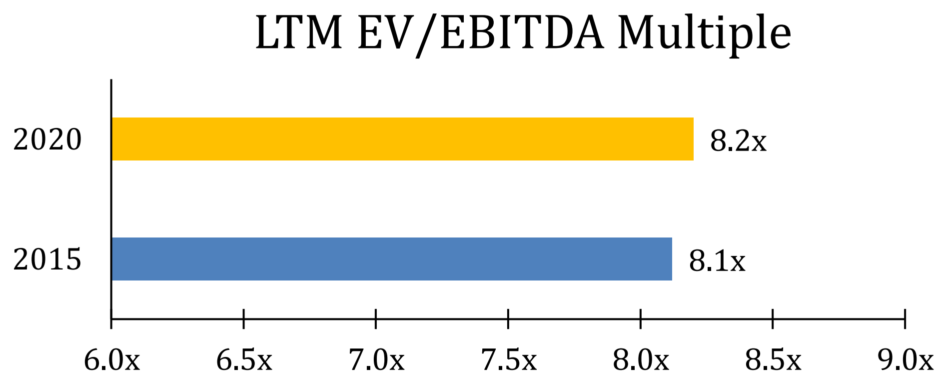
Rank: 35/104

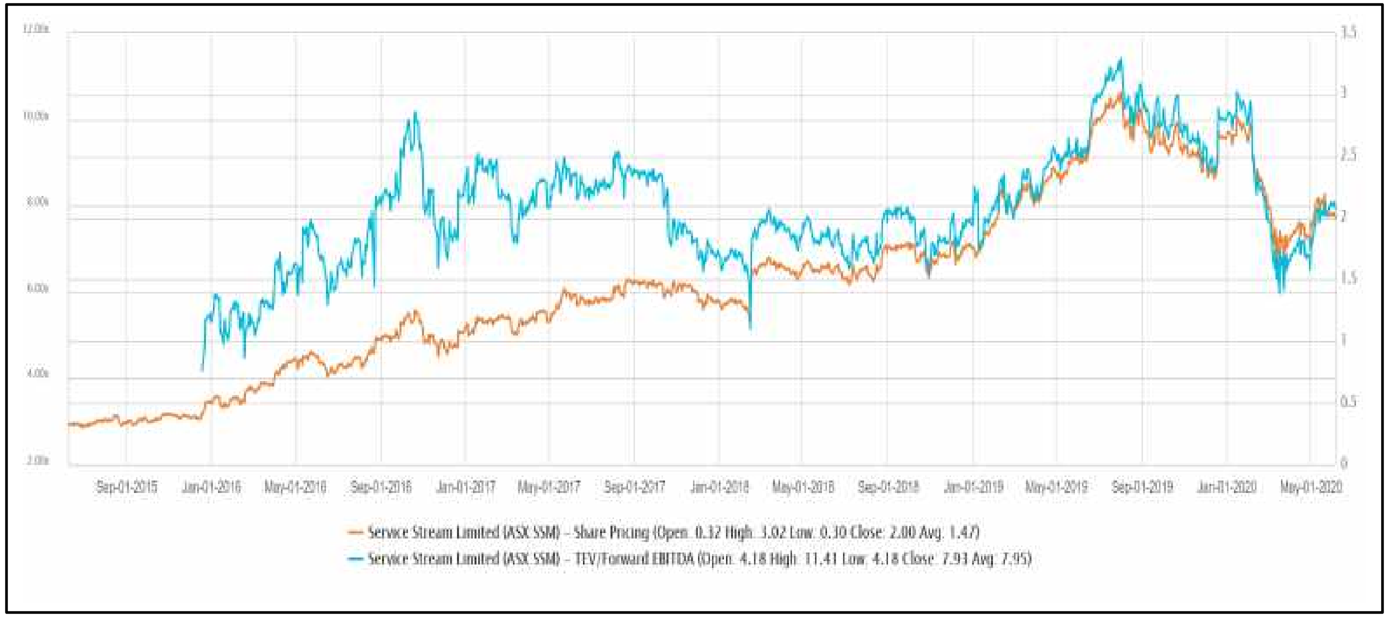
Service Stream Overview

Service Stream is a contracting company based in Melbourne, Australia, that provides end-to-end asset life-cycle services across essential infrastructure networks within the telecommunications and utilities sectors.

Statistic	6/8/15	6/8/20
Stock Price	0.32 AUD	1.98 AUD
Market Cap	115.91M AUD	804.78M AUD
Enterprise Value	126.62M AUD	842.95M AUD
Shares Outstanding	360.12M	407.48M
EV / NTM Revenue	0.27x	0.87
EV / NTM EBITDA	4.18x	7.83x
NTM P/E	8.51x	13.11

Statistic	CY 2015	CY 2019
Revenue	430.18M	1.00B
EBITDA	28.18M	102.81M





Service Stream Business Model

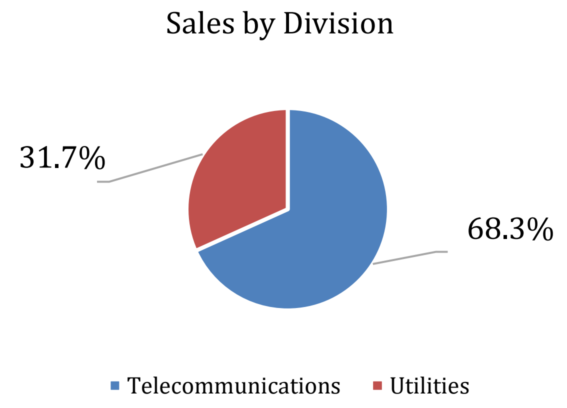
Primary Products

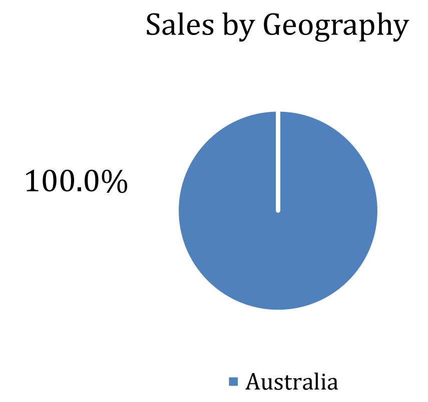
Fixed Communications	• Network operations, maintenance, and minor works across the TelCo sector
Network Construction	• Engineering, design, and construction of both fixed and wireless network infrastructure
Energy and Water	• Utility asset installation, inspection, and maintenance services
Comdain Infrastructure	• Network engineering, design, and construction operations

Context

SSM ensures Australia's telco and utilities are functional

- The operating segments are split into two main divisions
  - Fixed communications and network construction are part of the telecommunications division
  - Energy & water and Comdain Infrastructure are part of the Utilities division
- They provide contracted services to major Australian companies in the telecommunications and utilities industries





SSM is a capital light business as services don't require a lot of machinery and raw materials.

Low Threat
Medium Threat
High Threat

Service Stream Competitive Analysis

Australian Infrastructure Maintenance Services

The players in this industry conduct preventive and reactive maintenance and alterations to existing infrastructure as well as major plants and capital works.

Market Structure	Monopolistic Competition
Market Size	$25B[1]
Industry Growth	LSD[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

• No material barriers to entry
• Although the work is somewhat technical, it is not difficult to learn
	• SSM has a large pool of employees and subcontractors (~5k in total)
	    • This allows them to operate many projects at the same time
	    • It also provides a familiarity factor because of their size
		• SSM is exposed to a small number of key clients that account for a substantial portion of revenue
		    • 54% of FY19 revenue came from the Australian government's nbn project which will end at some point
		• Revenue generation relies entirely on the needs of customers
		• Operating as a contractor means that there is little guaranteed long-term stability
			• Increased presence of 5G technology

[1]https://www.ibisworld.com/au/industry/infrastructure-maintenance-services/5330/

What Investors Missed

The Bear Thesis Five Years Ago:

- There had been a very steep decline in revenues and margins in the 5 years leading up to 2015
    - This was due to substantial losses it incurred as a result of an unsuccessful joint venture
- **SSM requested a trading halt in 2013 in order to reassess their joint venture (JV), and the stock price had not recovered from that yet**

Why They Were Wrong

The Actual Story of the Last Five Years

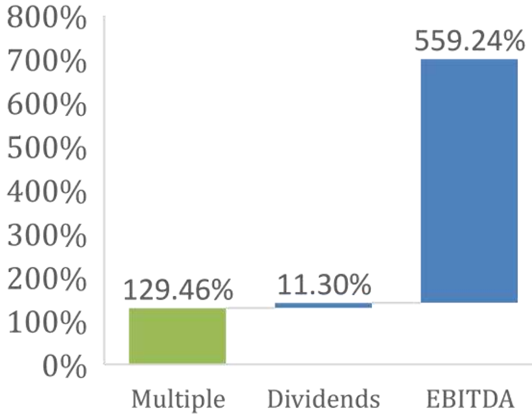
Multiple Large Contracts were Secured

- **A couple contracts in relation to the large Australian government nbn (national broadband network) project**
    - SSM was contracted with both construction and operations & management jobs over a 5-year period in FY 16
- These projects, in addition to many others, set the path for steady and continued growth from 2016 to 2019

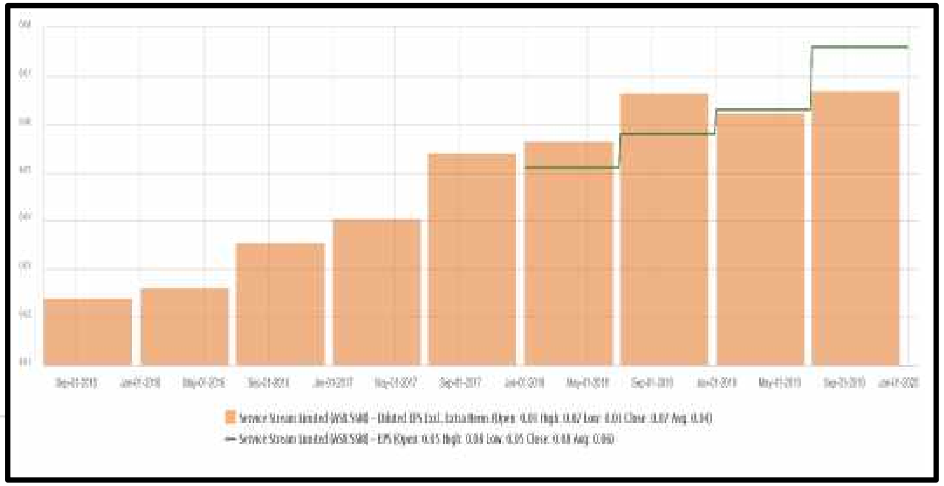
Successful Acquisition

- In December 2018, SSM acquired Comdain Infrastructure for 161.7M AUD
- This acquisition played a big role in the diversification of SSM more into utilities, as before ~80% of revenues came from TelCo (it's now ~55%)
    - **The acquisition resulted in an increase in utility revenue of~310K AUD in its first year**

Return Breakdown:



Consensus vs Results



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Service Stream Takeaways

SSM is an Average Business – 2.5/5

SSM Lacks a Strong Moat

- While SSM does provide the necessary resources to do the job, namely manpower and equipment, there is nothing otherwise special about them that makes them a better contractor
- **Most contracts are derived from relationships within the industry and track record of success, not unique characteristics**
- However, the industry is quite stable
  - Telecommunications and utilities have become vital to everyday life, so maintenance of that infrastructure will always be in demand

Decent Financial Profile

- Strong cash balance that substantially covers debt
- **Organic revenue has returned to its pre-JV days while EBITDA margins have also doubled since the same time**
- ROCE has decreased since it took on the high levels of PPE that came with its acquisition of Comdain
- Contract pipeline is not guaranteed and relies heavily on the demands of a few clients

Future Outlook

Can SSM Sustain its Advantages?

- SSM should be able to keep its size, which is its only real advantage over its competitors

Can SSM continue to grow?

- Given the high fragmentation of the broader infrastructure services industry in Australia, there are sufficient acquisition targets to manufacture artificial growth
  - Unlikely to continue to grow organically

Is SSM poised to continue to outperform?

- Although there wasn't a high level of multiple expansion, the 2015 EBITDA numbers were artificially low due to the unsuccessful JV
- There is not a high amount of organic upside growth potential, and more acquisitions are seemingly already priced in

AIM:ABDP

683%

5 Year TSR

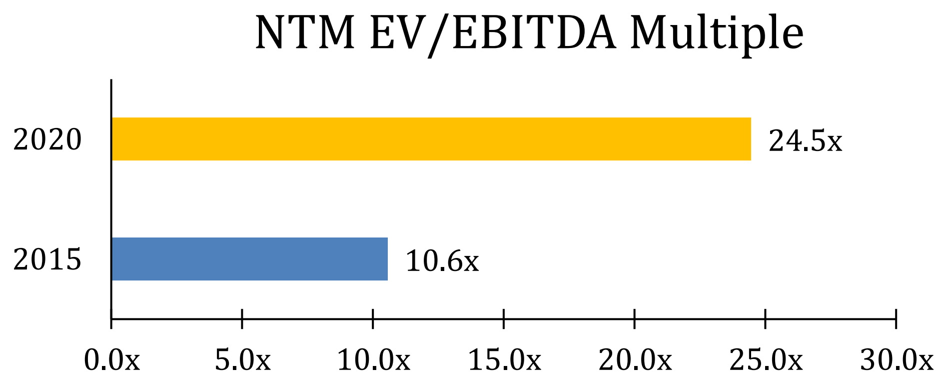
Rank: 36/104

AB Dynamics Overview

AB Dynamics is a machine manufacturing company based in Bradford-on-Avon, UK that specializes in supplying automotive testing equipment in addition to verification products and solutions.

Statistic	6/8/15	6/8/20
Stock Price	£2.40	£19.30
Market Cap	£40.32M	£435.51M
Enterprise Value	£33.29M	£401.29M
Shares Outstanding	16.84M	22.57M
EV / NTM Revenue	2.23x	5.82x
EV / NTM EBITDA	10.57x	24.46x
NTM P/E	18.86x	34.47x

Statistic	FY 2015	FY 2019
Revenue	19.07M	66.82M
EBITDA	4.64M	12.60M



AB Dynamics Business Model

Primary Products

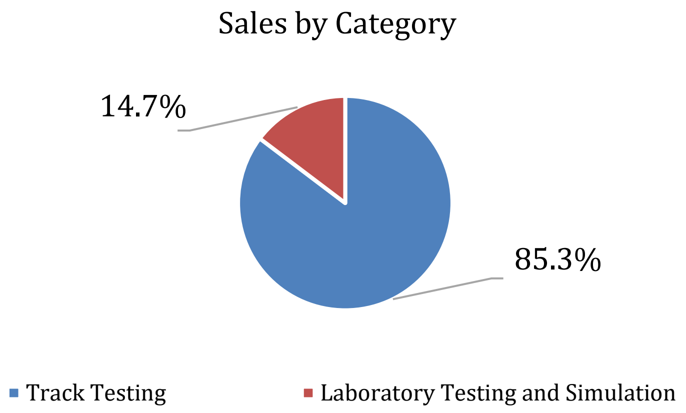
Track Testing	• Products used for the test and evaluation of ADAS[1], autonomous systems, and vehicle dynamics in real life
Laboratory Testing	• Systems used to gain precise measurement of vehicle body and component movements
Simulation	• Products used to evaluate dynamic characteristics of vehicles in a virtual environment

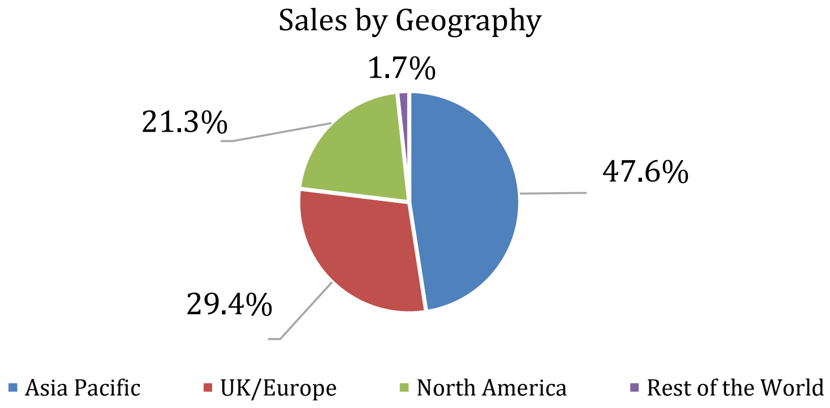
An AB Dynamics vehicle testing simulator

Context

ABDP tests vehicles before they make it on the road

- Track testing allows customers (car manufacturers) to conduct complex, multi-object scenarios with a simple to use software interface
- These tests must be performed in order to satisfy internal or external regulatory test requirements
    - The regulatory process can take a very long time for new features
    - ABDP reduces the cost and time of developing vehicles with their products and services





ABDP is a capital intensive business as design and manufacturing is done in-house

[1]Advanced Driver Assistance System

Low Threat
Medium Threat
High Threat

AB Dynamics Competitive Analysis

Automotive Testing, Inspection, Certification (TIC)

The players in this industry provide services ranging from auditing and inspection, to testing, verification, quality assurance and certification.

Market Structure	Monopolistic Competition
Market Size	\$16.5B[1]
Industry Growth	MSD[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• Existing players already have strong relationships built with customers • A high level of technological expertise is required in order to be competitive • No strong material barriers to entry other than those however • Switching costs are high given the price tag of the products in the industry	• Strong relationships with **all** major original equipment (car) manufacturers (OEMs) and test facilities • Effective and rapid deployment of IP • Maintains top engineering minds on its staff • No direct competitors that offer the same products	• Foreign currency risk as a result of significant amounts of international transactions • Limited control of pricing with resellers	• Drivers have become more reliant on cars with "smart" features

[1]https://www.marketsandmarkets.com/Market-Reports/automotive-tic-market-175873215.html

What Investors Missed

The Bear Thesis Five Years Ago:

- **Recently IPOed in 2013 so the market was still in the early stages of identifying longer-term growth trends**
- Nanocap company listed on the AIM exchange with a small amount of quality investor resources

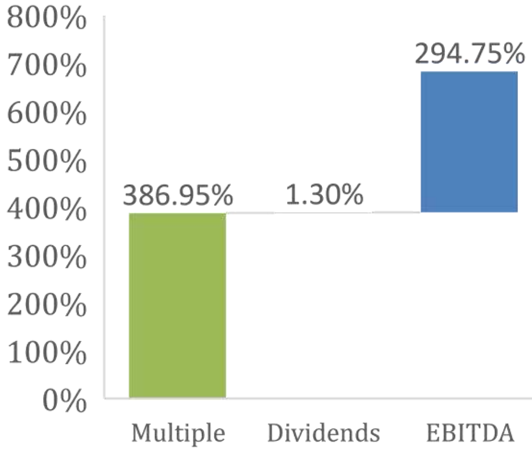
Why They Were Wrong

The Actual Story of the Last Five Years

Increased Publicity	• **In October of 2017, the CEO at the time, Tim Rogers, presented at the ShareSoc growth seminar**
	  • There were many investors present and the presentation was posted online through piworld, which raised awareness about the company and where their opportunities were
	• In February of 2018, Tim did a sit-down interview with piworld at their new offices
	  • Favorable insight was provided into the current and future financial results

New CEO was Brought in to Take ABDP to the Next Level	• Corporate development M&A was the next step in growth and Tim Rogers was not comfortable in that area • **In the first half year as CEO, James Routh increased gross margins to 50.1% from 35.6% y/y by cutting indirect employment costs**

Return Breakdown:



Consensus vs Results

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AB Dynamics Takeaways

ABDP is a Good Business – 4/5

ABDP has a Moat	• After their acquisition of rFpro, a simulation software company, ABDP offers products for every stage of the vehicle R&D process • **These products are present in every major auto manufacturer's R&D facilities, thus giving them an advantage as they are already established in these companies**
Promising Industry	• Automotive industry spends more on R&D than any other industry in the world[1] • **China is looking to become a fully autonomous economy which means a lot of R&D spend within their over 100 car companies** • As self-driving cars become more of a reality, the testing capacity needed for those new features becomes much larger
Strong Financial Profile	• High cash balance with no debt, despite recent acquisitions, provides stability in uncertain times • **Strong 5-year revenue CAGR of 35.6%, with a gross margin CAGR of 14.2%** • However, EBITDA margins have actually decreased over the same time frame • ROCE has also decreased since 2015, but this is mainly due to high CAPEX as a result of new facilities being built, which increase their production capacity greatly

Future Outlook

Can ABDP Sustain its Advantages?

- ABDP has very strong relationships with its customers that are unlikely to be diminished in the future given the success that many of them have had with ABDP's products so far

Can ABDP continue to grow?

- There are many industry trends that bode well for future demand growth of ABDP's products
- It is likely that ABDP will continue to develop new products as well as look for more M&A opportunities in order to both organically and inorganically grow

Is ABDP poised to continue to outperform?

- COVID-19 has caused a large multiple contraction and it the price has not rebounded to pre-COVID levels yet
- There is no evidence of a long-term detriment to ABDP's strong growth figures, which means it is likely the stock will outperform given the relatively cheap price

[1]https://www.businessinsider.in/slideshows/miscellaneous/here-are-the-industries-that-are-spending-the-most-on-rampd

ENXTPA:SOI

650%

5 Year TSR

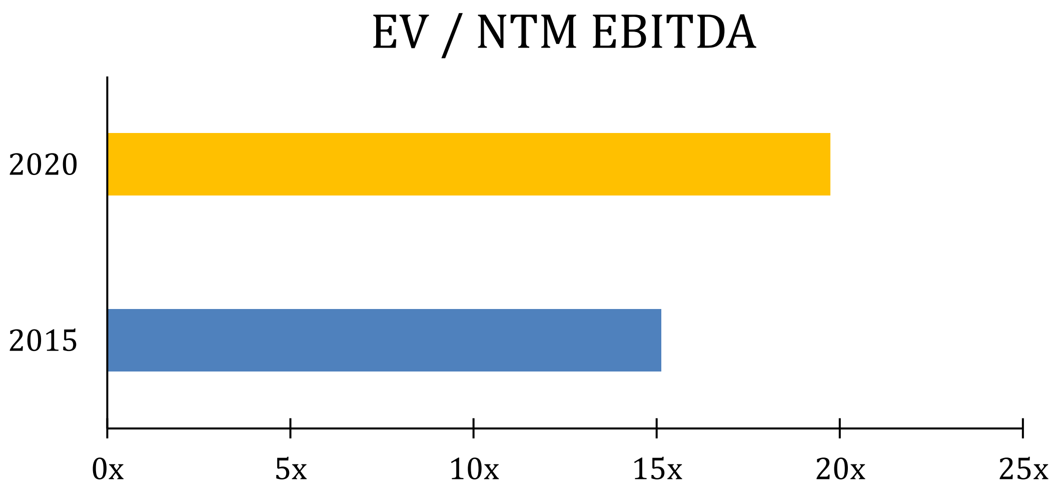
Rank: 39/104

Soitec Overview

Soitec is a France-based international industrial company specialized in generating and manufacturing high performance semiconductor materials.

Statistic	06/08/2015	06/08/2020
Stock Price	€15.60	€95.50
Market Cap	€180.33M	€3.17B
Enterprise Value	€329.11M	€3.22B
Shares Outstanding	11.56M	33.18M
EV / NTM Revenue	1.41x	5.18x
EV / NTM EBITDA	15.13x	19.75x
PE	NA	30.71x

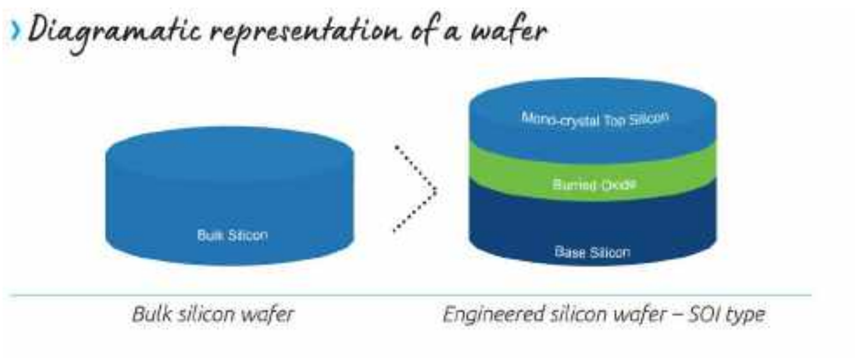
Statistic	FY 2015	FY 2020
Revenue	171.6M	597.5M
EBITDA	4.4M	164.2M



Soitec Business Model

Primary Product

Semi-Conductor Substrates	SOI transforms bulk wafers into engineered wafers (substrates) – which are the base upon which micro-electronic chips are built.

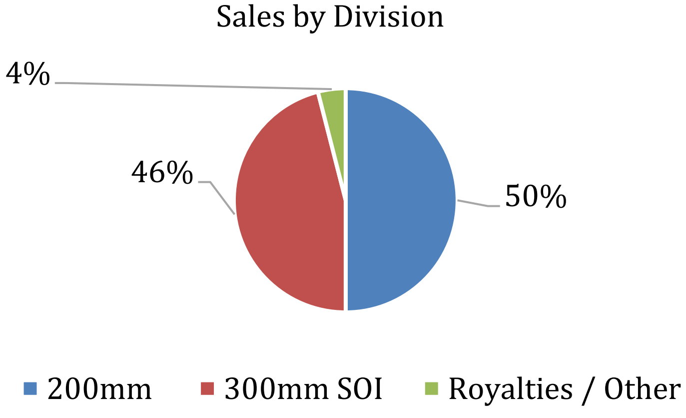


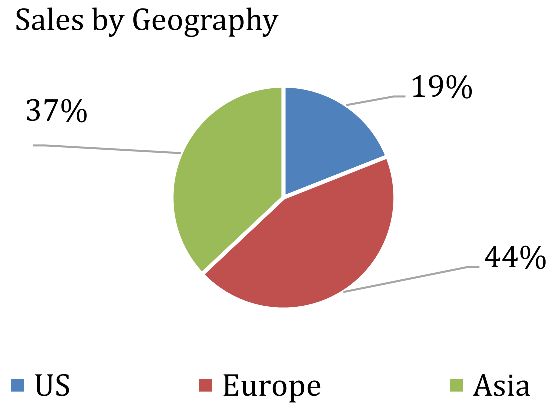
Demonstration of SOI's value addition in the wafer manufacturing process.

Context

SOI is a semi-conductor material company.

- SOI designs and manufactures a variety of substrates upon which integrated circuit chips are built.
  - Substrates are the main element in these chips.
  - Six distinct substrate product lines; flagship product is SOI wafer.
- SOI innovates to help make chips smaller, increase performance, and reduce energy consumption.
- SOI substrates are used in a variety of chips found in phones, cars, cloud infrastructure, IoT, etc.





SOI is a high capital intensity business.

Low Threat
Medium Threat
High Threat

Soitec Competitive Analysis

Global Semiconductor & Electronic Parts Manufacturing

This industry manufactures electronic components, which are typically packaged in a discrete form with two or more connecting leads or metallic pads. Connecting these parts by soldering them to a printed circuit board creates an electronic circuit. A semiconductor device is an electronic component made with semiconductor material, such as silicon.

Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

<table><tr><td>**Market Structure**</td><td>Oligopoly</td></tr><tr><td>**Market Size**</td><td>755.1B[1]</td></tr><tr><td>**Industry Growth**</td><td>LSD[1]</td></tr></table>
• In the SOI subset of the market, SOI has 65%-70% market share (based on their estimations).
• Major players dominate different segments of the value chain (i.e. Intel and AMD for integrated chip manufacturing).
	• Capital intensive and highly specialized business – not everyone can do atomic level work.
	• Because of the high degree of specialization, high level of human capital is required (and not available in every city).
	• Since the customer base is concentrated, securing the first contract can be challenging.
		• SOI has Partnerships with labs and universities across the world that enable better R&D.
		• 3500 patents gives SOI a technological advantage.
		• SOI has built a strong reputation.
			• **Customer concentration** – top five customers 56% of FY2019 revenue.
			  • Top ten customers 84%.
			• Technologies can change quickly.
			• Limited number of suppliers.
				• Rise of 5G, which requires significantly more RF SOI products (SOI is the largest manufacturer of these products).
				  • Supply shortfall of these products due to elevated demand.
				• Rise of IoT and sue of semiconductors in cars – increasing demand for SOI's products.

1. Ibis World

ALTA FOX CAPITAL

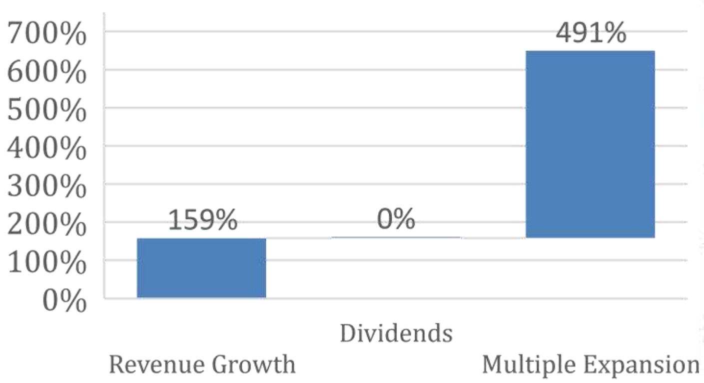
What Investors Missed

The Bear Thesis Five Years Ago:

- Negative gross profit in FY2014 – not a good indicator of future profitability.
- Skeptical of the growth in the semi-conductor substrate industry and whether SOI could capture it.
  - Lost focus on core business with foray into solar systems. Now it does neither substrates nor solar panels very well.
- Weak balance sheet: over levered and low cash balance.

Why They Were Wrong

Return Breakdown:



Consensus vs Results

The Actual Story of the Last Five Years

Returned to profitability

- SOI divested from its solar business in 2015 to focus on solely semiconductor substrates.
- SOI increased its capacity utilization and found operational improvements which increased gross margins.
  - Gross margin up from 15.5% in FY2015 to 37.2% in FY2019.

Industry grew fast

- Demand for SOI's product increased rapidly.
- Rise of 5G and 4G LTE increased demand for RF SOI substrates, of which SOI has 70% market share.
- Increasing prevalence of semiconductors in household items (IoT) and cars, and the rise of cloud infrastructure contributed to demand increases across SOI's product lines.
  - Revenue grew at 28% CAGR from FY2015 to FY2020.

Balance sheet was strengthened

- SOI recapitalized by raising equity to pay down debt; reducing Debt / EBITDA from 39.8x in FY2015 to 1.7x in FY2019.

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Soitec Takeaways

SOI is a High Quality Business- 4.5/5

SOI regained its focus and footing

- **SOI divested from its solar systems business to focus on electronics.**
- SOI issued new equity to pay down its unsustainable debt balance.

SOI capitalized on the industry's growth

- 5G, 4GLTE, rise in electronic cars, popularity of IoT, growth of cloud infrastructure, etc. – all increased demand for SOI products.
- SOI's RF SOI and FD SOI substrates particularly strong growth – with SOI holding commanding market share.

SOI believes there is a strong runway for growth

- Trends that increased demand, such as IoT, cloud infrastructure, 5G, and electronic cars, show no sign of slowing down.
  - SOI believes electronic cars will go from 2M demanded to >20M by 2030.
  - SOI anticipates 5G to have 55% global coverage by 2025.
- **If SOI can sustain is market position their growth will likely be sustained solely by their capacity to produce their substrates – not by demand.**
- However, SOI's historical EBITDA is considerably lower than their FCFE – SOI is a very capital intensive business which depresses their cash flow relative to earnings.

Future Outlook

Can SOI Sustain its Market Position?

- SOI's moat is strong and it has built a strong reputation for excellence in the industry.
- SOI has invested an average 7% of revenue on R&D since 2015, and has partnerships with various universities and labs.
- One of SOI's customer could vertically integrate -which means they could lose a major customer.

Can SOI continue to grow faster than the industry?

- If SOI maintains its market position it will capture a disproportionate amount of growth driven by 5G and other trends since they are the undisputed leader for the RF SOI and FD SOI substrates.

Is SOI poised to continue to outperform the market?

- SOI has a strong reputation and moat in an industry that is poised to continue to grow.
- SOI has demonstrated that they can capture growth and market share over the last five years, it is not a stretch to believe they can continue.
  - However, continued similar growth is largely predicated on macro growth – not SOI's execution.
    - 5G does seem like it will be a major boost to demand.

YouGov®

AIM:YOU

652%

5 Year TSR

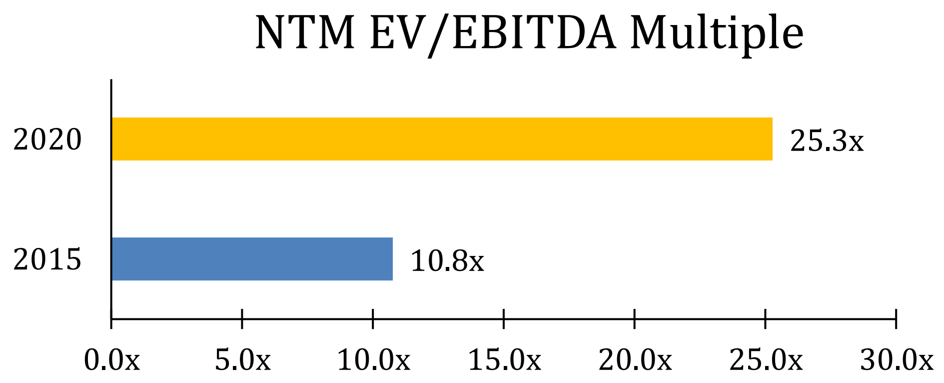
Rank: 38/104

YouGov Overview

YouGov is an international research and data analytics group based in London, UK, that helps companies, governments, and news outlets gather actionable data for decision making.

Statistic	6/8/15	6/8/20
Stock Price	£1.08	£8.00
Market Cap	£111.01M	£861.67M
Enterprise Value	£107.30M	£843.41M
Shares Outstanding	102.78M	107.71M
EV / NTM Revenue	1.37x	5.61x
EV / NTM EBITDA	10.76x	25.28x
NTM P/E	14.94x	49.50x

Statistic	CY 2015	CY 2019
Revenue	81.42M	146.87M
EBITDA	7.37M	28.78M



YouGov Business Model

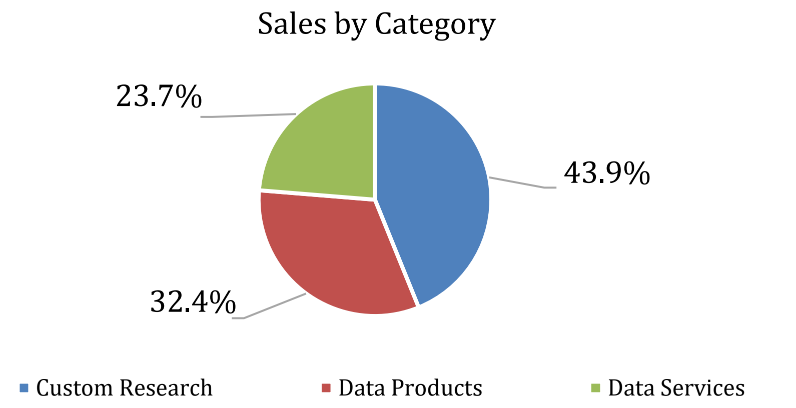
Primary Products

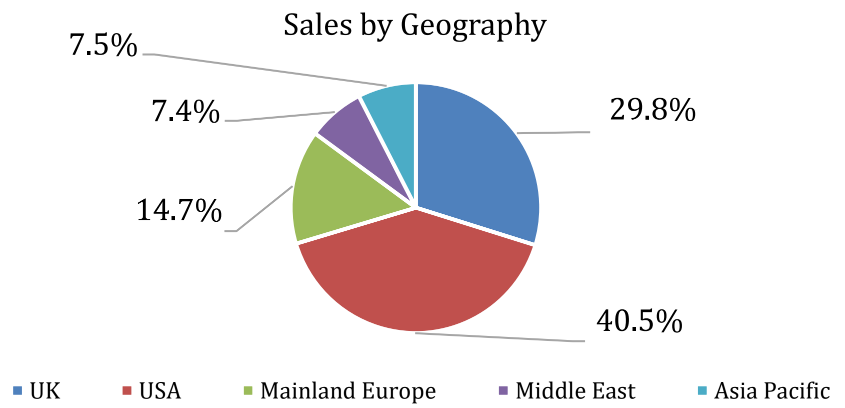
Brand Index	• Consistent surveys that measure a client's brand image across 40 markets worldwide
Profiles	• Audience planning and segmentation tool that covers 19 markets worldwide
Omnibus	• Fast turnaround, custom survey facilitation service across 40 markets worldwide
Custom Research	• Quantitative and qualitative research directed by sector specialists

Context

YOU aids clients in developing effective marketing strategies

- YouGov provides companies with data and insights to help them plan, develop, and evaluate the impact of their marketing and communication activities
- YouGov sends out a weekly set of surveys tailored to certain members to its "panel" (people who sign up to take their surveys for cash)
    - They then apply their answers to those surveys to their profile more generally to find similarities in order to perform high-quality data analysis and make accurate predictions





YOU is a capital light business there is no manufacturing involved

Low Threat
Medium Threat
High Threat

YouGov Competitive Analysis

Big Data and Business Analytics

The players in this industry offer data collection and analysis tools for companies looking to make educated business decisions.

Market Structure	Pure Competition
Market Size	$225.88B[1]
Industry Growth	> 10%[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

• No key barriers to entry
• Anyone can send out a survey and analyze the results
  ◦ Few can do it effectively, however
	• High quality data as a result of a broad, worldwide panel of over 9.5 million
	  ◦ Pew research conducted a study which proved so
	• Well known brand as a result of the public data publications
	  ◦ This is done through Ratings and Daily
	  ◦ YOU is consistently referenced by major news outlets around the world
		• Failure to maintain the quality of their panel
		• Failure to achieve the growth goals laid out
			• Increased reliance on data for decision making

[1]https://www.prnewswire.com/in/news-releases/big-data-and-business-analytics-market-size-is-projected-to-reach-usd

What Investors Missed

The Bear Thesis Five Years Ago:

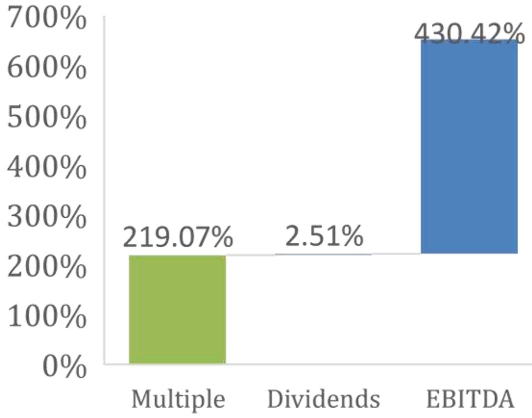
- In H1 2015, the low margin Custom Research division accounted for ~2/3 of YOU's revenues
  - **This business was not very scalable due to the uniqueness of each client's needs**
- The board had just come out with a very aggressive five year growth plan, and there was little evidence at that point to show that YOU would be able to meet those goals

Why They Were Wrong

The Actual Story of the Last Five Years

Expanded into New Markets and Sectors	• **New markets in 7 countries were penetrated through organic operations and affiliate partnerships** • 4 key bolt-on acquisitions took place which allowed YOU to expand the presence of and enhance their previous offerings
Rolled out many New Features and Offerings	• YOU's big goal in their first 5-year plan was to build a connected, systematic approach to data research • In order to accomplish that goal, many new developments were made ◦ **These included a new mobile app, analytics platform (Crunch), and reports that are issued on a freemium basis**
Shifted Focus to Higher Margin Business	• **Management successfully facilitated the growth of the higher margin data products and services divisions while cutting back on the custom research** • The custom research offering was also revamped in order to increase margins and focus on YOU's unique value add

Return Breakdown:



Consensus vs Results

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YouGov Takeaways

YOU is a Very Good Business – 4.5/5

YOU has a Moat

- In a business world that has increasingly relied on data analytics to make important business decisions, YouGov provides quality resources to aid in making those decisions
- **YouGov has a reputation for being extremely accurate in their results (only pollster to get the 2017 UK elections correct)**
  - They are consistently used by many large media, and global more generally, companies

Clear Plan for the Future

- After FY 14, the board set up an extremely lucrative five-year incentive plan for the executive team
  - This plan required that, in order to vest 100% of the options available, the EPS CAGR over the period had to exceed 25%
  - The final CAGR ended up being 34%
- This prior success lends investors to believe that their next five-year plan also has some merit
  - **The 3 main goals are to double the revenue, double EBIT margin, and achieve a EPS CAGR over 30%**
- YOU is also in the process of combining their divisions' PnL in order to align incentives and increase cross-selling

Future Outlook

Can YOU Sustain its Advantages?

- YouGov has a track record of quality and accuracy that it will likely retain until it proves otherwise
- Even if other companies do reach YOU's quality, YOU has the legacy and was the first to reach that level

✓

Can YOU continue to grow?

- The demand for high quality data analysis in the business world is not going to be slowing down anytime soon
- Because of the great reputation that YouGov possesses, they will likely get a lot of that business

✓

Is YOU poised to continue to outperform?

- While there will likely continue to be impressive numbers coming from YOU, the stock is trading at ATH multiples and the explicitly laid out growth plan has likely already been priced in

✗

Novanta

NASDAQGS:NOVT

650%

5 Year TSR

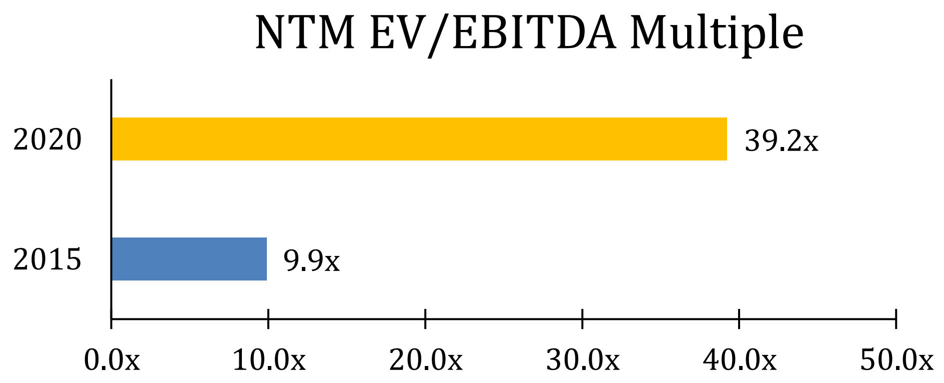
Rank: 39/104

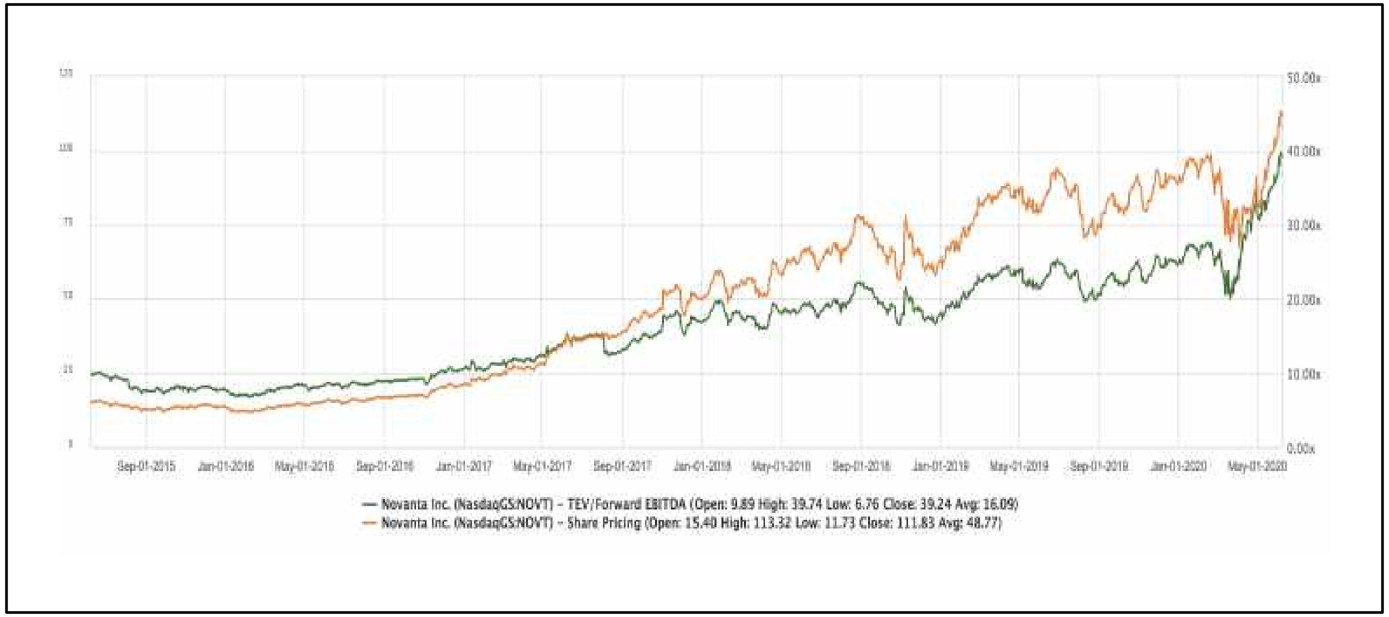
Novanta Inc. Overview

Novanta Inc., headquartered in Bedford, MA, designs, manufactures, and sells photonics, vision, and precision motion components and sub-systems to original equipment manufacturers in the medical and industrial markets worldwide.

Statistic	6/8/15	6/8/20
Stock Price	$15.4	$111.83
Market Cap	$529.85M	$3.93B
Enterprise Value	$615.32M	$4.12B
Shares Outstanding	34.41M	35.12M
EV / NTM Revenue	1.65x	6.98x
EV / NTM EBITDA	9.89x	39.24x
P/E	17.02x	72.38x

Statistic	FY 2015	FY 2019
Revenue	$373.6M	$626.1
EBITDA	$56.5M	$111.1M





Novanta Inc. Business Model

Primary Products

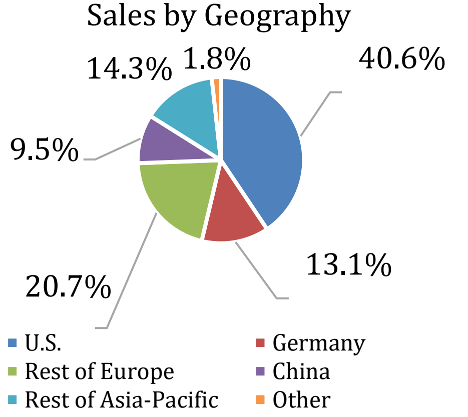
Technology Solutions	• Photonics solutions • Vision solutions • Precision motion solutions

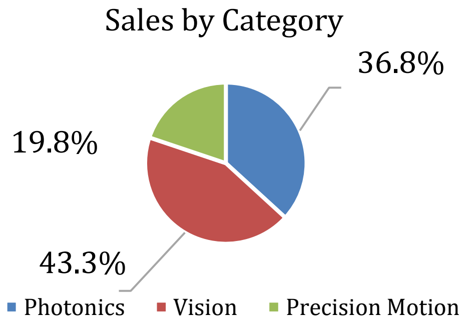
NOVT creates high performance laser photonics solutions like that shown above

Context

NOVT supplies technologies to medical and advanced industrial OEMs

- Photonics segment designs & manufactures solutions including laser scanning, laser beam delivery, and a variety of lasers
- Vision segment designs & manufactures medical grade technologies such as pumps and disposables, visualization solutions, wireless imaging & radio frequency identification technologies
- Precision Motion deals with optical & inductive encoders, precision motors, and precision machined components
- Sales are mainly made to OEM customers, both directly & through distributers





NOVT is capital intensive business, as it manufactures its own products.

Novanta Inc. Competitive Analysis

Low Threat
Medium Threat
High Threat

Electronic Equipment & Instruments

The players in this industry produce electronic equipment, instruments, electronic components and electronic equipment mainly for the OEM (Original Equipment Manufacturers) market.

Market Structure	Oligopoly
Market Size	$350B[1]
Industry Growth	> 10%[1]

Market characterized as an oligopoly because of barriers to entry and differentiation of goods, however, market concentration is low

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• High start-up costs because of the capital necessary for manufacturing • Expertise in advanced technology necessary • Continuous investment in R&D	• Proprietary motion, vision, and photonics capabilities • Use of their technology givers their customers a competitive advantage • Breadth of technologies offered and knowledge of different market applications distinguishes NOVT from competitors	• Certain segments served by NOVT are cyclical and experience downturns in demand for capital equipment, which negatively impacts NOVT sales • NOVT is subject to medical device regulation, which could hinder the approval or sale of their products • NOVT sales could be impacted by healthcare industry cost containment and reform	• Increased regulation and focus on the medical device industry • Manufacturing operations have been negatively impacted by Covid-19

[1] https://eresearch.fidelity.com/eresearch/markets_sectors/sectors/industries.jhtml?tab=learn&industry=452030

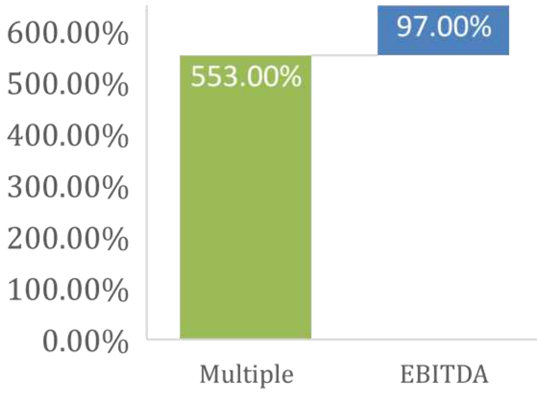
What Investors Missed

The Bear Thesis Five Years Ago:

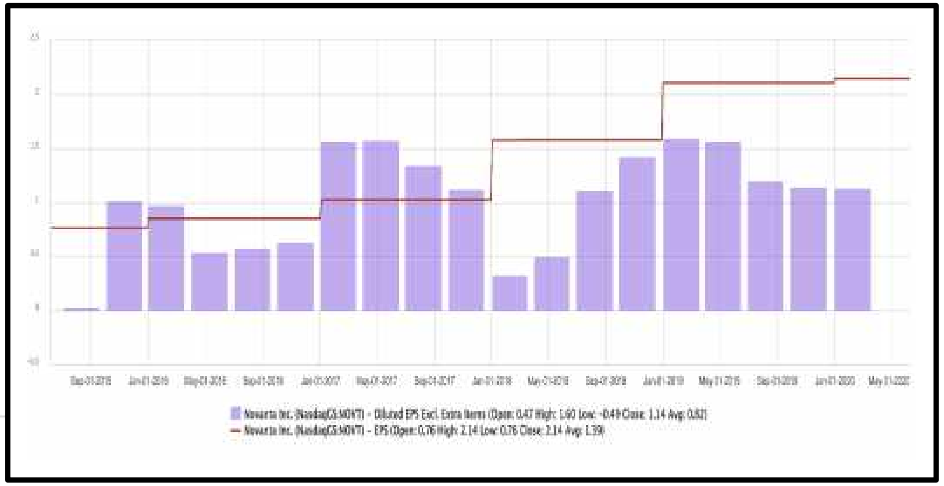
- **In 2015, Novanta was called GSI Group and was entering a transformational period**
    - The company saw its future opportunities as “so distinctly different from the past” that they re-branded as Novanta
    - NOVT had already undergone one rebranding in 2005 when it changed from GSI Lumonics Inc. to GSI Group, but this did not spur major success for the company
    - Part of the rebranding plan was to invest in new technologies and shift toward medical end markets, which put NOVT in mostly uncharted water as a company

Why They Were Wrong

Return Breakdown:



Consensus vs Results



The Actual Story of the Last Five Years

Successful Rebranding

- Current CEO appointed in 2016 and has managed the rebranding well
- Emphasis on growth in medical markets and use of NOVT technology in precision industrial robotics have created a platform for growth
- In 2019, NOVT saw double-digit growth in their medical market sales (now accounts for over half of NOVT’s revenue)

Successful Acquisitions & Innovation

- Part of the rebranding plan was to use acquisitions as a way to expand technology portfolio
- 3 acquisitions in 2017, which outperformed strengthened positioning in medical markets
- 2017 EBITDA margins reached 20%, a profitability goal NOVT initially set for 2020
- 2018-2019 closed 5 acquisitions
- Expanded engineering capabilities, creating the strongest innovation pipeline in company history

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Novanta Inc. Takeaways

NOVT is a Okay Business – 3/5

NOVT has a Niche

- NOVT manufactures very specific products that help customer's manufacture better goods and give customers a competitive advantage
- Barriers to entry are high
- NOVT products do not seem like a crucial part of the manufacturing process, but rather something that would be one of the first things to go, should costs need to be cut

Unsustainable Growth

- Revenue growth seems to do mainly with acquisitions
- In years where no acquisition was made growth is around 2.5%
- Ok gross and EBITDA margins as 42.1% and 17.7% respectively for FY 2019
- EBITDA margin goal of 20% was reached in 2017, but has not been sustained, decreasing every year since

Future Outlook

Can NOVT Sustain its Advantages?

- Proprietary technology portfolio that has been developed through R&D and acquisitions
- Breadth of knowledge developed through years of experience and acquisitions

Can NOVT continue to grow?

- NOVT is investing heavily in innovation to enhance their proprietary technology position and long term growth
- Opportunity for applications in robotic surgery, minimally invasive surgery, DNA sequencing, and precision automation

Is NOVT poised to continue to outperform?

- NOVT outperformance seems to be driven by acquisitions thus far
- Future outperformance will be driven by ability to generate organic growth or to continue to make strategic acquisitions

Chegg®

NYSE:CHGG

643%

5 Year TSR

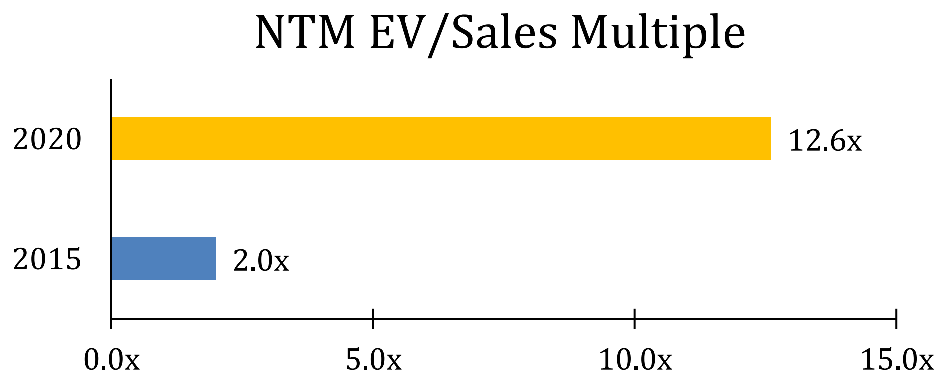
Rank: 40/104

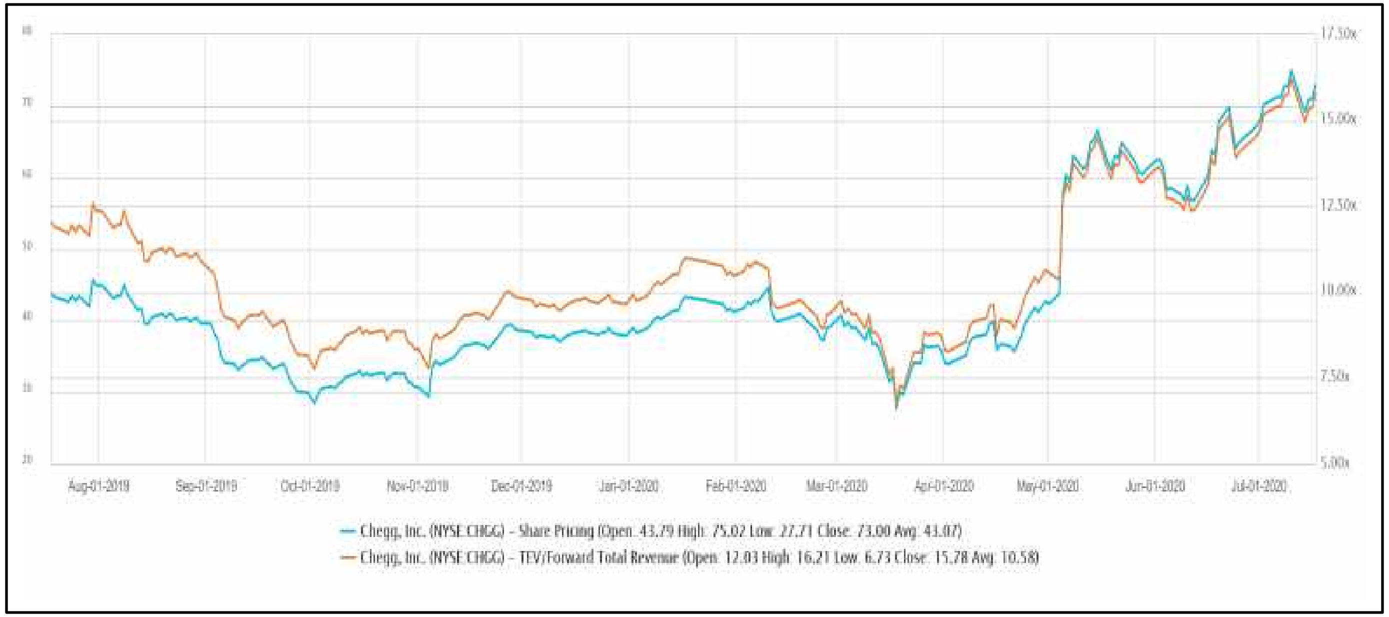
Chegg Overview

Chegg is an online learning platform based out of Santa Clara, California that helps students do their homework, study for tests, and write papers.

Statistic	6/8/15	6/8/20
Stock Price	$7.75	$57.74
Market Cap	$666.89M	$7.14B
Enterprise Value	$587.99M	$7.31B
Shares Outstanding	86.74M	122.43M
EV / NTM Revenue	1.97x	12.57x
EV / NTM EBITDA	124.16x	39.08x
NTM P/E	188.60x	49.92x

Statistic	FY 2015	FY 2019
Revenue	301.37M	410.93M
EBITDA	3.2M	49.16M





Chegg Business Model

Primary Product

Chegg Services	• Monthly subscription service that gives full access to Chegg's resources
Required Materials	• Print textbooks and eTextbooks for rent or sale

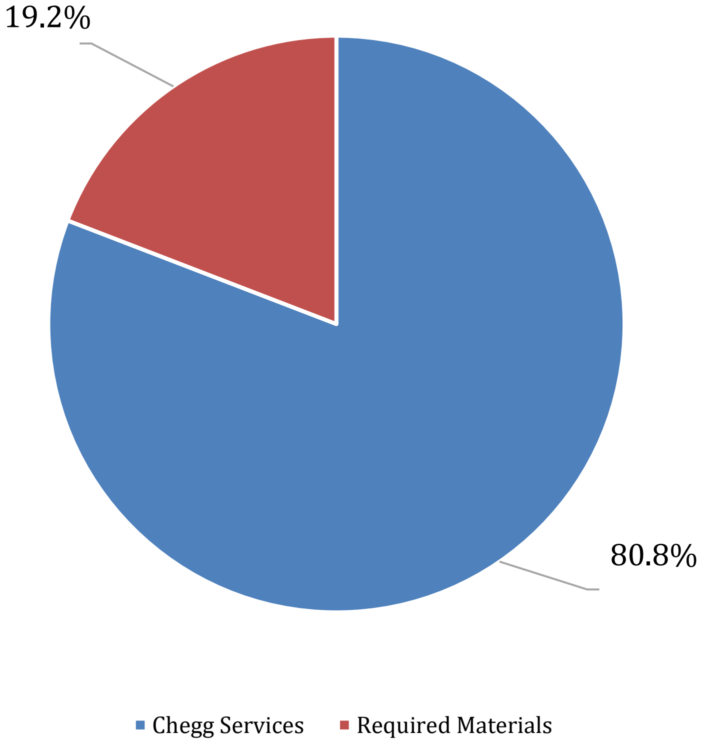
Chegg textbook shipping

Context

Chegg is a student's best friend

- Chegg's most popular service is Chegg Study, through which students can get answers to a most textbook questions in existence
- Chegg also offer writing tools, live tutors, a math solver, flashcards, and internships
- In FY19, 5.8 million individual people paid for Chegg's products and services

Sales by Product



CHGG is a capital light business as most of their revenue comes from the software side of the business

Low Threat
Medium Threat
High Threat

Chegg Competitive Analysis

Online Tutoring Services

The players in this industry offer tutoring services and resources via the internet.

Market Structure	Oligopoly
Market Size	$630M[1]
Industry Growth	MSD[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• Not very hard to get into the industry • Services are not very capital intensive and theoretically anyone could offer them if they put in the effort to • The main critical characteristic that is vital to be successful is being a reputable and trustworthy source of information	• Chegg has already established itself as the go-to website for high school and college textbook problems • Chegg is the only platform that offers all the services that is does under one subscription • Chegg's data collection far exceeds its competitors because they are involved in all aspects of education	• Missing out on sales due to multiple people using the same account	• Shift to online learning and technology in the classroom and at home has given students more opportunities to go online for homework help

[1]https://my-ibisworld-com.libproxy.wustl.edu/us/en/industry-specialized/od6038/industry-at-a-glance#key-statistics-snapshot

What Investors Missed

The Bear Thesis Five Years Ago:

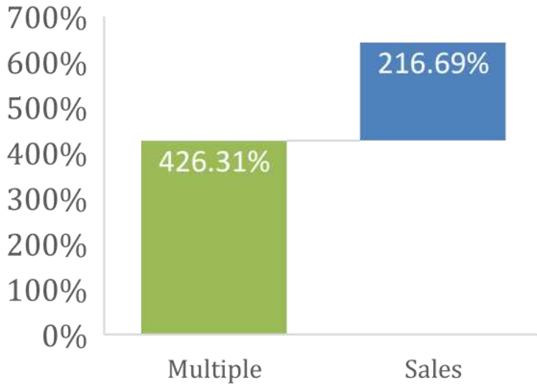
- CHGG was first listed on the NYSE on 3/13/13, and it was using a lot of the cash from the IPO to acquire unprofitable companies, such as Internships.com and InstaEDU, which resulted in a lot of goodwill and intangibles on the balance sheet
- **CHGG was burning a lot of cash to operate their low margin textbook rental business, through which they didn't even offer competitive pricing relative to the competition**

Why They Were Wrong

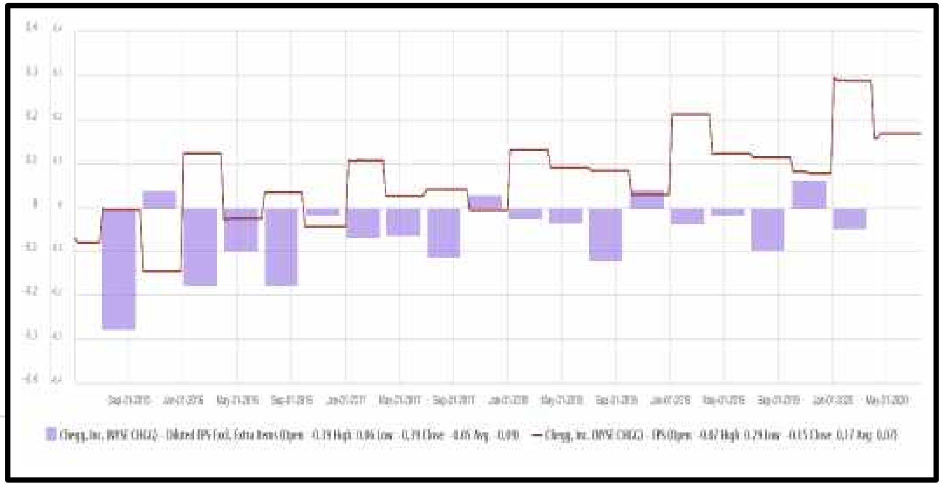
The Actual Story of the Last Five Years

Shifted Focus to Digital	• CHGG leveraged their client base from the low margin print textbook service to grow their online services revenue by 150%
Key Acquisitions to Expand Offerings	• In October 2017, CHGG acquired Math 42, a trusted math learning app, which has allowed students to see the correct steps to solve math problems using AI • In May 2018, CHGG acquired WriteLab, an AI-enhanced writing platform, which has strengthened their writing service tremendously
COVID-19 Pushed Finals Online	• During the month of May 2020, CHGG jumped 49% due to all college students taking finals online ◦ Many exam questions and answers can be found on Chegg • This opened the door for many students to pay for the subscription just for one month to use while taking finals

Return Breakdown:



Consensus vs Results



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Chegg Takeaways

CHGG is an Okay Business – 3/5

CHGG is in a Prime Position to Capitalize on Virtual School

- With online finals likely being present for many schools in Fall 2020, there will likely be another spike in subscriptions
- CHGG reels these students in with Study through SEO, and then these students become aware of the other features that a subscription offers them

CHGG has too Many Expenses

- The gross margins are actually quite good (77%), however, the operating expenses are extremely high, as a lot of R&D is required to continuously expand their product offerings as well as improve their current products
- Interest expense is also quite high currently due to $900M of convertible notes
  - However, in the long run, this debt will likely not be an issue once they are able to scale

The Target Market is Jobless

- The actual total addressable market is smaller than management indicates
  - Not all students are in a financial position to pay $15 a month for the service
- For the most part, wealthier students are disproportionately more likely to be Chegg customers due to their possession of discretionary income
  - Approximately 86% of U.S. college students receive some form of financial aid[1]

Future Outlook

Can CHGG Sustain its Advantages?

- There are no true competitors that threaten CHGG's one stop shop model, as many competitors just operate in one segment
- As long as no new player comes along and severely undercuts CHGG, they should be fine

Can CHGG continue to grow?

- CHGG is making moves to expand the market they operate in, as they recently acquired Thinkful, a professional learning platform that helps students get jobs
- Thus, CHGG is attempting to keep students on their service even after graduation, which will lead to more customers overall

Is CHGG poised to continue to outperform?

- CHGG will likely continue to outperform, despite the high multiples that it currently trades at (44x NTM EBITDA)
- This is because of the high growth potential still available as well as the impending first ever fiscal year of profitability

[1]https://nces.ed.gov/programs/coe/indicator_cuc.asp#:~:text=Over%20a%20more%20recent%20time,and%20private%20nonprofit%20(90%20vs.

bouvet

OB:BOUVET

622%

5 Year TSR

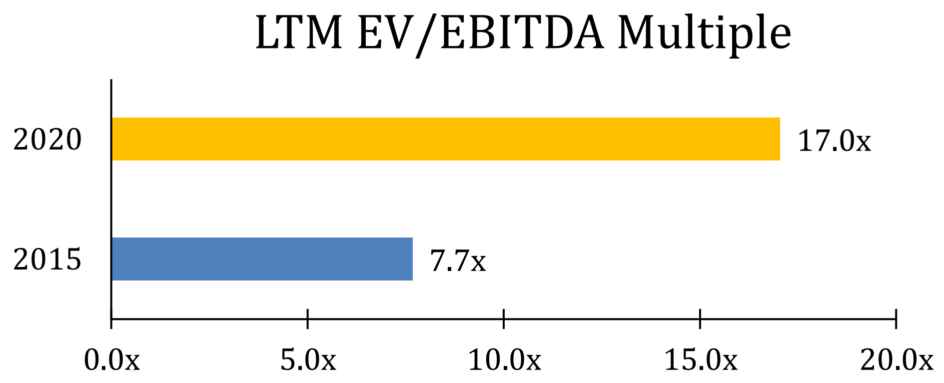
Rank: 41/104

Bouvet Overview

Bouvet is a consulting group based in Oslo, Norway, that operates through six subsidiaries which cover development and consultancy related to IT, communication, and enterprise management.

Statistic	6/8/15	6/8/20
Stock Price	84 NOK	500 NOK
Market Cap	859.35M NOK	5.12B NOK
Enterprise Value	747.05M NOK	4.98B NOK
Shares Outstanding	10.23M	10.25M
EV / LTM Revenue	0.64x	2.25x
EV / LTM EBITDA	7.68x	17.04x
LTM P/E	14.31x	26.99x

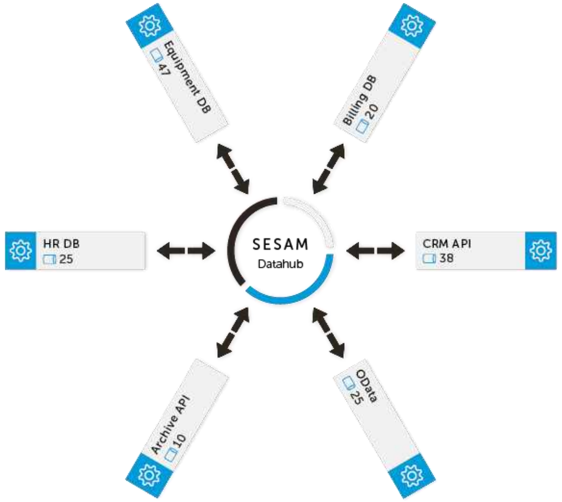
Statistic	FY 2015	FY 2019
Revenue	1.23B	2.13B
EBITDA	111.19M	250.66M



Bouvet Business Model

Primary Products

IT Consulting Services	• Expert advice on IT problems within companies
Software	• A unique Datahub approach for collecting, connecting, and sharing data within companies

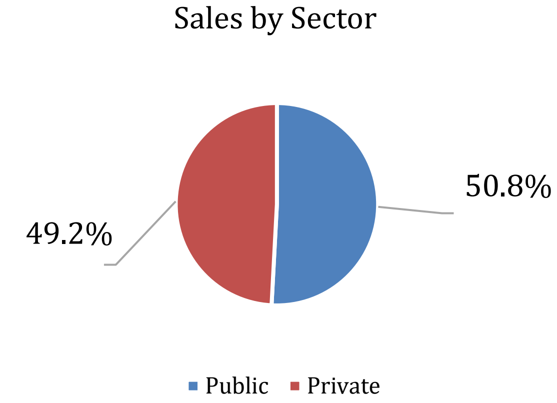


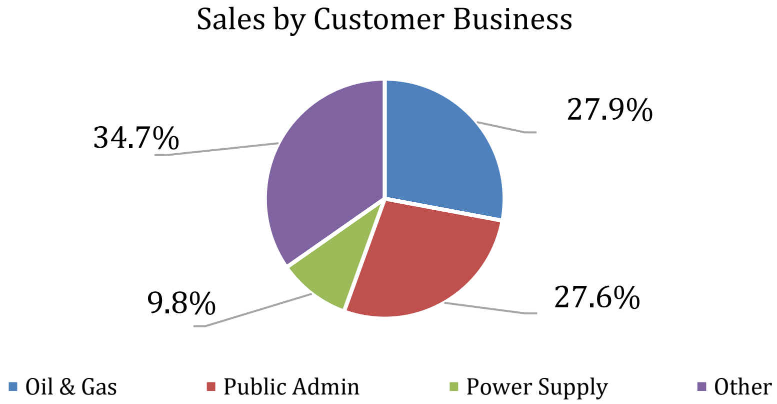
The concept behind the Sesam Integration Platform

Context

BOUVET helps businesses grow by increasing their IT capabilities

- Provides a cross-disciplinary approach to solving complex business problems in important Scandinavian industries
- Bouvet operates locally with 10 offices in Norway and 3 in Sweden
- It operates its software product through its subsidiary, Sesam, which is an Integration Platform
- Bouvet also operates courses and breakfast seminars to share basic knowledge about IT specifics





BOUVET is a capital light business as most costs in consulting companies are personnel

Low Threat
Medium Threat
High Threat

Bouvet Competitive Analysis

IT Consulting

The players in this industry offer services aimed at helping clients on how they can utilize information technology (IT) and digital to optimally achieve their business goals.

Market Structure	Pure Competition
Market Size	$51.66B[1]
Industry Growth	MSD[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

• Little barriers to entry besides know-how	• Good reputation in the Scandinavian region
	• Able to attract good employees because of the positive reputation it has in relation to how it treats employees
	• Strong repeat customer numbers
	    • 95% of revenue comes from existing customers
		• Because the business model revolves heavily around the abilities of their employees, talent risk is extremely prevalent
		    • Companies can keep working with a consultant without working with the consulting company
		• Overexposure to 2 industries – oil & gas and public admin
		• Customer concentration
		    • 10 largest customers account for 42.8% of total revenues
			• Increased presence of technology in business

[1]https://www.statista.com/forecasts/963889/it-consulting-implementationservices-revenue-in-the-world

What Investors Missed

The Bear Thesis Five Years Ago:

- BOUVET was a micro cap stock trading with a low trading volume, so it was not very liquid
- **Inconsistent EPS growth history made it difficult to accurately forecast earnings with confidence**

Why They Were Wrong

The Actual Story of the Last Five Years

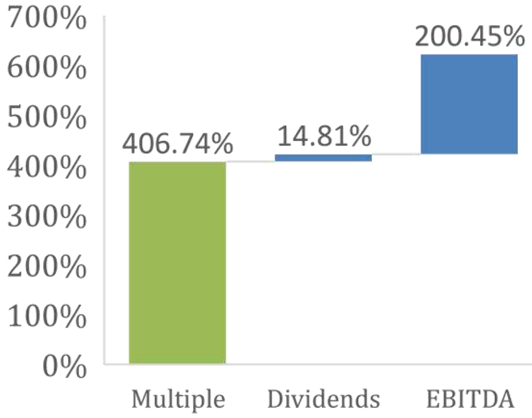
Increased the Number of Employees

- Because Bouvet is a consulting business, their ability to grow revenue correlates almost entirely to the capacity of work their employees can handle
- **Bouvet thus grew their employee at a CAGR of 9.5% over the past 5 years in order to expand their top-line**
  - This correlated to a 13.76% CAGR of revenue over the same period
- This increase also resulted in a rise in margins, as they needed to hire external consultants, with higher fees, at a lower rate

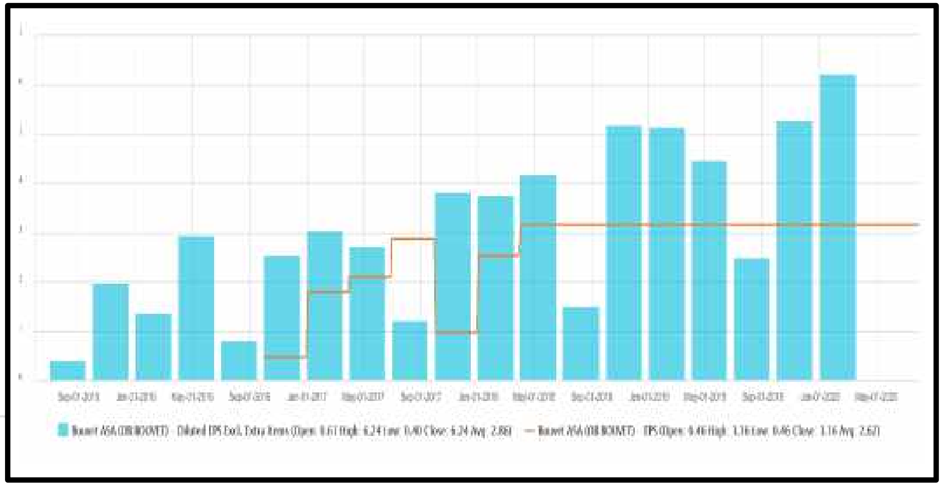
Increased Prices

- ***Over the past 5 years, both billing ratios and hourly rates have increased***
  - This has led to outperformances of consensus estimates, which has turned into continued stock price growth

Return Breakdown:



Consensus vs Results



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Bouvet Takeaways

BOUVET is an Okay Business – 3/5

BOUVET has a Moat

- **Bouvet has developed and is focused on maintaining long-term client relationships**
  - This puts them in a stable position going forward
- It has a solid reputation in the Scandinavian region, both from the employee and client point-of-views

Mediocre Industry Positioning

- **Bouvet is heavily exposed to the Oil & Gas industry, and that industry is going through a rough time currently with oil prices being extremely low**
- Public admin is a promising industry for Bouvet going forward, but there is increasing competition from the larger players
- Business relies heavily on the problems of their clients
  - The needs of clients are difficult to time, but IT needs are definitely going to be present moving forward

Decent Financial Profile

- **Low capital intensity means most cash earned can go straight to shareholders**
- High level of liquidity that substantially covers their debt balance
- ROCE was down Y/Y, mainly due to a large increase in right-of-use assets ,however

Future Outlook

Can BOUVET Sustain its Advantages?

- Due to the long-term business model that Bouvet operates, it is very likely that they would be able to sustain their strong relationships and reputation

Can BOUVET continue to grow?

- Bouvet's ability to grow revolves primarily around their willingness to hire more consultants
- As long as they keep doing that, their capacity, and thus their top-line, will continue to grow

Is BOUVET poised to continue to outperform?

- The stock is currently trading at historically high multiples that are well above the industry norm and its historical average
- It is likely that there will be some multiple contraction in the future, which will make it difficult to outperform

GlobalData.

AIM:DATA

606%

5 Year TSR

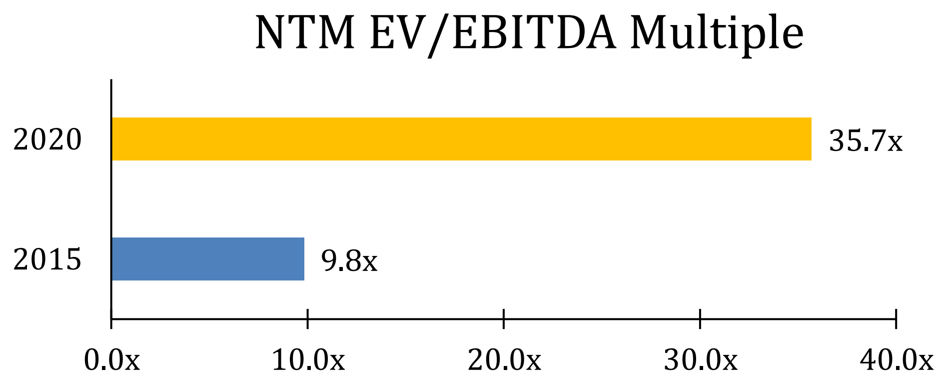
Rank: 42/104

GlobalData Overview

GlobalData Plc, based in London, England, provides proprietary data, analytics, advertising, and insight services in Europe, the United States, and the Asia Pacific.

Statistic	6/8/15	6/8/20
Stock Price	£2.20	£14.50
Market Cap	£167.79M	£1.71B
Enterprise Value	£176.46M	£1.81B
Shares Outstanding	76.27M	117.98M
EV / NTM Revenue	2.36x	9.71x
EV / NTM EBITDA	9.83x	35.69x
P/E	15.93x	47.74x

Statistic	FY 2015	FY 2019
Revenue	£60.5M	£178.2M
EBITDA	£8.7M	£34.4M



GlobalData Business Model

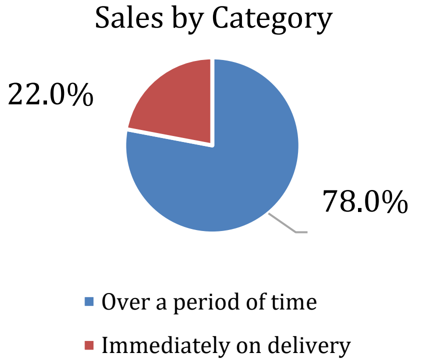
Primary Products

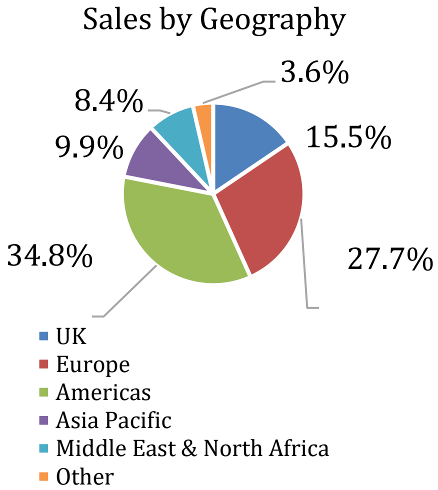
Data, Analytics, & Insight Services	• Proprietary data, analytics, and insights platform • Consulting • Single copy reports • Events

Context

DATA provides high quality proprietary data, analytics, and insights to clients

- Subscription based access to data & analytics platform
- Subscriptions are typically good for 12 months' access and paid for at the beginning of the contract term
- Solutions serve a very wide range of industries, ranging from aerospace to foodservices to medical devices to tourism
- Analytical tools allow the user to identify, sort, retrieve, and analyze data by a range of criteria, helping them maximize their data and furcating services





DATA is a capital light business.

Low Threat
Medium Threat
High Threat

GlobalData Competitive Analysis

Research & Consulting Services

The players in this industry offer professional services, such as research and consulting, to businesses.

Market Structure	Perfect Competition
Market Size	$1.3B[1]
Industry Growth	5.4%[2]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• Barriers to entry in consulting services are less traditional than in product-oriented businesses • Knowledge of data analytics and programming needed • Reputation is important for attracting clients • Proprietary technology is the most common barrier to entry	• Proprietary technology and unique / difficult to replicate platforms • One of DATA's main selling points is its breadth and depth of knowledge across sectors • Strong client relationships • Beginning to implement an "audience-first" approach, which consists of establishing sales teams with specialist expertise in a particular client segment	• Cyber attacks put customer data at risk and would negatively impact DATA reputation & sales • DATA competes in a highly competitive yet fragmented market, so it must constantly adapt and compete for market share	• Social media is increasingly used by businesses for marketing • Increased automation of back-end services • Shift toward virtual firms to reduce costs and increase efficiency

[1]https://my-ibisworld-com.ezproxy.cul.columbia.edu/us/en/industry-specialized/od4753/industry-at-a-glance
[2]https://jsginc.com/2019/08/professional-services-industry-trends-2019-and-beyond/

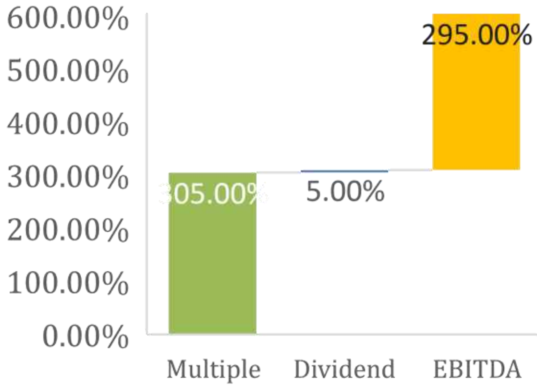
What Investors Missed

The Bear Thesis Five Years Ago:

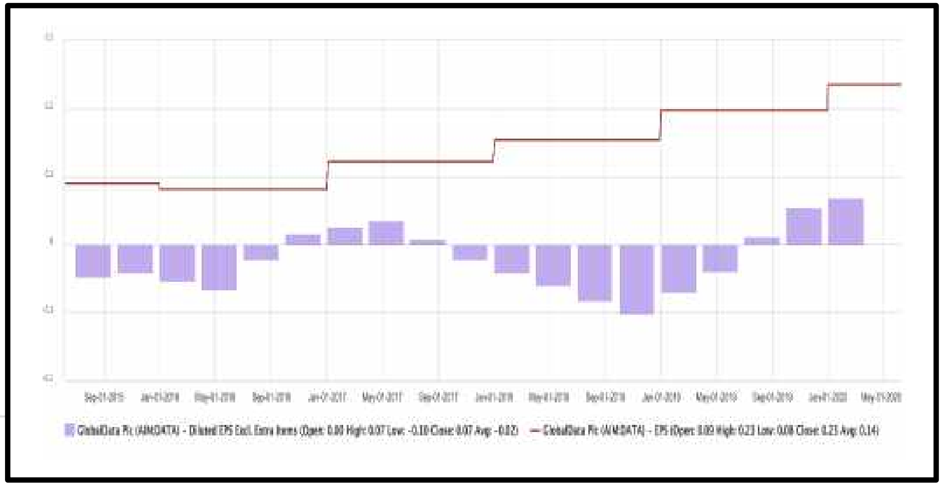
- **In 2015, DATA experienced some significant events including acquisitions and a new business strategy**
  - DATA exited from the more traditional B2B print sector of consulting services to refocus the business
  - Acquisitions of healthcare businesses cemented plan to focus on the consumer, ICT, and healthcare verticals
  - Along with these changes, DATA made changes to its board and senior management including the CEO, creating uncertainty for investors

Why They Were Wrong

Return Breakdown:



Consensus vs Results



The Actual Story of the Last Five Years

Key Acquisitions

- The companies acquired in 2015 were successfully integrated into the company, increasing revenue and geographic reach
- More successful acquisitions in 2017 and 2018, which expanded DATA industry coverage and capabilities
- Acquisitions have helped DATA successfully transition from the print sector to online by adding technologies and expertise

Operational Upgrades

- In addition to acquisitions, the CEO is focused on providing a great user experience to create repeatable organic growth
- Integrated over 150 data assets from different industry verticals into one unified software platform
- Working to create outstanding customer service in order to make long lasting relationships and recurring revenue

Back to List

GlobalData Takeaways

DATA is a Good Business – 4/5

DATA serves a Diverse Customer Base	• Businesses are increasingly seeing the benefits of analyzing data • DATA offers services that add value to their customers across a wide variety of industries • DATA has had success globally
Successful Mix of Strategies	• Over the past 5 years, DATA has made a number of successful acquisitions, that have helped to grow the company quickly • Management has also focused on organic growth and creating a business that customers want to continue working with • This mix of M&A and organic growth have proved very successful for DATA
Strong Financial Profile	• 7% organic growth for FY 2019 • Gross and EBITDA margins of 41.5% and 21.8% respectively • Gross and EBITDA margins are expected to grow over the next three years • Consistent topline growth

Future Outlook

Can DATA Sustain its Advantages?

- Achieving the same breadth and depth of knowledge DATA brings to the table would be difficult
- In addition to DATA's services, they invest a lot of time into building relationships with their customers

Can DATA continue to grow?

- DATA has a clear and proven plan for acquisitions, which will increase their offerings and customer base
- DATA also focusses on achieving organic growth through creating long lasting relationships with customers

Is DATA poised to continue to outperform?

- DATA is expected to trade at an all time high multiple of 38.5x in the NTM, indicating it could be overvalued
- DATA has a clear plan for growth, and there is an increasing demand for their services, which could help continue outperformance

Eckert & Ziegler
Contributing to saving lives

XTRA:EUZ

589%

5 Year TSR

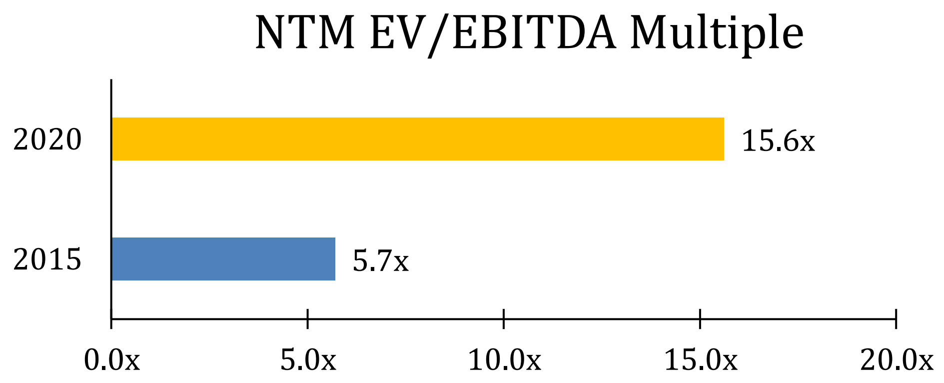
Rank: 43/104

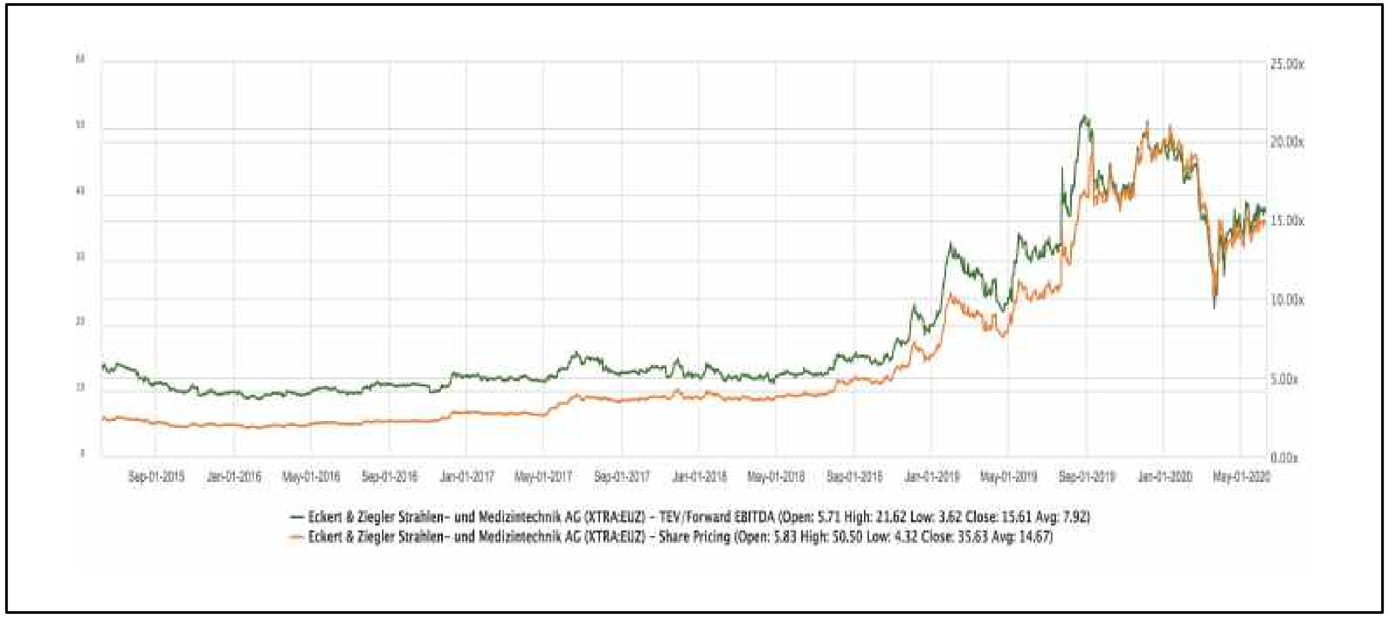
Eckert & Ziegler Strahlen Overview

Eckert & Ziegler Strahlen, headquartered in Berlin, Germany,, provides, through its subsidiaries, isotope technology components for medical, scientific, and industrial use worldwide.

Statistic	6/8/15	6/8/20
Stock Price	€5.83	€35.63
Market Cap	€123.27M	€733.52M
Enterprise Value	€125.48M	€672.79M
Shares Outstanding	21.15M	20.59M
EV / NTM Revenue	0.93x	3.77x
EV / NTM EBITDA	5.71x	15.61x
NTM P/E	13.26x	33.22x

Statistic	FY 2015	FY 2019
Revenue	€139.7M	€178.5M
EBITDA	€17.3M	€39.6M





Eckert & Ziegler Strahlen Business Model

Primary Products

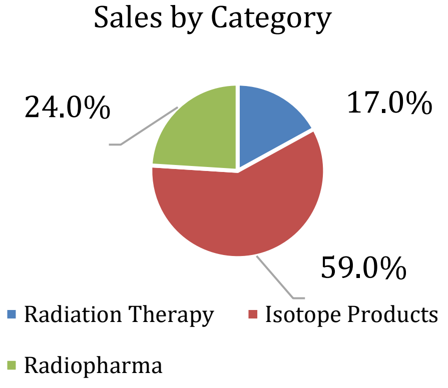
Isotope Products	• Medical segment produces radioactive components for cancer therapy • Industrial segment manufactures radiation sources for industrial gauging and control

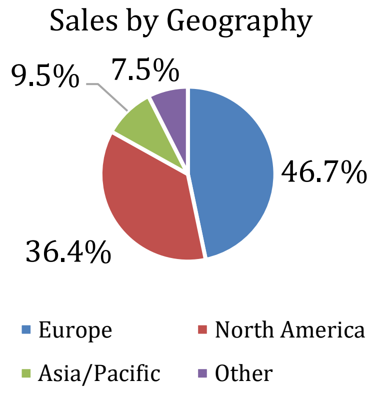
Modular-Lab PharmTracer for research and production of radiopharmaceuticals

Context

EUZ provides isotope technology for medical, scientific, and industrial use

- EUZ operates as a holding company for its subsidiaries and does not conduct its own business
- Subsidiaries focus on isotope applications in cancer therapy, industrial radiometry, and nuclear imaging
- Isotope products, Radiation Therapy, and Radiopharma segments
- Handle and process isotope technology materials in specially equipped and approved production facilities
- Plant engineering and isotope waste management from hospitals





EUZ is a capital intensive business as it manufactures its products

Eckert & Ziegler Strahlen Competitive Analysis

Low Threat
Medium Threat
High Threat

Health Care Equipment

The players in this industry design and manufacture medical products that diagnose, monitor, and treat humans

Market Structure	Monopolistic Competition
Market Size	$45.3B[1]
Industry Growth	LSD[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• Considerable barriers to entry due to very strict regulatory requirements surrounding radioactive materials • Very sophisticated technology that would require massive R&D to replicate	• EUZ has no direct competitors with the same breadth of product range (competitors operate in niches) • Patent protected technology • Diverse portfolio; the technology in each segment is similar, but products vary in lifecycle and customer	• EUZ is exposed to risk in the Brazilian market because their political instability makes currency losses more likely • Radioactive materials and its use in medical products involve liability risks • High customer concentration with 5 customers accounting for 30% of operating revenue • High risk of disposal cost increases and cost increases associated with increased governmental regulations	• Increased regulation and changing policies • Federal funding for healthcare and related programs expected to increase • Increase in terrorist activities could lead to even more stringent regulations on radioactive materials

[1]https://www.ibisworld.com/united-states/market-research-reports/medical-device-manufacturing-industry/

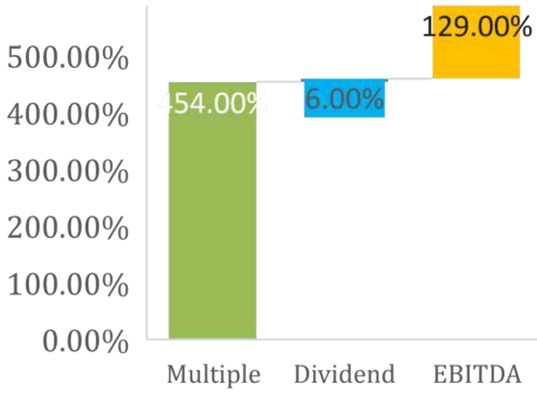
What Investors Missed

The Bear Thesis Five Years Ago:

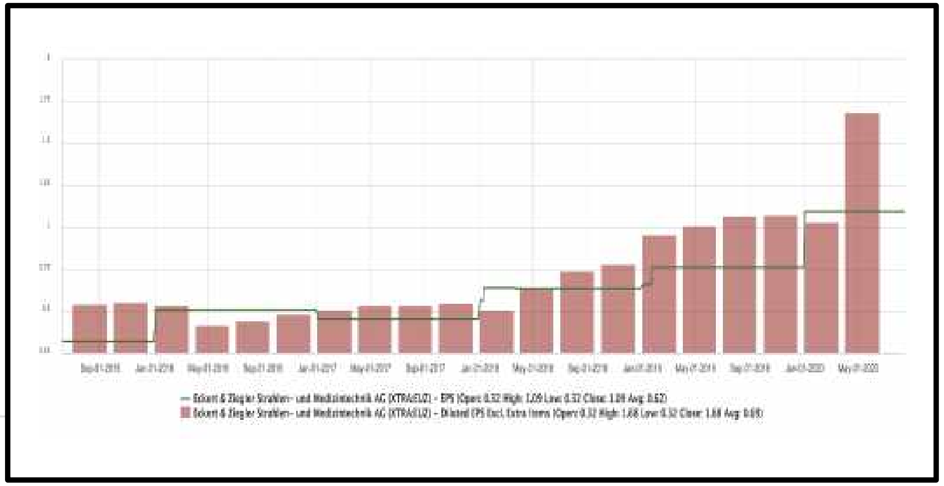
- **In 2015, EUZ was a smaller company with a more limited product portfolio**
    - EUZ products are a somewhat risky investment
    - They are subject to governmental regulations, and being such a small company, they do not have the same type of negotiating power a bigger company would
    - Few products and technologies in their portfolio

Why They Were Wrong

Return Breakdown:



Consensus vs Results



The Actual Story of the Last Five Years

Major Merger & Acquisitions

- The radiation therapy segment of Eckert & Ziegler was managed by Eckert & Ziegler BEBIG SA, but in 2018, the two companies merged and became EUZ as it is today
- EUZ absorbed all of Eckert & Ziegler BEBIG SA technologies and subsidiaries, increasing their market share and expertise
- Radiation Therapy segment now accounts for about 17% of sales
- 2017 acquisition of Gamma-Service Group expanded EUZ's isotope product portfolio to reach new markets
- EUZ has seen 42% increase in sales of products rolled out in the past 5 years, attributing this largely to the companies from Gamma-Service Group acquisition

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Eckert & Ziegler Strahlen Takeaways

EUZ is a Okay Business – 3.5/5

EUZ has a Niche

- Very high barriers to entry for isotope production protect EUZ from competition
- Isotope products are required in medical therapies, so there will always be a demand for them
- Requires very specific expertise to operate as EUZ subsidiaries do

Mostly Inorganic Growth

- Growth is mainly inorganic, with organic revenue growth in 2019 of 3%
- Strong gross profit and EBITDA margins at 48.8% and 22.2% respectively for FY 2019
- Consistent topline growth over the last few years, but mainly due to the Gamma-Service Group acquisition
- Acquisitions seem to be EUZ's most successful avenue for growth

Future Outlook

Can EUZ Sustain its Advantages?

- EUZ operates in a space with very high barriers to entry
- EUZ has patent protected technology
- No direct competitors

Can EUZ continue to grow?

- Mid-term plan focuses on organic growth through product development and entering new geographical markets
- Open to acquisitions should the right kind of company present itself
- Organic growth dependent mainly on product development

Is EUZ poised to continue to outperform?

- Outperformance will depend on ability to continue growing
- Without any direct competitors EUZ should be able to maintain their advantages and continue to acquire new customers
- Still has room for multiple expansion

FEVER-TREE

AIM:FEVR

558%

5 Year TSR

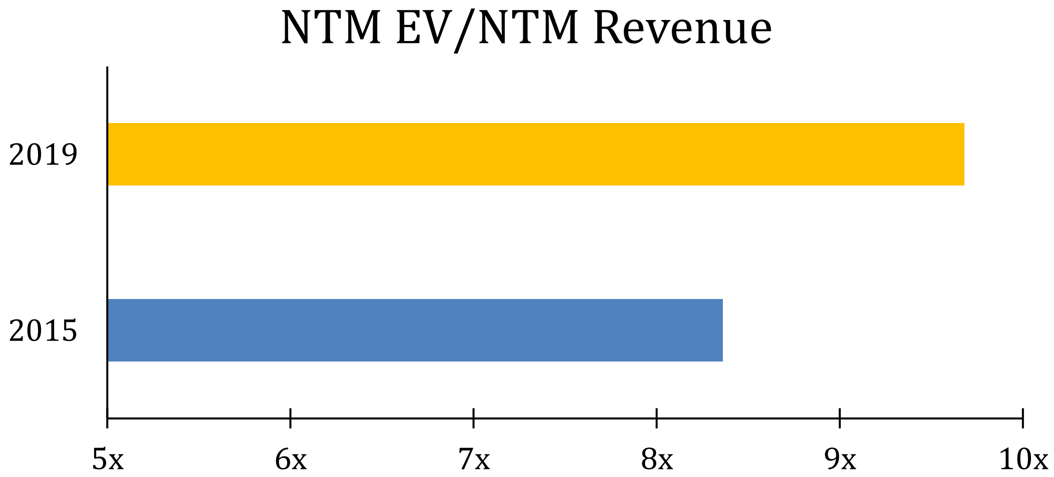
Rank: 44/104

Fever-Tree Overview

Fever-Tree is a producer of premium drink mixers. Based in west London, Fever-Tree makes a variety of products, including tonic water, ginger beer, and lemonade. As of December 2019, their products were exported to 75 countries.

Statistic	06/08/2015	06/08/2020
Stock Price	£2.94	£18.72
Market Cap	£338.52M	£2.17B
Enterprise Value	£335.19M	£2.05B
Shares Outstanding	115.24M	116.13M
EV / NTM Revenue	7.32x	8.59x
EV / NTM EBITDA	25.59x	34.40x
PE	36.00x	49.12x

Statistic	FY 2015	FY 2019
Revenue	59.3M	260.5M
EBITDA	18.1M	74.5M



Fever-Tree Business Model

Primary Product

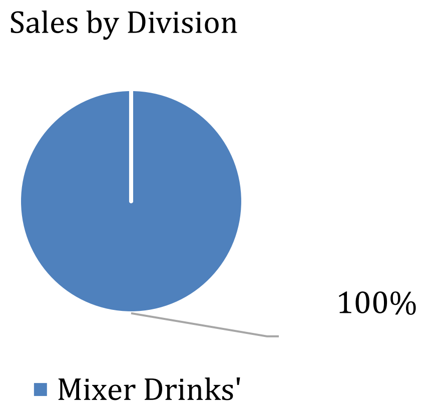
Mixer Drinks	Creates non-alcoholic drinks that are meant to be mixed with alcohol.

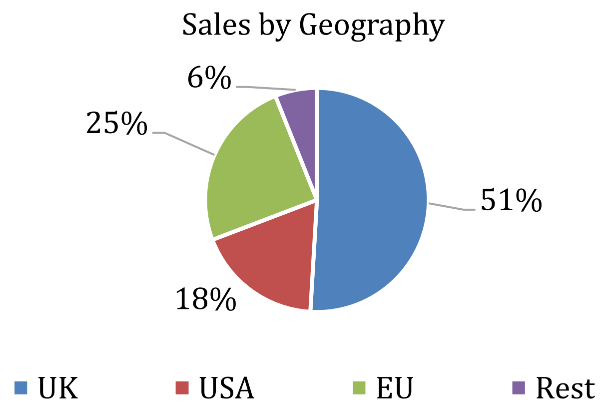
Sample Fever-Tree drinks

Context

FEVR is a premium drink mixer company.

- FEVR aims to create the highest quality drink mixers.
    - Sources ingredients from all over the world.
    - “No compromise” on quality approach.
- A focus on marketing and branding with strong promotional videos and materials.
    - Key business aspects such as bottling, order fulfilment, and distribution are outsourced – FEVR has low maintenance capex.





FEVR’s outsourced model makes them a capital light business.

Low Threat
Medium Threat
High Threat

Fever-Tree Competitive Analysis

Premium Soft Drinks and Mixers

Market that encompasses premium soft drinks and premium mixers in both the on-trade and off-trade segments.

Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

Market Structure: Oligopoly
Market Size: £517M[1]
Industry Growth: MSD[1]
• FEVR has the largest share of the off-trade mixer market in the UK at 39% (2nd place Schweppes at 31%).
• Schweppes is main competitor in the tonic water segment with strong market share in most markets around the world.
	• Relationships with distributors and end-users (in both off-trade and on-trade) are paramount.
	• Sourcing high-quality ingredients means relationships with suppliers is key.
	• Brand awareness and customer loyalty.
		• Brand and reputation increases demand.
		• Product quality – developing and tweaking the recipe takes time.
		• FEVR has pricing power given their perceived quality – enabling consistent >50% gross profit margins.
		• Scale = lower ingredient costs.
			• Trends can change rapidly, and new competitors can enter.
			• Tariffs and other export/import restrictions; FX risk.
			• Ingredients sourcing (since FEVR sources from politically unstable regions, such as the DRC)
			• Commodity pricing changes.
			• Cyclical industry.
				• **Premium mixing drinks have become more popular:**
				  • **The size of the premium market increased by 81.3% in the UK from April 2018-2019.**
				  • Popularity in part due to general trend towards premium products.

1. UK Only ; https://www.fentimans.com/resource/marketreport2019.pdf

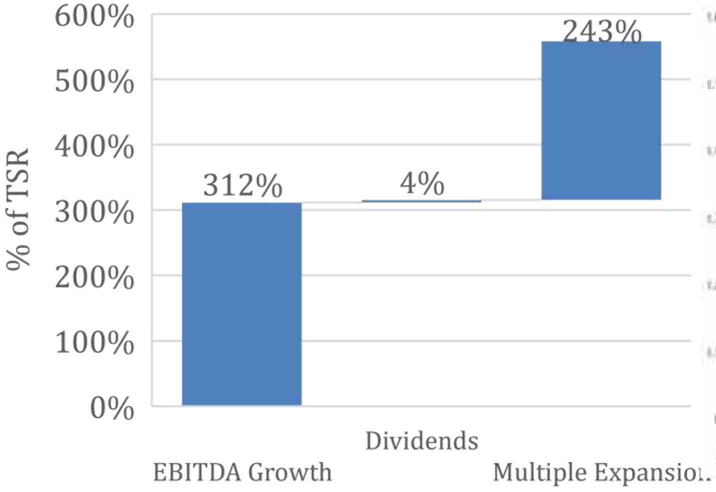
What Investors Missed

The Bear Thesis Five Years Ago:

- FEVR's marketing is overrated; major players, like Pepsi and Coca Cola, will eventually outcompete them.
- Historical sales growth is because of trends towards premium mixers which is a fad – not a long term trend.
- The high margins and outsourced model is not sustainable.

Why They Were Wrong

Return Breakdown:



Consensus vs Results

The Actual Story of the Last Five Years

Top quality marketing, perception, and reception.

- **FEVR has great marketing:** escapes rooms at London Cocktail week, launching a book, a cinematic "about us" video, etc.
- **Critical reception and perception:** 6 years straight as Top Trending tonic water as rated by Drinks International.
- FEVR is now larger than Schweppes in the UK; **Pepsi and Coca-Cola overestimated the power of their existing brands and did not adapt their brands and products to cater to the premium segment.**

Premium Mixer Segment has grown, and so has FEVR

- Trends towards premium products across all categories – which catalyzed growth in premium mixer market.
- Global premium mixer segment up 33% from 2018-2019 to £517M.
- **FEVR's revenue grown at a CAGR of 34.4% from FY2015 to FY2019.**

Margins were defensible

- Despite FX exposure and fluctuations, EBITDA margins remained steady at ≈30%.
- FEVR's brand and pricing power enabled them to maintain >50% gross margins.
- Largest bottler owns 4% of company which underscores their long-term commitment.

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Fever-Tree Takeaways

Fever-Tree is a Solid Business– 3/5

FEVR has the strongest brand in the industry

- **FEVR is the No.1 global premium mixer brand.**
- Strong marketing efforts and reception have bolstered FEVR's brand globally.
- But barriers to entry are not that high: major companies, like Coca Cola, could start a premium mixer brand, and management has noted that they "are seeing mixer brands pop up all around the world."[1]

FEVR's strategy has worked so far

- **The outsourced model has kept margins high (28.6% EBITDA margin) and costs low (maintenance capex ≈1% of sales).**
- Marketing has led to strong growth in the UK, and in various markets around the world.
- FEVR has been credited with educating consumers on the importance of quality mixers," essentially growing the premium mixer segment and then capturing the growth with their products. [2]

FEVR's market position and growth is under attack

- Schweppes has increased their marketing efforts.
- New brands are entering the market all over the world, which can chip away at FEVR's share in niche markets.
- Economic growth is slowing.
- **FEVR is a solid business with a strong brand and great product, but its growth is under threat from macro threats and new competitors.**

Future Outlook

Can FEVR Sustain its Market Position?

- FEVR's brand is the strongest in the premium mixer segment.
- FEVR is getting squeezed on both ends: new competitors threaten FEVR's premium appeal, and major competitors, like Schweppes, can undercut FEVR from below.

Can FEVR continue to grow faster than the industry?

- **FEVR's strong marketing has enabled to grow rapidly in the UK, and in different markets.**
- FEVR's top-quality products and reception has undergirded this growth as well.
- Now that FEVR has essentially proven that the premium mixer industry is lasting and robust, competitors are entering to chip away at FEVR's share in different markets and segments.

Is FEVR poised to continue to outperform the market?

- **Macrotrends are not in FEVR's favor:** the premium mixer market is slowing down as people buy less premium products due to a worsening economy.
- New competitors threaten FEVR at both ends of the market, in different drinks, and in different geographies.
    - Threat evidenced by slowing topline growth: just 9.7% growth from FY2018 to FY2019, and anticipated contraction for FY2020.
- **FEVR needs a better growth runway to justify its multiple.**

1. https://www.theguardian.com/business/2019/nov/20/fever-tree-mixes-revenue-warning-with-us-expansion-cheer-tonic-water-uk-sales
2. https://www.fentimans.com/resource/marketreport2019.pdf

NASDAQGS:QDEL

572%

5 Year TSR

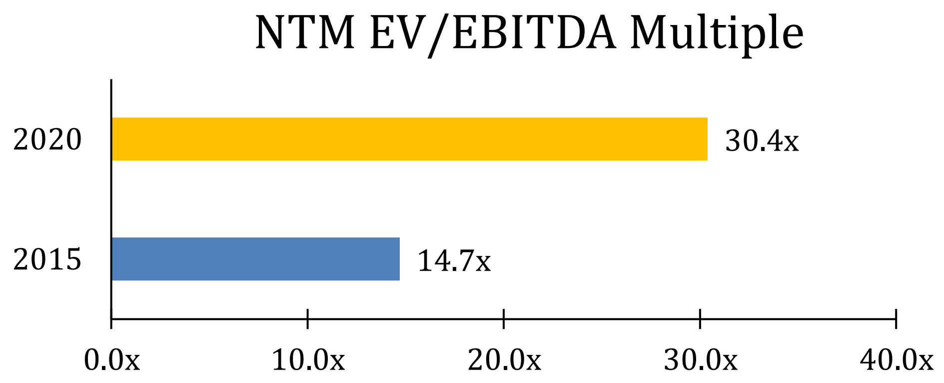
Rank: 45/104

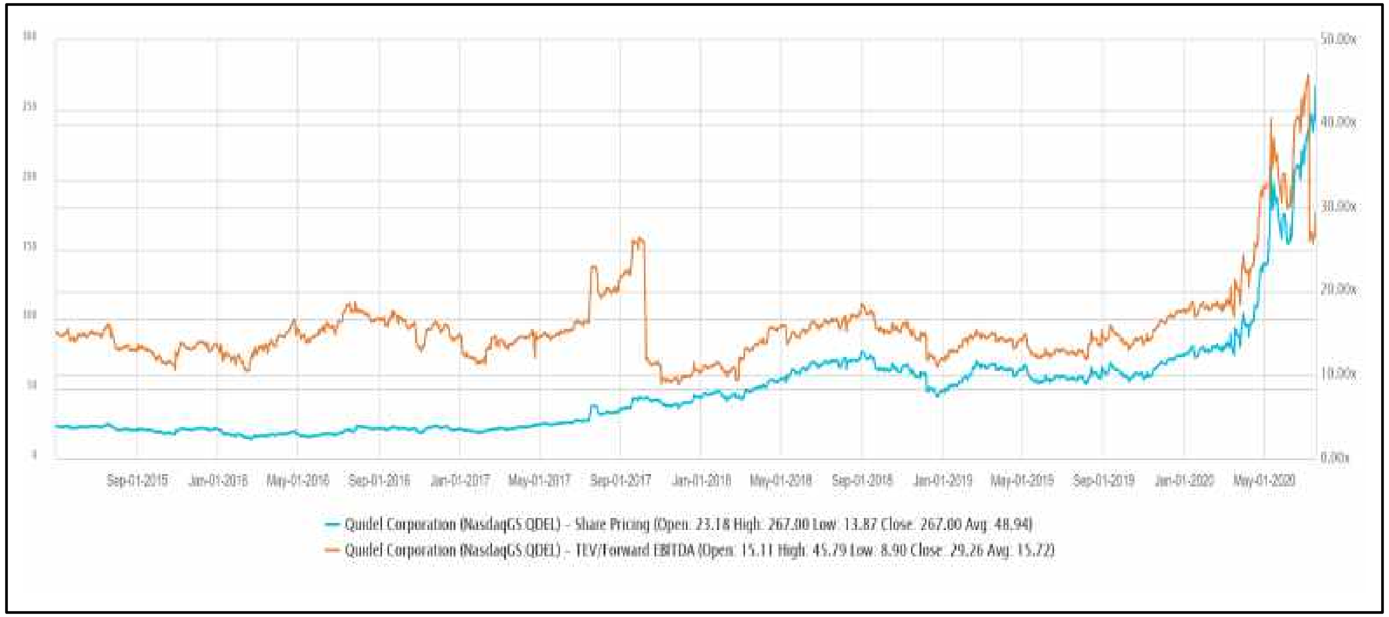
Quidel Overview

Quidel is a leader in the development, manufacturing, and marketing of rapid diagnostic testing solutions based in San Diego, CA.

Statistic	6/8/15	6/8/20
Stock Price	$22.63	$156.32
Market Cap	$780.58M	$6.57B
Enterprise Value	$695.43M	$6.57B
Shares Outstanding	35.74M	43.40M
EV / NTM Revenue	3.34x	6.29x
EV / NTM EBITDA	14.71x	30.39x
NTM P/E	50.98x	17.83x

Statistic	FY 2015	FY 2019
Revenue	194.03M	534.89M
EBITDA	27.34M	156.84M





Quidel Business Model

Primary Products

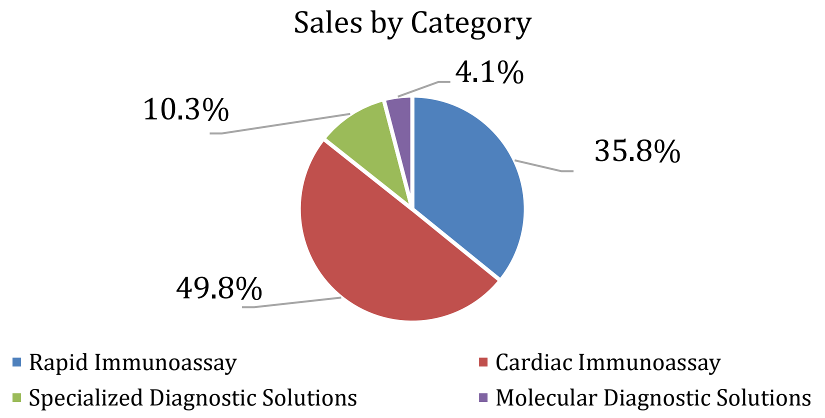
Diagnostic Testing Solutions	• Tests used to detect disease or monitoring its progression

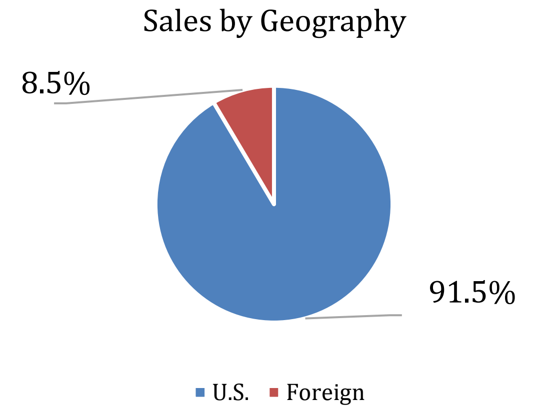
Quidel's ground-breaking COVID-19 test

Context

QDEL provides testing for a wide variety of diseases

- QDEL's products address issues such as infectious diseases, cardiology, thyroid, women's and general health, eye health, gastrointestinal diseases, and toxicology
- Manufacturing is done in house at 3 locations in the U.S.
- Customers for these tests are primarily centralized laboratories and decentralized point-of-care (POC) settings





QDEL is a capital intensive business due to the research and development and manufacturing costs

Quidel Competitive Analysis

- Low Threat
- Medium Threat
- High Threat

Medical Laboratories

The players in this industry offer tests that provide information to healthcare professionals about the severity, onset and reason of patients' physical ailments

Market Structure	Pure Competition
Market Size	$265B[1]
Industry Growth	MSD[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• It is a highly regulated business, and the larger players likely have better systems in place to work with the government • High research and development costs are present as well • Patents are more difficult to get if you do not have the same amount of resources as larger players	• Specialization of products relative to big competitors' broader selection • Ownership of specific patents and IP that are critical to their business	• Products and processes are subject to government regulation, principally by the FDA and other corresponding state and government agencies • Distributor concentration is a prevalent, as 3 distributors accounted for 46% of total revenue if FY19 • Inability to execute their business strategy due to patents owned by other parties	• Healthcare decentralization • Payment models are becoming more outcome-based

[1]https://www.gminsights.com/industry-analysis/clinical-laboratory-services-market

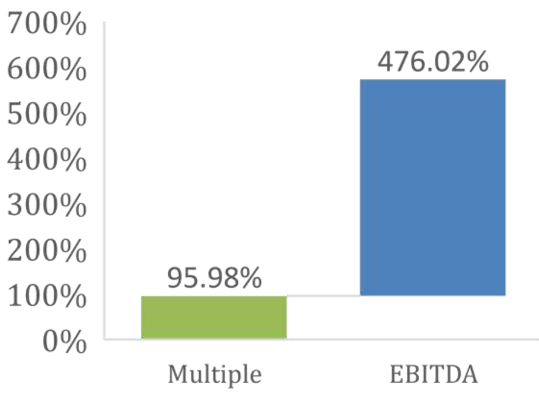
What Investors Missed

The Bear Thesis Five Years Ago:

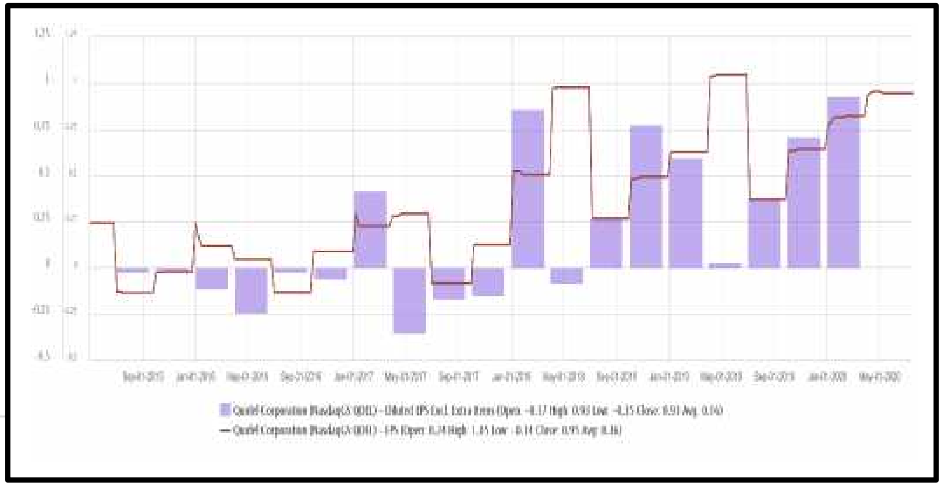
- **QDEL was generating a low ROCE (3%) and there was a weak relationship between revenue and net income, calling into question the real value of the potential growth**
- There was also a fear that the company was extremely overvalued, as multiples were too high
  - Given the uncertainty of the industry, there was little value to be gained as the speculation of tremendous growth had already been priced in

Why They Were Wrong

Return Breakdown:



Consensus vs Results



The Actual Story of the Last Five Years

Key Acquisitions

- In 2017, QDEL acquired 2 businesses, Triage and BNP, at a discount from Alere
  - Alere was being acquired by Abbott and had to divest the 2 business units
- **These acquisitions provided QDEL with revenue stabilization, diversification, and complementary customer bases in a high growth sector and have doubled revenues in 2018**

QDEL produced the first FDA approved COVID-19 antigen test

- **In May 2020, QDEL became the first company to receive emergency use authorization (EUA) from the FDA**
- The test, Sofia 2 SARS Antigen FIA POC test, can provide positive results in 15 minutes
  - This test is also easier to use and more economically efficient that prior testing processes

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Quidel Takeaways

QDEL is a Good Business – 4/5

QDEL Operates in an Extremely Competitive Industry	• There is a lot of risk in this industry as many players are fighting for the same patents • It is possible, however, that QDEL comes out the pandemic with more market share in its other products due to the familiarity with their COVID tests
Promising Future	• The CEO recently purchased over $800,000 worth of shares on the open market • Recently partnered with The Biomedical Advanced Research and Development Authority (BARDA) to develop a test that detects COVID-19 as well as two other respiratory diseases • High growth even before COVID suggests that the pandemic was just a jumpstart for the inevitable growth in the stock price
Strong Financial Profile	• QDEL carries a high cash balance and has very little debt, which puts the company in a position to make another accretive acquisition if the opportunity arises • Gross, EBITDA, and profit margins of 60%, 29%, and 14% respectively • Pre-acquisition legacy revenues have grown at a CAGR of 8% over the past 5 years

Future Outlook

Can QDEL Sustain its Advantages?

- As QDEL's patents expire and its larger competitors are able to produce a higher quality, more cost efficient product, QDEL's advantages will be gone

Can QDEL continue to grow?

- QDEL had to rapidly expand their production capabilities due to COVID, so they are in a good position to use those capabilities to capitalize on the upcoming flu season
- In 2021, QDEL is planning to launch a new platform, Savannah, intended to be its next flagship product as well

Is QDEL poised to continue to outperform?

- Most of the TSR came from EBITDA growth, suggesting that as long as revenue keeps growing at the rate it has been, the price will grow at similar rates as well, because multiple compression would not be very likely to happen

NasdaqGS:EXEL

568%

5 Year TSR

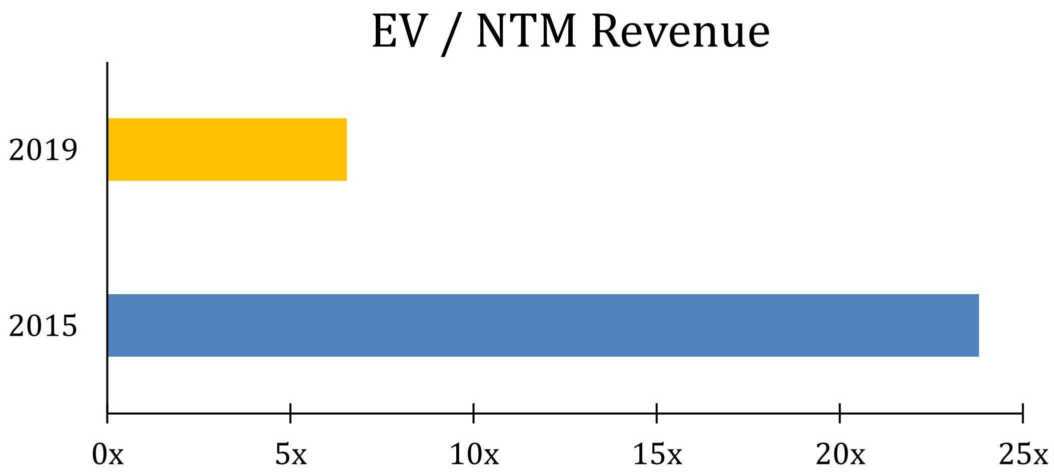
Rank: 46/104

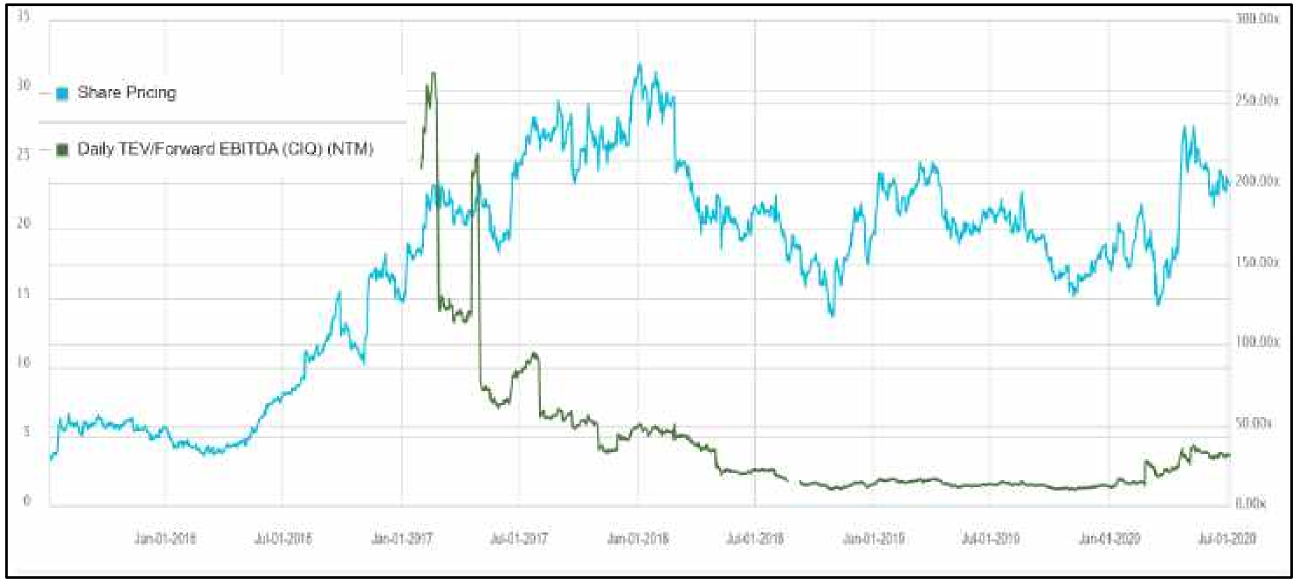
Exelixis Overview

Exelixis, Inc. is a genomics-based drug discovery company and the producer of cabozantinib (cabo), a treatment for various cancers approved by the U.S. Food and Drug Administration (FDA).

Statistic	06/08/2015	06/08/2020
Stock Price	$3.45	$23.13
Market Cap	$676.29M	$7.09B
Enterprise Value	$937.48M	$6.19B
Shares Outstanding	196.03M	306.66M
EV / NTM Revenue	23.80x	6.54x
EV / NTM EBITDA	NA	30.99x
PE	NA	47.89x

Statistic	FY 2015	FY 2019
Revenue	37.2M	967.8M
EBITDA	(117.8M)	379.1M





Exelixis Business Model

Primary Product

Cancer Treatments	Discovery, development, and commercialization of cancer medicines. Flagship molecule is cabozantinib (cabo), which is used to treat kidney and liver cancer.

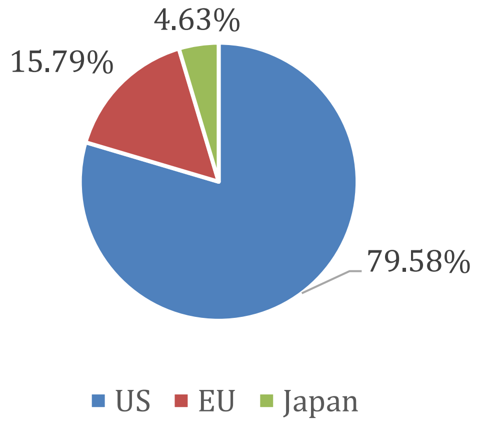
EXEL's two cabozantinib products:
caboMETYX and COMETRIQ

Context

EXEL is a cancer treatment company.

- EXEL researches and develops potential treatments for cancer.
- Since 2010, EXEL has been "all-in" on cabo.
- Cabo has been approved to treat two difficult to treat cancers: RCC (a type of kidney cancer) and liver cancer.
- Cabo now approved in 52 countries and EXEL makes money through licensing the drug and by selling it directly.
- Success of cabo has enabled EXEL to begin researching new drugs again, while continuing to search for new uses for cabo.

Sales by Geography



EXEL is a medium capital intensity business because of the capital requirement to develop / test drugs.

Exelixis Competitive Analysis

Low Threat
Medium Threat
High Threat

Global Cancer Therapies Industry

Participants discover, develop, and produce therapies for cancer patients around the world.

Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

Market Structure: Oligopoly / Monopolistic Competition
Market Size: ≈$98.9B[1]
Industry Growth: HSD[1]
• For some cancers where the standard of care treatment is owned by one company, the industry is consolidated, but often there are many competing drugs.
• NA is the largest market.
• For the cancers that EXEL's cabo product treats, cabo is / is becoming the standard of care.
	• High start-up costs to research and create a new drug.
	• Regulatory requirements: need FDA approval which takes years.
	  • Need different approvals internationally.
	• High human capital requirements.
	• Element of luck in finding new drugs.
		• Clinical research justifying effectiveness.
		• Product is known / understood by doctors.
			• Regulatory changes.
			• New treatment renders cabo obsolete.
			• Major issue with cabo treatment uncovered.
				• Cabo has been approved for treating RCC (kidney cancer) following the METEOR trial.
				  • Also approved for liver cancer.
				• Cancer treatment trending towards targeted therapies.

1. https://www.alliedmarketresearch.com/cancer-therapeutics-biotherapeutic-market#:~:text=The%20global%20cancer%20therapeutics%20market,oncology%20drugs%20to%20treat%20cancer

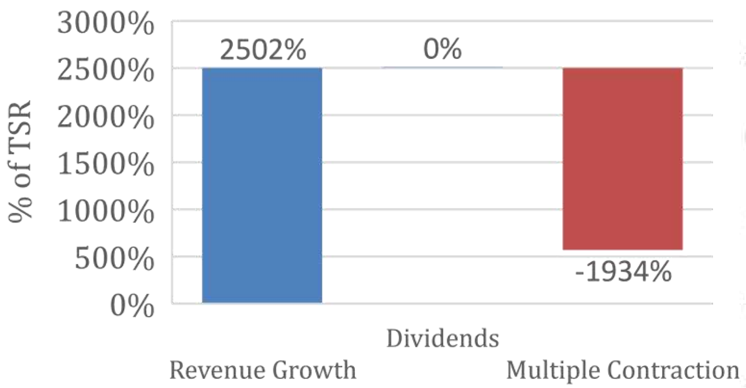
What Investors Missed

The Bear Thesis Four Years Ago:

- Cabo is not a great drug and EXEL made a mistake betting its entire hand on its success.
    - The METEOR trial will not yield good results.
    - Cabo has never been successful in a large scale trial.
    - If the drug fails, EXEL essentially has nothing left.
- EXEL has a high cash burn and unsustainable debt.
    - No major revenue source to support R&D expenses and to service debt.
- EXEL will not be acquired, and the shares are unjustifiably pricing in that possibility.

Why They Were Wrong

Return Breakdown:



Consensus vs Results

The Actual Story of the Last Five Years

Cabo became a success

- Strong study results from METEOR and caboSUN trials.
- Cabometyx treatment approved in 2016.
    - Approved as first line treatment in 2017.
    - Secured agreement with Ipsen Pharma which sells drug outside of NA and Japan.
- Represents 98% of revenue; revenue grown from 37M in FY2015 to 968M in FY2019.

Debt was paid down and cash flow became positive

- Success of cabo drugs enabled EXEL to reduce its debt from 417.9M in FY2015 to 50.7M in FY2019.
- Cash balance of 954.4M in March 2020; positive cash flow from operations.

EXEL was not acquired

- EXEL was not acquired by Roche but that did not impede EXEL's other accomplishments.

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Exelixis Takeaways

EXEL is a Strong Business- 4/5

EXEL made the right call on cabo, and now has a moat

- **High barriers to entry due to start-up capital, regulatory burdens, and element of luck required to develop new drugs.**
- Decision to go "all-in" on cabo paid off, given strong test results.

EXEL has benefited from its breakthrough

- EXEL's flagship cabo product cabometyx used to treat two cancers: RCC and HCC.
- Drug is approved as a first-line treatment and is already or becoming the standard of care for the cancers it treats.
- Sold across US and around the world through partnership with Ipsen.
- Revenue up to nearly 1B, 98% of which is cabometyx.

EXEL has a potential runway for future growth

- Now that EXEl has cash flow again, it has begun investing in research looking at new ways cabo can be used and at new drugs altogether.
- Nine ongoing potential label-enabling trials, and three 3 three trials to test cabo for new uses.

Future Outlook

Can EXEL Sustain its Market Position?

- EXEL's moat is strong.:
  - High startup costs
  - Regulatory burdens
  - Luck / time required to find new drugs.
- EXEL's treatments are becoming the standard of care.

Can EXEL continue to grow faster than the industry?

- If new studies show continue to show positive results, EXEL will outperform.
  - Cash on balance sheet enables EXEL to continue these tests.
- No guarantee new tests will be successful; pharmaceutical companies can fizzle out after failing to replicate past success.

Is EXEL poised to continue to outperform the market?

- Continued outperformance similarly relies on results of new tests, and whether they expand EXEL's TAM.
- EXEL trades at roughly 25x earnings, implying a valuation in line with the market – EXEL does not need to vastly outperform general expectations to outperform the market.
  - If EXEL's drugs become standard of care for currently approved diseases, it may be enough to outperform on that basis alone.
- No guarantees for new test results.

NasdaqCM:BLFS

560%

5 Year TSR

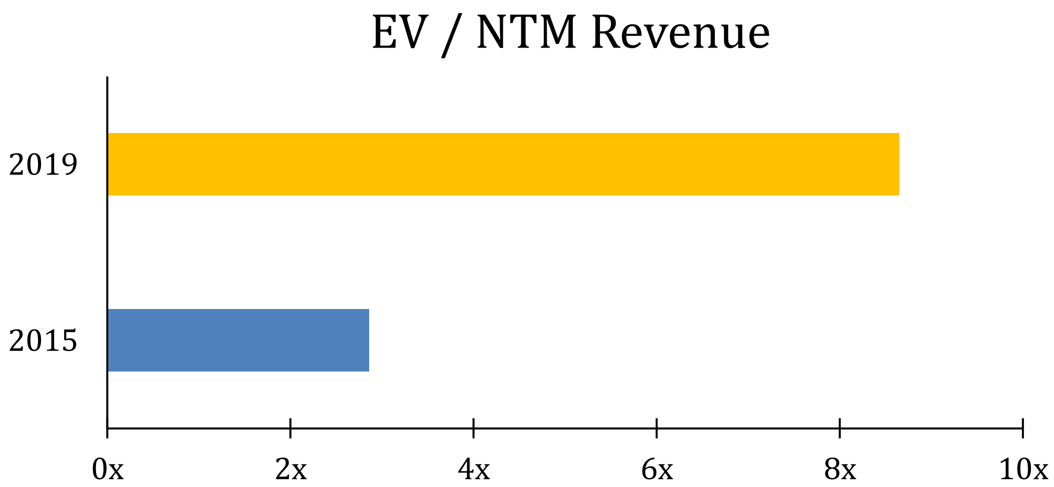
Rank: 47/104

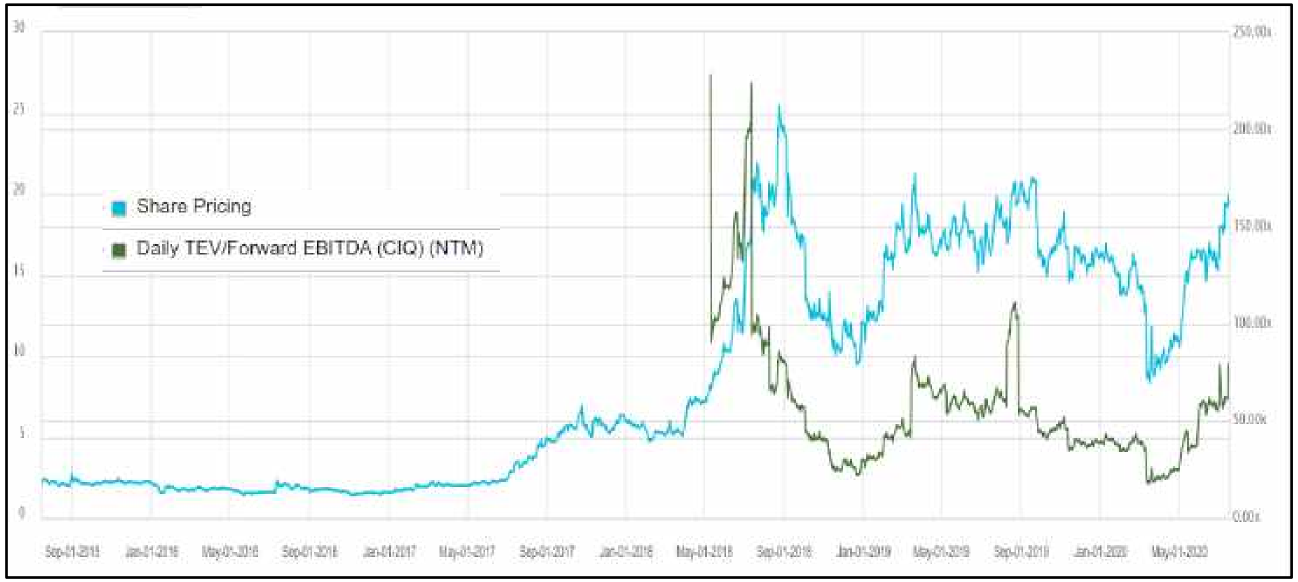
BioLife Solutions Overview

BLFS develops, manufactures, and markets bioproduction tools to the cell and gene therapy (regenerative medicine) industry, which are designed to improve quality and derisk biologic manufacturing and delivery.

Statistic	06/08/2015	06/08/2020
Stock Price	$2.22	$16.16
Market Cap	$26.98M	$420.05M
Enterprise Value	$20.42M	$414.82M
Shares Outstanding	12.15M	25.99M
EV / NTM Revenue	2.86x	8.65x
EV / NTM EBITDA	NA	58.75x
PE	NA	298.06x

Statistic	FY 2015	FY 2019
Revenue	6.45M	27.37M
EBITDA	(4.67M)	2.86M





BioLife Solutions Business Model

Primary Product

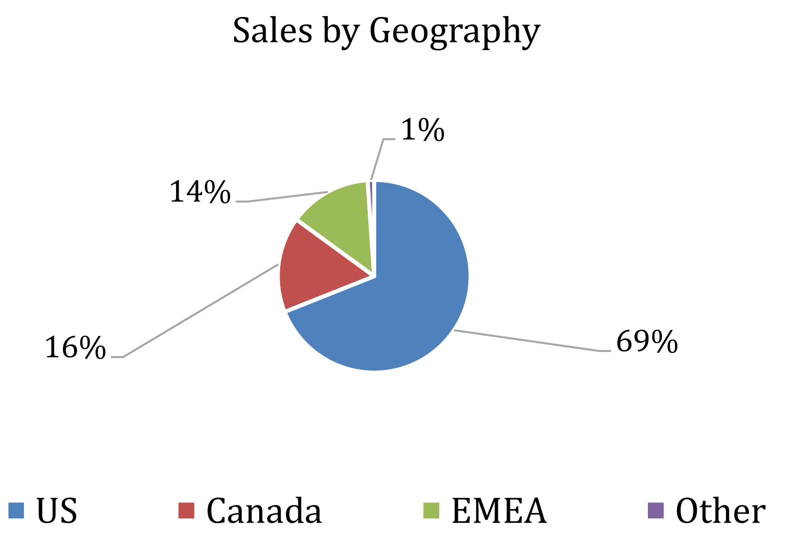
Bioproduction tools	Various bioproduction tools that support several steps in the biological manufacturing and delivery process.

BLFS' products

Context

BLFS makes bioproduction tools for cell and gene therapy.

- BLFS has four product lines: biopreservation media, automated thawing devices, smart "cloud" shipping containers, and freezer storage.
- BLFS's products aim to improve quality and de-risk cell and gene therapy.
    - Help customers commercialize new biologic-based therapies.



BLFS is a medium capital intensity business.

BioLife Solutions Competitive Analysis

Low Threat
Medium Threat
High Threat

Cell and Gene Therapy Industry

Participants develop cell and gene therapies and related products.

Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

Market Structure: Monopolistic Competition
Market Size: 1B[1]
Industry Growth: > 10%[1]
• Fast growing industry:
  • 1000 ongoing trials.
  • 9.8B in financing.
  • FDA predicts 5-10 new therapies will be approved annually.
• BioLife is currently trusted supplier but industry is young and there are many emerging competitors.
	• Start-up capital required to develop new products.
	• Technical expertise.
	• Regulatory approvals.
	• Industry is young and there is likely to be new innovations / technological changes as industry matures.
	  • Underscored by level of financing flowing into industry.
		• Reputation and brand.
		• Quality of products.
		• Relationships with customers.
			• New competitor enters.
			  • Or competitor acquired by major company.
			• Technological change.
				• Promise of curing rather than ameliorating symptoms has catalyzed large inflow of investment and many new drugs being tested by companies, universities, and non-profits.

1. https://www2.deloitte.com/us/en/pages/life-sciences-and-health-care/articles/challenges-in-the-emerging-cell-therapy-industry.html

What Investors Missed

The Bear Thesis Five Years Ago:

- Negative EBITDA and consistent cash burn.
  - And the company had to raise equity in FY2014 just to survive.
- Skepticism over whether the regenerative medicine market will grow like management thinks.
  - And management’s plan to do contract manufacturing is not great since BLFS has already lost one of their major customers in the space and margins are lower.
- BLFS lacks focus: the biologistex Joint Venture is burning cash, and unrelated to the core business.

Why They Were Wrong

The Actual Story of the Last Five Years

Cash flow positive

- Raised new equity each year from FY2015 to FY2020.
- Cash flow positive since FY2017 and EBITDA positive since FY2018.

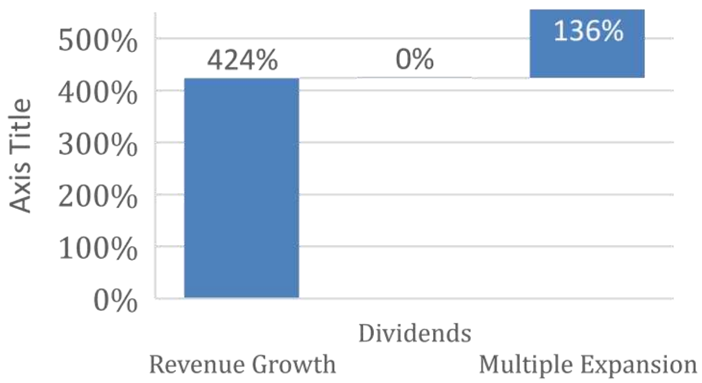
Regenerative market did grow

- Market trends in regenerative medicine industry advantageous to BLFS:
  - 1000 companies in space in 2019 and 10B invested.
  - Reimbursement based on patient outcomes (makes buying premium media from BLFS more attractive).
- Regenerative medicine customers grown to a majority of revenue (56% of revenue in FY2018).
  - Enabled revenue to grow to 33M in FY2020 from 6.5M in FY2015.
  - Helped expand gross margins from 27.5% in FY2015 to 55.6% in FY2020.
- BLFS ceased contract manufacturing as core business begin to contribute.

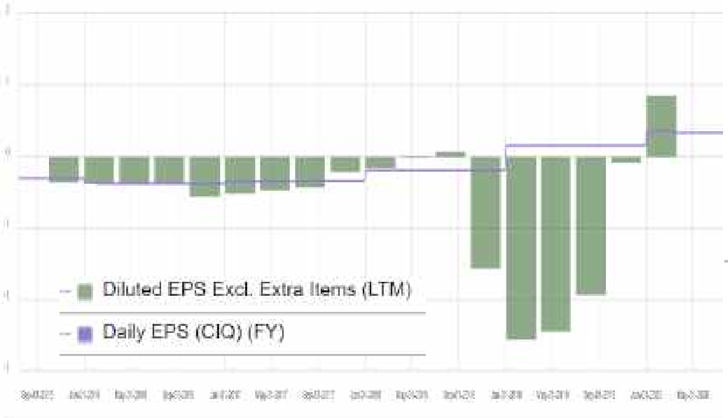
Acquisitions panned out

- Acquisitions share common theme of lowering risk in developing and manufacturing biologic therapies.
- JV bought out in FY2019 and is cashflow positive.

Return Breakdown:



EPS Results



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BioLife Solutions Takeaways

BLFS is a Strong Business- 4/5

BLFS identified an opportunity

- BLFS maintained sufficient liquidity by raising equity and doing contract manufacturing.
- BLFS saw the opportunity in regenerative medicine and invested to position itself to capture the industry growth.

BLFS has capitalized on the industry growth and trends

- BLFS's high quality products enabled it to capture market share as regenerative medicine industry grew.
  - Changes in reimbursement undergirded this growth, as it made it more logical for companies to invest in higher quality products like those offered by BLFS.
- BLFS made continual investments in adjacent niches, such as shipping containers specialized for regenerative medicine.

BLFS has a runway for growth

- The industry is very young, and with the large influx of investment, competitive dynamics may change.
- But as of now, BLFS has the best biopreservation for regenerative medicine which should enable the company to capture industry growth as more studies are done.
  - If drugs are brought to market, BLFS stands to benefit as well given the potential scale of production.

Future Outlook

Can BLFS Sustain its Market Position?

- There are barriers to entry:
  - Start-up capital.
  - Regulations.
  - Technical expertise required.
- Industry very young and minimal investment until recently, dynamics could change given amount of investment.

Can BLFS continue to grow faster than the industry?

- BLFS is poised to grow faster than the industry given that their products are top-end, which make more sense for customers given reimbursement changes.

Is BLFS poised to continue to outperform the market?

- BLFS has a strong product and market position in an industry that is poised to grow - quickly.
- BLFS's strategy and acquisitions have worked so far.
- At nearly 60x NTM EBITDA any issue could cause BLFS's multiple to contract, and given the level of investment and potential innovation, I think that it is likely.

NASDAQGS:MRCY

541%

5 Year TSR

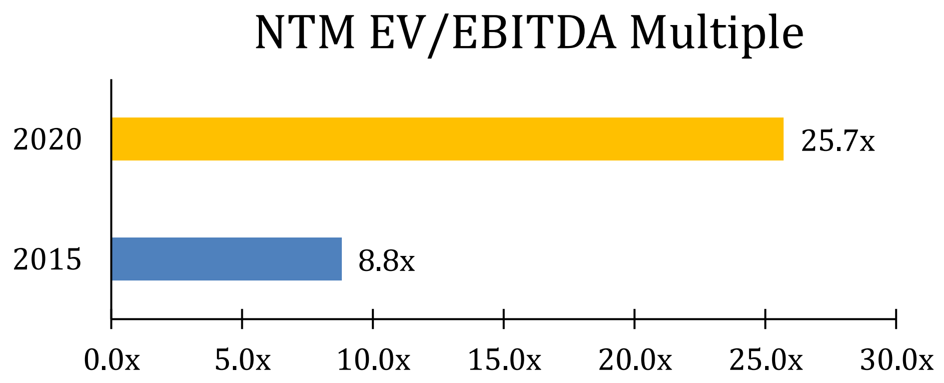
Rank: 48/104

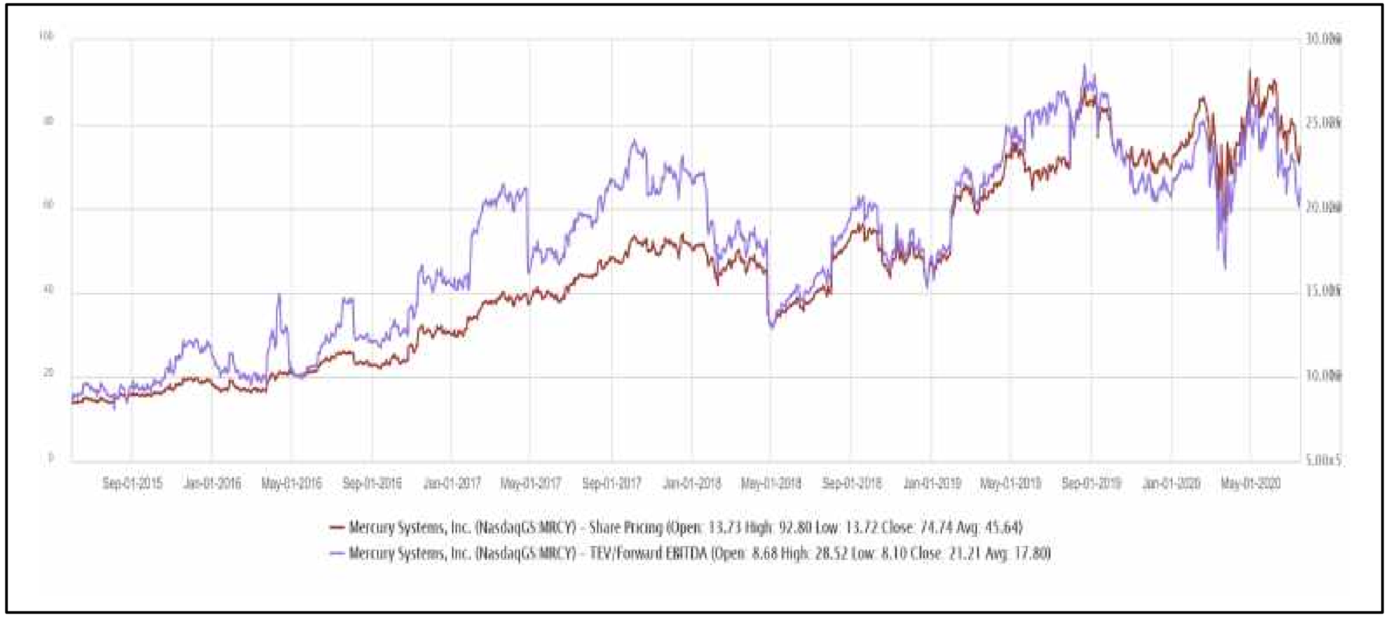
Mercury Systems Overview

Mercury Systems is a leading commercial provider of secure sensor and safety-critical mission processing systems for aerospace and defense companies and is based in Andover, MA.

Statistic	6/8/15	6/8/20
Stock Price	$13.94	$89.65
Market Cap	$476.72M	$4.98B
Enterprise Value	$410.20M	$4.85B
Shares Outstanding	33.23M	55.13M
EV / NTM Revenue	1.68x	5.71x
EV / NTM EBITDA	8.84x	25.74x
NTM P/E	33.93x	39.20x

Statistic	FY 2015	FY 2019
Revenue	242.52M	722.82M
EBITDA	40.43M	134.30M





Mercury Systems Business Model

Primary Products

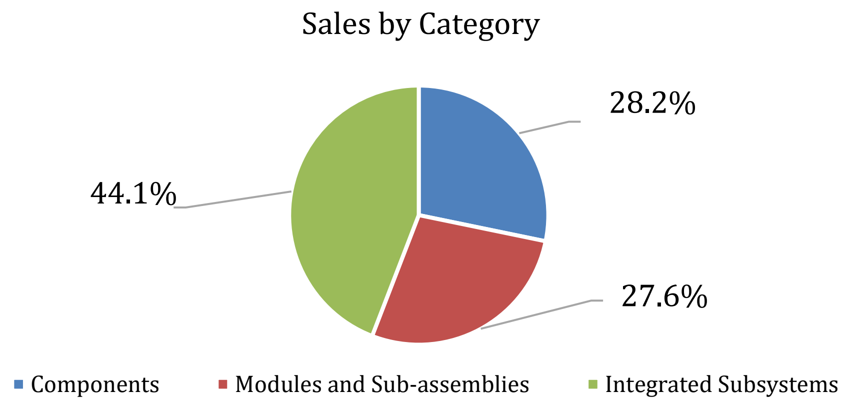
Components	• Elements that perform a single, discrete technological function
Modules and Subassemblies	• Combinations of multiple components that work together to performs multiple functions
Integrated Subsystems	• Multiple modules and/or subassemblies combined with a backplane and software

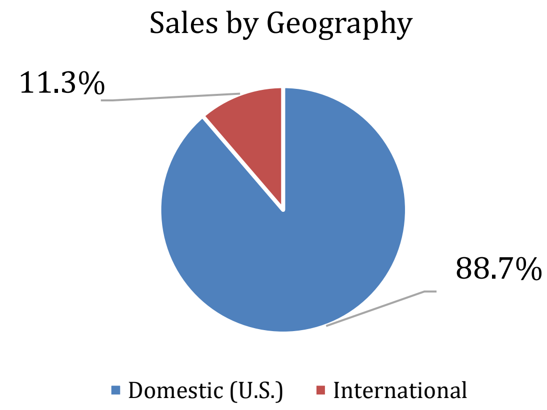
Examples of Mercury RF & Microwave Products

Context

MRCY operates at the intersection of high-tech and defense

- Builds very sophisticated computer software systems that go onboard military platforms
- Customers are primarily the major defense prime contractors
    - Serve their increased outsourcing needs on the most important programs and platforms
    - Outsourcing allows larger companies to accomplish goals more quickly and more affordably
- Focused for the longest time on sensor and effector mission systems market despite now having over 300 programs





MRCY is a capital intensive business manufacturing is done in house

Low Threat
Medium Threat
High Threat

Mercury Systems Competitive Analysis

Aerospace and Defense Materials

The players in this industry supply materials and developed components to final A&D manufacturing companies

Market Structure	Monopolistic Competition
Market Size	$21.5B[1]
Industry Growth	MSD[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• Very high barriers to entry due to the intense screening, background checks, and it takes to work with the U.S. government due to potential national security threats	• Tight-knit relationship with Raytheon, on of the biggest Aerospace & Defense companies in the world • Based out of the U.S. which is the biggest spender on defense in the world • Very trusted domestic supply chain • Possesses industry leading embedded security capabilities	• Customer consolidation with Raytheon and Lockheed Martin compromising 37% of FY19 revenue • Demand for MRCY's products rely heavily on political issues such as the U.S. defense budget • With the amount of M&A the is being performed, there is a chance that some deals may end up being dilutive	• A lot more outsourcing happening in the defense industry

[1]https://www.grandviewresearch.com/industry-analysis/aerospace-defense-materials-market

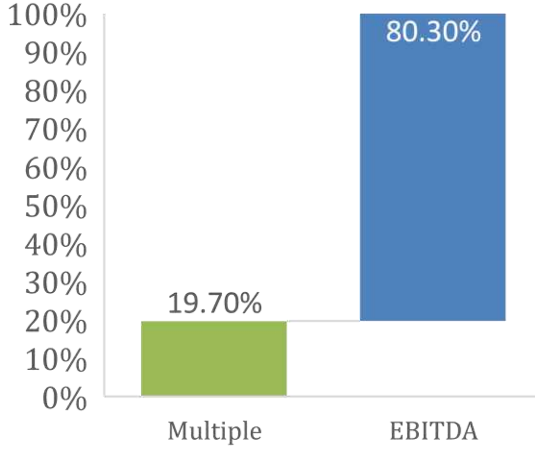
What Investors Missed

The Bear Thesis Five Years Ago:

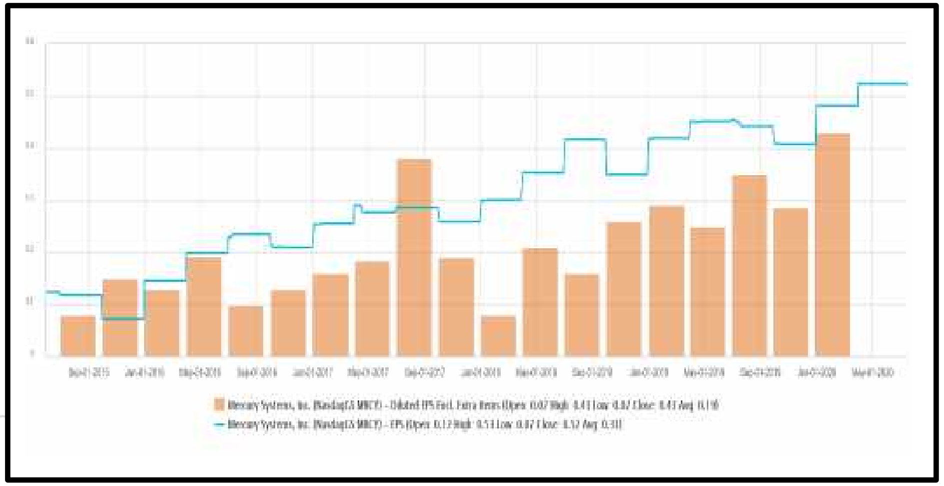
- Uncertainty regarding future growth prospects after a successful period of acquisitions and revenue growth

Why They Were Wrong

Return Breakdown:



Consensus vs Results



The Actual Story of the Last Five Years

Successful M&A Strategy

- Done 11 deals and deployed over $800M in capital over the past 5 years
- **Focused on fully integrating its acquisitions**
  - The ability to effectively extract synergies has resulted in an EBITDA CAGR of 46% despite revenues only growing at a CAGR of 26%
- Their CFO, Mike Ruppert, who has been in charge of these operations since joining MRCY in 2018 has had a very successful A&D investment banking career before joining MRCY, having even started his own boutique M&A shop
- A strict M&A philosophy has been presented to investors to give them confidence in their execution of future deals

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Mercury Systems Takeaways

MRCY is a Good Business – 4/5

MRCY has a Moat

- MRCY operates in a very high barrier to entry industry and boasts strong relationships with many industry leaders
- **Their value proposition to the large players in A&D is very strong, and business will no doubt keep showing up at MRCY's door**
  - This is evident as there is a large backlog of orders mentioned in every annual report

Strong Financial Profile for Continued Growth

- **Possesses a strong cash position (over $400M as of 3/27/20) to capitalize on more opportunistic M&A transactions in the future**
  - M&A has proven to be a big growth driver for MRCY in the past, so this position shows promise for more strong growth in the future
- Large focus on expanding EBITDA margins over time, and MRCY has been successful in accomplishing that goal so far
- High R&D costs and CapEx are present in order to maintain the step ahead of competitors on the technology front, which has resulted in much success so far

Future Outlook

Can MRCY Sustain its Advantages?

- Given the importance of strong relationships in this industry, as long as MRCY doesn't burn any bridges, it will continue to benefit from a reliable supply chain and strong partnerships

✓

Can MRCY continue to grow?

- MRCY is in a strong position to continue to grow, both organically and through further M&A activity

✓

Is MRCY poised to continue to outperform?

- Although there is a strong case for continued long-term growth , it seems like the market has now priced that in, as NTM multiples are much higher (very high for an A&D company) than they were 5 years ago

✗

Vitrolife

OM:VITR

538%

5 Year TSR

Rank: 49/104

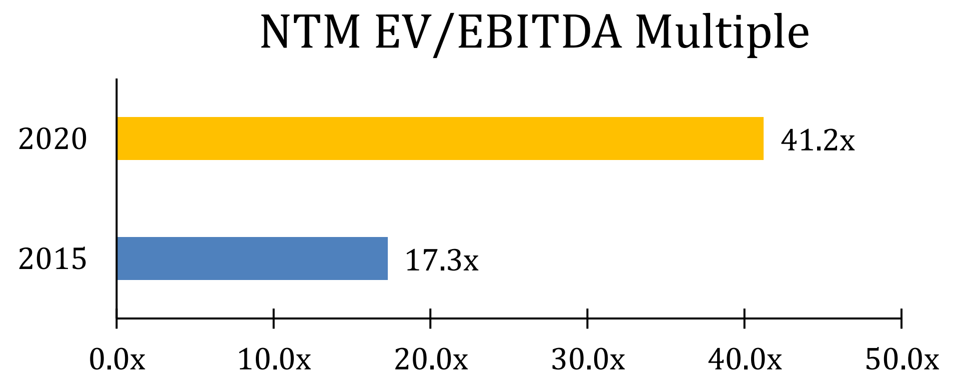
Vitrolife Overview

In Swedish Krona (Kr)

Vitrolife AB is a medical device company, develops, produces, and markets products for assisted reproduction, such as sperm processing, in vitro fertilization media and oil, and other products and services.

Statistic	06/10/2015	06/10/2020
Stock Price	33.4 Kr	204 Kr
Market Cap	3.63B Kr	22.14B Kr
Enterprise Value	3.61B Kr	21.51B Kr
Shares Outstanding	108.55M	108.55M
EV / NTM Revenue	5.38x	14.73x
EV / NTM EBITDA	17.26x	41.23x
P/E	30.28x	61.10x

Statistic	FY 2015	FY 2019
Revenue	722.4M	1.48B
EBITDA	241.2M	559.6M



VitroLife Business Model

Primary Product

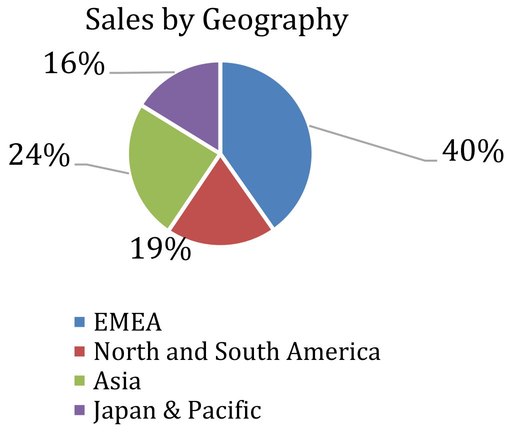
Fertility Treatments	• Nutrient solutions (media) • Advanced disposable instruments (needles and pipettes) • Disposable plastic products • Technological aids (time-lapse and microsurgical lasers) • Kits for genetic analysis of embryos

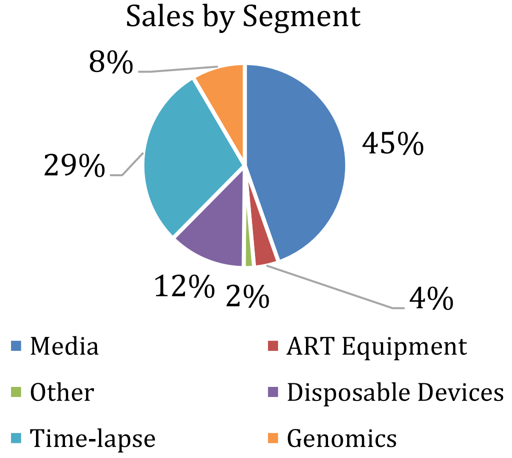
VITR's EmbryoGlue is an implantation promoting medium.

Context

VITR develops, produces, and markets advanced products and systems for in vitro fertilization (IVF)

- VITR offers disposable products and equipment for IVF treatment, as well as accompanying support and service
- Primarily conducts product development in-house, while research is done by leading researchers in the field
- VITR has customers, primarily public and private clinics, in 110 countries
- Preimplantation genetic testing for aneuploidy and monogenic disorders





VITR is a capital intensive business.

VitroLife Competitive Analysis

Low Threat
Medium Threat
High Threat

Biotechnology

The players in this industry engage in the research, development, manufacturing and/or marketing of products based on genetic analysis and genetic engineering.

Market Structure	Oligopoly
Market Size	$1.12T[1]
Industry Growth	> 10%[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• Government regulations are strict, and IVF products require particularly lengthy approvals before reaching market • Product approval is required in each individual market in which the products will be sold • Long start-up periods with high fixed costs and little profit • Competitive landscape consists of hundreds of small companies and a few industry giants	• Market leader in time-lapse systems, which help monitor and select embryos for implantation • VITR covers the complete value chain from development and production to distribution and sales	• Although IVF treatments are typically high priority for patients, economic downturns could result in a decline for privately financed treatments • Legislative changes and political decisions can influence VITR's ability to conduct operations • VITR experienced a cyber attack in Q1 2019 and is still vulnerable to them	• Trend toward increased technology content in treatments • Trend for IVF clinics to merge and form chains, creating economies of scale • As countries develop, more people are choosing to wait before having children, leasing to reduced fertility, which drives the fertility treatment market • Covid-19 is expected to significantly negatively impact IVF sales

[1] https://eresearch.fidelity.com/eresearch/markets_sectors/sectors/industries.jhtml?tab=learn&industry=352010

What Investors Missed

The Bear Thesis Five Years Ago:

- **In 2015, VITR rethought it strategy for becoming market leader in fertility treatments and invested in time-lapse technology**
- Acquired Unisense FertliTech A/S, now Vitrolife A/S, in 2014 to expand time-lapse capabilities
- Sales were weak for VITR's stand alone time-lapse operations, so in 2015 it merged them with Vitrolife A/S
- VITR rethought its growth strategy and reorganized its operations to focus on their media, disposal devices, and time lapse segments in the EMEA, Asia & Pacific, and Americas regions
- VITR's investment in time-lapse technology and their organizational changes brought uncertainty about their future performance

Why They Were Wrong

The Actual Story of the Last Five Years

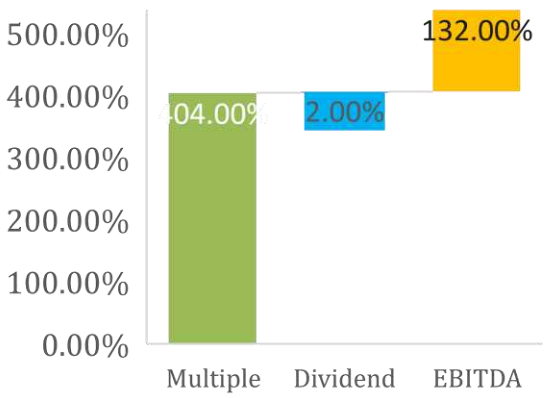
Success of Time-lapse Technology

- Market leader in time-lapse systems
- In 2019, time-lapse technology was used in about 15% of IVF treatments, up from 10% in 2015
- In 2019, the time-lapse segment accounted for 29% of total revenue, up from 19% in 2015
- Growth of time-lapse in previously successful markets, such as Japan, and underdeveloped markets like the U.S.
- Time-lapse product range broadened by launch of two new products in 2019

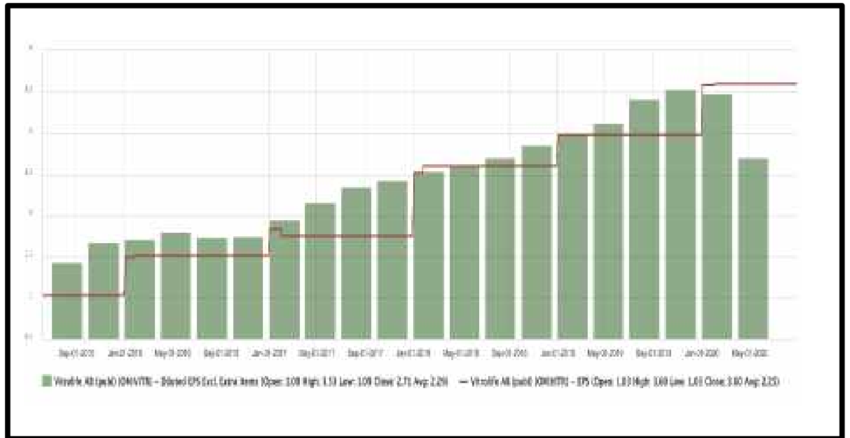
New Business and Products

- In 2018, VITR made a commercialization agreement with Illumina Inc., which gave them exclusive distribution, development, and commercialization rights for Ilumina's IVF business for preimplantation genetic testing
- This deal helped set up the new Genomics business unit, which now accounts for 8% of revenue and can continue to grow
- VITR received market approval for EmbryoScope+ in China, resulting in the largest single order of systems so far
- VITR also grew sales in all of its geographic regions in 2019

Return Breakdown:



Consensus vs Results



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VitroLife Takeaways

VITR is a Good Business- 4/5

VITR has a History of Success	• VITR is a well established company with a history of success • VITR has clear goals for growth and development of their business
Consistent Growth	• VITR has strong gross profit and EBITDA margins of 63.4% and 37.8% respectively in 2019, and has been consistent with this performance over the last five years • VITR has had consistent topline growth over the last 5 years, growing 28.6% in 2019 • EPS has consistently grown and often outperformed estimates over the last five years
Covid-19 Long-term Impact	• Covid-19 could negatively impact VITR in the long-term • IVF treatments are expensive, and the economic downturn caused by Covid-19 could deter patients from seeking treatment • In the medium-term, the effects of Covid-19 on a pregnancy are unknown and could deter women from pregnancy / using IVF

Future Outlook

Can VITR sustain its advantages?

- High barriers to entry discourage competition
- VITR has a very secure position in the time-lapse systems space
- Ability to cover the entire value chain gives customers a sense of security and makes it difficult for competitors

Can VITR continue to grow?

- VITR achieved 12% organic growth in 2019
- VITR has invested in business segments such as time-lapse systems and genomics that have the opportunity for growth

Is VITR poised to continue to outperform?

- VITR P/E and EBITDA multiples are high, perhaps indicating it is currently overvalued
- VITR has a plan for growth, which could allow it to continue to outperform, but Covid-19 could also hinder outperformance

EVI INDUSTRIES

NYSE:EVI

530%

5 Year TSR

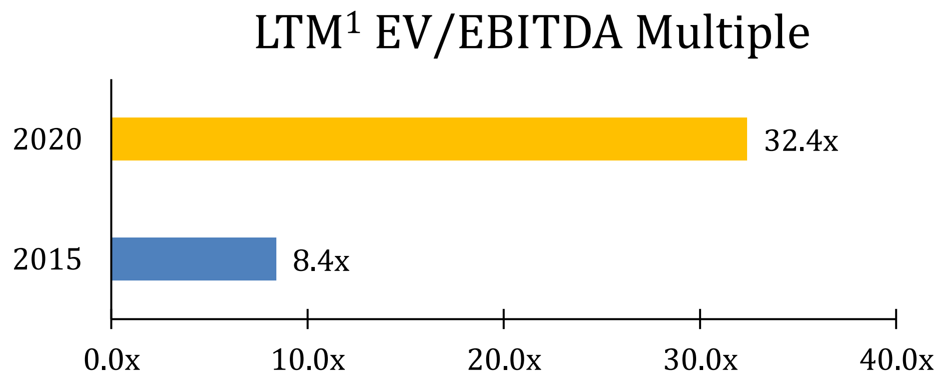
Rank: 50/104

EVI Industries Overview

EVI Industries is the parent company of many subsidiaries that operate in the commercial laundry business. EVI is based out of Miami, FL.

Statistic	6/8/15	6/8/20
Stock Price	$3.73	$25.29
Market Cap	$28.70M	$301.32M
Enterprise Value	$24.62M	$333.01M
Shares Outstanding	7.03M	11.87M
EV / LTM Revenue	0.77x	1.35x
EV / LTM EBITDA	8.44x	32.43x
LTM P/E	16.10x	168.90x

Statistic	FY 2015	FY 2019
Revenue	29.61M	246.44M
EBITDA	2.08M	9.02M



[1]There is no sell-side coverage, so LTM EBITDA was used for the sake of comparison

EVI Industries Business Model

Primary Product

Distribution	• Sells, rents, and leases commercial and industrial equipment, parts, and accessories
Services	• Provides installation and maintenance services to its customers

Dexter washer sold through a subsidiary

Context

EVI is a one-stop-shop for all things laundry

- Products that are distributed through EVI's subsidiaries include commercial and industrial laundry and dry cleaning equipment as well as steam and hot water boilers
  - These are mainly supplied by a few major manufacturers in the U.S.
- EVI's vast range of prices and a broad product line allow them to be the go-to place for every type of customer
- Target customers range from multi-unit housing, to health care facilities, to laundromat investors
  - B2B business model

No Breakdowns of Revenue were Provided by EVI

EVI is a capital intensive business as a lot of cash is needed to purchase, store, and deliver large machines

Low Threat

Medium Threat

High Threat

EVI Industries Competitive Analysis

Industrial Distribution

The players in this industry receive products from manufacturers and then are responsible for distributing them to the end customer.

Market Structure	Pure Competition
Market Size	$2.5T[1]
Industry Growth	LSD[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• There is nothing special or unique about this business, as the distributor just acts as a middleman between the distributor and the end customer, as it is more convenient for the manufacturers • The industry is extremely fragmented because of the low barriers to entry, as the top publicly traded distribution companies only account for 5% of the US market	• While much of the industry is fragmented, EVI's Buy-and-Build growth strategy has allowed them to penetrate more markets and have a larger market share than many of its competitors • Their CEO used to be the head of M&A at another industrial distributor, where he became an learned the strategy behind acquiring companies for growth	• Supplier power is extremely high, as only 4 manufacturers accounted for 76% of the company's purchases	• The major distribution channels are becoming increasingly digitalized as the value add from the traditional players are being questioned • The business in getting disintermediated by the capabilities of the internet

[1]https://www.mckinsey.com/~/media/mckinsey/industries/advanced%20electronics/our%20insights/the%20coming%20shakeout%20in%20industrial%20distribution/the-coming-shakeout-in-industrial-distribution-report.pdf

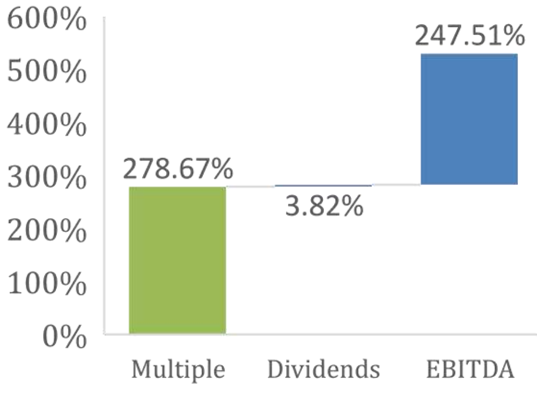
What Investors Missed

The Bear Thesis Five Years Ago:

- There had been a history of unimpressive growth going into 2015, with 2014 revenues decreasing Y/Y from 2013
- The industrial distribution business is nothing ground breaking, as it's a rather boring industry with low margins
- **The current majority shareholders of the company, the president and CEO and his brother, recently sold 40% of their shares to a Florida LLC, from which the new President, CEO, and Director of the Board, Henry Nahmad, came**
  - Sign that maybe the future wasn't too promising

Why They Were Wrong

Return Breakdown:



Consensus vs Results

No Analyst Coverage

The Actual Story of the Last Five Years

Growth by Acquisitions

- Since becoming the CEO, Nahmad has facilitated the acquisition of 13 commercial laundry vendors, thus growing their market share by eliminating others
- These acquisitions were of local distributors all around the United States, allowing EVI to reach markets that it never would have reached before
- These acquisitions led to inorganic top line growth of 50% from 2015-2020

Multiple Expansion

- Due to the inorganic growth figures that EVI was touting, the market assigned higher multiples to the stock as well

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EVI Industries Takeaways

EVI is a Bad Business – 1/5

EVI has No Real Moat to Protect Itself from the Competition	• Although EVI has a very capable acquirer at the helm, the underlying quality of the business has not changed since he took over • In a business that already has terrible margins, there are no barriers to entry that would stop more competition from coming into the picture and causing those margins to get even smaller

Poor Financial Profile	• Although the CAGR for revenue and EBITDA are high at 53% and 34%, respectively, the earnings potential was never fully realized
	  ◦ The EPS CAGR for the same period was -7.4%
	• In order to finance all of the acquisitions, a lot of debt was taken out and more shares were issued
	  ◦ **This left the company highly levered with an extremely small relative cash balance and also severely diluted their shareholders**
	• EVI also takes on large contracts that have diminished margins in the past few years because of the hope that they will have more higher margin accessory sales in the future
	  ◦ This is a losing business model in the long run, as other products account for a lower total value than the machine sales do

Future Outlook

Can EVI Sustain its Advantages?

- Given that EVI's only real advantage relative to its competitors is a head start on consolidation, it is unlikely that they will be able to sustain that as other players start doing the same

Can EVI continue to grow?

- Given that the only way EVI can grow is through acquisitions, their future growth prospects do not look promising
- The value of their stock has gone down from its peak, there is a lot of debt on the balance sheet, and organic cash flow generation is not easy for them, so financing these acquisitions in the future is going to be quite difficult

Is EVI poised to continue to outperform?

- The stock was extremely overvalued compared to its peers at its peak, but the market has corrected the price
- It is unlikely that EVI will have multiples that high again to cause an outperformance

ASX:EOS

525%

5 Year TSR

Rank: 51/104

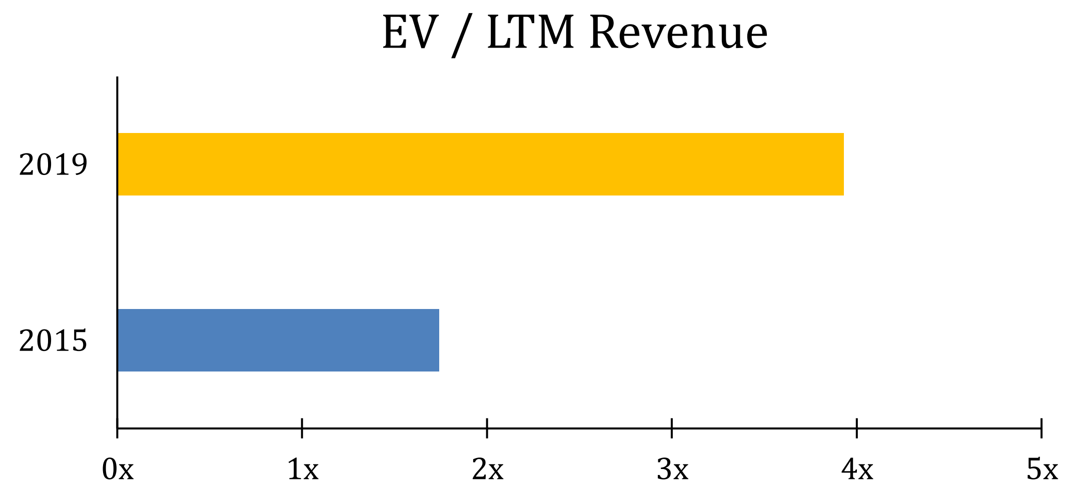
Electro Optic Systems Overview

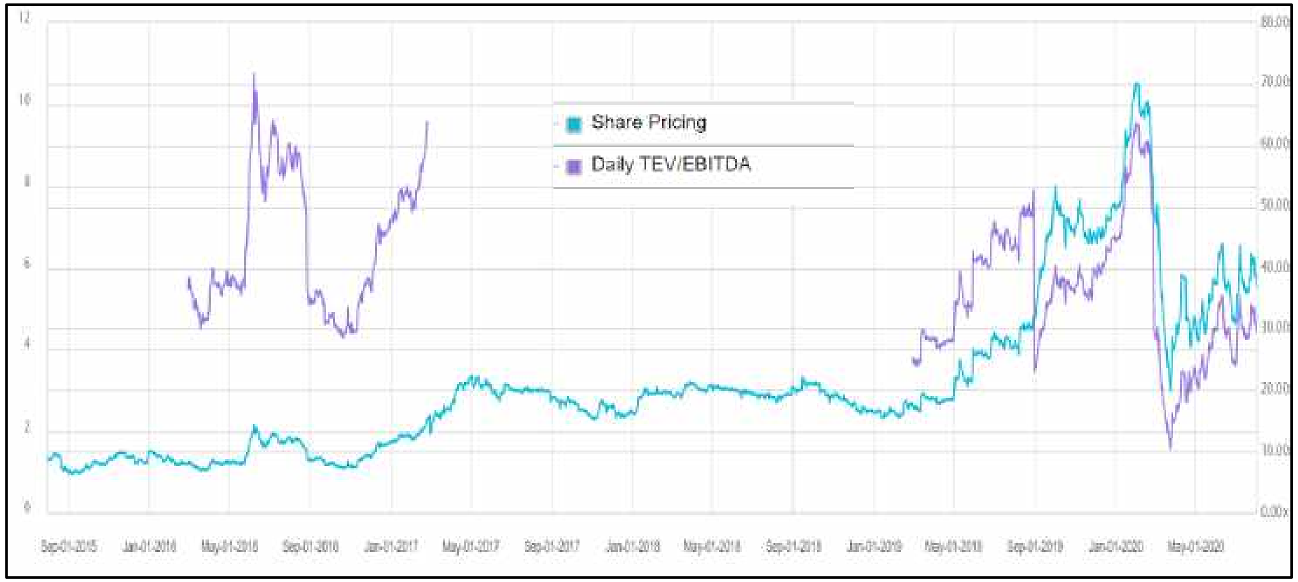
In Australian Dollars

Electro Optic Systems Holdings Limited develops, manufactures, and sells telescopes and dome enclosures, laser satellite tracking systems, and electro-optic fire control systems.

Statistic	06/08/2015	06/08/2020
Stock Price	$1.00	$6.58
Market Cap	$56.85M	$977.59M
Enterprise Value	$51.04M	$913.17M
Shares Outstanding	56.85M	148.57M
EV / LTM Revenue	1.74x	3.93x
EV / LTM EBITDA	NA	25.15x
PE	NA	25.76x

Statistic	FY 2015	FY 2019
Revenue	30.5M	166.0M
EBITDA	1.5M	23.8M





Electro Optic Systems Business Model

Primary Product

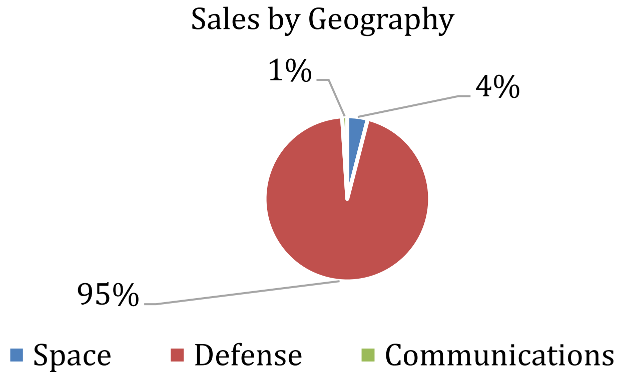
Defense	Develops, manufactures and markets advanced fire control, surveillance, and weapon systems.
Space	Develops, manufactures and markets laser-based space surveillance systems.
Communication Systems	Develops, manufactures and markets optical, microwave and on-the-move radio and satellite products.

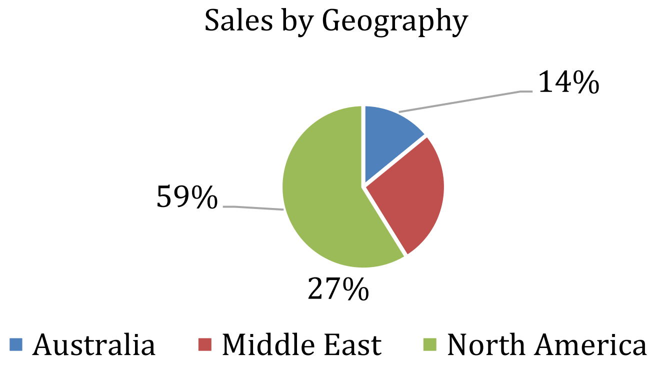
Sample EOS products (weapons on trucks)

Context

EOS sells high-tech weapons and surveillance systems to governments.

- EOS manufactures remotely operated weapon systems and laser-based surveillance systems used by governments for defense capabilities.
- EOS has invested 800M in R&D over 20 years and now has some of the most lethal and accurate remote weapon system (RWS) products.
- EOS currently relies on RWS sales but sees space and communication systems as frontiers for future growth.





EOS is a high capital-intensity business.

Electro Optic Systems Competitive Analysis

Low Threat
Medium Threat
High Threat

Remote Weapons Systems Market

Participants develop, manufacture and market remote weapon systems, primarily to government armies and defense services.

Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
Market Structure: Oligopoly Market Size: 12B[1] Industry Growth: > 10%[1] • EOS is said to have one of the best/the best RWS technology on the market. • EOS is the largest defense exporter in the southern hemisphere. • Key competitors include Rafael (Israel based) and Kongsberg (Norway based) – market is dominated by these players + EOS.	• Significant R&D spend required to create working product. • Patents and IP. • Contracts are long-term. • Regulatory burdens. • Limited customer base: essentially just sovereign governments.	• **Product quality: high R&D has enabled EOS to have a market leading product.** • EOS has navigated government tender processes. • Reputation.	• Major data / IP breach. • Competition (competitors could also be state funded). • Manufacturing / sourcing problems. • Less defense spend by governments.	• Australian army has opted to invest significantly more in defense: • 270B budget for next decade on hardware (like RWS).

1. EOS 2019 10k

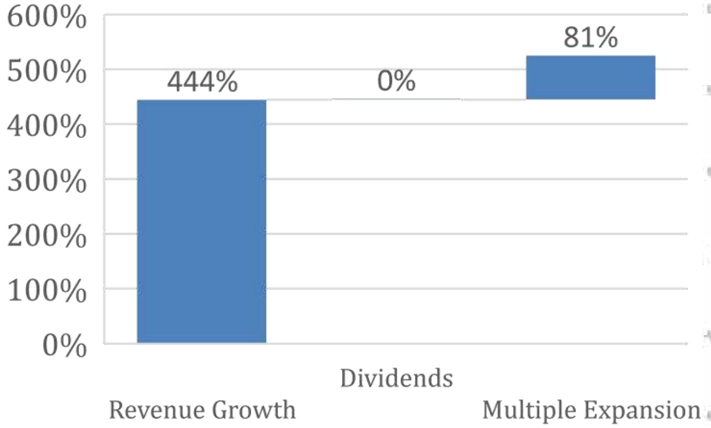
What Investors Missed

The Bear Thesis Five Years Ago:

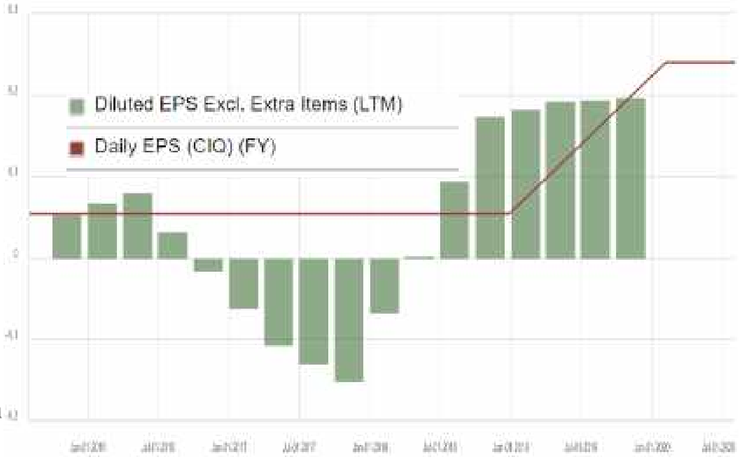
- EOS needs to win major contracts and leverage its R&D – but it has not shown its capable of doing that.
- Historically unprofitable company that is generally cash flow negative or barely cash flow positive.
  - Very speculative and might need to dilute to stay alive.
- EOS' future depends on RWS – it does not have other segments.

Why They Were Wrong

Return Breakdown:



EPS Results



The Actual Story of the Last Five Years

EOS won major contracts	• EOS won two 600M+ contracts in 2017 for its RWS. • Had been developing RWS for 20 years and technology now considered industry leading – enabling them to win the contracts. • Currently has 3.1B of active tenders and 500-600M backlog. • Revenue grown from 30.5M in FY2015 to 166M in FY2019.
EOS became profitable	• EOS achieved profitability in FY2018 and has been profitable each quarter since. • However, EOS is still consistently cash flow negative – and has raised equity multiple times to maintain liquidity.
EOS expanded	• EOS has established a new communications division; and EOS' space division is now profitable. • EOS' space communication tech is far superior to incumbent tech but needs new infrastructure to be used – lots of future potential as infrastructure updates. • Space segment now focused on exports (large TAM) due to Australia's lack of focus on space.

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Electro Optic Systems Takeaways

EOS is a Good Business- 3.5/5

EOS investments in R&D paid off	• **EOS invested ~A$800m in R&D over the last 20 years on its technology.** • **Now has industry leading, best-in class RWS tech and IP.** • EOS has a moat due to its technology, IP, and regulatory burdens.
EOS has grown	• EOS signed two major contracts worth roughly 600M in 2017 that contributed to high revenue growth. • EOS has 3B in active tenders and a 600M backlog. • Historical tender conversion rate ≈40% implies 1.2B in future revenue. • EOS has invested in growth potential: Australia RWS production capacity increased from 50M to 300M from 2016 to 2019; plans to increase further to 900M.
EOS has a runway for growth	• EOS can likely continue to grow its core RWS business given active tenders, strength of technology, and competitive moat. • EOS' space and communication segments, while currently speculative, could provide future contribution to EOS' top and bottom line.

Future Outlook

Can EOS Sustain its Market Position?

- EOS has industry leading RWS technology.
- EOS has a moat due to the high-capital requirements, IP rights, and regulatory burdens.
- There are only 2 other major significant competitors.

Can EOS continue to grow faster than the industry?

- EOS leading technology should enable them to win a high portion of active tenders.
- Australia is investing significantly in its military, increasing likelihood of future tenders that EOS will be well positioned to win.
- Space and communication represent other potential revenue streams.

Is EOS poised to continue to outperform the market?

- EOS has demonstrated that it can be win major contracts, be profitable and cash flow positive.
  - But it has only won two major contracts in last 3 years and has yet to achieve consistent positive cash flow.
- EOS could win major new contracts but 1) that prospect is likely priced in 2) future tenders may be more sparse.
- EOS space and communication segment remain speculative.

bioventix

AIM:BVXP

524%

5 Year TSR

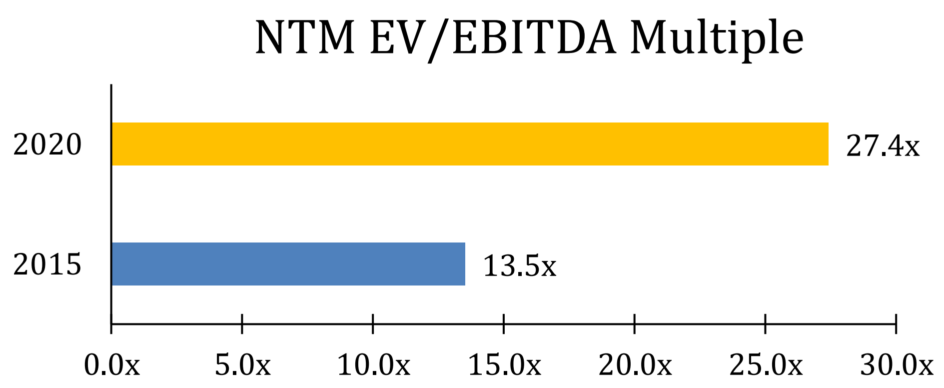
Rank: 52/104

Bioventix Overview

Bioventix is a biotech company based in Farnham, Surrey, UK, that specializes in the development and commercial supply of high-affinity monoclonal antibodies for applications in clinical diagnostics.

Statistic	6/8/15	6/8/20
Stock Price	£8.25	£42.65
Market Cap	£41.67M	£222.11M
Enterprise Value	£37.87M	£216.58M
Shares Outstanding	5.05M	5.21M
EV / NTM Revenue	9.71x	21.44x
EV / NTM EBITDA	13.53x	27.42x
NTM P/E	17.84x	34.17x

Statistic	CY[1] 2015	CY[1] 2019
Revenue	4.78M	10.02M
EBITDA	3.56M	7.91M



[1]HY ends on 12/31, so CY numbers are easily available for comparison

Bioventix Business Model

Primary Products

Sheep Monoclonal Antibodies	• Antibodies made for use on blood-testing machines

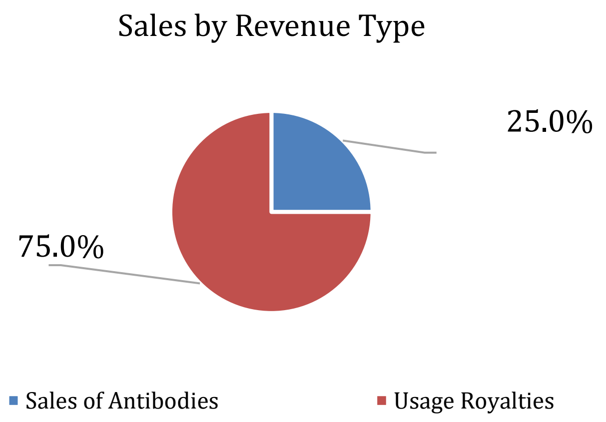
"Packaging" Methods

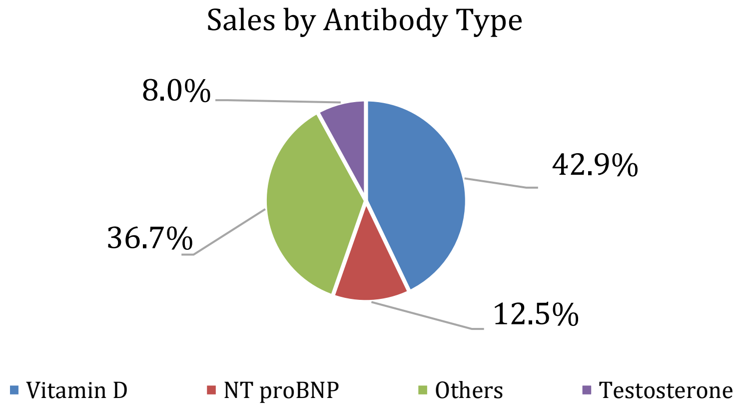
Own-Risk	• Non-exclusive portfolio of antibodies for purchase by anyone around the world • The reagents and the resources to create and manufacture the SMAs come from BVXP
Contract R&D	• Exclusive portfolio of antibodies where the research is sponsored by a customer for use by said customer • The reagents and know-how may additionally be provided by said customer

Context

BVXP helps blood tests become more accurate

- BVXP creates and manufactures antibodies to different human hormones and human disease analytes
  - The goal is to sell those antibodies to the big blood-testing companies around the world, such as Roche, Abbot, and Siemens
- BVXP's antibodies are derived from sheep, but made in culture and mass-produced
- Sheep are bigger and live longer than mice, and their antibodies have an increased sensitivity/affinity, specificity in what they bind to, resulting in better blood testing capabilities





BVXP is a capital light business as material production costs are quite low.

Low Threat
Medium Threat
High Threat

Bioventix Competitive Analysis

Antibody Production

The players in this industry offer a antibodies for a variety of different end uses through their production process. This consists of preparing antigens, injecting them into animals, and then recovering the antibodies from the animals through their white blood cells.

Market Structure	Monopolistic Competition
Market Size	$12.3B[1]
Industry Growth	> 10%[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

• High switching costs with a lot of risk attached for customers
  • Many customers would not be willing to purchase unproven, cheaper antibodies over more expensive, proven ones
	• First biotech company to the SMA market
	  • BVXP first exposed Roche to the technology, and then their large competitors followed suit
	• Extremely small team size (14 PT, 12 FT) allows for less overhead and a more efficient workflow
	• Products are unique and extremely valuable to downstream providers
		• No intellectual property
		  • Only have physical property and know-how
		• Typically about a 5-year lag between research and the revenue that comes as a result of that research
		• Heavily regulated by government agencies
		• Customer concentration risk
		  • Much of BVXP's revenue comes from the 4 largest players in the industry
			• Antibodies are being upgraded to more effective versions

[1]https://www.grandviewresearch.com/industry-analysis/antibody-production-market

What Investors Missed

The Bear Thesis Five Years Ago:

- Micro-cap company trading on a smaller, British exchange that is more lenient on regulation than the LSE
- High-risk company whose business is quite confusing without researching it in depth
- **Not a lot of resources are spent on investor relations and there is very little specific information present in the financial disclosures**

Why They Were Wrong

The Actual Story of the Last Five Years

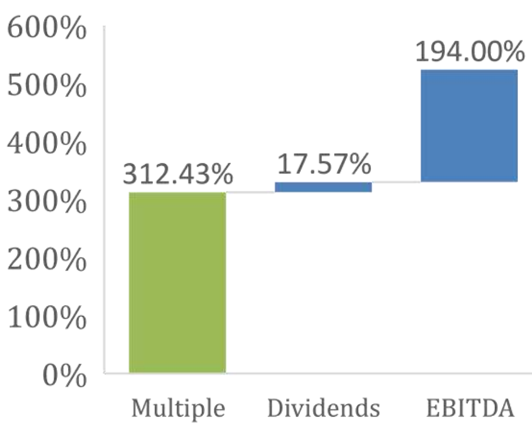
Vitamin D Antibody Outperforms

- The CEO, Peter Harrison, believed that the revenue growth from their vitamin D antibody would plateau around 2015/2016
  - However, they continued to grow substantially (for reasons Peter's stated he doesn't know), which was a large driver in the consistent EPS outperformance that can be seen in the Consensus vs Results graph (**left**)

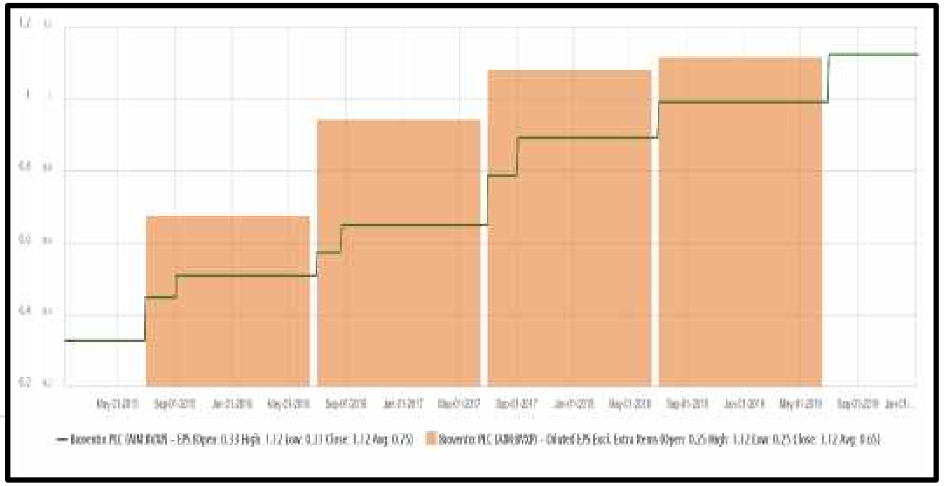
More Investor Exposure

- From what is easily accessible online, it doesn't seem like there was a concerted effort to get the word out about the company before 2016
- **Starting in 2016, Peter Harrison started going to investor conferences and doing interviews where he explains in detail the business and its opportunities**

Return Breakdown:



Consensus vs Results



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Bioventix Takeaways

BVXP is a Good Business – 3.5/5

BVXP has a Moat

- Clinical diagnostic products take years for BVXP's customers to develop and obtain regulatory approval
  - Thus, when a product using a BVXP antibody is created, it is unlikely that it will be replaced or changed
- **BVXP capitalizes well by being the first to market for many of its products**

Very Strong Financial Profile

- **BVXP is extremely liquid with no debt**
  - They aim to keep around £5M on the balance sheet for every HY, so anything over that is distributed to shareholder through dividends
  - Dividends have been growing a lot in recent years because of the very high margins and high top-line growth, which has resulted in a lot of excess cash on the balance sheet
- **Because most of BXP's revenue comes from "passive income" through the royalties of products that they had invested in earlier, actual COGS is quite low**
- Recurring and predictable revenue streams are present as a result of long-term contracts and royalties in perpetuity

Future Outlook

Can BVXP Sustain its Advantages?

- BVXP can absolutely sustain its advantages given the fragmentation of the market and its strong relationships with the large players in its customer base

Can BVXP continue to grow?

- BVXP is on pace to continue to grow
- The vitamin D antibodies are expected to plateau, but the CEO believes that their new troponin antibody (for uses in detecting heart attacks) is poised for high growth in the coming years
  - This is going to be caused by the replacement of outdated antibodies

Is BVXP poised to continue to outperform?

- Much of the prior outperformance was cased by multiple expansion
- While there was substantial EBITDA growth as well, because of the predictability of revenues, the future growth prospects seem to be factored into the price already

Tristel

AIM:TSTL

517%

5 Year TSR

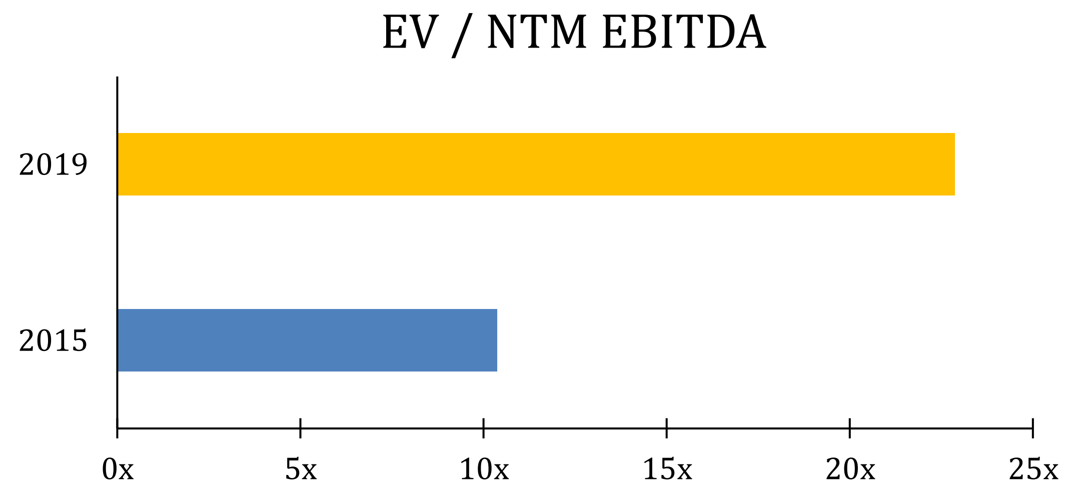
Rank: 53/104

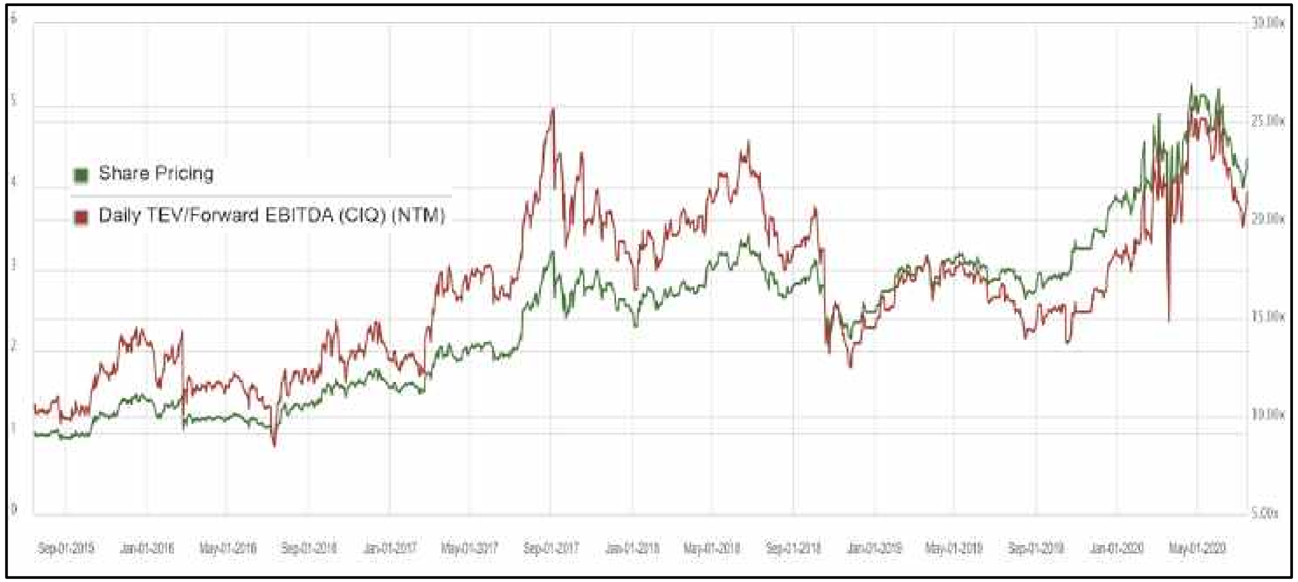
Tristel Overview

TSTL manufactures and sells products addressing infection and contamination control in human and animal healthcare, pharmaceutical and personal care manufacturing plants, and industrial water systems.

Statistic	06/08/2015	06/08/2020
Stock Price	£0.97	£4.65
Market Cap	£39.71M	£210.63M
Enterprise Value	£36.80M	£210.37M
Shares Outstanding	41.15M	45.30M
EV / NTM Revenue	2.29x	7.01x
EV / NTM EBITDA	10.38x	22.87x
PE	20.75x	39.74x

Statistic	FY 2015	FY 2019
Revenue	15.33M	26.17M
EBITDA	3.07M	6.15M





Tristel Business Model

Primary Product

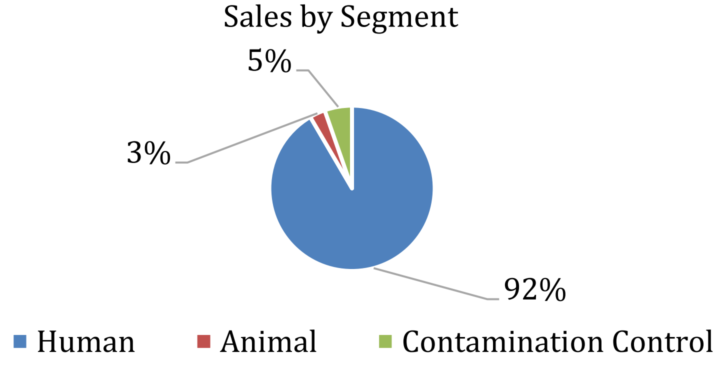
Human Healthcare	Hospital infection prevention products under the Tristel brand.
Animal Healthcare	Veterinary practice infection prevention products under the Anistel brand.
Contamination Control	Critical environment contamination control products under the Crystel brand.

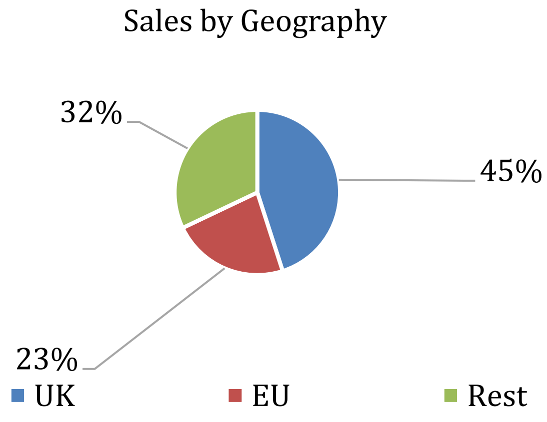
Sample Tristel products

Context

TSTL is a manufacturer of infection prevention and contamination control products.

- Principal technology is formulation based on chlorine dioxide (ClO_2).
    - Only company using ClO_2 for decontamination of medical instruments.
- Principal end-uses are for medical instruments and surfaces in hospitals.
- Core market is the UK with high penetration but has expanded across Europe.
    - Seeking approvals for the US.





TSTL is a medium capital intensity business.

Tristel Competitive Analysis

- Low Threat
- Medium Threat
- High Threat

Disinfectant Manufacturing Industry

This industry manufactures disinfectant products for household and industrial uses. Disinfectants are substances that kill or inhibit growth of harmful microorganisms

Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

Market Structure: Monopolistic Competition
Market Size: 3.5B[1]
Industry Growth: LSD[1]
• TSTL is a leader with high penetration in the UK market.
• Has yet to enter competitive US market where Clorox and Reckitt Benckiser are largest players with combined ≈15% market share.
• TSTL is only company with CIO2 formulation for medical devices disinfection.
	• TSTL has a proprietary formulation.
	  • TSTL has 277 patents in 36 countries.
	• Products often need to be certified for use by medical device manufacturers.
	• Regulatory requirements (i.e. FDA approval).
		• TSTL is the only company using chlorine dioxide for the decontamination of medical instruments in the world.
		• Peer-reviewed, published research validating product.
		  • 29 papers for TSTL.
			• Customer concentration:
			  • 28% of human healthcare revenue from 1 customer.
			• Superior product is invented.
			• Manufacturing issues.
				• Healthcare increasingly important political issue across the world.

1. US figures; Ibis World.

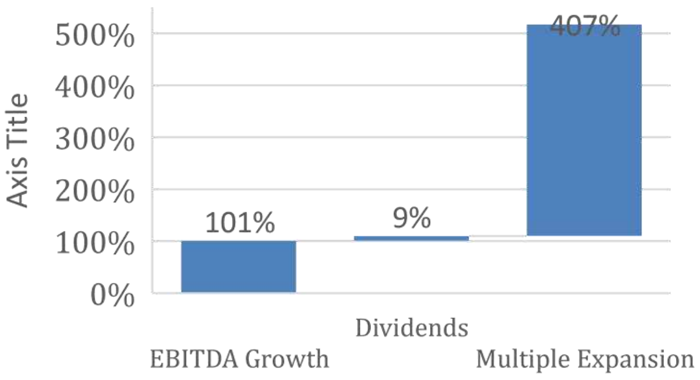
What Investors Missed

The Bear Thesis Five Years Ago:

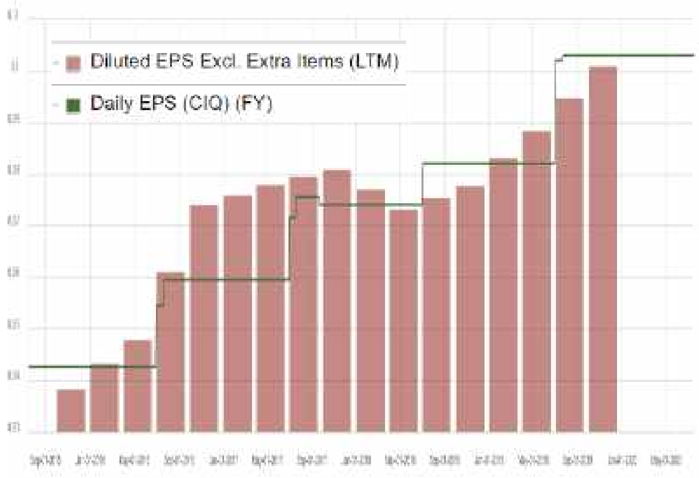
- Mature industry with limited room for topline and bottom line growth.
  - TSTL has already penetrated the UK market – more likely to lose market share than gain more.
  - Skeptical of international expansion and whether TSTL can be successful outside of its core markets.
  - Limited options for good capital allocation.
- TSTL is a good company but at >20x earnings, its already fairly valued.

Why They Were Wrong

Return Breakdown:



EPS Results



The Actual Story of the Last Five Years

Grew domestically and internationally	• While UK market was highly penetrated, TSTL grew revenue from 9.8M in FY2015 to 11.8M in FY2019 – representing solid 4.75% CAGR. • International revenue grew from 5.5M in FY2015 to 14.4M in FY2019. • International sales now 56% of total revenue. • Acquisition of MODT (a company that helps people administer healthcare through their smartphone) gives TSTL potential access to the 5.8B people who do not have access to good healthcare.
Strong capital allocation	• Management made dividend payments each year with extra capital. • Invested in regulatory approval for large and untapped American market. • Yet to gain approval, however. • Acquired distributors in Europe which were accretive and raised gross margins.
Multiple grew	• PE multiple has essentially doubled to 39.74x.

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Tristel Takeaways

TSTL is a High Quality Business- 4.5/5

TSTL has a moat

- TSTL has a proprietary formula and is the only company on earth that uses ClO2 for medical device decontamination.
    - 277 patents held by TSTL for products.
- TSTL's customers are sensitive to switching products due to their high importance but low cost.
    - 95% of TSTL's revenue is recurring purchases.
- There are regulatory burdens, and products need to be approved by medical device manufacturers.

TSTL grew effectively

- TSTL protected its strong market dominance in the UK and expanded internationally.
    - Grown international sales to 58% of total revenue.
    - UK sales grown steadily at ≈5%.
- TSTL bought distributors in Belgium, France, and the Netherlands which grew margins and revenue.

TSTL has a runway for future growth

- Can likely protect its current market share.
- TSTL is in the regulatory approval process in the US.
- Acquisition of MODT can potentially enable TSTL to access many traditionally underserved markets (i.e. Africa, areas in Asia such as India, etc.).

Future Outlook

Can TSTL Sustain its Market Position?

- TSTL has a strong moat and has proven that by maintaining its dominance in the UK.
- There are regulatory barriers and medical device approval barriers.
- Customer base is unlikely to seek alternatives given mission critical nature of TSTL products.

Can TSTL continue to grow faster than the industry?

- TSTL has positioned itself to grow internationally.
    - And has proven they can effectively grow in new markets over the last five years.
    - Market in US represents massive opportunity.
- TSTL has a truly proprietary product in that nobody else uses ClO2.

Is TSTL poised to continue to outperform the market?

- Approval in the US could catalyze growth that would enable outperformance.
    - But barriers to entry that affect TSTL's competitors could stifle their growth in the US – and they are yet to be approved.
- At 40x earnings, TSTL does not have much margin for error.

MEDCAP

OM:MCAP

513%

5 Year TSR

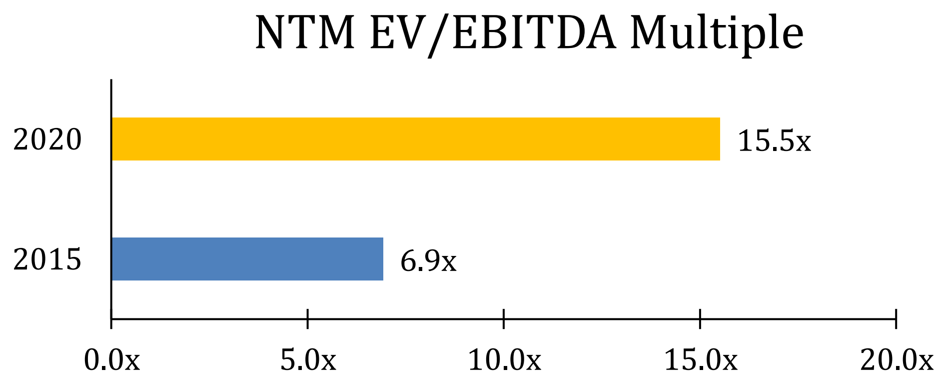
Rank: 54/104

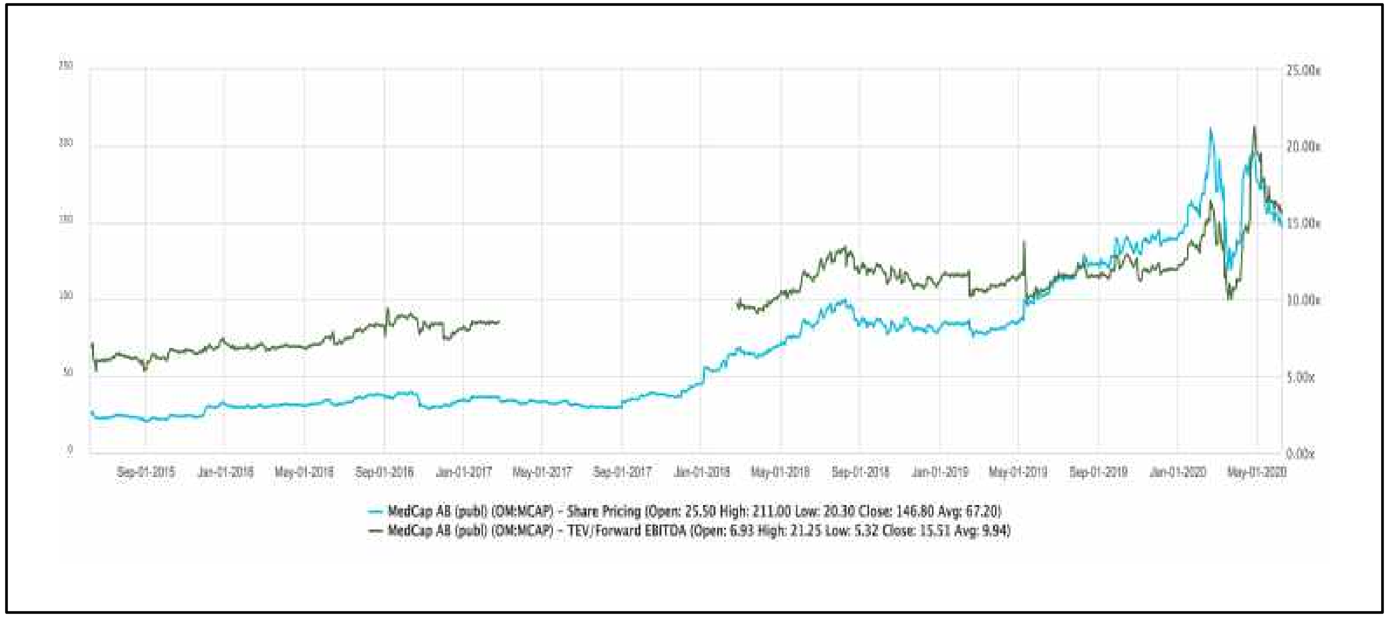
MedCap Overview

MedCap is a private equity firm investing in healthcare equipment and services, biotechnology, life sciences, and pharmaceutical companies, based in Stockholm, Sweden.

Statistic	6/8/15	6/8/20
Stock Price	25.5 SEK	146.8 SEK
Market Cap	341.73M SEK	2.17B SEK
Enterprise Value	409.88M SEK	2.53B SEK
Shares Outstanding	13.40M	14.80M
EV / NTM Revenue	0.44x	2.94x
EV / NTM EBITDA	6.93x	15.51x
NTM P/E	11.21x	31.33x

Statistic	FY 2015	FY 2019
Revenue	817.8M SEK	757.40M SEK
EBITDA	35.0M SEK	92.30M SEK





MedCap Business Model

Primary Products

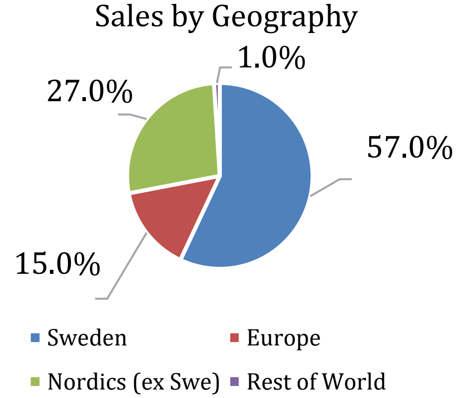
Life Sciences Investments	• MedTech segment • Specialty Pharma segment

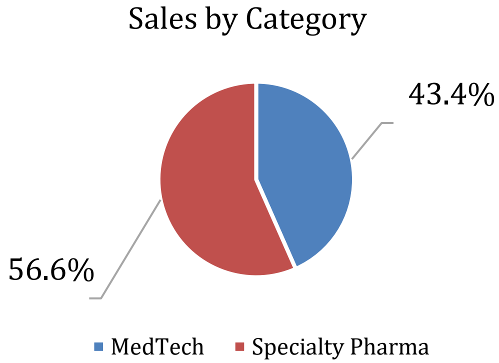
Abliia, an MCAP investment, creates products like the MEMO Timer shown above to help people with conditions like ADHD, epilepsy, and autism.

Context

MCAP creates value through active ownership

- MCAP invests in small and mid-sized private life sciences companies, primarily in central/northern Europe
- Target of 5-10 core investments
- Investment size is typically SEK 25-150M in companies with EBITDA between SEK 1M and SEK 50M
- Aim for majority ownership with no specified length of holding period
- MCAP has an active ownership strategy where it invests in development, resources, and operational improvement, as well as looks for add-on acquisitions





MCAP is a capital intensive business

Low Threat
Medium Threat
High Threat

MedCap Competitive Analysis

Private Equity Firms

Private equity firms use funds from accredited investors to purchase ownership of or interest in an entity that is not publicly traded

Market Structure	Oligopoly
Market Size	$3.9T[1]
Industry Growth	> 10%[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• Significant capital is required to make investments • Need skilled employees with knowledge in investing and accounting	• MCAP has had success in recognizing synergies and bringing value to the companies they invest in • MCAP invests in companies operating in concentrated geographic regions, which allows for significant growth of the investment companies via geographic expansion • MCAP has niche knowledge in the healthcare industry, particularly in the Nordic region, helping them to make successful investments	• Market risk in that there is no guarantee that companies invested in will grow at all • Bad management, failed product launches, or other disappointments in investment operation can cause significant losses for PE firms • Liquidity risk for investors, as funds sit in a private equity firm for 4-7 years on average	• Changes in the healthcare industry (where MCAP invests) include an accelerating trend of young people being diagnosed with neuro psychological disabilities • Middle market is underserved, with more sellers than buyers

[1]https://www.investopedia.com/articles/financial-careers/09/private-equity.asp

What Investors Missed

The Bear Thesis Five Years Ago:

- **MCAP is a small, private equity firm, that operates in a very specific region of the world**
  - All MCAP financial publications are in Swedish, making it difficult to attract investors who don't speak/read Swedish
  - Difficult to know if their investment strategy will be successful because of the nicheness of their investment area

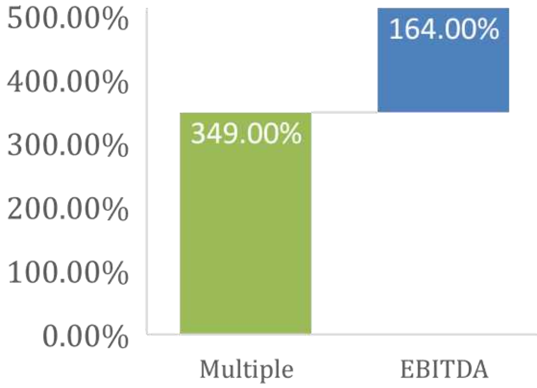
Why They Were Wrong

The Actual Story of the Last Five Years

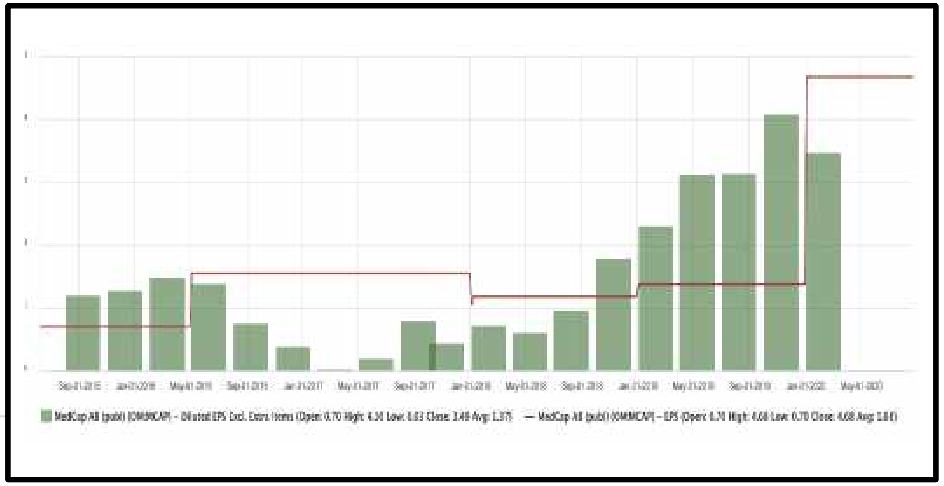
Investment Success

- Listed on NASDAQ Stockholm in 2016
- MCAP invests in MedTech companies and Specialty Pharma
- MedTech investments are companies that sell different types of medical equipment and products
- Specialty Pharma consists of companies that develop and sell pharmaceutical products and is the prioritized area
- MCAP's last acquisition was in Jan. 2018, and revenue still increased 6.8% in 2019
- Companies invested in have strong product portfolios that can lead the way for future growth

Return Breakdown:



Consensus vs Results



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MedCap Takeaways

MCAP is a Good Business – 4/5[1]

MCAP has a Niche

- MCAP invests in companies operating in the MedTech and pharmaceutical industries, specifically in the Nordic region
- MCAP has area specific knowledge and a very focused investment strategy

Good Investments & Financials

- MCAP has created a strong portfolio over the last 5 years, which is reflected by their financial success and growth
- Sales increased by 10% and profit increased 41% in FY 2019
- Sales and EBITDA have a CAGR of 19% and 49% respectively over the last 4 years
- Gross profit and EBITDA margins were 56.3% and 12.2% respectively in FY 2019, up from 30.1% and 1.5% in FY 2015

Future Outlook

Can MCAP Sustain its Advantages?

- MCAP's investment strategy has worked thus far, and there is no reason for it not to continue to do so
- MCAP makes niche investments based on their industry expertise

Can MCAP continue to grow?

- MCAP can continue to grow by making good investments and strategic acquisitions

Is MCAP poised to continue to outperform?

- MCAP has room for growth, and its past performance indicates that its investment strategy works, so it should be able to continue to outperform

[1]This company analysis is based off of an MCAP investor presentation and the parts of annual reports that could be translated into English, which makes for somewhat sparse information

OM:NLAB

499%

5 Year TSR

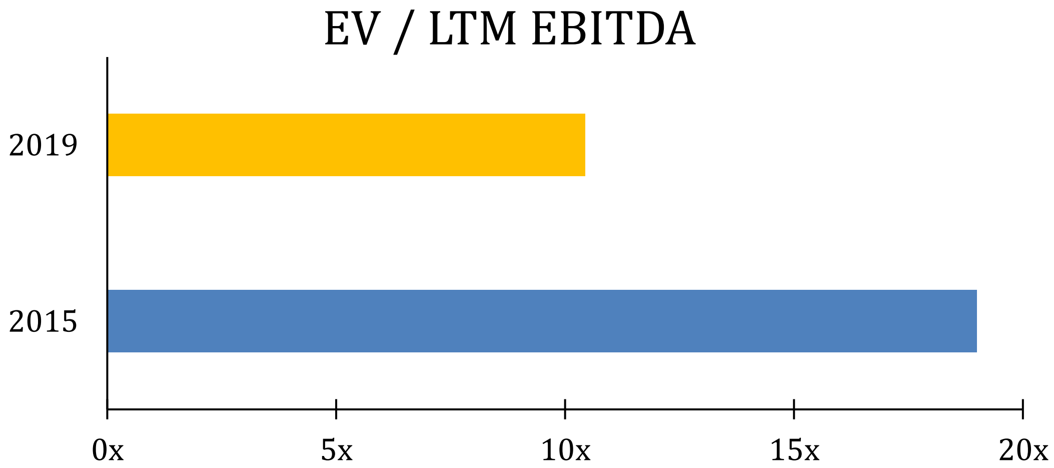
Rank: 55/104

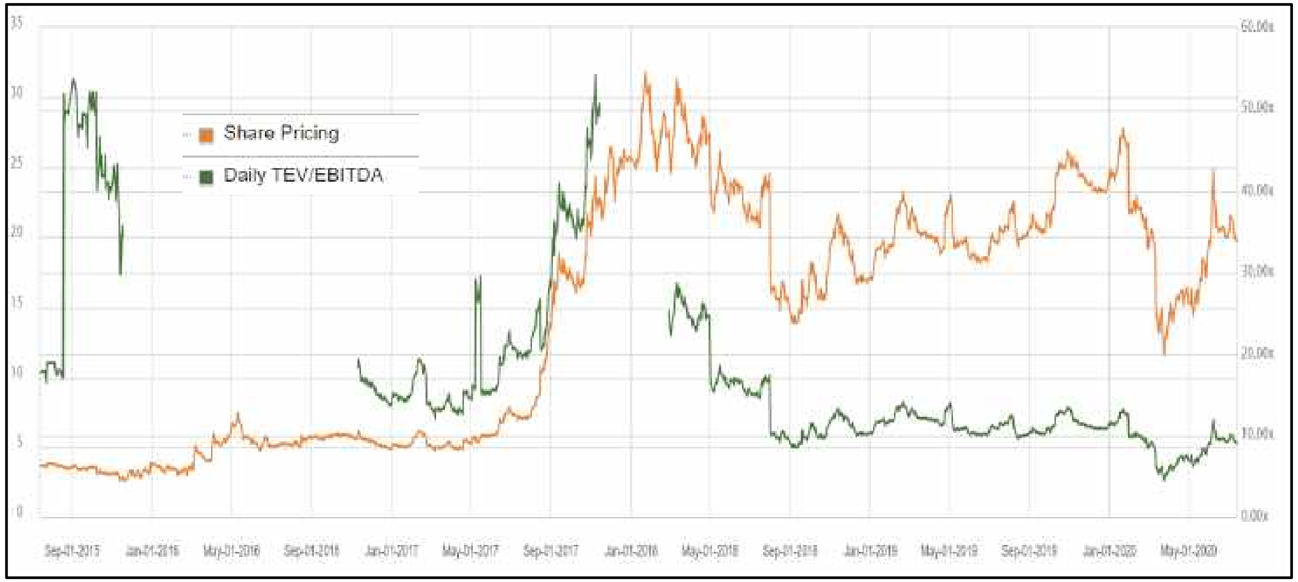
Enlabs Overview

Enlabs, or Entertainment Laboratories, is an entertainment company operating through three segments: brands, media, and solutions. The majority of Enlab's revenue comes from online gaming, such as online poker and betting.

Statistic	06/08/2015	06/08/2020
Stock Price	€3.81	€22.30
Market Cap	€145.43M	€1.40B
Enterprise Value	€88.73M	€1.22B
Shares Outstanding	38.17M	62.83M
EV / LTM Revenue	1.24x	2.72x
EV / LTM EBITDA	19x	10.44x
PE	1.24x	13.90x

Statistic	FY 2015	FY 2019
Revenue	102.95M	411.36M
EBITDA	(6.05M)	105.46M





Enlabs Business Model

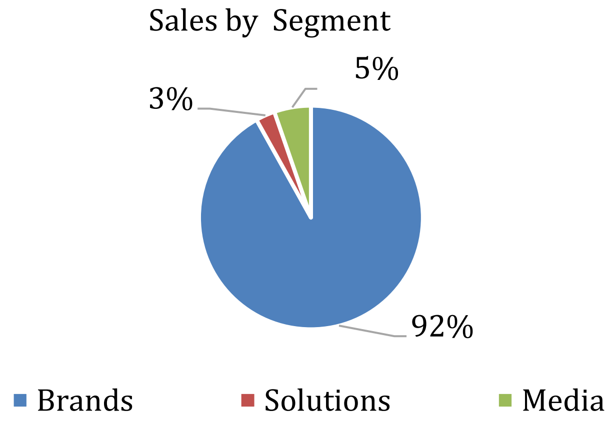
Primary Product

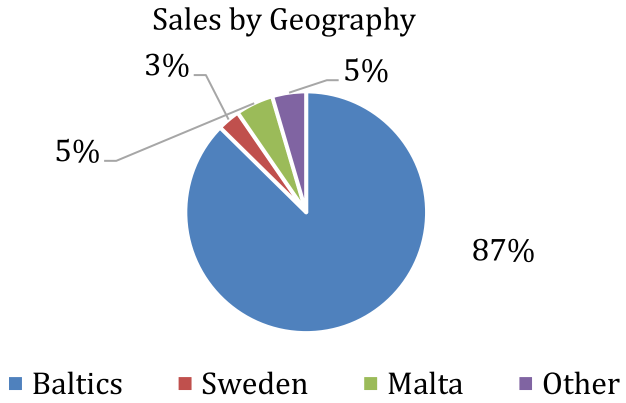
Brands	Online gaming under several different brands in regulated, or soon to be regulated, markets. Various products such as Casino, Live Casino, Betting, Poker and Bingo.
Solutions	Conducts performance-based marketing, so called affiliation.
Media	B2B services including delivering sports results and technical solutions in the online gaming industry.

Context

NLAB is an online gambling company in the Baltics.

- NLAB operates online gambling sites that offer a variety of online gambling games:
  - Casino games.
  - Live casino games (through Evolution Gaming).
  - Sports betting.
- Holds approximately 25% market share in the Baltics online gambling market.





NLAB is a low capital intensity business.

Low Threat
Medium Threat
High Threat

Enlabs Competitive Analysis

European Online Gambling Industry

This industry consists of online gambling companies and services operating in Europe, such as online poker and sports betting.

Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

Market Structure: Oligopoly / Monopolistic Competition
Market Size: €22.2B[1]
Industry Growth: HSD[1]
• Each country has different regulations and competitive landscape:
  • Finland is hyper competitive with over 200 players.
  • Belarus is starting to ease regulations.
• NLAB has a commanding 25% market share across the Baltics.
	• **Regulatory requirements:**
	  • Are often stringent and complex.
	  • Vary from country to country.
	  • Subject to change.
	• Network effects: online gambling can be social (especially live games).
		• Data that comes with scale can enable better product offerings.
		• Brand name and reputation.
		  • Regulatory marketing restrictions impede competitors from developing brand.
			• Disadvantageous regulatory changes.
			• Data breaches.
			• Other forms of entertainment becoming more popular.
			• Land-based casinos making major push online / new competitors.
				• Online gambling penetration has continued to increase.
				  • Latvian online gambling grew at 29% YoY from Q32019.
				  • Lithuanian market anticipated to grow fast.
				  • Baltic penetration catching up to Nordic online gambling penetration.

1. 2018 figures: https://www.egba.eu/uploads/2019/12/European-Online-Gambling-Key-Figures-2018.pdf

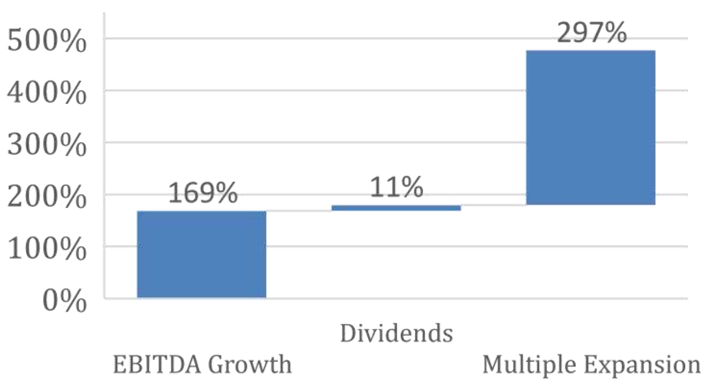
What Investors Missed

The Bear Thesis Five Years Ago:

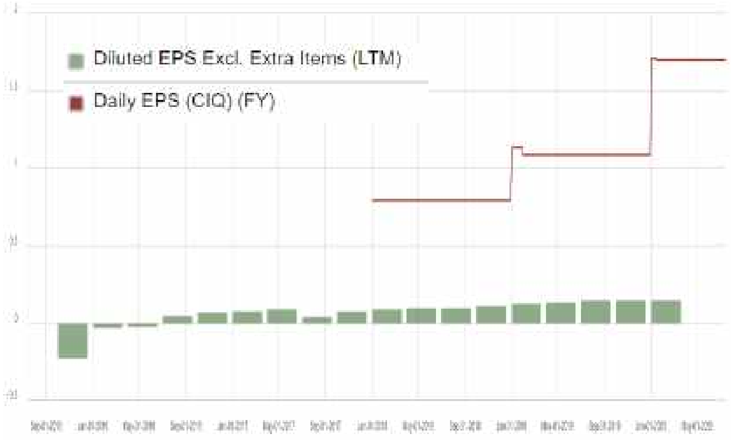
- Not much room for growth:
  - NLAB operates in small markets (Latvia, Ukraine, and Malta).
  - NLAB will not be successful in expanding to new markets.
- Unprofitable and negative EBITDA.

Why They Were Wrong

Return Breakdown:



EPS Results



The Actual Story of the Last Five Years

NLAB expanded to new markets

- NLAB maintained its strong #1 position in Latvian online gambling which is ≈70% of sales.
- Expanded to Lithuania which has likely increased targetable market by 30%-50%.
  - Currently 5th place but seeking to expand market share.
- Made acquisition of KDB Games which will enable a future expansion to Belarus.
- Keeping expansion to Ukraine open and also operating in Sweden and Finland.

Profitable and EBITDA positive

- Profitable and EBITDA positive from FY2016 onwards.
- High ≈78% gross margins and ≈25% EBITDA margins.
- Clean balance sheet with minimal debt.

Growing markets

- Y/Y online gambling growth in core Latvia market is 29% in Q3 2019.
  - Penetration in online gambling still lower than the Nordics.
- Online gambling penetration still low across the world – but is growing, especially with Covid-19.

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Enlabs Takeaways

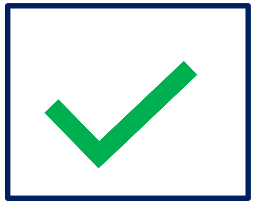
NLAB is a High Quality Business- 5/5

NLAB has a moat	• **NLAB is a leading online gambling company in the Baltics with commanding market share in Latvia, and a strong presence in Lithuania and Estonia.** • Highly regulated industries with restrictions on advertising impede new entrants. • Land based operations are also required in Lithuania and Belarus.
NLAB has grown consistently and responsibly	• Online gambling has grown, especially in Latvia, NLAB's largest market. • NLAB has made product improvements such as adding Evolution Gaming for live games. • ARPU grew from ≈€120 in Q12017 to ≈€225 in Q32019. • NLAB has expanded into Lithuania market while has exited the less lucrative UK market.
NLAB has a runway for future growth	• Online gambling penetration continues to increase, and due to barriers to entry, NLAB is poised to capture industry growth. • NLAB has made strides for future expansion into Belarus and Ukraine; also further room for growth in Nordics and other markets such as Latin America.

Future Outlook

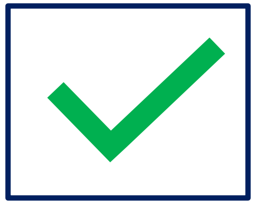
Can NLAB Sustain its Market Position?

- NLAB operates in an industry with high regulatory barriers to entry.
- NLAB has a commanding market position in Latvia and strong position in the rest of the Baltics.
- The Baltics are less competitive than other markets, such as the UK.



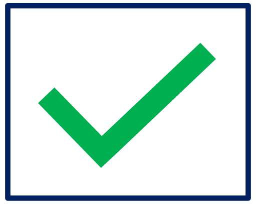
Can NLAB continue to grow faster than the industry?

- NLAB is poised to capture market growth through further online gambling market penetration.
- NLAB can realize further growth in new markets and continue to grow its ARPU in existing markets.



Is NLAB poised to continue to outperform the market?

- NLAB has multiple avenues for further growth in existing markets and new ones.
- Online gambling, as a whole, is likely to grow, especially because of Covid-19 lockdowns.
- NLAB's 11.19x NTM EBITDA multiple is not at a major premium to the market nor do they trade at a steep premium to peers.



Solutions30

Solutions for New Technologies

ENXTPA:S30

496%

5 Year TSR

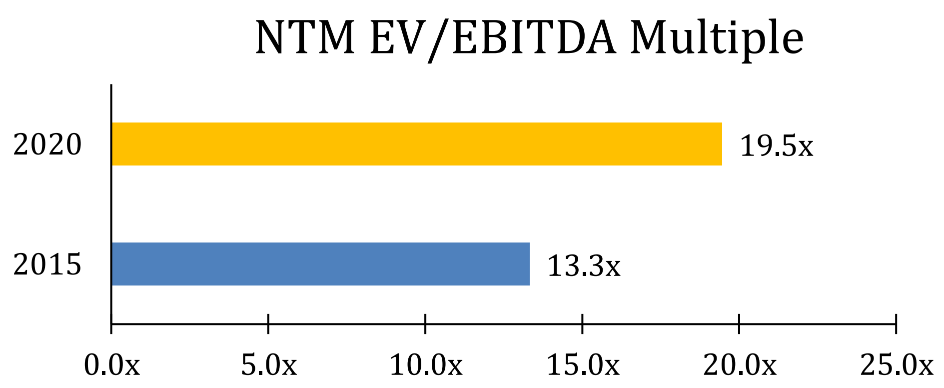
Rank: 56/104

Solutions 30 Overview

Solutions 30, headquartered in Luxembourg, provides support solutions for new digital technologies to individuals and professionals, such as, telecom support services, installation, and maintenance.

Statistic	6/8/15	6/8/20
Stock Price	€1.92	€11.23
Market Cap	€154.63M	€1.20B
Enterprise Value	€158.91M	€1.19B
Shares Outstanding	80.43M	107.13M
EV / NTM Revenue	1.17x	1.65x
EV / NTM EBITDA	13.32x	19.46x
NTM P/E	15.12x	28.60x

Statistic	FY 2015	FY 2019
Revenue	€127.5M	€688.2M
EBITDA	€7.6M	€65.3M



Solutions 30 Business Model

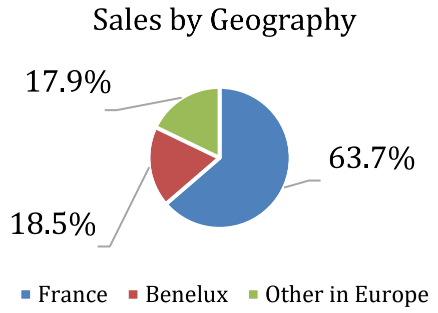
Primary Products

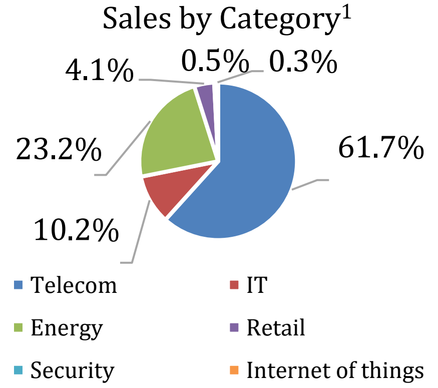
IT Services	• High-speed broadband installation • Installation and maintenance of energy related devices • Installation and assistance with payment systems and POS terminals

Context

S30 offers a wide range of IT related services to its customers

- Solutions are delivered to end-users (both individuals and professionals), on behalf of large telecom and digital OEM companies
- Customers use S30 to outsource relatively unprofitable yet important service activities
- S30 partners with large industrial and service companies to provide services to their customers
- These activities include rolling-out, installing, and maintaining digital equipment and providing end-user support
- Group activities are concentrated in Europe





S30 is a capital light business.

[1] sales by category for revenues from France

Low Threat
Medium Threat
High Threat

Solutions 30 Competitive Analysis

IT Consulting & Services

The players in this industry offer information technology and systems integration services, including information technology consulting, information management services, and commercial electronic data processing.

Market Structure	Oligopoly
Market Size	$2.26T[1]
Industry Growth	HSD[2]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• Main competitors are the internal departments of major technology groups, energy suppliers, and OEMs, some national players, and lots of small regional companies • Minimal start up costs and low level of regulation • Primary barriers are educational experience and ability to attract clients	• The density of the S30 technician network allows for rapid response time and customer satisfaction-10,000 technicians preforming 60,000 tasks everyday • S30 services can accommodate rapid increases in volume and large scale rollouts • Strong relationships with Europe's largest technology groups • The group is managed by region, allowing for services to be tailored to the area's specific needs	• S30 has a fairly concentrated customer base, with their largest customer accounting for 20% of revenue and their top 5 largest accounting for 61%, so losing any one of these customers would have a significant impact on revenue • Political and administrative decisions (especially in countries experiencing economic slowdown / debt) against developing & modernizing telecommunications infrastructure and energy distribution networks could slow S30 growth	• Number of screens per household and the use of internet video streaming have and continue to grow • Internet operators are looking to replace existing copper cable networks with fiber optic ones • Roll out of 5G networks requires new kinds of services

[1]https://eresearch.fidelity.com/eresearch/markets_sectors/sectors/industries.jhtml?tab=learn&industry=451020
[2]YTD

What Investors Missed

The Bear Thesis Five Years Ago:

- **In 2015, S30 experienced a number of changes involving its subsidiaries**
  - Télima Digital World filed for bankruptcy in 2014, which could have indicated a larger operating issue in S30, the parent company
  - Unclear where they had the best opportunities for growth
  - S30 also restructured its German subsidiaries DBS GmbH and Connecting Cable
  - S30 acquired a 60% stake in Spanish company Rexion Computer, which increased investment outside of their core business in France/Benelux regions

Why They Were Wrong

The Actual Story of the Last Five Years

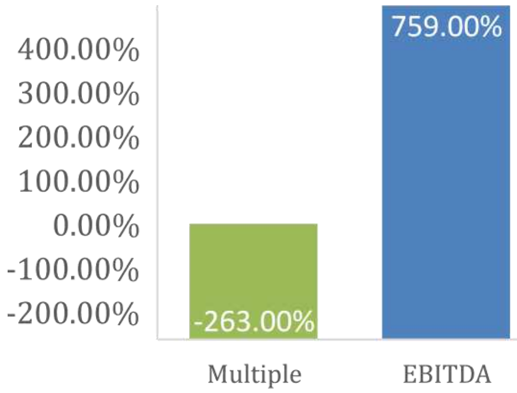
Successful Organic Growth

- Growth in France has been organic over the last 5 years, driven by the success of their fiber optic and smart meter energy products
- S30 Created 10 companies in 2018 to meet the growth of their activities
- S30 has become a top three player in France and Benelux regions
- Lots of growth potential with energy and IoT segments

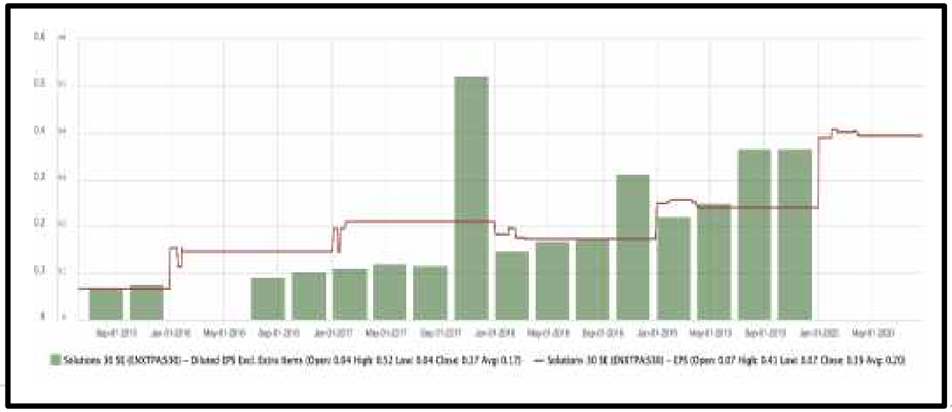
Successful Acquisitions

- International (outside of France) growth has been driven largely by strategic acquisitions and major contract wins
- Acquisitions over the last 5 years have strengthened S30 positions both in terms of geography and in solution offerings
- Acquisitions in 2019 grew S30 market share of the telecom sector

Return Breakdown:



Consensus vs Results



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Solutions 30 Takeaways

S30 is an Okay Business – 3.5/5

Multiple Channels for Growth

- S30 has had success with both organic and inorganic growth
- S30 has proven their ability to make strategic acquisitions that expand their geographic reach and increase their revenue
- S30 has also proven that it is capable of organic growth, as shown by its success in France and Benelux regions

Weak Advantages

- S30 competitive advantages are weak and need consistent investment to stay relevant
- Low barriers to entry make competition a constant threat
- S30 has had strong topline growth over the last 5 years and high gross profit margin of around 60% (66% in FY 2019)
- S30 EBITDA margin is consistently low, not having exceeded 9.5% in the last 5 years

Future Outlook

Can S30 Sustain its Advantages?

- S30 has a recruitment strategy in place to attract and retain technicians
- Their relationships with European technology companies have taken time to create
- These same technology groups could do the services S30 does themselves, making S30 obsolete

Can S30 continue to grow?

- S30 has plans to grow both geographically and in services provided
- S30 sees the Internet of Things segment as an area for strong growth

Is S30 poised to continue to outperform?

- Moderate multiple expansion, but still room for more
- Achieved growth goals in France and Benelux regions, which gives them a proven model to work off of for other regions and continue to outperform

LUNA

NASDAQCM:LUNA

492%

5 Year TSR

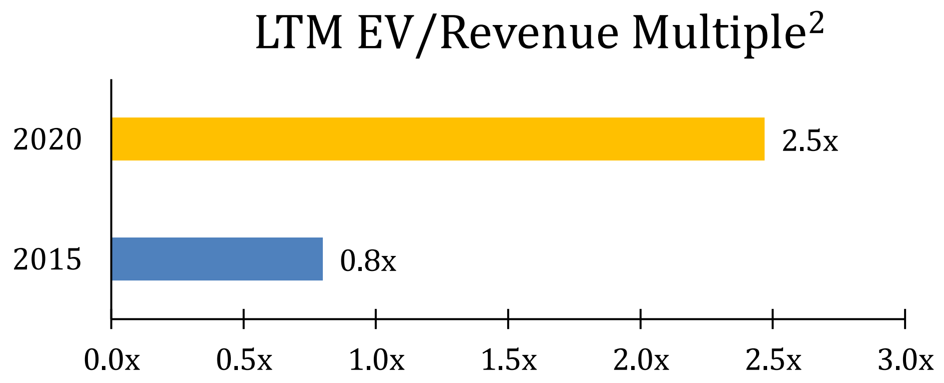
Rank: 57/104

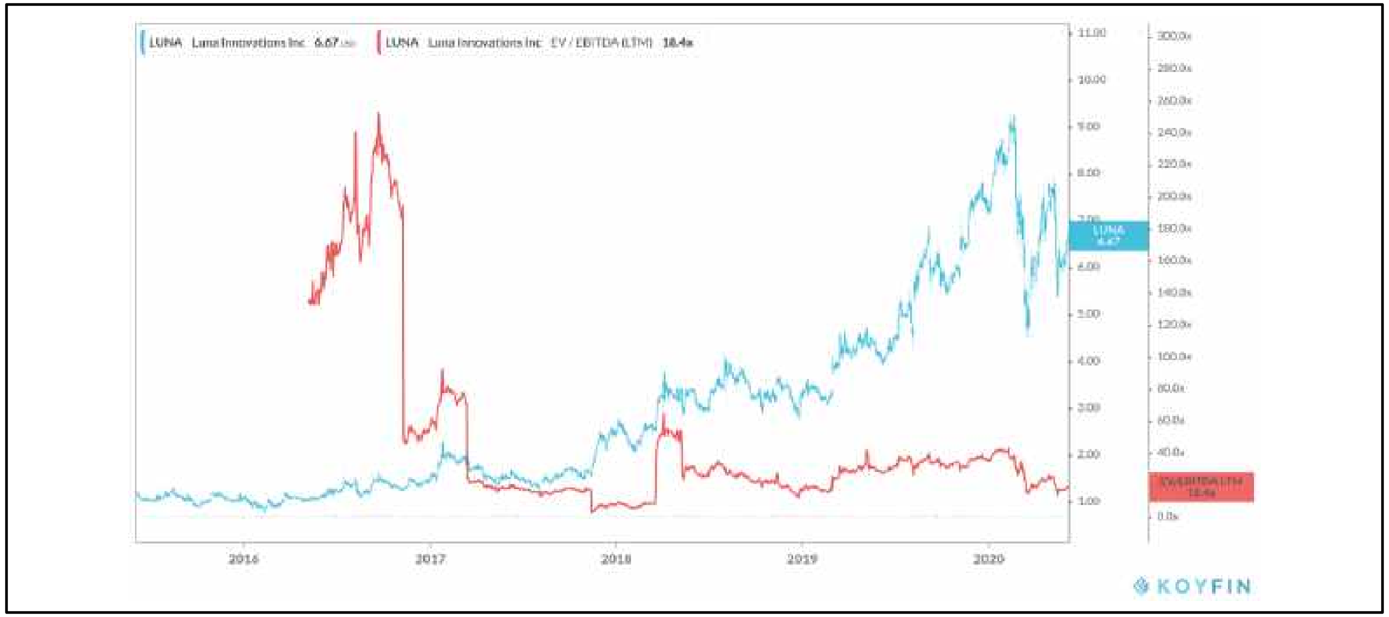
Luna Innovations Overview

Luna Innovations Incorporated, based in Roanoke, VA, develops, manufactures, and markets fiber optic sensing and test and measurement products.

Statistic	6/8/15	6/8/20
Stock Price	$1.14	$6.67
Market Cap	$30.74M	$203.35M
Enterprise Value	$17.79M	$180.00M
Shares Outstanding	26.96M	30.49M
EV / LTM Revenue[1]	0.80x	2.47x
EV / LTM EBITDA[2]	N/A	18.38x
LTM P/E[3]	N/A	47.75x

Statistic	FY 2015	FY 2019
Revenue	44.02M	70.52M
EBITDA	(92.56)K	6.82M





[1]NTM multiples not available prior to FY 2018
[2]EBITDA was negative for FY2015
[3]EPS was negative for FY2015

LUNA Business Model

Primary Products

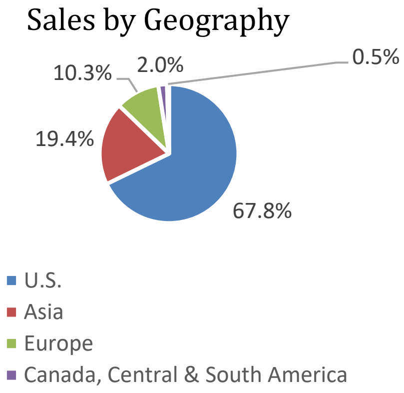
Products & Licensing	• Fiber optic test and measurement instruments • ODiSI platform
Technology Development	• Provides research for customers in LUNA's areas of focus

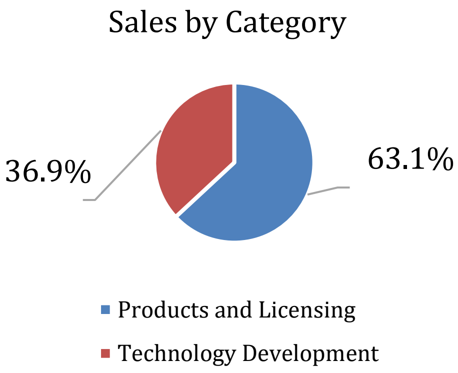
LUNA ODiSI platform

Context

LUNA primarily sells to telecommunications companies, defense agencies, government system integrators, and researchers

- LUNA products target the automotive, aerospace, energy, and infrastructure industries
- LUNA fiber optic sensing products provide information on stress, strain (ODiSI platform), and temperature of other products in their design or manufacturing phases
- Sensing products also used to monitor structural integrity of large civil structures such as bridges
- LUNA makes sales through regional teams of manufacturer representatives and partner distribution channels





LUNA is a capital intense business.

LUNA Competitive Analysis

Low Threat
Medium Threat
High Threat

Electronic Equipment & Instruments

The players in this industry are involved in the manufacturing, design, development, assembly, and servicing of electronic equipment and components.

Market Structure	Perfect Competition
Market Size	$327.36B[1]
Industry Growth	> 10%[2]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• High costs for R&D and manufacturing • Government contracting generates revenue, but these relationships are difficult to establish • Very specific and technical products, so companies require highly skilled employees to be successful	• LUNA has proprietary technology (own or license over 400 patents) • Proprietary software code that is critical to their competitive advantage • Good relationships with major U.S. government agencies such as NASA • Participant in the Small Business Innovation Research (SBIR) program • Reputation for high quality products	• LUNA is subject to a licensing agreement from Intuitive Surgical Inc., which if revoked would prevent LUNA from marketing, manufacturing, or selling their fiber-optic products • Relations with the U.S. government are entirely on their terms, and the government can prevent commercialization of LUNA technology should they foresee a national security risk • 40% of revenues were derived from the U.S. government	• Telecommunications industry is constantly evolving • 2019 saw the launch of 5G cellular networks

[1]https://eresearch.fidelity.com/eresearch/markets_sectors/sectors/industries.jhtml?tab=learn&industry=452030
[2]Growth over the last 5 years

What Investors Missed

The Bear Thesis Five Years Ago:

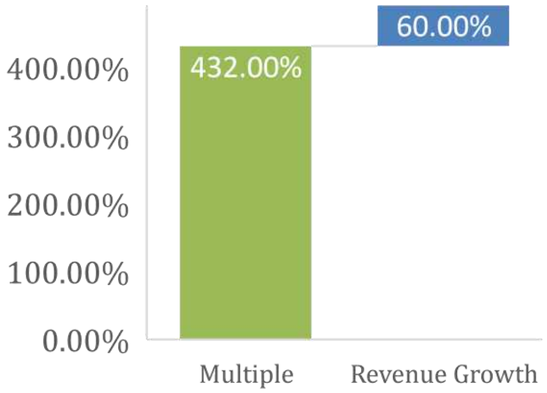
- **In the years leading up to and including 2015, LUNA had poor financial performance, making it an undesirable investment**
  - Filed for bankruptcy in 2009 and reorganized in 2010
  - EBITDA was negative for a number of years
  - LUNA had very high operating costs
  - No clear growth strategy and uncertain leadership

Why They Were Wrong

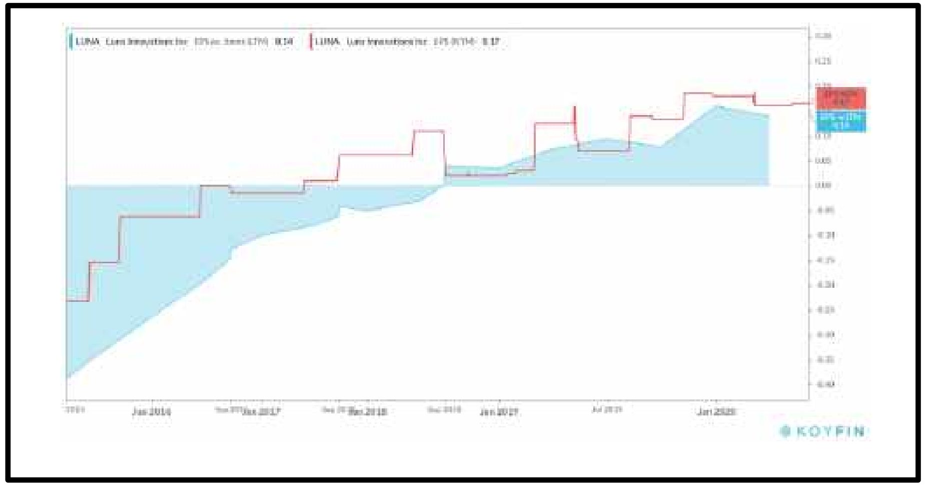
Growth & Acquisitions

- In 2018, LUNA acquired Micron Optics, which significantly increased their measurement capabilities and added three new product suites
- In 2019, LUNA acquired General Photonics Corporation a leading provider in components used in fiber optic-based applications
- Revenue has grown close to 30% since 2018
- These acquisitions allow LUNA to consolidate market share and lower R&D costs, as LUNA is able to absorb the companies’ technology
- A new CEO was appointed in 2017 and is striving toward making LUNA the leading provider of fiber optic test, measurement, and control equipment
- A new CFO was appointed in 2017

Return Breakdown[1]:



Consensus vs Results



[1]Revenue used because EBITDA was negative in 2015

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Luna Innovations Takeaways

LUNA is a Okay Business – 3/5

LUNA Serves a Specific Purpose

- LUNA creates and sells very specific types of technology that are essential to client operations
- Competition is steep in the market because there are only so many contracts to compete for
- Reputation and track record is everything in order to win these contracts- LUNA has good past relationships and credentials to point to

Volatile Relationships

- LUNA relies heavily on relationships that are somewhat volatile in nature
- The U.S. government has complete flexibility in their relationship with LUNA and could hinder LUNA's growth
- LUNA's profitability also relies on maintaining a good relationship with Intuitive Surgical Inc.

Future Outlook

Can LUNA Sustain its Advantages?

- LUNA's main advantage is its technology, which is protected by patents that are set to expire in 2037

Can LUNA continue to grow?

- LUNA has made and will continue to make strategic acquisitions in the last 5 years
- By acquiring competitors, LUNA eliminates competition and devotes less to R&D expenses
- LUNA can also grow internationally and diversify their sources of revenue

Is LUNA poised to continue to outperform?

- Gross margins have steadily increased over the last 3 years to 50%, which is promising
- Revenue is expected to grow to 81.9 M in NTM, but there is no indication that they will meet this estimate
- Given LUNA's volatile history it is unclear if it will continue to outperform

MEDISTIM

OB:MEDI

491%

5 Year TSR

Rank: 58/104

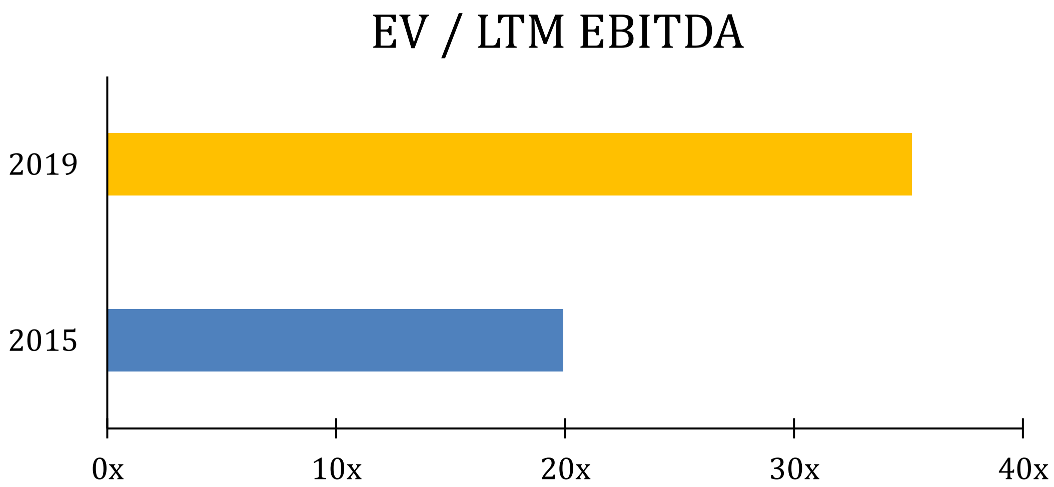
Medistim Overview

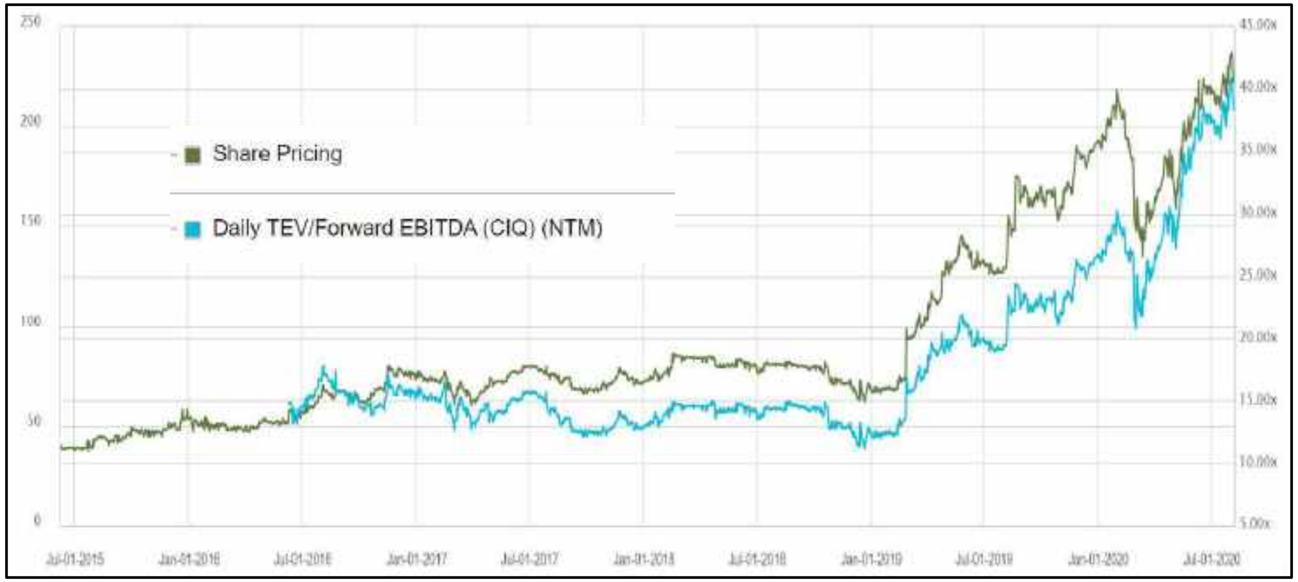
In Norwegian krone (Kr)

Medistim ASA is a Norway-based company engaged in the provision of medical equipment and technology. It develops, manufactures, and distributes medical devices primarily for cardiac and vascular surgery.

Statistic	06/08/2015	06/08/2020
Stock Price	38.5 Kr	223 Kr
Market Cap	697.48M Kr	4.06B Kr
Enterprise Value	655.47M Kr	4.00B Kr
Shares Outstanding	18.12M	18.12M
EV / LTM Revenue	2.94x	10.77x
EV / LTM EBITDA	12.92x	35.17x
PE	20.83x	53.86x

Statistic	FY 2015	FY 2019
Revenue	249.97M	356.91M
EBITDA	57.76M	102.31M





Medistim Business Model

Primary Product

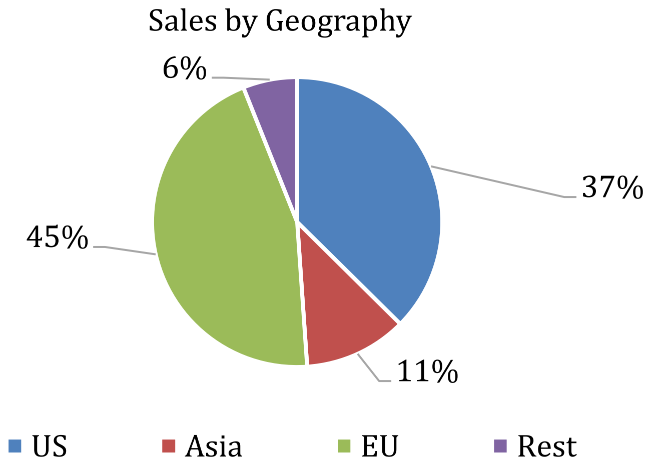
MiraQ	Products that combine ultrasound imaging and transit time flow measurement (TTFM) in a single system for cardiac surgery, vascular surgery, and other tasks.

The MiraQ designed for cardiac surgery.

Context

MEDI makes the only device that integrates ultrasound imaging and TTFM.

- Surgeons used either ultrasound imaging and TTFM for various procedures but MEDI enables them to use both simultaneously.
    - Improves patient outcomes: during Coronary Artery Bypass Graft (CABG) surgery many surgeons rely on their fingertips to determine blood flow – MEDI enables them to use ultrasound imaging instead.
- MEDI seeks to make their MiraQ products the standard of care for CABG surgery and other coronary and vascular surgeries.



MEDI is a medium capital intensity business.

Medistim Competitive Analysis

Low Threat
Medium Threat
High Threat

Cardiac Surgery Quality Assurance Medical Devices

Participants design, manufacture, and sell medical devices that enable quality assurance during cardiac surgery procedures, such as CABG.

Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

Market Structure: Oligopoly
Market Size: ≈2B Kr[1]
Industry Growth: MSD[2]
• Industry understated by approximately 1 billion as MEDI has opportunities for growth in the global vascular market.
• MEDI is by the far the largest player with 82% market share.
  • MEDI equipment used in 33% of total bypass surgeries worldwide.
• Largest competitor has ≈7% share of bypass surgeries.
• **60% of surgeries use no quality assurance device to monitor blood flow –** opportunity for MEDI to grow.
	• Regulatory burdens: need approval in each market by regulatory body.
	• Patents.
	• Clinical evidence supporting effectiveness (i.e. studies).
	• Significant R&D costs.
	• Approval for use by hospital boards, etc.
	  • Doctors need to be trained and familiar with product as well.
		• MEDI has clinical evidence to support product effectiveness (i.e. 2019 REQUEST study).
		• MEDI has dominant market share which bolsters reputation.
		• MEDI has the only device which does ultrasound imaging and TTFM simultaneously.
			• Product failure scandal.
			• New technology emerges.
				• Fee for value model rather than fee-for service increasing prevalence.
				  • Increases demand for quality assurance products.
				• REQUEST study demonstrated effectiveness of MEDI's product:
				  • 25% of surgeries were improved by using technology.

1. 2019 10k.
2. Using CABG surgery per year growth as a proxy; https://www.grandviewresearch.com/industry-analysis/coronary-artery-bypass-graft-cabg-market

What Investors Missed

The Bear Thesis Five Years Ago:

- **The CABG market is conservative and sensitive to change:**
  - And the biggest change MEDI could have asked for - being added to European Society of Cardiology (ECS) and European Association for Cardio-Thoracic surgery (EACTS) as standard of care during CABG – already happened five years ago.
- Too early to invest until REQUEST results are in – difficult to judge value of MEDI product without these results.
- Minimal avenues for growth.

Why They Were Wrong

The Actual Story of the Last Five Years

MEDI grew incrementally

- MEDI consistently grew topline each year through its distributors and sales force, leveraging the clout it received from ECS and EACTS.
  - FY2015 250M in revenue grew to 363M in FY2019.
- Consistently expanded market share in US market (largest market) by taking advantage of trend towards value based care:
  - Market share increased from 17% in FY2016 to 23% in FY2019.

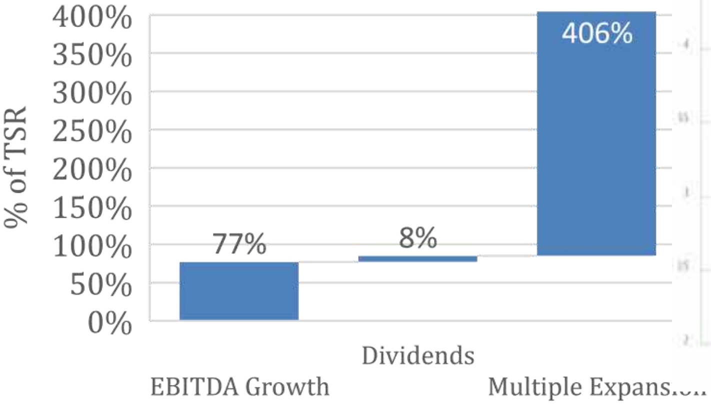
REQUEST results positive

- 5-year REQUEST study process culminated in 2019 report.
- **Study showed that 25% of patients had their surgery change based on data from MEDI's device.**
  - Underscoring MEDI's argument that surgeons relying on sensing a pulse is inaccurate.

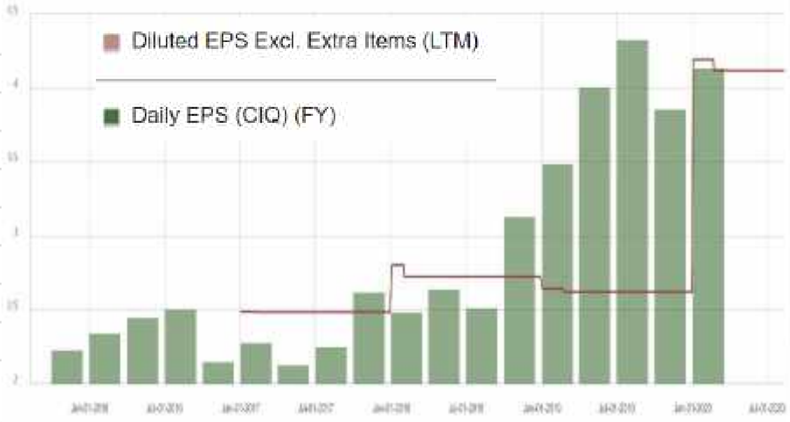
Expanded into vascular segment

- Launched MiraQ product with goal of capturing share of vascular surgery market.
- 1B market and just 15% of sales - but growing at 18% each year.

Return Breakdown:



Consensus vs Results



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Medistim Takeaways

MEDI is a High Quality Business- 4.5/5

MEDI has a deep moat	• MEDI's product is proprietary: **MEDI is the only supplier in the world** offering a system that provides integrated TTFM and high frequency ultrasound imaging system for intraoperative use. • Regulatory burdens, patents, and studies demonstrating product effectiveness insulate MEDI from competitors.
MEDI grew	• MEDI maintained dominant position in Norway and Denmark where all cardiac centres carry MEDI equipment. • Expanded market presence in new markets: increased US penetration to 23%, nearly doubled sales in Asia to 41.8M (where coronary surgeries are growing at 10% per year), got regulatory approval in Canada.

MEDI has a runway for growth	• US market largest on earth but MEDI has only 23% penetration (compared to 70% penetration in Germany, Spain, and Nordic region; and 80% in Japan).
	  ◦ 75% of CABG surgeries still have no quality assurance to ensure proper blood flow; potential for MEDI to become "standard of care" in US.
	• Vascular market represents opportunity for growth:
	  ◦ Strong presence for vascular surgery in Nordic markets and Germany but minimal presence elsewhere; 15% sales vascular customers but growing at 18% annually.

Future Outlook

Can MEDI Sustain its Market Position?

- MEDI's has a wide moat protected by regulatory hurdles, approval from customers (i.e. hospital boards), and patents.
- MEDI has a proprietary product.
- MEDI has successfully defended its high penetration in core markets of Norway, Denmark, and Germany.

Can MEDI continue to grow faster than the industry?

- MEDI has the only product capable of integrating TTFM and ultrasound, and has a moat protecting this advantage.
- Competitors are minimal: MEDI is over 4x bigger than its largest competitor (which is only competitor of note).
- Industry poised to grow: just 40% of surgeries using any quality assurance system.

Is MEDI poised to continue to outperform the market?

- MEDI has a wide moat and is poised to continue capturing market share as the market expands.
- There is a large opportunity in the US where 75% of CABG surgeries use no quality assurance – despite the trend towards value-based care.
  - MEDI already has 23% market share.
- MEDI trades at 53x LTM earnings but has many avenues for growth (vascular market, US, etc.) a wide moat, and operating leverage which will enable them to outperform.

Ideas that work for life

CPSE:AMBU B

489%

5 Year TSR

Rank: 59/104

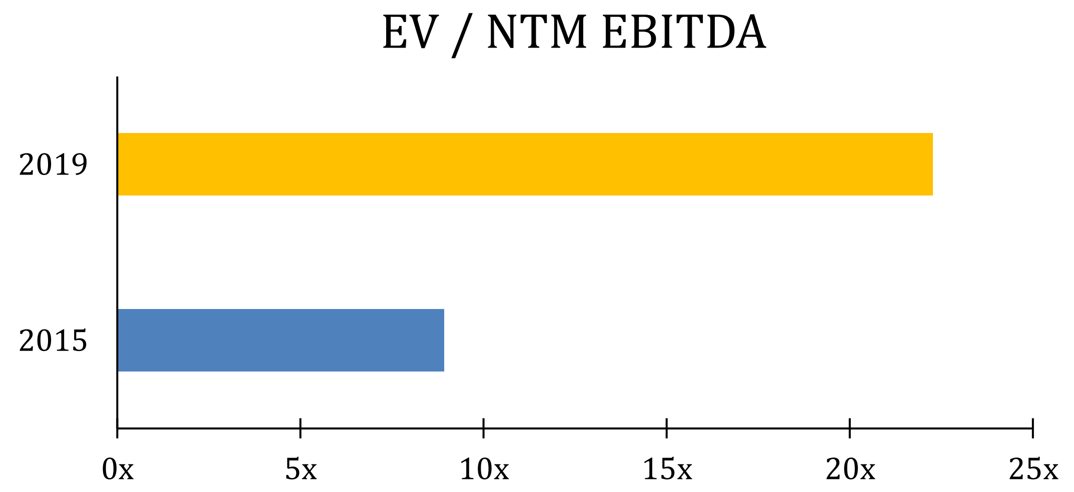
Ambu Overview

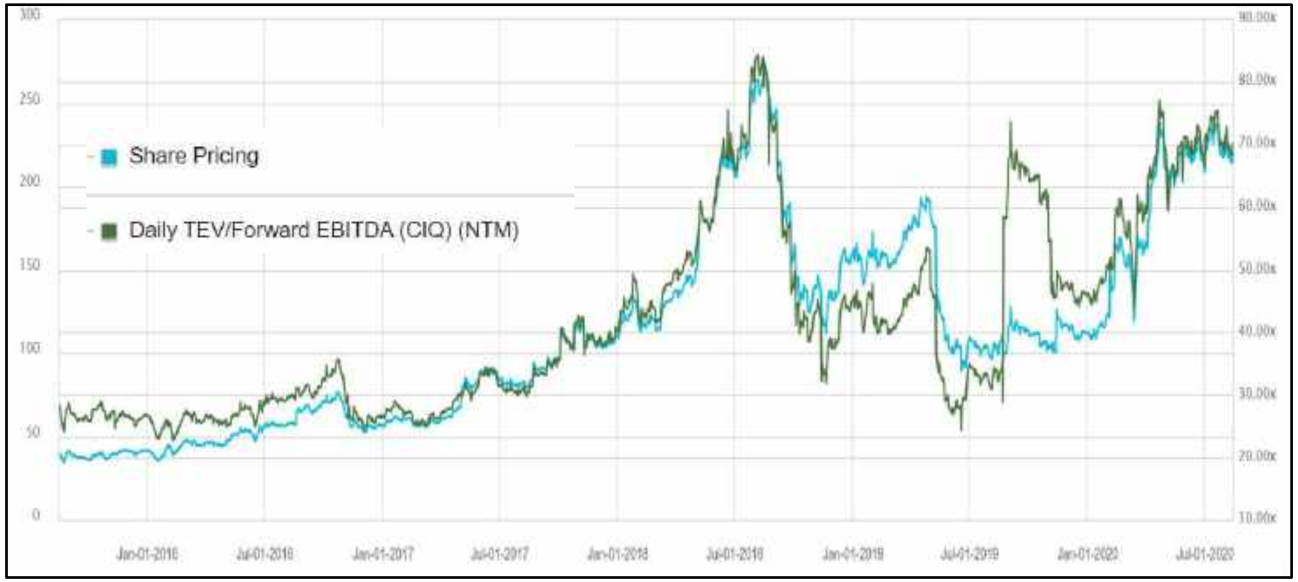
In Danish krone (kr)

Ambu A/S is a Danish company that develops, produces, and markets diagnostic and life-supporting equipment (particularly single-use equipment) and solutions to hospitals and rescue services.

Statistic	06/08/2015	06/08/2020
Stock Price	37.7 kr	221.7 kr
Market Cap	9.06B kr	54.73B kr
Enterprise Value	9.94B kr	56.19B kr
Shares Outstanding	240.35M	246.88M
EV / NTM Revenue	5.11x	13.52x
EV / NTM EBITDA	29.24x	70.59x
PE	47.27x	123.17x

Statistic	FY 2015	FY 2019
Revenue	1.89B	2.82B
EBITDA	434M	642M





Ambu Business Model

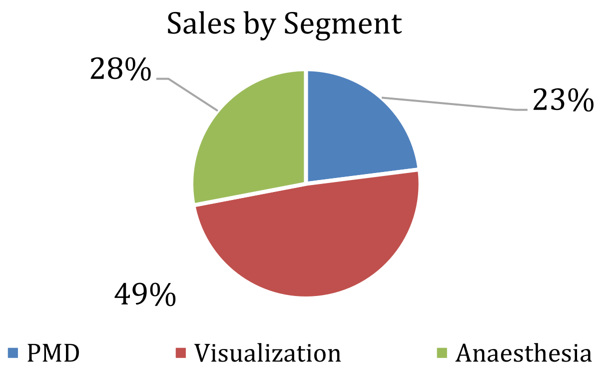
Primary Product

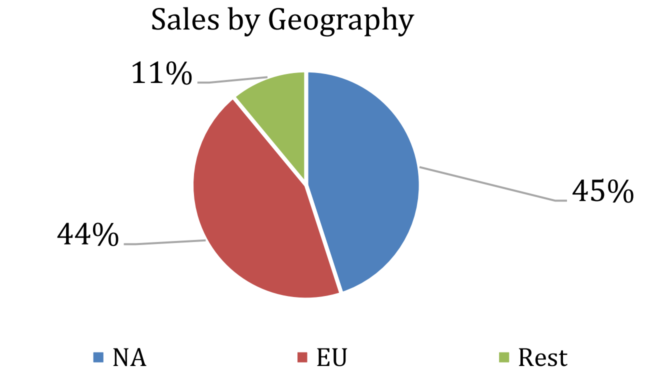
Anesthesia Products	Products for anesthesia, such as resuscitators, face masks, and breathing circuits.
Visualization Products	Visualization products such as single-use endoscopes, airway tubes with integrated cameras, and video laryngoscopes.
Patient Monitoring and Diagnostic (PMD) Products	Products for patient monitoring and diagnostics, such as cardiology and neurology electrodes, neck collars, and training manikins.

Context

AMBU sells a variety of medical devices, with a focus on single-use products.

- AMBU focuses on single use products (used by only patient) as they are always clean, always readily available, and cheaper for customers.
    - For advanced products (i.e. endoscopes) single use ensures that doctors always have latest technology (due to higher churn rate).
- AMBU designs and manufactures their products, and sells mostly direct through its salesforce.
- Primary customers include hospitals and rescue services.





AMBU is a medium capital intensity business.

Low Threat
Medium Threat
High Threat

Ambu Competitive Analysis

Global Medical Device Market

Participants, design, manufacture and sell medical devices for a range of medical uses.

Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
Market Structure: Varies **Market Size**: ≈$425.5B[1] **Industry Growth**: MSD[1] • Market overstated: AMBU participates mainly in the single-use medical device segment. • AMBU is the leader in the single use endoscopy market (estimated 2.5B size by 2024). • AMBU sees opportunity for growth in Duodenoscopy market (3.0B size at full single use penetration). • AMBU is the only large company focused on single-use medical devices.	• Regulatory burdens. • Often requires approval by hospital board. • Doctors need to be comfortable with product. • Technologically advanced product.	• Reputation. • Customers are recurring (due to single-use). • Sunk R&D. • Economies of scale. • First mover (single-use endoscopes). • Product breadth.	• Product failure. • Regulatory change.	• Regulations and guidelines for contamination in hospitals have gotten more stringent. • Capital budget reductions at hospitals.

1. https://www.fortunebusinessinsights.com/industry-reports/medical-devices-market-100085

What Investors Missed

The Bear Thesis Five Years Ago:

- Growth will begin to slow as new demand for single use products slows, AMBU's market penetration increases, and there are less new markets to expand to.
- Gross margins and EBITDA margins have trended downwards since 2010.

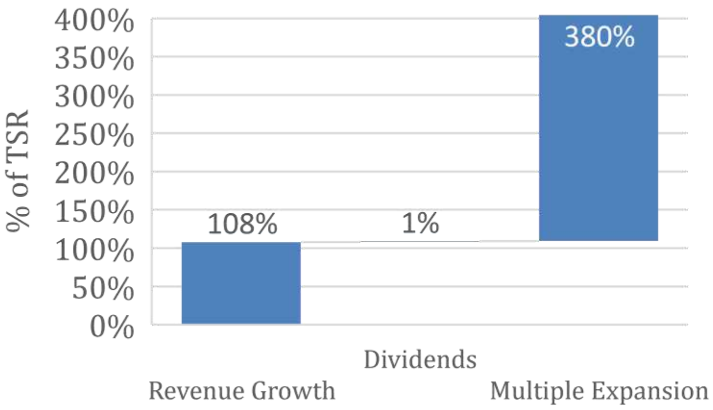
Why They Were Wrong

The Actual Story of the Last Five Years

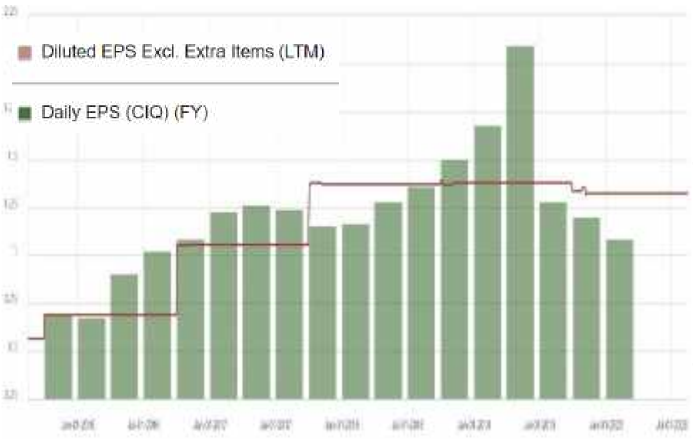
AMBU grew through endoscopy	• AMBU built a market for single use endoscopes – a market which didn't exist prior.
	  ◦ Product is better for hospitals given lower cost, low risk of contamination (cross-contamination regulations getting more stringent too), more available (not being used by another doctor, no need for transport etc.)
	• Expanded product line to grow number of procedures product could be used for (from less than 1.2M to ≈24M).
	• Visualization not a reportable 2015 segment to now 49% of sales (484M).
	  ◦ 96K units to now anticipated >1M units FY2020.

AMBU supported growth in other ways too	• AMBU continued to make consistent acquisitions. • AMBU invested heavily in its salesforce each year; doubled EU and APAC visualization sales forces and tripled NA sales force in FY2019.
Margins improved from FY2015 to FY2019	• Gross margin increased from 51% to 59% and EBITDA margin increase to 3% to 19.6%.

Return Breakdown:



Consensus vs Results



Ambu Takeaways

AMBU is a High Quality Business- 4.5/5

AMBU has a moat

- AMBU is a first mover in the single-use medical device market, particularly endoscopes, and only large player focused on single-use products.
- Protected by patents and regulatory burdens.
- Technological advantage due to focused R&D on single use products.

AMBU created and capitalized on opportunity in single use endoscopes.

- Single use endoscope market essentially non-existent before AMBU launched products in 2012.
- Visualization (encompasses single use endoscopes) not a reportable segment to now 49% of sales.
- Single use endoscope unit growth average for past five years: 60%.
    - Other segments growth more modest at average low single digits per year.
- Expanded product lines to cover wide range of potential procedures.

AMBU has a runway for growth

- Single-use endoscopy market still maturing and growing rapidly.
    - And AMBU is best suited to capture growth given first mover advantage, product breath, specialization in segment, and scale (lower cost).
- AMBU has a robust product pipeline: 13 new single use endoscopes to launch within next two years.

Future Outlook

Can AMBU Sustain its Market Position?

- AMBU is first mover in single-use endoscope market and only player with scale focused on the industry.
- Regulations and patents are strong barriers to entry.
- Investing in R&D and sales force to maintain leading position.

Can AMBU continue to grow faster than the industry?

- AMBU has a robust product pipeline with 13 new products to launch within next two years.
- Strong direct sales force.
- AMBU is poised to launch product in for duodenoscopy which will enable them to grow faster (Duodenoscopy division of hospitals general control largest portion endoscopy budget for the hospital).

Is AMBU poised to continue to outperform the market?

- AMBU has essentially created a new medical device market and capitalized heavily on that opportunity.
- So far, AMBU has done everything right: create a compelling value proposition, invest in sales force, and expand product line to grow TAM.
    - AMBU will likely continue to grow and maintain advantage because of this.
- However, at 123x forward earnings any setback at all in AMBU's growth will cause them to underperform.

AIM:LTG

483%

5 Year TSR

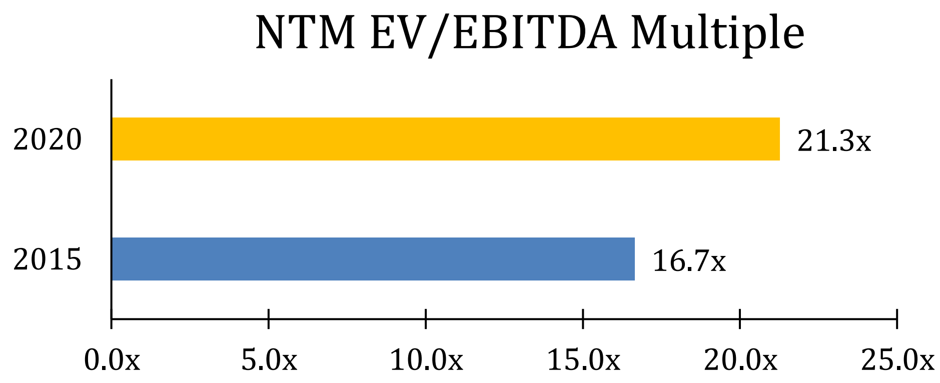
Rank: 60/104

Learning Technologies Overview

Learning Technologies Group is an E-learning company based in London that delivers digital and blended learning solutions to staff across the globe working in large multinational companies and government.

Statistic	6/8/15	6/8/20
Stock Price	£0.24	£1.27
Market Cap	£84.48M	£936.90M
Enterprise Value	£80.12M	£945.03M
Shares Outstanding	355.71M	735.98M
EV / NTM Revenue	3.82x	7.31x
EV / NTM EBITDA	16.65x	21.27x
NTM P/E	33.45x	30.96x

Statistic	FY 2015	FY 2019
Revenue	19.91M	130.10M
EBITDA	3.56M	42.19M



Learning Technologies Business Model

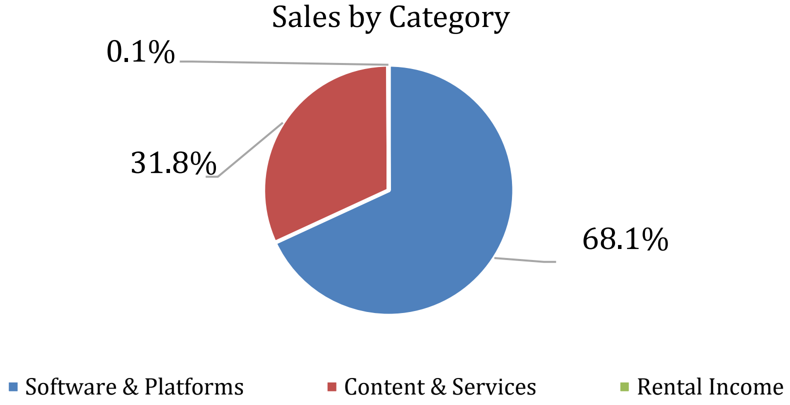
Primary Products

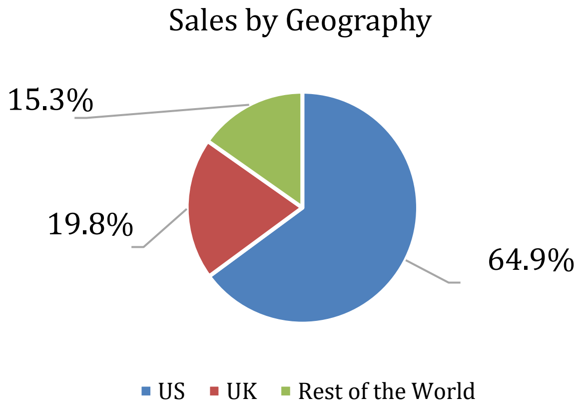
Content & Services	• Direct collaboration with organizations to teach a targeted group of people a specific thing
Software & Platforms	• Software designed for a variety of talent management applications as well as training development tools

Context

LTG drives learning and talent for business performance

- LTG operates has a holding company for 11 subsidiaries
- It IPOed in 2013 with the intention of consolidating a rather fragmented industry
  - Utilizes the “buy and build” strategy
- Content & Services are typically one-time charges while Software and Platforms offer a solid base of recurring revenue
- The focus is on all aspects of the employee lifecycle, which is achieved by the development of long-term client relationships





LTG is a capital light business as all no manufacturing is involved

Low Threat
Medium Threat
High Threat

Learning Technologies Competitive Analysis

Corporate E-learning

The players in this industry offer help developing online training programs covering compliance, IT management, and industry-related courses.

Market Structure	Perfect Competition
Market Size	$70B[1]
Industry Growth	HSD[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

• Very low barriers to entry
  • Anyone can offer these services with little up-front costs
• Established players' reputations do play a role in customer decision making, however
	• The ability to consolidate and develop synergies between subsidiaries
	  • The rest of the industry is highly fragmented
	• A mix of both single time and recurring revenues allows for a more balance approach
		• Management may not be able to adequately oversee 11 companies at the same time	• Companies have become more digitized

[1]https://www.prnewswire.com/in/news-releases/e-learning-market-size-is-expected-to-grow-at-a-cagr-of-10-85-by-2025-valuates-reports

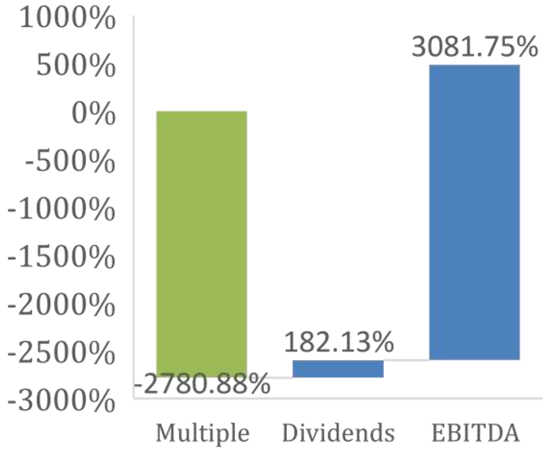
What Investors Missed

The Bear Thesis Five Years Ago:

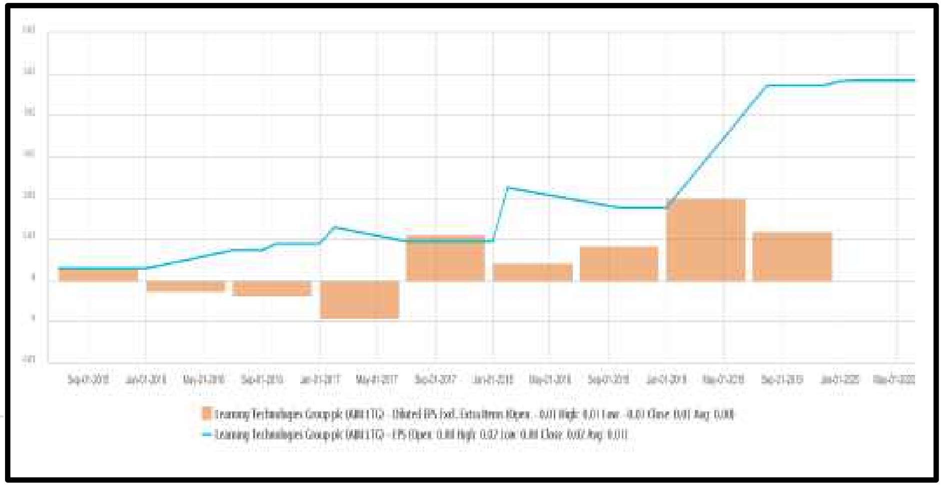
- LTG IPOed in November 2013 with the intention of growing via consolidation
  - By June 2015, had made 2 acquisitions and merged them into one company, LEO Learning
  - **However, given the inorganic nature of their growth plan and the uncertainty surrounding the success of the acquisitions, it was very difficult for analysts to accurately model the company**

Why They Were Wrong

Return Breakdown:



Consensus vs Results



The Actual Story of the Last Five Years

Successful Execution of Consolidation Plan

- **Over the past 5 years, LTG acquired 7 companies and spun off a few more**
  - A major focus of these acquisitions was to expand their presence in the software side of the E-learning business
    - More recurring revenue leads to more stable cash flows
- **Strong increase in the financial numbers as acquisitions were added to the portfolio**
  - Revenue grew at a CAGR of 59.9% from £19.9m to £130.1m
  - EBIT grew at a CAGR of 85.2% from £1.4m to £16.6m
  - EPS grew at a CAGR of 60.4% from 0.239 pence to 1.584 pence

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Learning Technologies Takeaways

LTG is a Good Business – 4/5

LTG has a Moat

- **Due to the wide variety of products in the space that LTG offers, cross selling has been quite effective**
  - The average client has purchased 1.3 products across all subsidiaries
  - This also lends to a broad client base, as LTG is not concentrated in one industry
- The large percentage of recurring revenue has led to strong margins and cash generation for continued future acquisitions as well

Positive Impact of COVID on the Future

- Recent acquisition of an online learning platform just prior to COVID will likely prove to be beneficial in the future
- **Structural changes in general in the way information is presented will likely be permanently impacted**
  - LTG is well positioned to capitalize on these opportunities

Strong Management Team

- The CEO Jonathan Satchell and CFO Neil Elton have shown that they are excellent at creating extremely accretive acquisitions and communicating their strategy to investors

Future Outlook

Can LTG Sustain its Advantages?

- While they do have an advantage at the moment given their specific acquisitions, there is nothing stopping other companies from following the same business model and further consolidating the industry

Can LTG continue to grow?

- Given LTG's business model revolves around the consolidation of an industry, it is highly likely that LTG will at least continue to grow through M&A
  - Organic growth is also not out of the question, but is not as certain

Is LTG poised to continue to outperform?

- Because of the unpredictability about the size and success of future acquisitions, it is very difficult to accurately get a stock price, so there is room for outperformance
- The scale of their growth is also quite promising due to their strong management team and industry trends

NOTE™
YOUR MANUFACTURING PARTNER

OM:NOTE

477%

5 Year TSR

Rank: 61/104

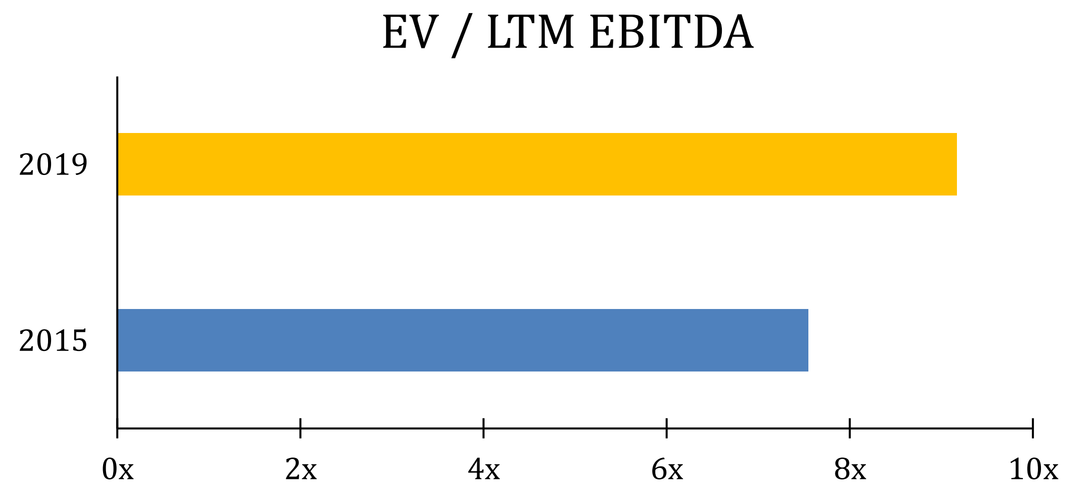
NOTE Overview

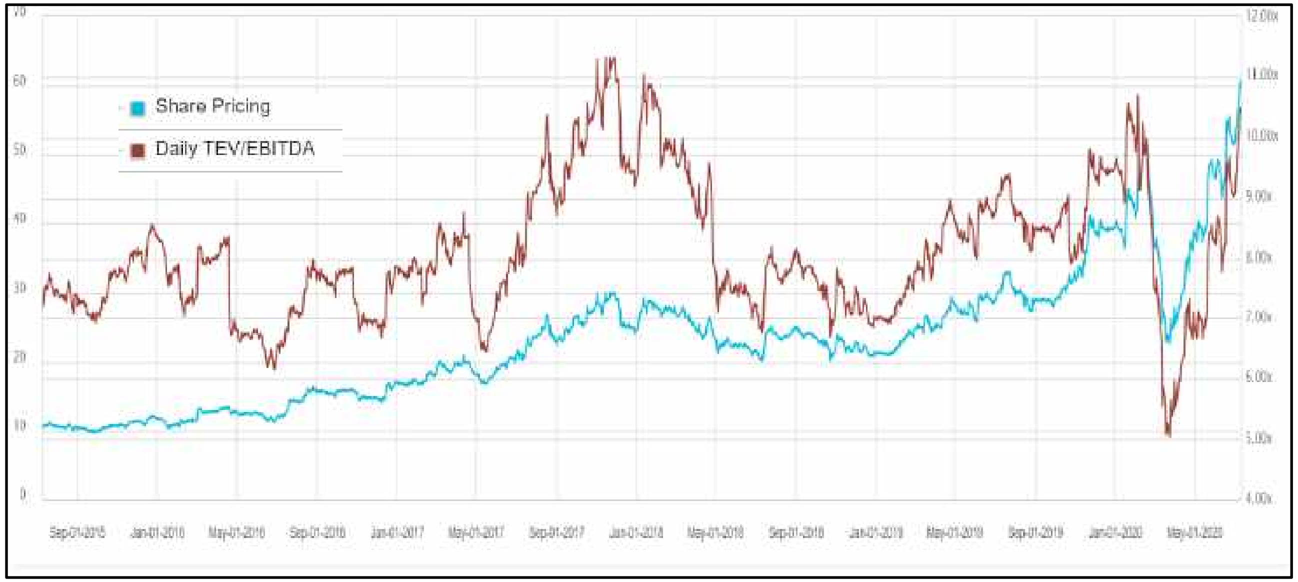
In Swedish Krona (Kr)

NOTE is a northern European manufacturing partner with an international platform for manufacturing electronics-based products that require high technology competence and flexibility through product lifecycles.

Statistic	06/08/2015	06/08/2020
Stock Price	9.95 Kr	43.35 Kr
Market Cap	287.29M Kr	1.29B Kr
Enterprise Value	329.39M	1.42B Kr
Shares Outstanding	28.87M	28.37M
EV / LTM Revenue	0.29x	0.72x
EV / LTM EBITDA	6.98x	8.04x
PE	9.39x	14.01x

Statistic	FY 2015	FY 2019
Revenue	1.12B	1.76B
EBITDA	56.4M	151.5M





NOTE Business Model

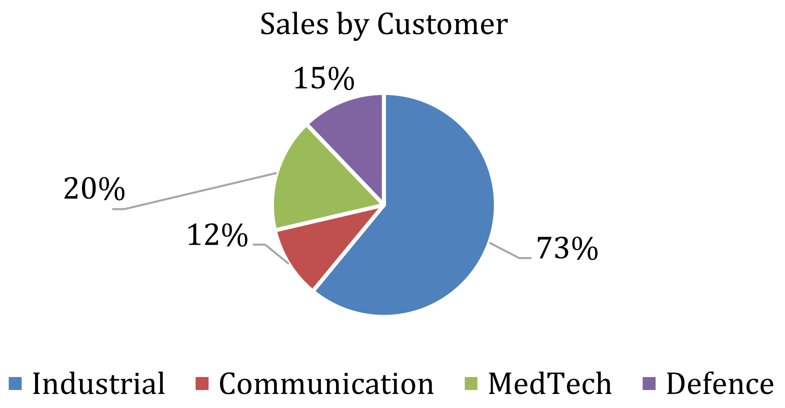
Primary Product

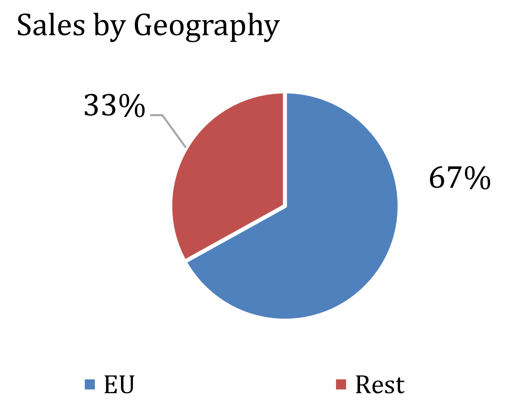
Development	Help customers make item “produceable,” develop prototypes, and ensure efficient manufacturing.
Production	Help management with productions costs, quality, and can support production through NOTE’s own production plants in China and Estonia.
After-Sales	Help manage introduction of new product versions and ongoing maintenance and service requirements.

Context

NOTE is a manufacturing partner for electronics production.

- Helps customers through the entire product life-cycle from development to production.
- Specialize in products that require high technological competence and in low batch size.
- Customers in a variety of industries: MedTech, defense, industrial, etc.





NOTE is a high capital-intensive business.

Low Threat
Medium Threat
High Threat

NOTE Competitive Analysis

Global Semiconductor & Electronic Parts Manufacturing

This industry manufactures semiconductors and other electronic parts that are used in a variety of different applications.

Competitive Landscape

Market Structure	Monopolistic Competition
Market Size	755.1B[1]
Industry Growth	LSD[1]

- This industry definition is overly broad – NOTE operates in a specific niche: electronic parts manufacturing consulting for northern European companies.
- NOTE mentions Enics, Inission, Kitron, OrbitOne and Scanfil as key competitors.
  - NOTE is the smallest of the group in terms of revenue.
- Other niche players as well.

Barriers To Entry

- Capital intensity – need high start up capital to open manufacturing facility.
- Highly specialized industry.
  - High human capital requirements.
- Major contracts that can be long-term.

Competitive Advantages

- Reputation as trusted partner.
- Long-term relationships with customers, parts suppliers, and manufacturers.

Risks

- Major product issue which can damage reputation.
- Increased competition on price from Eastern European competitors.
- China plant exposed to geopolitical risks.
- Customer concentration: 15 largest customers are 45% of sales.

What's Changed in the Industry

- Digitization of everyday items has increased demand for electronic parts.
- Increased geopolitical issues with manufacturing in China.

1. IBIS World

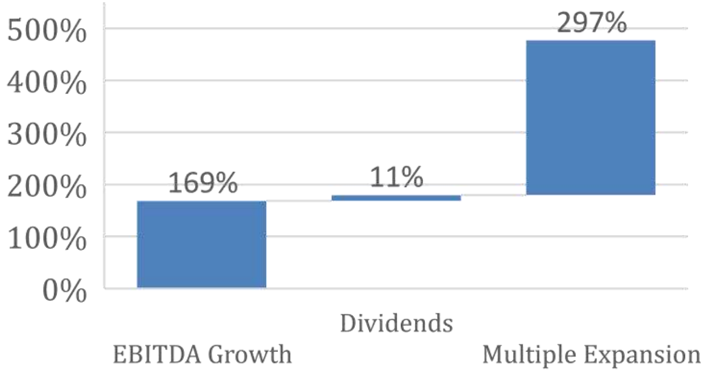
What Investors Missed

The Bear Thesis Five Years Ago:

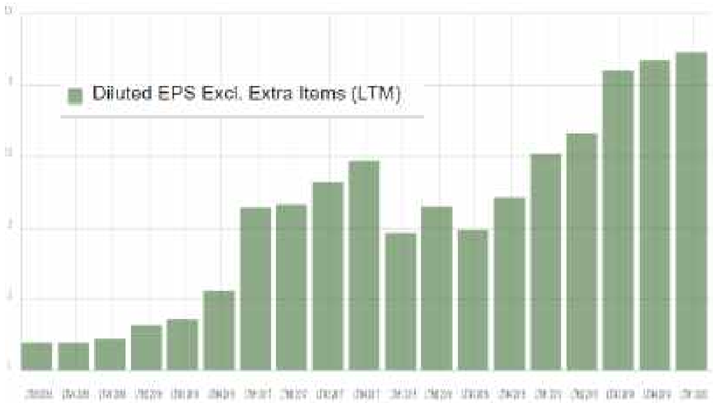
- Unlikely NOTE will grow:
  - Relatively mature industry and NOTE often deals with SMEs.
  - NOTE does not seem interested in expanding geographically.
  - Sold mechanical unit in 2015.
- 5% EBITDA margin business, EBITDA margins have trended downwards since FY2011, and were negative in FY2010.
- Capital intensive business with potential working capital issues.

Why They Were Wrong

Return Breakdown:



EPS Results



The Actual Story of the Last Five Years

NOTE grew

- NOTE both expanded its customer base and consistently upselled existing customers.
- Focused on SMEs with large growth potential which grew and became larger customers.
- Targeted specific geographies in Nordics and became market leader, enabling NOTE to capture market growth.
- Revenue grew steadily at 12% CAGR – above management's 10% target.

Margins improved

- Promoted VP of sourcing to management which underscores focus on costs.
- Cut labor costs and consistent focus on managing cost structure.
- EBITDA margin expanded from 5% in FY2015 to 7.9% in FY2019.

Cash flow maintained

- High working capital investment is nature of the business, but management has been focused on managing it by taking steps to reduce cash tied up in inventory.
  - Inventory balance constant from FY2018 to FY2019 despite large increase in sales.
- Cash flow from Ops positive each year.

NOTE Takeaways

NOTE is a Strong Business- 4/5

NOTE has a moat	• **NOTE operates in a highly specialized industry, with high capital requirements, and long-term contracts/relationships.**
	• NOTE focuses on specific geographies where it has an advantage, and is not afraid to divest from places where it does not:
	  ◦ Divested Swedish mechanical segment in 2015.
	  ◦ Divested from Norway in 2016.

NOTE pursued steady, consistent growth in both revenue and bottom line	• NOTE did not expand across Europe and into different segment but doubled-down on the Nordics and its existing services. • Pursued new customers which had growth potential and maintained existing customers by investing in quality. ◦ 80% of sales are sourced from customer relationships longer than five years old. • Focus on cost efficiency increased EBITDA margins from 5% to 7.9%.
NOTE can keep it up	• Focused, steady approach to growth and returns can likely continue. • NOTE can continue to incrementally add new customers and upsell existing ones as the market expands.

Future Outlook

Can NOTE Sustain its Market Position?

- NOTE operates in an industry with high barriers to entry .
- NOTE has demonstrated strong customer captivity, which has been a key revenue growth driver.
- NOTE has shown an ability to remain focused on its core markets and services.

Can NOTE continue to grow faster than the industry?

- NOTE is a leader in the Nordic market and has remained focused on maintain existing customers and capturing growth in that market specifically.
  - Gives them an advantage relative to peers who are focused on other geographies and segments of the market.

Is NOTE poised to continue to outperform the market?

- NOTE can likely outperform the market if there continues to be growth in the Nordics as NOTE is very well positioned to capture this growth.
  - If not, NOTE will struggle to outperform.
- NOTE has already leveraged its fixed cost based as evidenced by the shrinking gap between gross margins and EBITDA margins.

DICKER DATA

ASX:DDR

472%

5 Year TSR

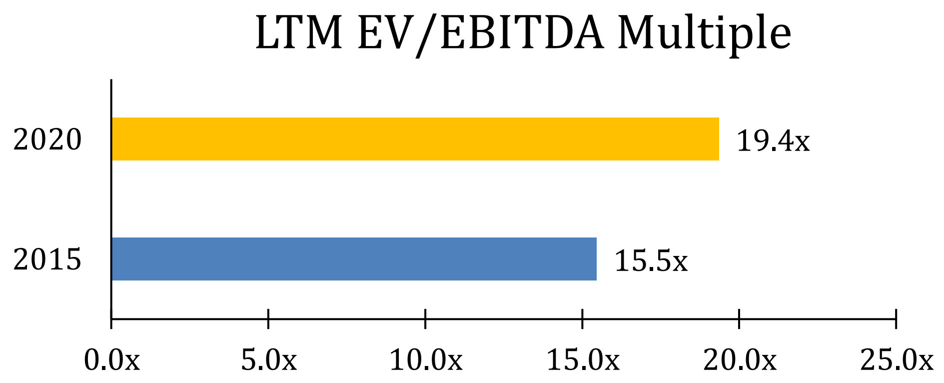
Rank: 62/104

Dicker Data Overview

Dicker Data is a value added, wholesale distributor based in Kurnell, New South Wales, Australia, that focuses on the IT hardware, software, and cloud products of large, global technology companies.

Statistic	6/8/15	6/8/20
Stock Price	1.93 AUD	7.69 AUD
Market Cap	253.56M AUD	1.32B AUD
Enterprise Value	372.51M AUD	1.44B AUD
Shares Outstanding	132.06M	172.03M
EV / LTM Revenue	0.37x	0.82x
EV / LTM EBITDA	15.46x	19.35x
LTM P/E	80.00x	22.83x

Statistic	FY 2015	FY 2019
Revenue	1.08B	1.76B
EBITDA	42.88M	72.59M



Dicker Data Business Model

Primary Products

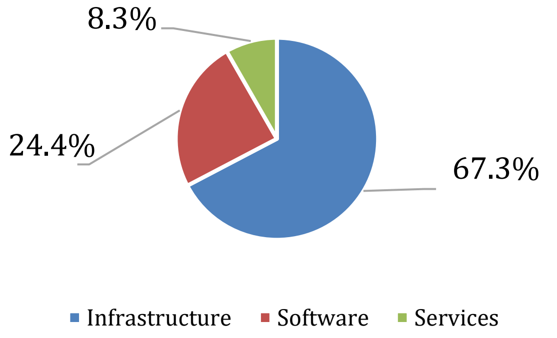
Infrastructure	• Distribution of IT hardware products
Software	• Perpetual and subscription licensing of software and cloud products
Services	• Sales of 3rd party warranties and other services, in addition to commissions

Context

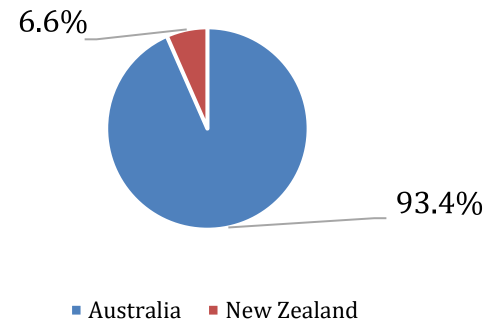
DDR helps businesses scale and compete for larger opportunities

- DDR acts as the middleman between global technology companies and local, Australian-based resellers
  - Products come from HP, LG, Logitech, Samsung, and many more
- Makes money on the spread between their purchase price and their sale price

Sales by Product Type



Sales by Geography



DDR is a capital intensive business due to its need for sufficient amounts of capital to operate

Low Threat
Medium Threat
High Threat

Dicker Data Competitive Analysis

Australian IT Distribution

The players in this industry distribute IT products to resellers in Australia.

Market Structure	Oligopoly
Market Size	\$6.29B[1]
Industry Growth	> 10%[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• Most large vendors already have reliable and trusted • High up-front costs makes it difficult to compete with the already-scaled, existing players in the space	• Strong relationships with both their vendors and resellers • High brand awareness and great reputation as a leading distributor in Australia • Close proximity to Sydney allows DDR to provide same-day delivery to resellers in the Sydney area	• The two founders, David Dicker and Fiona Brown, collectively own 67% of the company	• Increased need for IT products as businesses become more digitized

[1]Investor Presentation

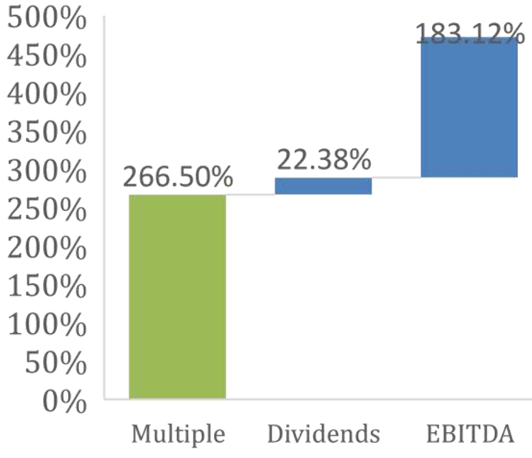
What Investors Missed

The Bear Thesis Five Years Ago:

- Micro cap stock with no analyst coverage
  - The stock was not on the radars of many investors
- **Extremely low profit margins meant that in order to realize significant bottom line growth, top-line would have to grow at a very high rate**

Why They Were Wrong

Return Breakdown:



Consensus vs Results

No Analyst Estimates

The Actual Story of the Last Five Years

Past Performance Led to Greater Volume

- **As DDR continued to successfully distribute their vendor's products, they were able to leverage their success to get more business**
  - They were able to attract new vendors, which significantly reduced their vendor concentration risk
  - They were trusted with more product lines from existing customers

Laid Out Plans to Increase Capacity

- Arguably the most important feature that is necessary for distributors to grow is increased capacity
- In 2019, DDR sold its current facility, which it now leases, and is **in the process of building a facility next door which will double the capacity of their operations**

ALTA FOX CAPITAL

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Dicker Data Takeaways

DDR is an Okay Business – 3/5

DDR has a Moat

- Given the tough unit economics that distributors for large tech companies face, the fact that DDR was able to reach economies of scale puts it in a better financial position than potential competitors
- **Strong reputation as one of, if not the, best technology distributors in Australia**
    - This is evidenced by their portfolio of products from the most well-known IT companies around the world

Financial Strategy could be a Cause for Concern

- The distribution industry is notorious for its extremely low margins, and DDR is no exception to that rule
    - **Although top-line has grown substantially, margins have not material increased over the same period of time**
- DDR pays out all of its profit in the form of dividends, as David Dicker doesn't take a salary and is only paid by these dividends
    - This makes DDR a great dividend stock, but not seeing profits being reinvested into the business is a cause for concern when the company is growing

Future Outlook

Can DDR Sustain its Advantages?

- DDR should be able to keep its reputation and relationships that have made them successful up to this point
- The increased capacity close to Sydney should allow them to sustain their presence within Sydney as well

Can DDR continue to grow?

- When the new facility opens up in the near future, capacity will double which will likely lead to strong growth figures in the future

Is DDR poised to continue to outperform?

- Given the high growth that will likely be seen in the future, it is highly likely that DDR will continue to outperform even at the relatively high multiples it is currently trading at

TSX:APHA

470%

5 Year TSR

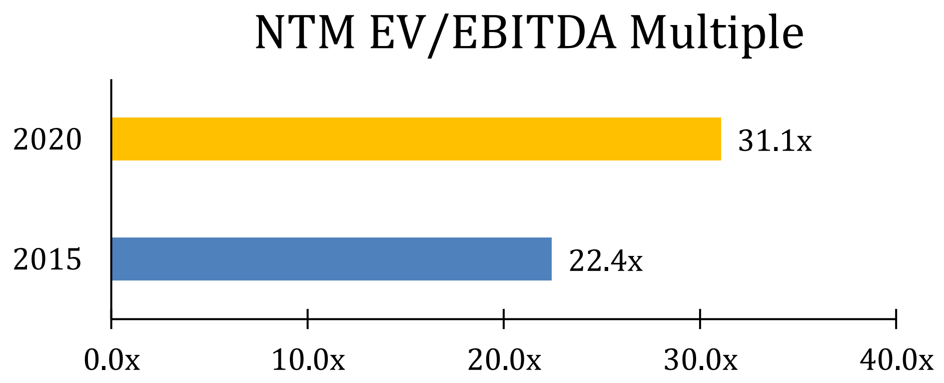
Rank: 63/104

Aphria Inc. Overview

Aphria Inc., based in Leamington, Canada, produces and sells medical and adult-use cannabis and cannabis-derived extracts.

Statistic	6/8/15	6/8/20
Stock Price	1.01 CAD	6.69 CAD
Market Cap	53.00M CAD	1.91B CAD
Enterprise Value	43.76M CAD	1.91B CAD
Shares Outstanding	52.48M	286.00M
EV / NTM Revenue	7.06x	2.99x
EV / NTM EBITDA	22.44x	31.06x
P/E	101.00x	N/A

Statistic	FY 2015	FY 2019
Revenue	600K CAD	237.1M CAD
EBITDA	(3.0)M CAD	(41.1)M CAD



Aphria Business Model

Primary Products

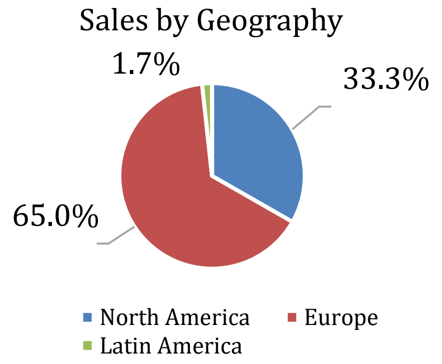
Cannabis Products	• pharmaceutical-grade medical cannabis products • adult use recreational cannabis products

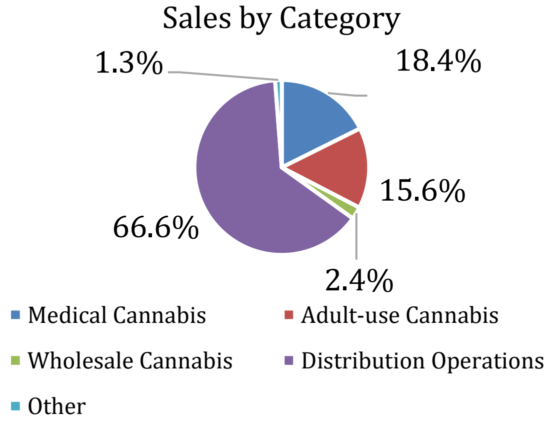
Aphria and its subsidiaries offer cannabis products such as the cartridge above

Context

APHA sells cannabis products for medical and recreational use directly to consumers

- APHA sells cannabis in a variety of forms including vapes, edibles, concentrates, topicals, and wholesale products
- APHA brands include Solei, RIFF, and Good Supply, with each targeting a different type of audience & Broken Coast a wholly owned grower
- Brands are targeted at current/ novice users, experienced / art community users, and regular users respectively
- Medical cannabis patients can order directly from APHA (online or over the phone) using their prescription
- APHA has supply agreements with Canadian retailers in 10 provinces and Yukon, accessing 99.8% of Canadians





APHA is a capital moderate business as they produce the cannabis but not all of their products in full

Low Threat
Medium Threat
High Threat

Aphria Competitive Analysis

Pharmaceuticals

The players in this industry research, develop, market, and distribute drugs, most commonly in the healthcare sector

Market Structure	Oligopoly
Market Size	$1.3T[1]
Industry Growth	MSD[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• Strict governmental regulations on approval of all pharmaceuticals • Cannabis is a controlled substance in certain countries / states • Significant funds needed for R&D to create a product that is both safe and enjoyable to the target customer	• One of only a few licensed producers with agreements in every province in Canada • Seed-to-Sale quality management program, a 509 step process, that goes beyond cannabis industry regulations mandated by Health Canada. • Brand loyalty- APHA adult-use brands target very specific customer bases to create recurring revenue	• APHA is waiting approval to use for facilities they have already invested in (Aphria One, Aphria Diamond) • APHA is reliant on a license with Health Canada to cultivate, store, and sell cannabis products • The industry is highly regulated, causing diminished profitability • International legislation can complicate and discourage investments in cannabis companies such as APHA	• Increase in popularity of CBD (compound derived from Hemp) acting as a stepping stone to legalization of adult-use cannabis

[1]https://investmentbank.com/pharma-industry-overview/

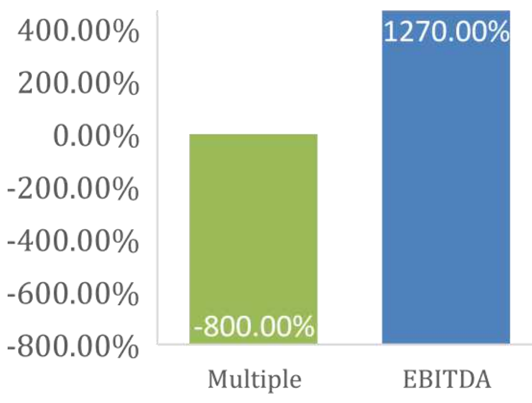
What Investors Missed

The Bear Thesis Five Years Ago:

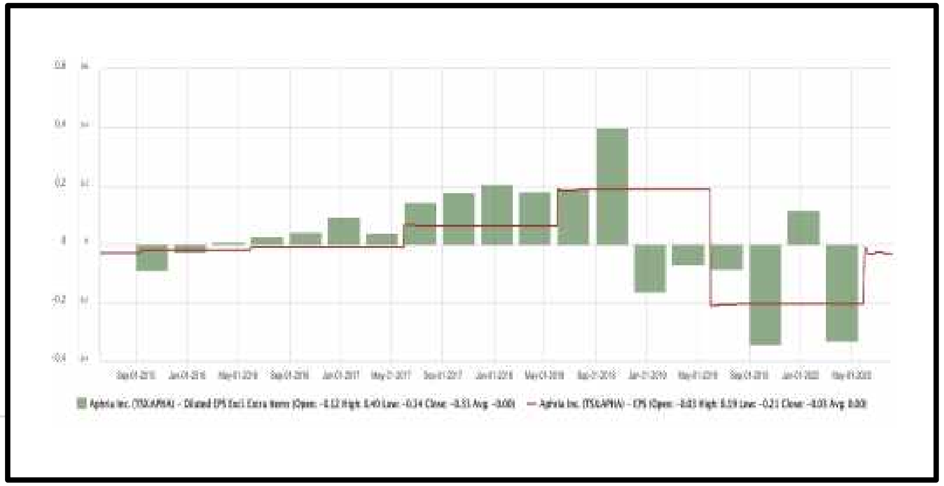
- **APHA only began carrying out business in 2012 and did not generate revenue until 2014, making its future in 2015 very uncertain**
  - Medical cannabis had very strict regulations on its production and distribution in 2015
  - Cannabis industry was largely untried, making investors warry of companies like APHA's ability to succeed
  - Cannabis had the reputation of an illicit and scary substance

Why They Were Wrong

Return Breakdown:



Consensus vs Results



The Actual Story of the Last Five Years

Legalization & Acquisitions

- Recreational Cannabis was legalized across Canada in 2018, creating a way for APHA to significantly increase revenues
- Acquisition of CC Pharma has given APHA access to the German market and generated significant sales and cash flow

Worrisome Allegations

- A short-seller made allegations in 2018 that Aphria was ultimately a scheme to funnel funds from retail shareholders into the pockets of insiders
- He also claimed that Aphria insiders bought worthless companies overseas through shell companies and then had Aphria buy out these companies at inflated prices
- After these allegations, two executives including the CEO stepped down from their positions
- Shares plunged more than 50% in the wake of these allegations

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Aphria Inc. Takeaways

APHA is an Okay Business – 3/5

Controversial Industry	• The Cannabis industry is not necessarily the most desirable space to be in • Cannabis is legalized on a state by state basis in the U.S. and cannabis cannot be transported across state lines • Cannabis must be produced in the state it is sold in, meaning APHA will have to invest in production facilities in every state it wants to sell in • Aphria has established a somewhat legitimate reputation in what some still consider an illicit space
Mixed Recent Financial Performance	• APHA recently posted a $99.8M CAD net loss, of which $64 M were related to one off losses due to Covid-19 • EPS was negative in the past year • Even in Covid-19 times, APHA revenue has continued to grown (many of its peers have seen declines in revenue) • Aphria is a cash flow positive business, with around $500 million in cash on their balance sheet

Future Outlook

Can APHA Sustain its Advantages?

- Part of APHA's advantage is the quality of their products, but their products are mainly protected as trade secrets
- APHA's ability to sell internationally can be replicated by other companies by simply complying with legislation and investing in facilities

Can APHA continue to grow?

- Legalization of vapes, concentrates, and edibles give APHA a catalyst for revenue growth
- Received German certification to export Canadian cannabis for German distribution, which would cut costs and increase revenue
- Cannabis seems to be heading away from the controlled substance category, which APHA is poised to capitalize on

Is APHA poised to continue to outperform?

- APHA continues to increase its efficiency in productions (dried cannabis production costs down 5% to $0.88 CAD per gram) which bodes well for profitability
- Revenue has grown year over year and is anticipated to continue this trend over the next 3 years

TSX:CJT

467%

5 Year TSR

Rank: 64/104

Cargo Jet Overview

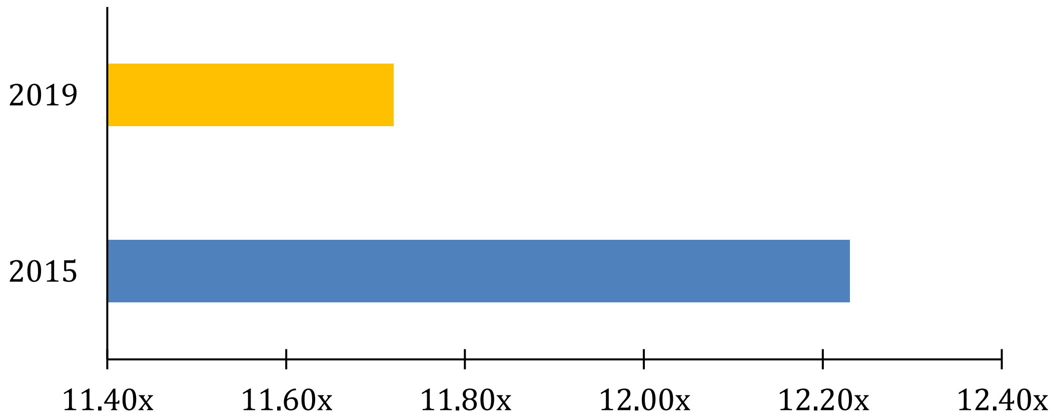
In Canadian (CAD) Dollars

Cargojet Inc. provides time sensitive overnight air cargo services in Canada, and internationally. Its air cargo business activities include domestic overnight air cargo between 15 cities.

Statistic	06/08/2015	06/08/2020
Stock Price	$25.78	$144.00
Market Cap	$243.46M	$2.25B
Enterprise Value	$530.67M	$2.21B
Shares Outstanding	9.44M	15.6M
EV / NTM Revenue	1.60x	5.53x
EV / NTM EBITDA	10.58x	15.07x
PE	19.83x	59.08x

Statistic	FY 2015	FY 2019
Revenue	289M	486.6M
EBITDA	45.1M	129.3M

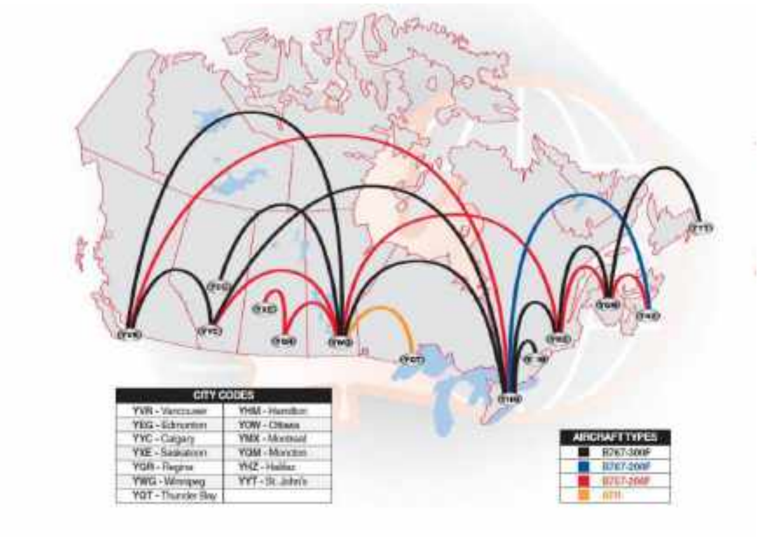
NTM EV/NTM EBITDA Multiple



Cargo Jet Business Model

Primary Product

Air Cargo	Provides a variety of time sensitive air-cargo services, primarily in Canada.

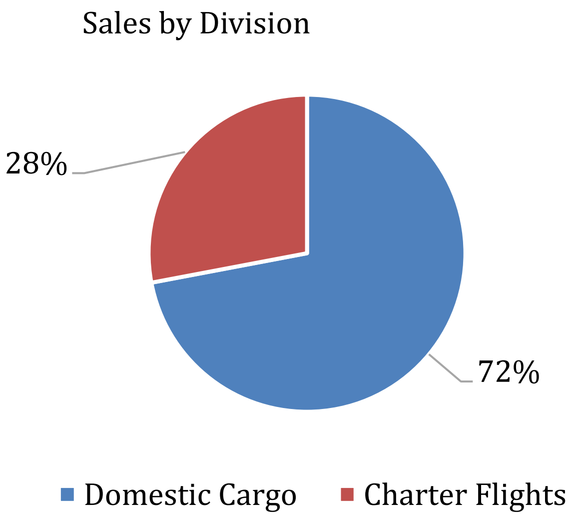


Air Cargo domestic westbound flights (2019 presentation).

Context

CST is Canada's pre-eminent overnight and time-sensitive air cargo company.

- Cargo focused – only does passenger routes on an ad-hoc basis for charter routes.
- Consolidates cargo from customers and transports it to 14 Canadian cities, and a few international routes.
    - Handles the "middle mile" as many logistics companies focus on the "last mile."
- Also provides aircraft and crew for charter flights, primarily within Canada and between the US and Canada.



CJT is a high capital intensity business.

Cargo Jet Competitive Analysis

- Low Threat
- Medium Threat
- High Threat

Canadian Air Cargo Industry

Consists of companies that transport cargo via planes in Canada.

Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

<table><tr><td>**Market Structure**</td><td>Oligopoly</td></tr><tr><td>**Market Size**</td><td>762.2M[1]</td></tr><tr><td>**Industry Growth**</td><td>MSD[2]</td></tr></table>
• CJT is the clear leader in pure-play air freight in Canada; very few significant competitors.
• Major Canadian airlines (i.e. Air Canada) only offer belly space (not the entire plane) for Cargo.
	• Contracts can be long-term.
	• Start-up capital is required to get access to airplanes.
	• Airport hanger / runway space is limited, and contracts are long-term.
	• Canadian regulations are restrictive for foreign carriers.
		• CJT has access to 90% of the Canadian population.
		  ◦ Services areas like Nunavut, which are remote.
		• Reputation for reliability and timeliness extremely important.
		• Scale enables CJT to spread out costs.
			• Pilot unions can increase costs.
			• One-time problems can have long-term reputational damage.
			• Customer concentration: 3 customers provided 60.3% of revenue in FY2018.
				• **Ecommerce which often requires cargo flight in Canada has grown.**
				  ◦ $29.63B in 2015 to $49.67B in 2019 – a 68% increase.
				  ◦ USMCA poised to increase e-commerce by lowering duties.

1. Canada only; Ibis World
2. Canadian domestic planned air travel growth

What Investors Missed

In Canadian (CAD) Dollars

The Bear Thesis Five Years Ago:

- There has not been much growth historically– no reason to believe that there will be rapid growth in the next five years.
    - From FY2004 to FY2014 revenue grew at a 6.6% CAGR.
    - Air cargo is not a high growth industry either.
- Margins have been shrinking: FY2010 9.8% EBIT margin shrank to 2.5% in FY2014.
- CJT has high leverage at 13.8x EBITDA in FY2014, and negative cash flow from operations.

Why They Were Wrong

The Actual Story of the Last Five Years

Signed contracts and grew revenue

- Revenue grew at 16.7% CAGR from FY2014 to FY2015 from $192.4M to $486.6M.
- Signed major seven year contract with Canada Post and Purolator that was main reason revenue increased 50% from FY2014 to FY2015.
    - And then extended it by 3 years in FY2017.
- Signed many other major contracts (i.e. UPS).

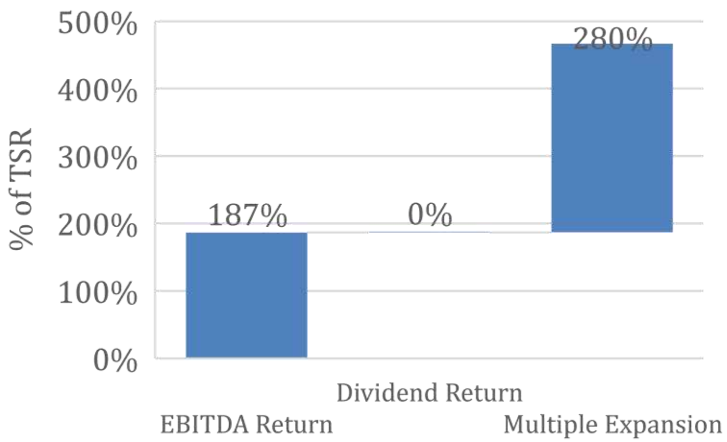
The ecommerce and Amazon opportunity

- Ecommerce in Canada has grown to ≈50B per year, yet retail penetration still lags many other countries, such as the UK, US, and China.
- Amazon bought warrants that could be buy 9.9% of CJT, with vesting contingent on 400M of business from Amazon.

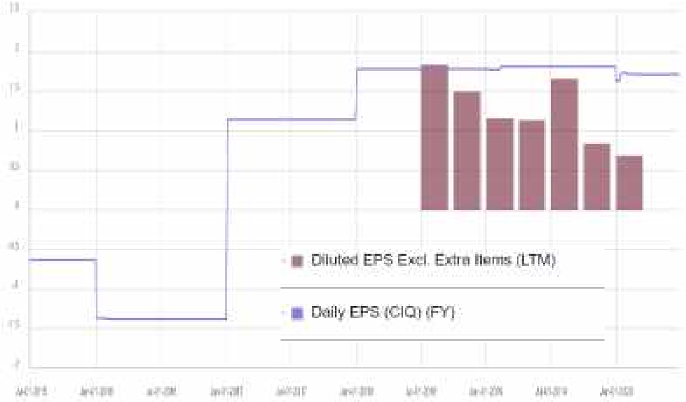
Financial health and efficiency improved

- Leverage reduced to 4.6x EBITDA in FY2019 – debt was used to fuel growth but then paid down.
- Cash flow from ops positive each year from FY2015-FY2019 and EBIT margins doubled: 6.6% in FY2015 to 12.3% in FY2019.
- Efficiency increased: revenue per plane up from $12.5M to $20M from FY2015 to FY2019.

Return Breakdown:



Consensus vs Results



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Cargo Jet Takeaways

In Canadian (CAD) Dollars

CJT is a Solid Business – 3.5/5

CJT has a moat and strong revenue visibility	• **Capital intensity, length of contracts, and regulatory burdens impede new entrants.** • CJT has multi-year major contracts that extend past 2020, giving strong earnings visibility. • Amazon warrants demonstrate Amazon's commitment to continue to grow alongside CJT in Canada.

CJT capitalized on the rise of ecommerce	• **Ecommerce increased demand for air-cargo and CJT capitalized:**
	  ◦ Signed major contracts.
	  ◦ Expanded flights to seven days a week from five due to customer demand driven by ecommerce (consumer now expected quick delivery on weekdays and weekends).

CJT is betting on ecommerce going forward	• CJT sees the path for sustained growth to come from more ecommerce fueled demand. • But the company is still highly levered at 4.4x EBITDA, and losing one major contract renewal could severely damage both the top and bottom line.

Future Outlook

Can CJT Sustain its Market Position?

- CJT has a dominant position in the Canadian overnight air cargo market and can reach 90% of the population.
- CJT's 99%> success rate has given it a strong reputation.
- CJT has multiple, large multi-year contracts signed.

Can CJT continue to grow faster than the industry?

- **CJT's deal with Amazon makes CJT positioned well to capture growth linked to rising ecommerce sales.**
- Major Canadian airlines may start to enter the market in a bigger way if the industry continues to grow; firms might vertically integrate more of their supply chain.
  - Already happened with "last mile" delivery to a large extent.

Is CJT poised to continue to outperform the market?

- There is an opportunity to grow for CJT but their multiple requires immense growth for continued outperformance.
  - At 59x P/NTM EPS it is very likely CJT will see multiple contraction.
- There is always the possibility of losing a major contract and CJT's balance sheet is still not strong.

Kitron

OB:KIT

449%

5 Year TSR

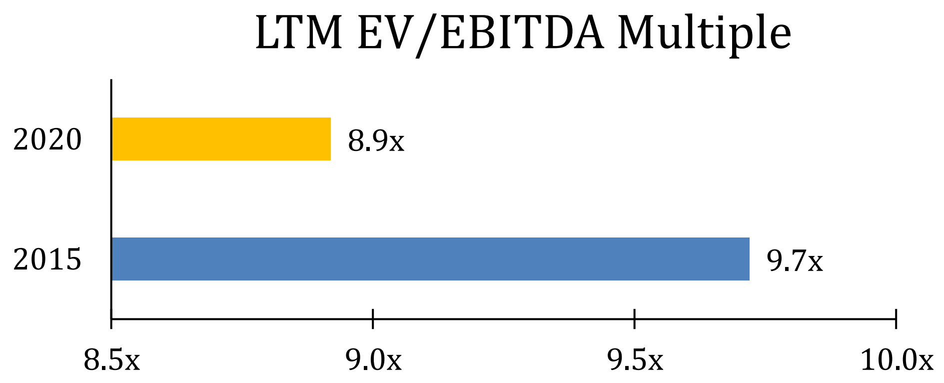
Rank: 65/104

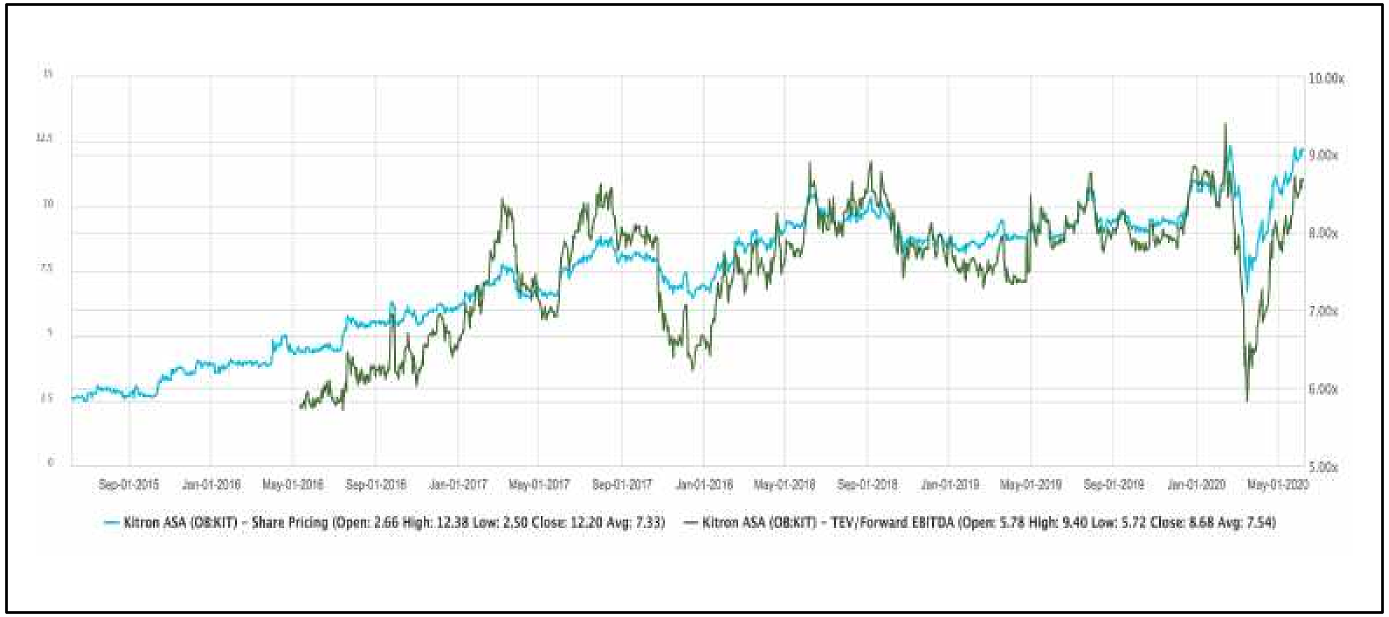
Kitron ASA Overview

Kitron ASA is a Norwegian electronics manufacturing services company, that develops, industrializes, and manufactures electronics for the energy/telecoms, defense/aerospace, offshore/marine, medical device, and industry sectors.

Statistic	6/8/15	6/8/20
Stock Price	2.66 NOK	12.2 NOK
Market Cap	460.08M NOK	2.19B NOK
Enterprise Value	768.12M NOK	2.94B NOK
Shares Outstanding	172.96M	179.10M
EV / LTM Revenue[1]	0.43x	0.87x
EV / LTM EBITDA	9.72x	8.92x
LTM P/E	11.63x	16.06x

Statistic	FY 2015	FY 2019
Revenue	1.95B NOK	3.30B NOK
EBITDA	132.30M NOK	300.09M NOK





[1]NTM multiples not available for FY 2015

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Kitron ASA Business Model

Primary Products

Electronics Manufacturing & Assembly Services	• high level assembly of complex electromechanical products • Services ranging from development, & design to industrialization, logistics, manufacturing, and redesign

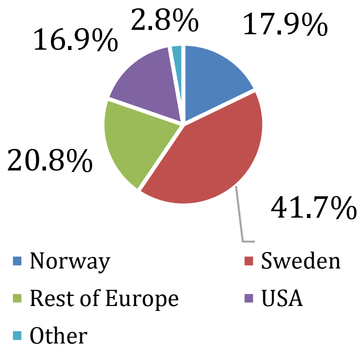
Kitron manufacturing center

Context

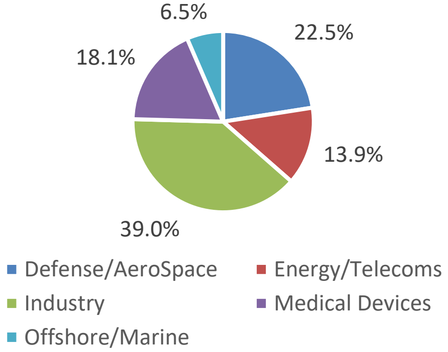
KIT manufactures electronics embedded in customer products and box-build products

- Kitron provides a wide variety of services to its customers
- It operates in 5 main areas: the energy/telecoms, defense/aerospace, offshore/marine, medical device, and industry sectors
- Business model covers the whole value chain from development, industrialization, purchasing, logistics, and maintenance to redesign
- OEM's are focusing more on their competencies and transferring more of the value chain to EMS partners like Kitron
- KIT offers increased flexibility, reduced costs, and improved quality to its OEM customers

Sales by Geography



Sales by Line of Business



KIT is a capital intense business, as their core business is manufacturing

Low Threat
Medium Threat
High Threat

Kitron ASA Competitive Analysis

Electronic Manufacturing Services

The players in this industry design, manufacture, test, distribute, and assemble electronic components for original equipment manufacturers (OEMs)

Market Structure	Oligopoly
Market Size	~$542B[1]
Industry Growth	HSD[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• Manufacturing is a very capital intense business • Manufacturing complex electronic components requires niche expertise	• KIT continuously improves upon its manufacturing quality through programs such as Six Sigma & LEAN manufacturing, giving it superior quality over other EMS • KIT considers the "competence" of its employees as their ultimate competitive advantage • KIT adds value to its customers by offering flexibility, competence, quality, closeness, and full value chain capability	• Exposed to price risks because raw materials follow international market prices for electronic components • KIT operates in countries that are susceptible to corruption and supply chain disruption	• Increasing pressure on manufacturers to be environmentally conscious • Rising demand for consumer electronics in developed and developing nations

[1]https://www.globenewswire.com/fr/news-release/2020/01/06/1966638/0/en/Outlook-on-the-World-s-Electronics-Manufacturing-Services-EMS-Market-to-2023-Industry-Analysis-Financial-Benchmarks-and-In-Depth-Profiles-of-102-EMS-ODM-Firms.html

What Investors Missed

The Bear Thesis Five Years Ago:

- **In 2015, there was uncertainty about the future prospects of KIT**
- In 2014, a new CEO was appointed so there was uncertainty surrounding his ability to grow the company
- KIT is a small Norwegian company specializing in electronic manufacturing, which is normally left to large manufactures in countries like the U.S. or China

Why They Were Wrong

The Actual Story of the Last Five Years

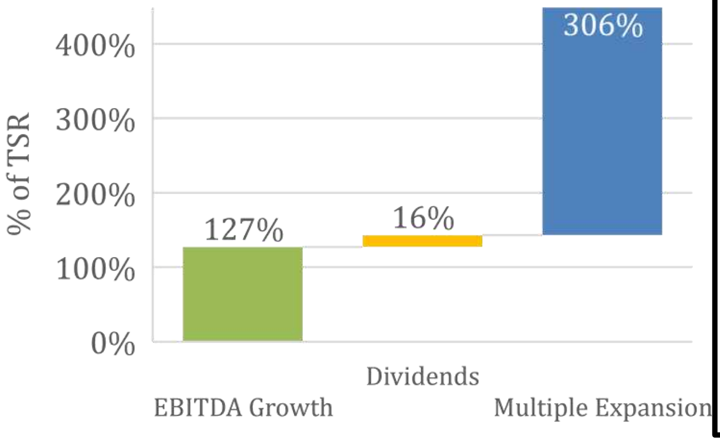
Overall Growth of Industry Sectors

- All revenue segments have grown over the past 5 years
- Defense spending has grown worldwide since 2015 & with KIT revenues in this sector increased 65% in 2019
- Offshore/ marine revenues increased 341% in 2019 due to increased activity by customers in the oil and gas fields

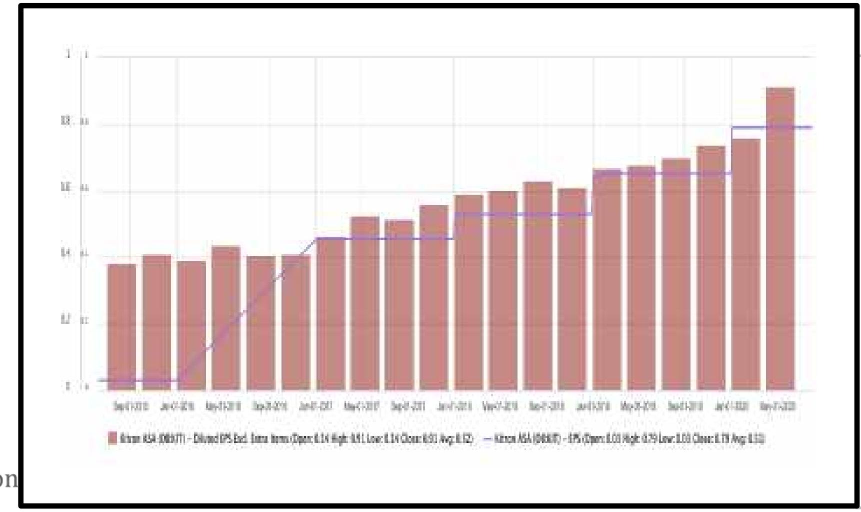
Growth Plan Laid out by New CEO

- The current CEO, Lars Nilsson was appointed in 2014, and has since laid out a clear growth plan
- The growth plan targets three areas: organic growth, operational improvements, and acquisitions
- In 2019, KIT acquired the EMS division of API Technologies Corp. in the U.S. , which strengths their position in the U.S.

Return Breakdown:



Consensus vs Results



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Kitron Takeaways

KIT is a Great Business – 4.5/5

KIT has a Good Business Model

- One of KIT's advantages over manufactures in the U.S. or China, is its proximity and efficiency of service to its Scandinavian customers
- KIT also offer niche expertise in the electronic manufacturing services industry
- Gross and EBITDA margins are low, but are above industry averages
- Consistent dividends over the last 5 years

Diversified Portfolio & Supply Chain

- To minimize supply chain risk, KIT tries to limit its spending with any specific supplier, so that it does not exceed 20 per cent of the total revenue from the supplier
- KIT seeks to diversify its sourcing strategy
- KIT has a very diverse portfolio in terms of industries it services, meaning that if one industry declines, the company is protected by revenues created in the other industries

Future Outlook

Can KIT Sustain its Advantages?

- KIT continuously looks to improve upon its quality in manufacturing, one of its main advantages
- Continues to streamline processes in its value chain, making it desirable to customers

Can KIT continue to grow?

- KIT has a clear growth strategy with focus on organic growth, operational improvements, and acquisitions
- Increasing efficiency and transferring manufacturing to lower-cost countries will lead to margin expansion

Is KIT poised to continue to outperform?

- KIT has consistently delivered higher than estimated EPS over the last 5 years
- KIT has had consistent topline growth since 2015, which is expected to continue past 2023
- Medical device equipment industry offers interesting opportunity for growth in current climate

NASDAQ:XPEL

447%

5 Year TSR

Rank: 66/104

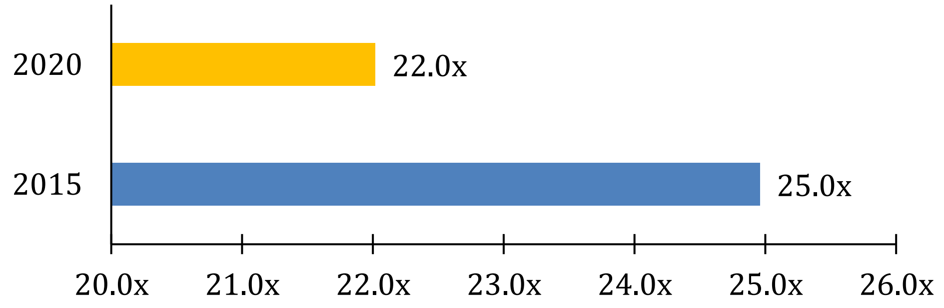
XPEL Overview

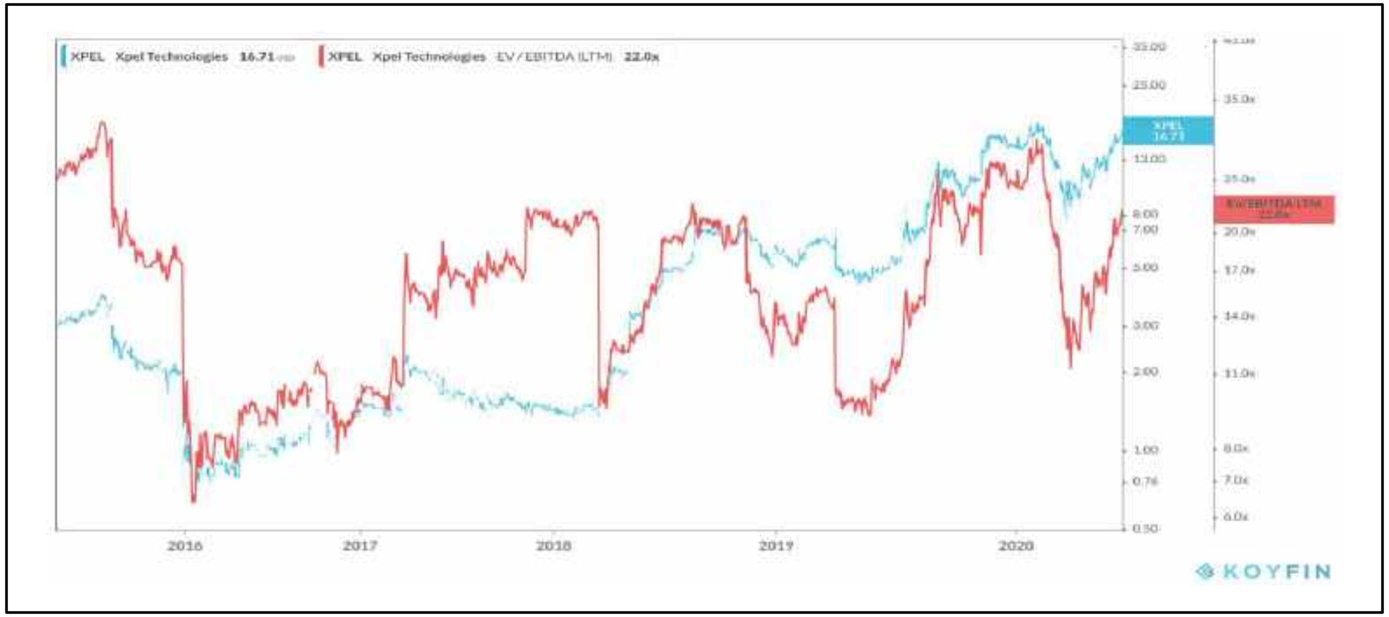
XPEL, Inc. is based in San Antonio, Texas and manufactures, sells, distributes, and installs after-market automotive products in the U.S. and internationally.

Statistic	6/8/15	6/8/20
Stock Price	$3.00	$16.71
Market Cap	$77.25M	$461.41M
Enterprise Value	$80.30M	$459.73M
Shares Outstanding	25.75M	27.61M
EV / LTM Revenue[1]	2.47x	3.44x
EV / LTM EBITDA	24.96x	22.02x
LTM P/E	23.48x	33.60x

Statistic	FY 2015	FY 2019
Revenue	41.47M	129.93M
EBITDA	3.12M	18.85M

LTM EV/EBITDA Multiple





[1]NTM multiples not available prior to FY 2019

XPEL Business Model

Primary Products

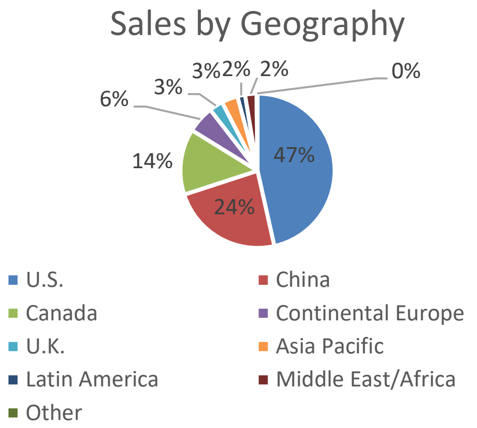
Auto Parts & Equipment	• Paint and surface protection films(mostly used on automotive) • Architectural window films • DesignAccess Program software (DAP)

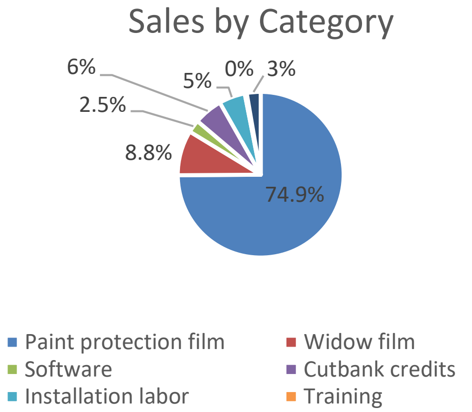
Car being wrapped in XPEL film

Context

XPEL products help customers keep items in excellent condition

- XPEL automotive films protect a car's paint from rock chips and other road debris
- Window films (automotive & architectural) reject solar radiation and heat or secure glass in the event of breakage
- DAP is XPEL's proprietary software / database that allows users to cut XPEL films to the necessary shapes
- Primarily operate by selling films, installation training, and DAP to independent installers and new car dealerships
- International market with about 50% of sales coming from outside the U.S. (~25% from sales to distributor in China)





XPEL is a capital light business as manufacturing is outsourced

Low Threat
Medium Threat
High Threat

XPEL Competitive Analysis

Auto Components

The players in this industry manufacture parts and accessories for automobiles.

Market Structure	Perfect Competition
Market Size	$116B[1]
Industry Growth	LSD[2]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• PPF are commoditized, meaning there is not substantial differentiation between brands • Brand loyalty and marketing are the only real obstacles to entry (Customers are likely to ask for a product by name i.e. Expel, 3M)	• DAP, a proprietary software that has a database of over 80,000 vehicle applications for their paint protection films • DAP was the first software of its kind and allowed PPF installers to cut films with precision, thus increasing their efficiency • Offers instillation training, which is very labor intensive and specialized • Has a brand following, so their products are requested, even if a better product exists	• XPEL is reliant on one distributor for all business in China, which makes up a quarter of their total revenue • Should relations between China and U.S. worsen, and China imposes harsher regulations on U.S. goods, XPEL business could be significantly impacted • DAP software, what used to be an XPEL advantage, is being replicated and improved by competitors	• Increase in use of ride sharing services and autonomous vehicles have changed consumer habits in the industry and will continue to do so • Somewhat niche industry so the players and consumers in the space are relatively consistent

[1]https://eresearch.fidelity.com/eresearch/markets_sectors/sectors/industries.jhtml?tab=learn&industry=251010
[2]Industry growth over the last 5 years

What Investors Missed

The Bear Thesis Five Years Ago:

- **Increasing competition in the years leading up to 2015 created uncertainty about whether or not XPEL could remain competitive**
- Gross margins fell every year from 2011 to 2015, falling in total almost 12% to 29.7%
- This drop in gross margins could point to the new competition undercutting XPEL prices, causing XPEL to drop their own
- 3M, a competitor, filed a lawsuit against XPEL in late 2015 for patent infringement caused by the Ultimate film, a best seller

Why They Were Wrong

The Actual Story of the Last Five Years

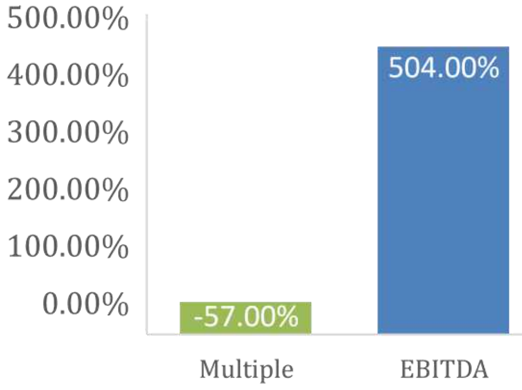
Brand Loyalty

- XPEL's initial customer base of car enthusiasts supported the XPEL brand and through word of mouth has expanded the reach of the company
- In a market where brand rarely means anything, PPF installers will have customers ask for XPEL by name
- Strong customer base and brand loyalty have helped grow XPEL revenue significantly over the past 5 years

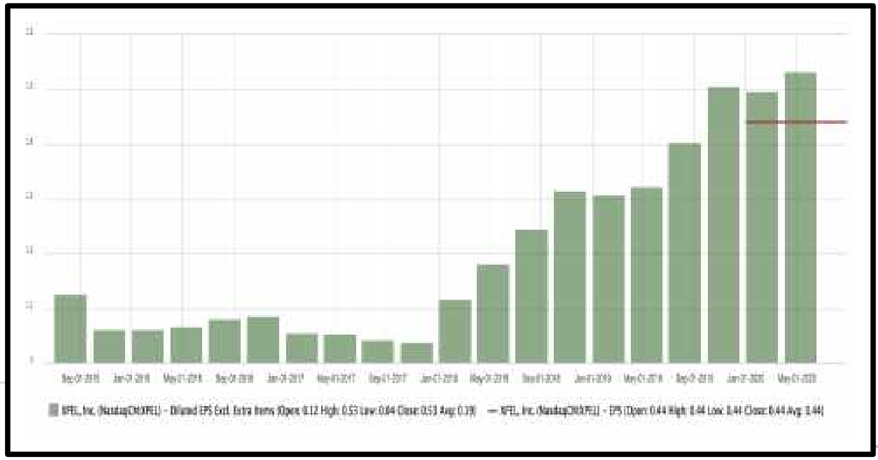
Competitive Drive

- Gross margins have steadily increased since 2017 (up to 36.3% today)
- Increase in gross margins can be attributed to lower percentage of sales to lower margin distributors and improvements on product and operating costs
- XPEL and 3M reached a settlement wherein XPEL would license the disputed technology, allowing them to keep a very successful product

Return Breakdown:



Consensus vs Results



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XPEL Takeaways

XPEL is a Good Business – 4/5	
XPEL has a Strong Following	• XPEL is a name brand in its niche industry • Customers of XPEL ask for it specifically, which incentivizes installers to use it over competitors' films • The main type of XPEL customer appears to have disposable income, regardless of the economic climate • Following will only grow with strategic partnerships, such as one beginning in 2020 with Team Penske
Strategic Planning	• XPEL has strong top line growth • The CEO is very committed to the success of the company and offers strong leadership • Plan for global expansion centered on establishing local relationships to control quality of service and increase margins • Variety of distribution channels to maximize sales

Future Outlook

Can XPEL Sustain its Advantages?

- No, despite having patents related to the DAP software, competitors are coming out with similar and improved software
- Llumar (subsidiary of Eastman) has invested in 3D scanning technology that produces ultra precise film patterns

Can XPEL continue to grow?

- XPEL has customers it has yet to reach- people who are unaware that they are in need of XPEL products
- These untapped customers offer the opportunity for XPEL to continue to grow
- XPEL plans to continue strategically acquiring companies to bring it closer to the end consumer and thus increase sales

Is XPEL poised to continue to outperform?

- Both gross margins and EBITDA margins have steadily increased over the last 5 years, showing improving financial health of the company
- EV/EBITDA multiple is expected to be 21.8x in the NTM, up from 15.2x in 2020, capturing the continued expected growth of the company

JD Group

LSE:JD.

443%

5 Year TSR

Rank: 67/104

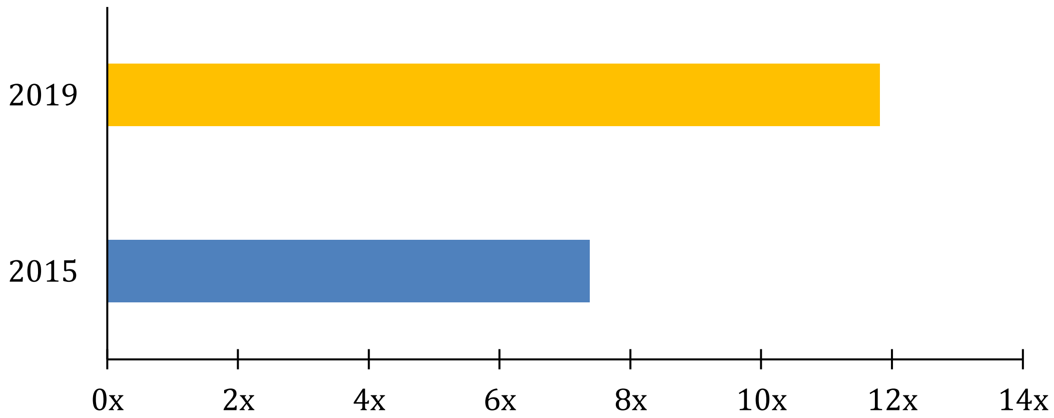
JD Sports Fashion Overview

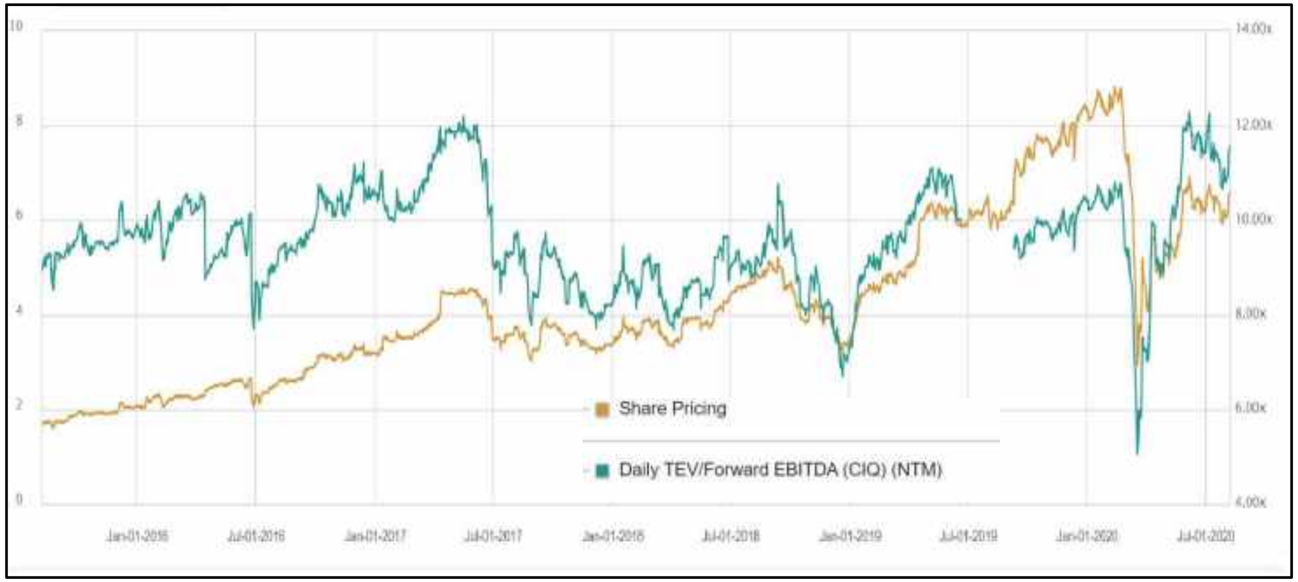
JD Sports Fashion is a sports-fashion retail company based in Bury, Greater Manchester, England with shops throughout the United Kingdom, Europe, the United States, Asia and Australia.

Statistic	06/08/2015	06/08/2020
Stock Price	£1.32	£6.48
Market Cap	£1.29B	£6.31B
Enterprise Value	£1.22B	£8.51B
Shares Outstanding	973.23M	973.23M
EV / NTM Revenue	0.75x	1.65x
EV / NTM EBITDA	7.38x	11.82x
PE	15.89x	33.62x

Statistic	FY 2015	FY 2019
Revenue	1.52B	4.72B
EBITDA	144.7M	461.9M

EV / NTM EBITDA





JD Sports Fashion Business Model

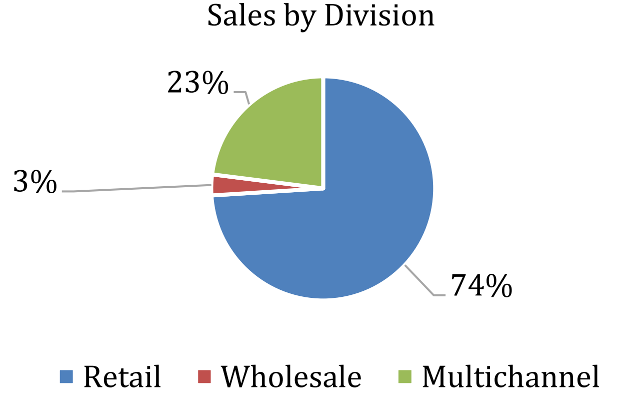
Primary Product

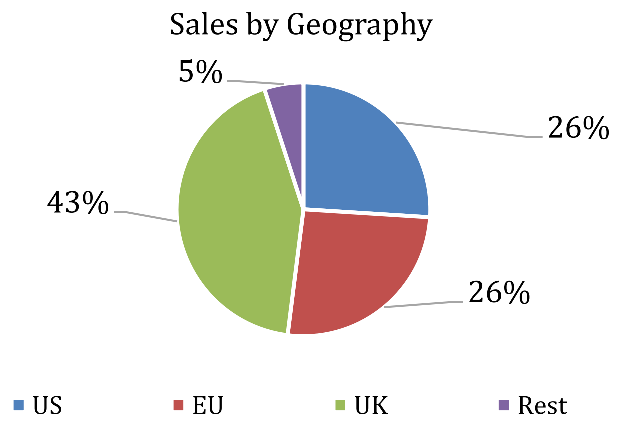
Sports Fashion	Retail stores that sell sports and sport fashion clothing from third-party brands and JD's own collection of brands. Multiple different retail stores, flagship store is JD Sports. Also includes sports fashion e-commerce presence.
Outdoor	Retail stores that sell outdoor (i.e. hiking) clothing from third-party brands and JD's own collection of brands. Multiple different retail stores, flagship store is Millets. Also includes outdoor fashion e-commerce presence.

Context

JD is a sports and outdoor fitness clothing retailer.

- JD operates 15 different retail store brands with over 2,400 locations across Europe, Asia, and NA.
- JD's flagship JD Sports sells renowned brands, such as Nike and Adidas, alongside JD's own brands.
  - Stores have "world class" retail theatre – the store themselves are very stylish.
- JD has developed a robust online presence which accounts for roughly 23% of total revenue.
  - Sites operate under brands of retail stores.





JD is a high capital intensity business.

JD Sports Fashion Competitive Analysis

- Low Threat
- Medium Threat
- High Threat

Sporting and Outdoor Equipment Retailers in the UK industry

Operators in the Sporting and Outdoor Equipment Retailers industry sell products geared towards outdoor activities, including clothing, bicycles, sporting goods, and camping and fishing equipment.

Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

Market Structure: Oligopoly / Monopolistic Competition
Market Size: ≈£10B[1]
Industry Growth: MSD[1]
• JD sports also operates outside of the UK in NA, Asia, and Australia.
• JD sports is one of the largest players in the UK market.
• Key competitors include: Frasers Group (Sports Direct), Hadfords, and Decathlon UK.
  ◦ Also many local players and ecommerce competitors (i.e. Amazon).
	• Capital intensive to purchase initial inventory, establish retail location etc.
	  ◦ Ecommerce competitors can circumvent these barriers, however.
	• Relationships with major brands (i.e. Nike) to carry their brands.
	• Very easy to start new store – especially online.
		• Brand reputation and clout: people know JD and its stores and that's where they go when they need sportswear.
		• Scale enables cost synergies.
		• Store experience: JD has a leading "retail theatre" making their stores a better experience than many local competitors.
			• Ecommerce undercuts brick and mortar business.
			• COVID-19 drags on for years harming brick-and-mortar.
			• Customers buy direct from Nike/Adidas and/or outcompeted digitally by Amazon.
			• SportsDirect becomes more premium and competes more directly with JD.
				• Ecommerce has continued to rise in popularity.
				• Customers are buying less volume but higher quality.
				• Athleisure trend has increased in popularity.

1. UK only; IBIS World.

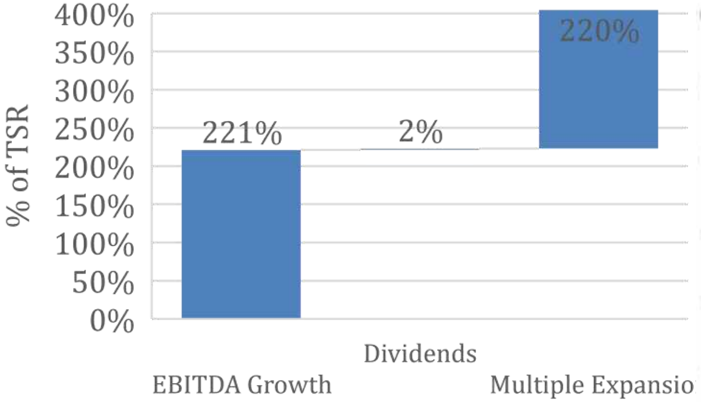
What Investors Missed

The Bear Thesis Five Years Ago:

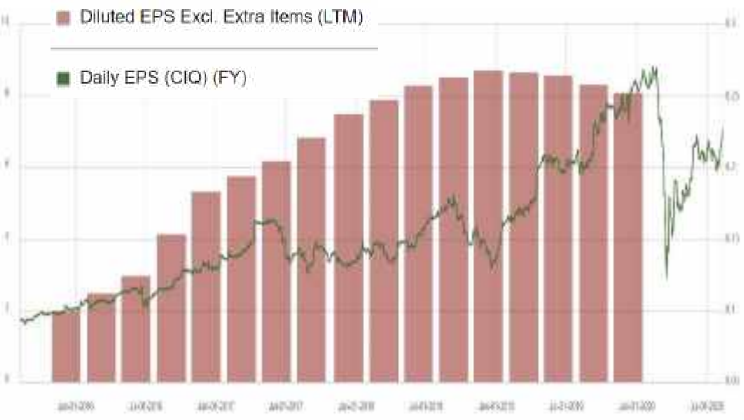
- **Not a very attractive industry:** retail industry is in a long-term decline and there is no reason to think JD is immune from these trends.
- JD's plans for international expansion are doomed for failure: what competitive advantage does JD have in Asia or other markets?
- Mature industry with minimal room for growth.

Why They Were Wrong

Return Breakdown:



Consensus vs Results



The Actual Story of the Last Five Years

JD capitalized on industry trends

- Retail trends hit retailers at low-end of the market with minimal store experience.
  - JD catered to high-end part of the market and has top-tier store experiences through its "retail theatre" elements such as live DJs, dancers, technology, etc.
- JD capitalized on athleisure trend and heightened demand for sneakers.
  - JD is self proclaimed "King of Trainers."
- JD built out ecommerce business which grew from ≈ 9.9% of sales to ≈23% of sales from FY2016 to FY2020.

International expansion a success

- JD expanded to Asia, the US, Australia, and across Europe from FY2016 to FY2020.
- Used acquisitions, such as Finish Line acquisition in 2018, to expand.
- JD sports international store count increased from 104 in FY2016 to 379 in FY2020.

JD grew comps

- In addition to store count, JD grew comps each year from FY2016 to FY2019; average comps growth of 7.8% over five-year period and 10% in FY2020.

1. https://www.miniaturemarket.com/reviewcorner/the-games-workshop-renaissance-editorial/

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JD Sports Fashion Takeaways

JD is a Good Business- 3.5/5

JD navigated the apparel retail industry

- While the industry faced widespread decline due to the rise of ecommerce, JD continued to thrive.
  - Many key competitors did not thrive (i..e Sports direct who's share price is ≈25% of its 2015 value.)
- JD invested in their stores to ensure they remained a unique experience for customers (that they can't get online).
- JD capitalized on athleisure and sneakers trend, and consumers increasing desire for premium products.
  - Also built out robust ecommerce presence.

JD grew

- JD grew its international store count and expanded to the US, across Europe, and into Asia and Australia.
  - Expanded through both acquisitions and organically.
  - International revenue grew from 413M to 3.5B from FY2016 to FY2020.
- Comps grew each year at an average 7.5% each year.

JD has an uncertain future

- COVID-19 could be an existential threat to JD's brick and mortar stores, but, at the least, it is likely to accelerate trends towards ecommerce.
- JD can leverage its ecommerce presence to mute the damage, but ultimately it could hurt the company's vast retail presence.

Future Outlook

Can JD Sustain its Market Position?

- So far JD has mitigated the threat of Amazon and other ecommerce players, and the threat that Nike and other brands go DTC.
  - But COVID-19 threatens to fuel these threats again.
- JD may be able to open its store and leverage its ecommerce presence to mitigate COVID-19, but the future is uncertain.

Can JD continue to grow faster than the industry?

- If JD can re-open its stores, leverage ecommerce, and continue to stay on top of trends, it will outperform.
  - Whether JD can do these three tasks successfully is highly uncertain.

Is JD poised to continue to outperform the market?

- JD has mitigated persistent threats of ecommerce and capitalized effectively on industry trends.
  - And outperformed as its peers continued to decline.
- The market is pricing JD for uncertainty given COVID-19's potential impact on retail.
  - If JD can weather this crisis effectively, it will outperform. But there is no precedent on which to base whether they will be able to do that.

INVISIO®

OM:IVSO

441%

5 Year TSR

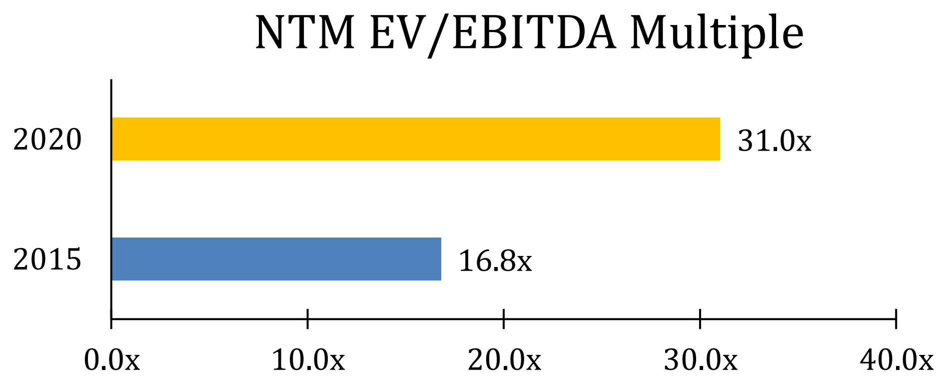
Rank: 68/104

Invisio AB Overview

Invisio AB, based in Copenhagen, develops and sells personal communication and hearing protection systems for professionals in the defense and military, law enforcement, and security sectors internationally.

Statistic	6/8/15	6/8/20
Stock Price	27.7 SEK	138 SEK
Market Cap	1.17B SEK	6.09B SEK
Enterprise Value	1.15B SEK	5.91B SEK
Shares Outstanding	42.24M	44.10M
EV / NTM Revenue	4.46x	9.09x
EV / NTM EBITDA	16.80x	31.04x
NTM P/E	19.29x	44.64x

Statistic	FY 2015	FY 2019
Revenue	229.8M SEK	513.8M SEK
EBITDA	47.5M SEK	134.4M SEK



Invisio Business Model

Primary Products

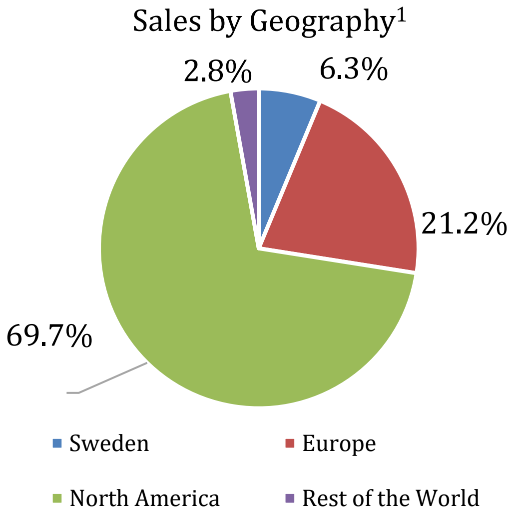
Personal Equipment	• IVSO products include cables, control units, head sets, and intercom systems • The two main solutions are personal equipment and the intercom system

Invisio creates communication headsets like the one shown above

Context

IVSO protects key personnel in critical environments and aids clear communication

- IVSO personal equipment reduces noise and enables disruption free communication in noisy environments, while also protecting the wearer's hearing
- Intercom solution for internal communication in vehicles, boats, and helicopters
- Two major customers: military & defense and law enforcement & security
- Make sales mainly through long term contracts



IVSO is a capital light business, as all product manufacturing is outsourced.

[1]Sales by category not shown because IVSO business "consists of only one segment"

Low Threat
Medium Threat
High Threat

Invisio Competitive Analysis

Aerospace & Defense

The players in this industry focus on the production, sale, and service of commercial aircrafts, and military weapons and systems designed for to operate on land, seas, and air.

Market Structure	Oligopoly
Market Size	$1.6T[1]
Industry Growth	LSD[1]

The market for "personal equipment" for military services and law enforcement is estimated by IVSO to be 6.5B SEK & they estimate their total target market to be about 13.5B SEK

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• Significant investment in R&D needed in this space • Some very large companies in the industry, but new companies still have room to enter • IP, reputation, and long term relationships are very important in this industry • Customers and providers enter into medium term contracts, preventing competition from suddenly taking market share	• Multi-year contracts with customers allow IVSO time to develop deeper relationships and understanding to further grow the business • IVSO's small, advanced communication headset with unique integration offers an advantage over typical communication headsets • Flexible solutions at a good price point • Very good relationship with the U.S. Department of Defense- renewed contract in 2019 for 290M SEK	• A limited number of customers account for a large portion of IVSO revenues- 2 customers account for ~55% of sales • IVSO serves a very niche purpose that depends on being the best available product for military and law enforcement personnel • Recent efforts in the U.S. and internationally to "defund the police" could negatively impact defense spending (but IVSO should be protected for the next couple years by its contracts)	• Global increase of 3.6% in defense spending, totalling $1.97T in 2019 • Trend of implementing more modern systems, like those offered by IVSO

[1]Market value estimate by 2025 https://www.businesswire.com/news/home/20200611005398/en/1.6-Trillion-Aerospace-Defence-Market-Assessment-2019-2025

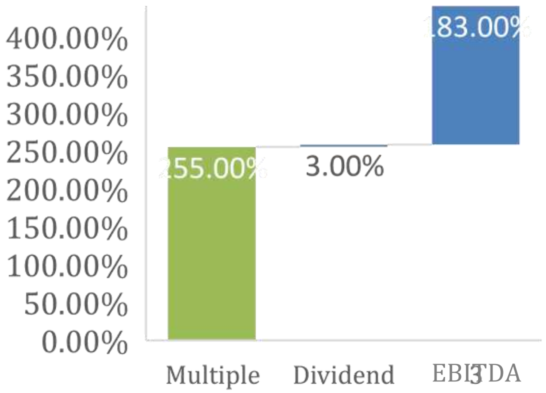
What Investors Missed

The Bear Thesis Five Years Ago:

- **Prior to 2013, IVSO dabbled in the consumer and professional spaces, but an order from the U.S. government shifted their entire focus to equipment for professionals (police, military, etc.)**
- Future growth for the company would depend heavily on the success of this relationship with the U.S.
- If the products were received well, other countries would follow with orders, but if they were not that would put a halt to IVSO growth
- Investors wanted to see how this relationship would develop in the long run- all of IVSO's eggs were in one basket at this point, so to speak

Why They Were Wrong

Return Breakdown:



Consensus vs Results

The Actual Story of the Last Five Years

Global Market Penetration

- IVSO has developed a very successful relationship with the U.S.
- IVSO now supplies products to all branches of the U.S. military
- Has also had success in Europe- won contracts with the Belgian army, German police, and began talks with the Swedish police in 2019
- Breakthrough order with the Japanese police in 2019

Growing Demand for IVSO Products

- Countries are increasing defense spending and looking to modernize the technology their personnel use
  - Structural growth in the number of possible users of IVSO products
- Growing concern for the effects of war on soldiers and how to best protect them
- Hearing loss and tinnitus are the most common injuries among American veterans
- IVSO products prevent these injuries

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Invisio Takeaways

IVSO is a Great Business – 5/5

IVSO has Solid Relationships	• The initial opportunity with the U.S. government in 2013 catapulted IVSO • By having a successful relationship with the U.S. military (the best military in the world), other countries have been influenced to work with IVSO
Growing Niche Market with High Entry Barriers	• The market is growing structurally • In 2018 tinnitus and hearing loss together accounted for about 13 percent of American veterans' received compensation, making IVSO products all the more desirable from a fiscal perspective • High barriers to entry and the specificity of the market prevent serious competition
Strong Financial Profile	• IVSO's average annual growth from 2015-2019 was 20.6% and entirely organic • Sales growth in 2019 was 45% • Gross margins averaged 56% from 2015-2019 and 61% in 2019 • IVSO has no debt and an equity/asset ratio of 76%

Future Outlook

Can IVSO Sustain its Advantages?

- IVSO has a very good reputation and strong relationships with its customers
- This, coupled with a great product that has taken lots of R&D, will be hard for competitors to beat
- Has some patent protected technology

Can IVSO continue to grow?

- IVSO has many possible customers it has yet to reach in existing geographies (police departments and private security) and ones it has yet to reach
- Continuing to develop new products to grow sales
- Continuing to work on operating efficiency to get better margins

Is IVSO poised to continue to outperform?

- IVSO has established itself as a leader in its field and has cultivated long lasting relationship that pave the way for future growth
- Strong financial health and room for growth make it likely that IVSO will have continued success

TSX:KXS

441%

5 Year TSR

Rank: 69/104

Kinaxis Overview

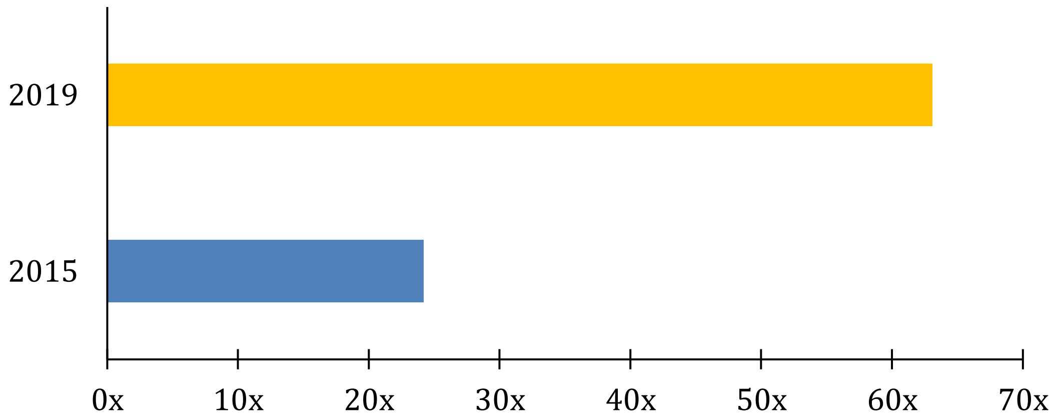
In Canadian Dollars

Kinaxis is a supply chain management, and sales and operation planning software company based in Ottawa, Ontario.

Statistic	06/08/2015	06/08/2020
Stock Price	$31.39	$178.32
Market Cap	$748.04M	$4.73B
Enterprise Value	$648.31M	$4.41B
Shares Outstanding	23.81M	26.52M
EV / NTM Revenue	5.81x	14.67x
EV / NTM EBITDA	24.19x	63.08x
PE	44.25x	103.12x

Statistic	FY 2015	FY 2019
Revenue	122.1M	256.2M
EBITDA	34.0M	54.3M

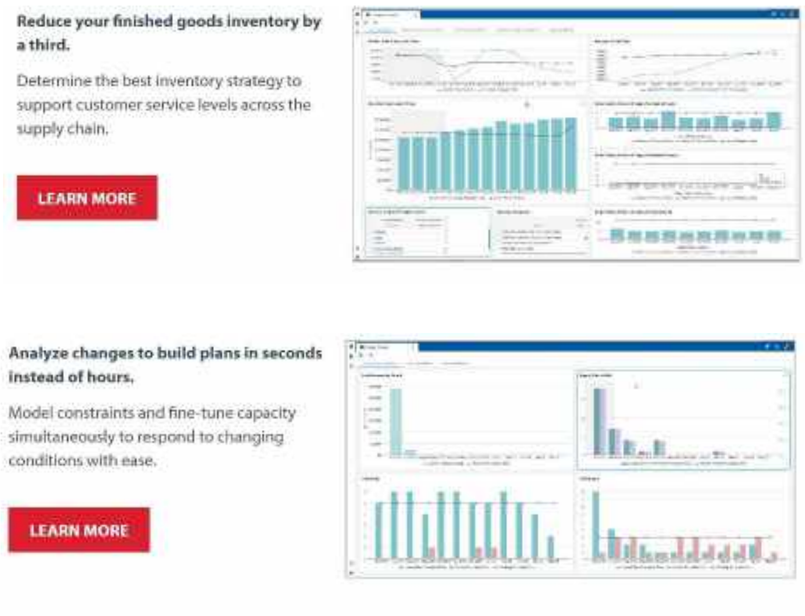
EV / NTM EBITDA



Kinaxis Business Model

Primary Product

Supply Chain SaaS	Software for companies that helps them optimize their supply chains.

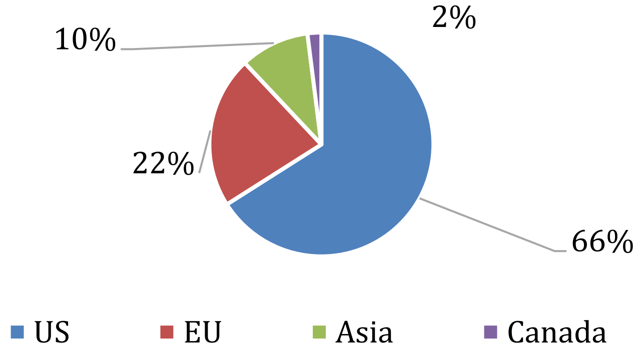


Sample KXS software screenshots

Context

KXS is a supply chain management software company.

- KXS helps companies optimize all layers of their supply chain:
    - Sales and operations.
    - Capacity and manufacturing.
    - Demand planning and order fulfilment.
    - Inventory management.
    - Etc.
- KXS software helps companies reduce inventory, lead times, and shorten planning cycles.
- Software used by companies in a variety of industries from aerospace to retail to life sciences.



KXS is a low capital intensity business.

Low Threat
Medium Threat
High Threat

Kinaxis Competitive Analysis

Supply Chain Management Software

Participants develop and sell software for companies to manage and optimize all aspects of their supply chains.

Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

Market Structure: Oligopoly
Market Size: ≈10.5B[1]
Industry Growth: > 10%[1]
• KXS is a leader in the industry according to Gartner's magic quadrant.
• Major competitors in leaders quadrant include: SAP, Oracle, Gain Systems, Demand Solutions, and OM Partners.
• Industry is maturing and new players are vying to capture different parts of the market.
	• Need to develop a wide breadth of features to have a competitive product.
	  • Easier to do with customer feedback.
	• Need to attract high levels of human capital.
	• Start-up costs.
	  • However, lots of venture capital money and well capitalized incumbents.
		• Switching costs: customers' operations are embedded with software.
		  • **KXS has >100% net retention rate.**
		• Contracts are long-term.
		• Customer feedback and relationships.
		• Breadth of features.
			• New competitor or existing player makes major investment to capture market share (i.e. Oracle).
			• Data breach.
			• KXS cannot innovate fast enough.
				• Supply chains have gotten more complex and globalized.
				  • And disrupted due to increased tariffs and other issues (i.e. Brexit).
				• Increased reliance on cloud and data analytics.

1. 2022 estimated size; KXS investor presentation.

What Investors Missed

The Bear Thesis Five Years Ago:

- **KXS is not suited for growth:** BMO analyst estimates it takes KXS 18 months to procure a new customer. [1]
- Insiders selling: the CEO, directors, and other insiders sold millions of shares in 2015.
- KXS is already highly valued and, as growth rates slow, its premium multiple will contract and be more in line with peers.

Why They Were Wrong

The Actual Story of the Last Five Years

KXS grew

- Subscription revenues grew from 65M in FY2015 to 118.9M in FY2019.
- Expanded into less competitive international markets and captured market share:
  - International revenue grew from 15.4M in FY2015 to 66M in FY2019.
- Knowledge services program launched in 2015 which helps educate potential customers on software capabilities.
- Robust partner program with partners including Accenture, Deloitte, and Genpact.
- Continuous investment in product enables net revenue retention above 100%.

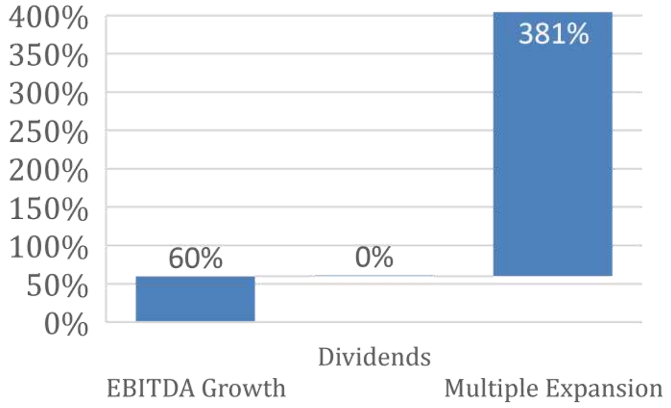
Insider selling immaterial

- Same CEO as 2015; stock continued to perform post insider selling.

KXS multiples grew

- KXS maintained above industry standard valuation multiples.
- NTM EBITDA multiple grew to 60x from 24x in and revenue multiple grew to 15x from 5.8x.
  - Multiples grew in tandem with growth.

Return Breakdown:



Consensus vs Results

1. https://www.theglobeandmail.com/globe-investor/inside-the-market/kinaxis-stock-soars-as-sales-gain-traction/article23206645/?ts=150419233633&ord=1

ALTA FOX CAPITAL

Back to List

Kinaxis Takeaways

KXS is a Strong Business- 4/5

KXS built a great product in a fast growing industry

- Supply chains are becoming more complex and globalized, and geopolitical events, such as Brexit and the China trade war, have increased the complexity.
- Demand for SaaS products to optimize supply chains has undergirded the 24% annual growth for supply chain management software.
- KXS tapped into this growth by building a top-tier product that is used by top brands, such as Toyota and Unilever.
- Quality of product underscored by >100% net revenue retention.

KXS grew

- KXS grew revenue from 121M in FY2015 to 256M in FY2019.
    - Revenue is recurring and there is 80% visibility into NTM revenue.
    - Long-term 2 to 5 year contracts.
- Strong international growth and partnerships with key technology consulting firms, such as Accenture, drove consistent growth.

KXS has a runway for growth

- The industry continues to grow rapidly and with low incremental costs, strong recurring revenue, and strong revenue retention KXS could benefit by continuing to capture market share and grow.

Future Outlook

Can KXS Sustain its Market Position?

- Barriers to entry are not high, but KXS has developed an industry leading product.
    - Consistently recognized by Gardner as a "leader" in the industry.
- KXS has a track record of maintaining customer base and has a >100% net revenue retention rate.

Can KXS continue to grow faster than the industry?

- If KXS can continue to leverage its partnerships and grow internationally, they will continue to outperform the industry.
- KXS's growth is threatened by incumbents, such as Oracle and Microsoft, making major investments to capture growth.
    - And new entrants that target specific niches (i.e. specific industries).

Is KXS poised to continue to outperform the market?

- KXS has a great business: strong product, recurring revenue, high margins, strong growth runway.
- But KXS's moat is not very strong and there is a threat of new competitors or incumbents investing more in the space.
- At 15x NTM sales, KXS is very highly valued and if may suffer multiple contraction if they have any issues.

RWS GROUP

AIM:RWS

434%

5 Year TSR

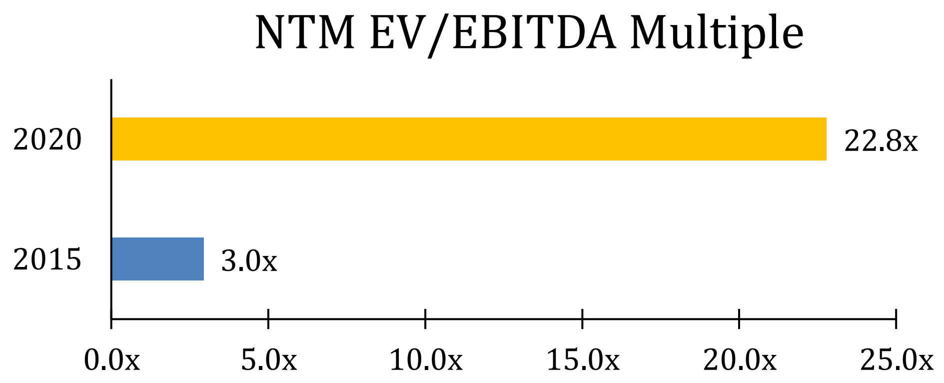
Rank: 70/104

RWS Holdings Overview

RWS Holdings plc, headquartered in the United Kingdom, provides intellectual property support services, such as patent translations and international patent filing solutions, in life sciences translations and linguistic validation.

Statistic	6/8/15	6/8/20
Stock Price	£1.28	£6.26
Market Cap	£270.82M	£1.72B
Enterprise Value	£249.36M	£1.76B
Shares Outstanding	211.58M	274.97M
EV / NTM Revenue	2.69x	5.08x
EV / NTM EBITDA	2.95x	22.79x
NTM P/E	17.11x	30.26x

Statistic	FY 2015	FY 2019
Revenue	£95.2M	£355.7M
EBITDA	£23.3M	£80.3M



RWS Holdings Business Model

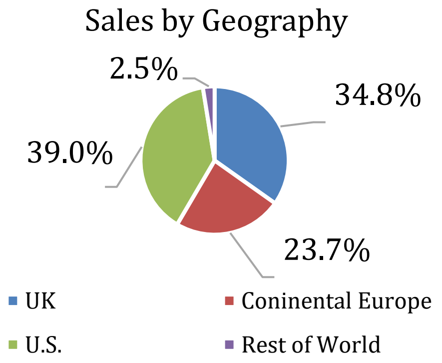
Primary Products

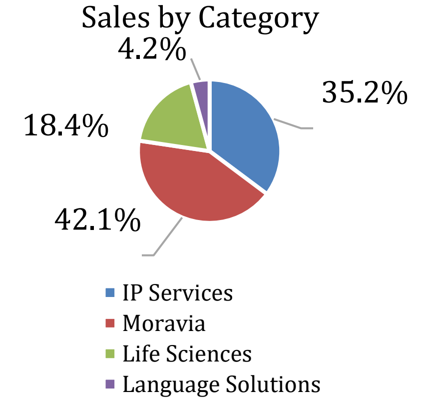
Business Services	IP services Life sciences language services Moravia Language solutions

Context

RWS combines technology and skilled staff to deliver services to businesses globally

- Sales are made B2B
- IP services include patent translations, patent filing, and research
- Life sciences language services include translations, linguistic validation, documentation, and marketing
- Moravia helps global technology companies provide localized products
- Language solutions cover translation and interpretation services to help business communicate globally





RWS is a capital light business.

Low Threat
Medium Threat
High Threat

RWS Holdings Competitive Analysis

Research & Consulting Services

The players in this industry offer professional services, such as research and consulting, to businesses.

Market Structure	Perfect Competition
Market Size	$1.3B[1]
Industry Growth	MSD[2]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• There are no material barriers to entry in this industry • Employees need knowledge of the industry and command of technology for efficient services	• Services use translation memory technology, which gives RWS a competitive edge • High quality employees creating excellent service • Specialization in translation work for intellectual property and life sciences, which is work that is highly valued by major global brans	• Ability to recruit and retain high quality employees is essential to RWS, but competition for this is high in key cities like London • If changes in European patent laws occur, this could effect RWS sales while their clients decide new best practices	• Growing demand for language services driven by globalization and international trade • Growing number of patents filed worldwide • Outsourced language services has had unbroken growth since 2009 (CAGR 7.8%) • Global healthcare spending projected to increase at an annual rate of 5.4% for the next 3 years

[1]https://my-ibisworld-com.ezproxy.cul.columbia.edu/us/en/industry-specialized/od4753/industry-at-a-glance
[2]https://jsginc.com/2019/08/professional-services-industry-trends-2019-and-beyond/

What Investors Missed

The Bear Thesis Five Years Ago:

- **In 2015, RWS was still trying to establish itself internationally**
  - Did not yet have a strong position in the U.S., but realized its biggest growth opportunity
  - Acquired Corporate Translations Inc. for $70 million, which was financed in part by a $45 million five-year bank loan
  - Investors unsure if RWS would be able to grow internationally

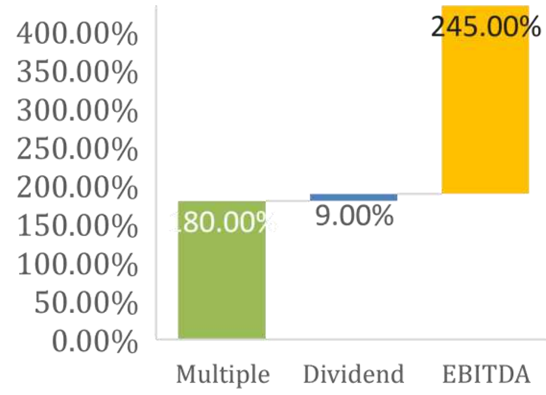
Why They Were Wrong

The Actual Story of the Last Five Years

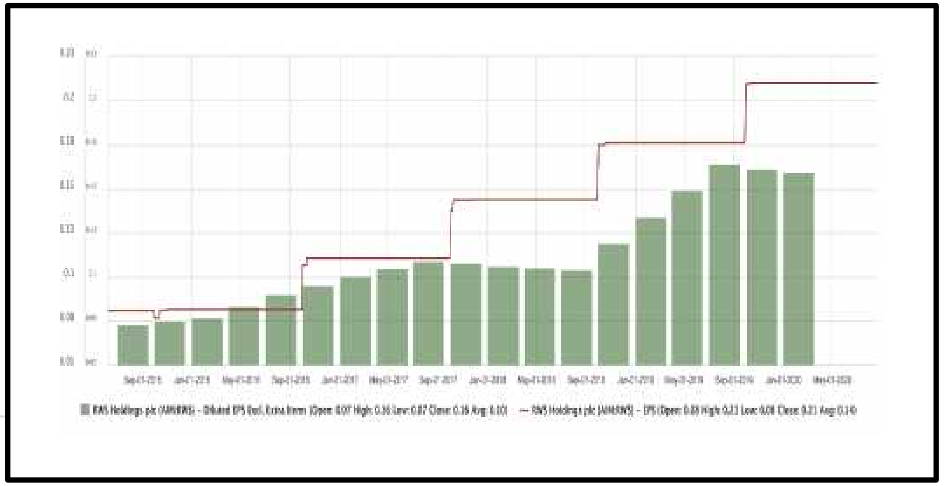
Successful International Growth

- In 2015, RWS decided to focus growth efforts on the United States
- Transformational acquisition of Moravia in 2017 made RWS a leading provider of technology-enabled localization services
- RWS revenue grew 87% in 2018, which is largely attributed to the Moravia acquisition
- RWS is also the world leader in translation, IP support solutions and life sciences language services
- After successful growth in the U.S., RWS is planning to focus on growth in China
- 7% organic growth across the company for FY 2019

Return Breakdown:



Consensus vs Results



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RWS Holdings Takeaways

RWS is a Great Business – 4/5

RWS has a Niche Product Portfolio

- RWS offers specialized linguistic services that are needed by almost all businesses
- Services like those offered by RWS require niche expertise of industries, languages, and business
- More advantageous for customers to use RWS than try to do the same services in house
- Globalization will help drive RWS success

Strong Growth Performance

- RWS has grown through acquisitions and expanding its services and is now the world leader in language translation services
- Low barriers to entry, but RWS's size and reputation should protect it from competition
- Consistent topline growth over the last 5 years
- Strong gross profit and EBITDA margins of 40.1% and 22.6% respectively for FY 2019
- Margins have stayed flat despite revenue growth, perhaps indication a lack of scalability
- Strong balance sheet and minimal debt

Future Outlook

Can RWS Sustain its Advantages? ✓

- RWS has long standing relationships with major companies
- RWS tries to create a positive corporate climate to retain its employees
- Competitors lack the size and reach of RWS

Can RWS continue to grow? ✓

- RWS successfully grew in the United States, and it has now set China as its next geographic target for growth
- Proven ability to achieve organic and inorganic growth

Is RWS poised to continue to outperform? ✓ / ✗

- RWS leads the industry with its high quality services and still has room to grow, making it plausible that RWS will continue to outperform
- RWS also trades above its EV/EBITDA multiple, perhaps indicating it is currently overpriced

ELDORADO RESORTS

NasdaqGS:ERI

431%

5 Year TSR

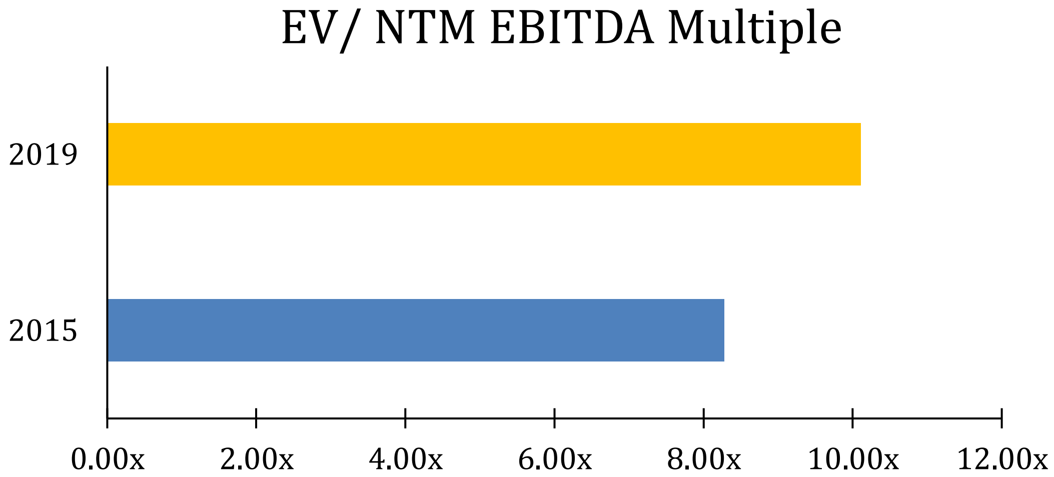
Rank: 71/104

Eldorado Resorts Overview

Eldorado Resorts is an American hotel and casino entertainment company founded and based in Reno, Nevada that operates 23 properties across 11 U.S. states.

Statistic	06/08/2015	06/08/2020
Stock Price	$7.77	$39.86
Market Cap	$361.43M	$3.10B
Enterprise Value	$1.05B	$6.51B
Shares Outstanding	46.52M	77.80M
EV / NTM Revenue	1.46x	2.79x
EV / NTM EBITDA	8.28x	10.11x
PE	56.41x	34.19x

Statistic	FY 2015	FY 2019
Revenue	719.8M	2.53B
EBITDA	128.5M	670.0M



Eldorado Resorts Business Model

Primary Product

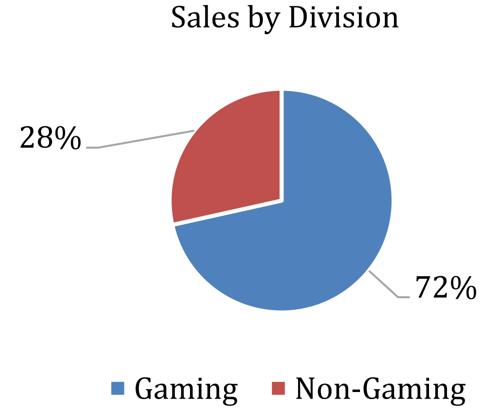
Casino Resorts	Casinos that contain a variety of other amenities, such as hotel rooms, restaurants, and retail shops.

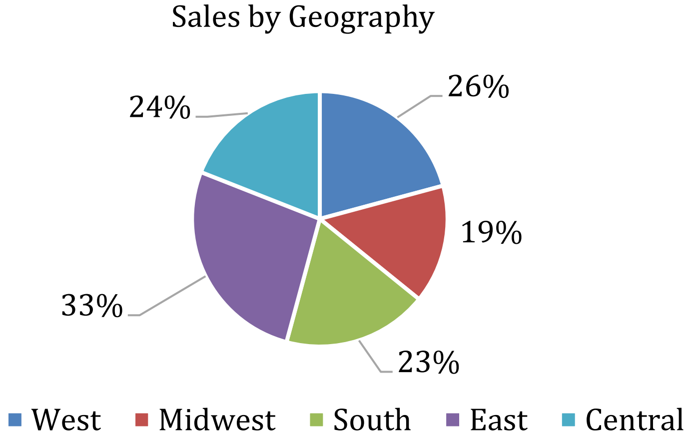
Eldorado's Reno, Nevada Resort

Context

ERI is a regional casino operator.

- ERI generates the majority of its revenue through gambling at its casinos.
- ERI offers a variety of other amenities, such as hotel rooms, restaurants, retail shops, and sportsbooks to attract customer to properties so they will gamble.
- ERI focuses on regional casinos outside of major hubs that attract visitors from all over, like Las Vegas.
    - Focus on operating casinos that are a "drive away."





High capital required for operating casinos, hotels and restaurants.

Low Threat
Medium Threat
High Threat

Eldorado Resorts Competitive Analysis

Casino Hotel Industry

This industry is made up of establishments that primarily provide short-term lodging in hotel facilities with a casino on the premises.

Competitive Landscape

Market Structure	Oligopoly / Monopolistic Competition
Market Size	66.8B[1]
Industry Growth	LSD[1]

- In the US, four largest companies hold 30% market share (ERI in a tier just below in terms of size).
- Competition is high:
  - Casinos are concentrated in hubs like Las Vegas.
  - Casinos often compete on amenities and deal packages.

Barriers To Entry

- Generally capital-intensive business (gambling machines, buildings, etc.).
- Regulatory barriers in most jurisdictions.

Competitive Advantages

- Scale can enable operational expenses to be spread across multiple casinos.
- Loyalty programs, such as Caesars Rewards, can entice repeat customers.
- Better amenities can attract more customers to the premise – which increases gambling revenue.

Risks

- **Regulations:**
  - Regulatory burdens are eased making destination locations, like Las Vegas less attractive.
  - Regulations increased lowering gambling revenue.
- Cyclical industry.
- Online gambling / other forms of entertainment continues to become more popular and cannibalizes revenue.

What's Changed in the Industry

- Industry has gotten more consolidated as two largest operators, Caesars and MGM, made major acquisitions.
- Regulations have eased in certain states and increased competition.
  - More international competition (i.e. Macau) too.

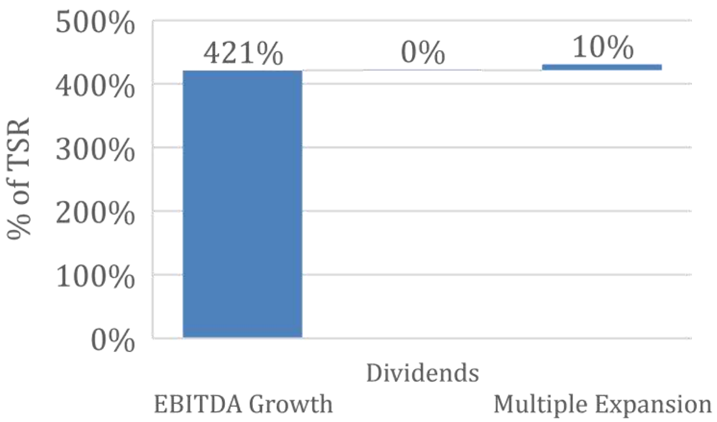
What Investors Missed

The Bear Thesis Five Years Ago:

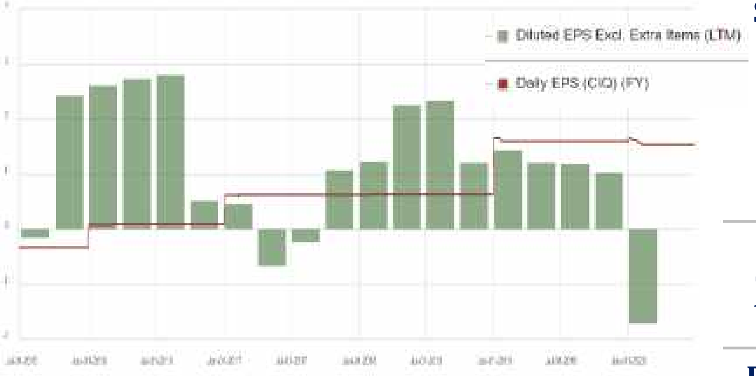
- Weakness at existing properties even in strong overall gaming market: Reno revenue down 5.8% YoY and Silver Legacy JV revenue down 9.8 YoY.
    - Yet, ERI still trades at only a slight discount to larger peers which have properties in bigger markets, more diversified portfolios, and nationwide loyalty programs.
- Given poor recent of ERI casinos performance, skepticism that ERI management can make improvements to the newly integrated MTR Casinos.
- Management said that gambling revenue at the WV location may decrease by 17% due to an indoor smoking ban in WV.[1]
- ERI shares are already trading too high because of refinancing hopes.

Why They Were Wrong

Return Breakdown:



Consensus vs Results



The Actual Story of the Last Five Years

Bet on Reno and regional casinos worked	• As industry focused on major hubs like Las Vegas, ERI cornered regional markets particularly Reno. • Reno economy has boomed (major Tesla factory, #1 in US for job growth) which has increased demand for Reno casinos. • Western segment (encompasses Reno) grew revenue by 310% from FY2015 to FY2019.
Strong management	• Carano family has a long history in the business and continues to be very involved.[2] • Management outlined cost cutting / synergies targets multiple times and met them each time. • EBITDA margin increased by nearly 50% over 5 years from in17.8% in FY2015 to 26.5% in FY2019. • Increased purchasing power and lower marketing expenses.
Smoking ban wasn't the end of the world	• The smoking ban did likely reduce revenue at the WV casinos by 5.6% but this loss was made up for by the success of other casinos.
Debt refinancing was material	• Annual interest expense was cut from $80M to $45M.

1. https://archive.triblive.com/news/presque-isle-downs-mountaineer-adapt-in-battle-over-smoking-rules/#axzz3YWlJPv7s
2. https://seekingalpha.com/article/4100713-eldorado-resorts-among-best-of-breed-in-regional-gaming-is-well-positioned-for-growth

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Eldorado Resorts Takeaways

ERI is a Ok Business - 3/5

ERI made the right bet on itself and the regional casino space

- ERI made the right call and doubled down on Reno and the regional casino industry:
  - Owns ≈30% of all Reno hotel rooms.
  - Reno's economy and population growing quickly; only a few hours drive away from SF/ Sacramento.
  - ≈50% of revenue in Reno is from actual gambling (highest margin) ; ≈34% of Vegas revenue from gambling.
  - Revenue grew from $127M to $483M, and margins increased.
- Las Vegas has faced more competition internationally (i.e. Macau) whereas regional casinos have not – they are different experiences, Vegas is a holiday, regional casinos are weekend getaways.

ERI management proven they are capable

- Management has increased EBITDA margins.
- Management has exceeded synergies targets in multiple major acquisitions (i.e. Circus Circus, Isle of Capri, Grand Victoria).

Future lies n the pending Caesars acquisition

- ERI has staked its future on the acquisition of Caesars where they plan to realize 500M in annual synergies, become the largest gambling asset company, and leverage Caesars rewards program.

Future Outlook

Can ERI Sustain its Market Position?

- ERI's current regional casino property portfolio have demonstrated robust demand.
- ERI's management have proven to be strong operators.
- But, with the pending Caesars acquisition, leverage could go as high as 8x EBITDAR adding risk.
  - Also, shifts ERI regional casino focus to Vegas.

Can ERI continue to grow faster than the industry?

- Difficult to continue to grow after Caesars acquisition given their size.
- Caesars reward program could create more recurring revenue and regular gamblers (program is known as the best in the industry).

Is ERI poised to continue to outperform the market?

- ERI shares trade at ≈50% of their 2020 peak, and if the company can whether the coronavirus could outperform if bought as these levels.
- Future very uncertain: whether Caesars acquisition will go through (pending legal uncertainty), coronavirus impacts, post-acquisition leverage, whether synergies will be realized, etc.

FOX FACTORY

NASDAQGS:FOXF

430%

5 Year TSR

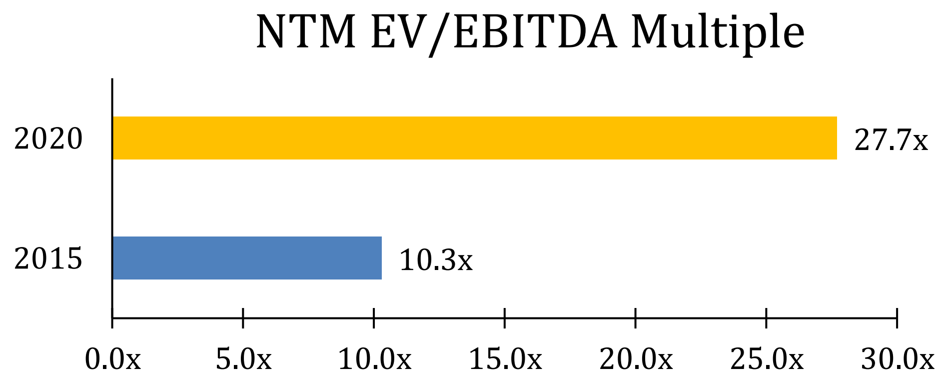
Rank: 72/104

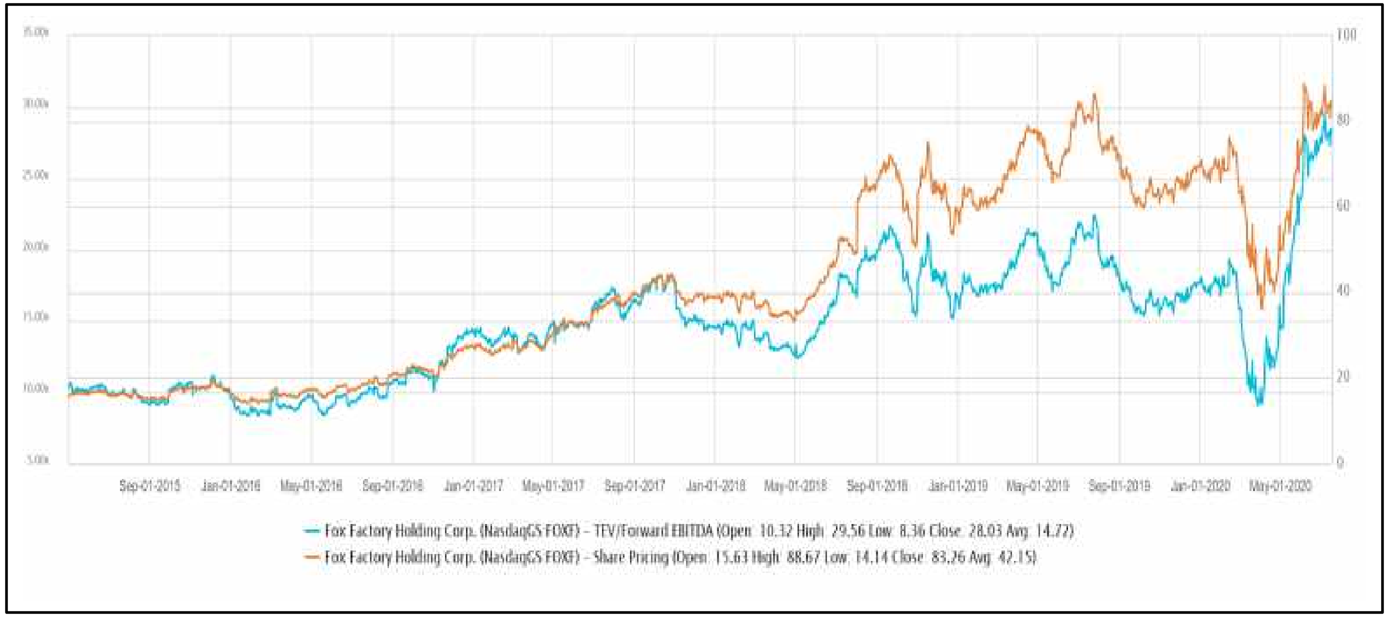
Fox Factory Overview

Fox Factory Holding Corporation is a designer, engineer, manufacturer, and marketer of premium performance shock absorbers and race suspension products for a variety of “extreme” vehicle uses, and is based out of Braselton, GA.

Statistic	6/8/15	6/8/20
Stock Price	$16.76	$87.51
Market Cap	$618.12M	$3.38B
Enterprise Value	$660.21M	$3.82B
Shares Outstanding	37.83M	39.15M
EV / NTM Revenue	1.87x	4.81x
EV / NTM EBITDA	10.35x	27.72x
NTM P/E	16.87x	42.23x

Statistic	FY 2015	FY 2019
Revenue	366.80M	751.02M
EBITDA	56.41M	128.68M





Fox Factory Business Model

Primary Products

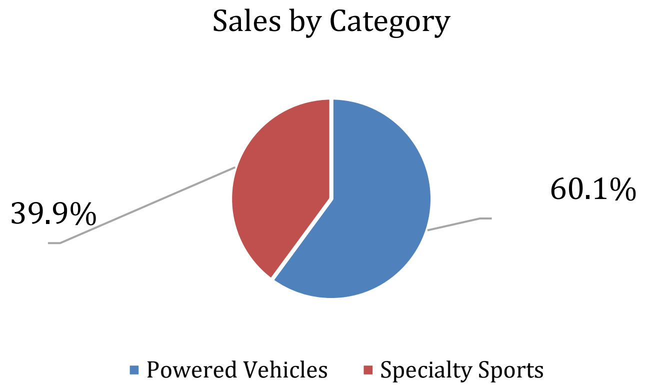
Powered Vehicles	• Performance enhancing products for vehicles with motors
Specialty Sports	• Performance enhancing products for mountain and road bikes

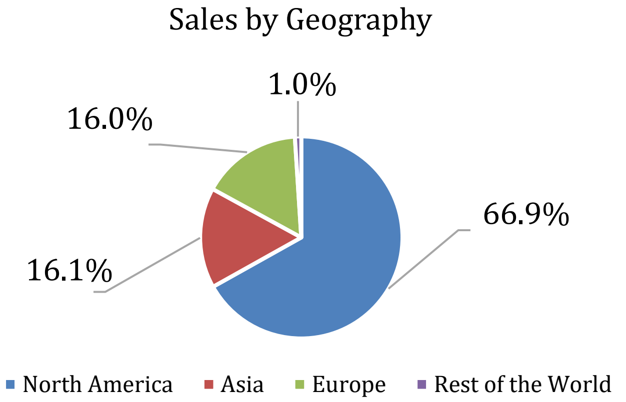
Fox Factory suspension bike forks

Context

FOXF helps improve performance

- Vehicles that Fox caters to include Side-by-Sides, on-road vehicles with and without off-road capabilities, off-road vehicles and trucks, ATVs, snowmobiles, specialty vehicles and applications, motorcycles, and commercial trucks
- Strong marketing presence due to good relationships with professional athletes and sponsored race teams
- Sells products both directly to the original equipment manufacturers (OEMs) as well as aftermarket through dealers and distributors





FOXF is a capital intensive business as most manufacturing is done in house

Low Threat
Medium Threat
High Threat

Fox Factory Competitive Analysis

Automotive Suspension

The players in this industry offer systems of spring, shock absorbers, struts, control arms, and ball joints that connect the vehicle to the wheel and subsequently enable relative motion between the two

Market Structure	Perfect Competition
Market Size	$57B[1]
Industry Growth	LSD%[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• No significant barriers to entry	• FOXF has established trademarks that are perceived as high quality, premium brands • Strong relationships with OEMs who view FOXF products as a way to increase the sales of their premium products	• Global interruptions to trade could harm the supply chain as many of FOXF's products are manufactured overseas • A substantial amount of FOXF's marketing success comes from partnerships with professional athletes, so if support for Fox is lost from one or many athletes, business could be harmed • High levels of customer concentration as the 10 largest customers account for 45% of sales	• OEMs have taken a lot of market share away from the aftermarket sellers

ALTA FOX CAPITAL

[1]https://www.alliedmarketresearch.com/automotive-suspension-market

What Investors Missed

The Bear Thesis Five Years Ago:

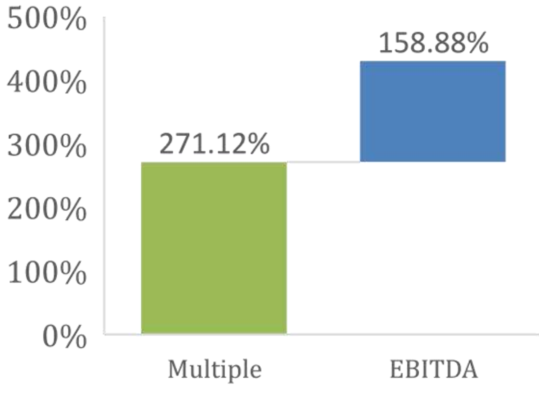
- Uncertainty surrounding the growth of the bike business, as Y/Y growth was stagnant the prior year
- **Wide margin of future year estimates because of headwinds due to increased competition and importing issues**

Why They Were Wrong

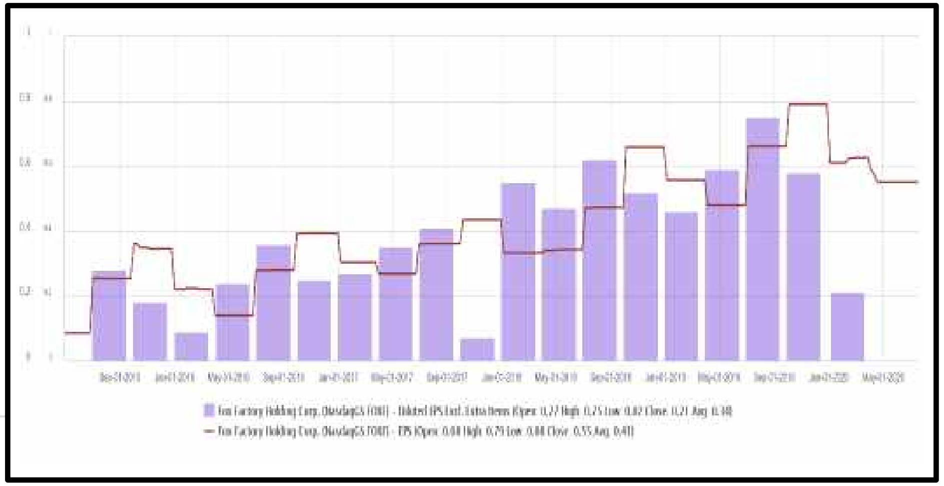
The Actual Story of the Last Five Years

Accretive Acquisitions	• Fox has acquired 5 businesses that have helped them expand the markets that they operate in • In particular, their bike and aftermarket businesses have seen growth as a result of these acquisitions
Steady Growth	• Over the past 5 years, revenue grew steadily at a CAGR of 15%, while slightly increasing margins • Demand increased as more ordinary people had the money to spend on discretionary hobbies towards the end of the decade
Ford Raptor Success	• Fox got the contract to provide the suspension for the famous Ford Raptor truck ◦ Increased brand recognition to go along with their already successful partnerships

Return Breakdown:



Consensus vs Results



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Fox Factory Takeaways

FOXF is an Okay Business – 3/5

FOXF has a Great Reputation

- Fox has established itself as a premium brand in the auto parts/suspension industry
- The quality and performance has resulted in many OEMs using Fox's products in their high-end products
- Fox is endorsed by many successful racers and athletes as well

Operates in a Cyclical Industry

- Being in a business that relies heavily on the ability of consumers to make discretionary purchases, the stability of the growth is uncertain
- The industry is not a ground-breaking one, and the only real chance at industry growth is through a large increase in interest, which is not something that is easy to facilitate or likely to happen

Great Partnerships Provide Great Benefits

- The Ford Raptor partnership has greatly affected Fox's business in a positive way
    - The Raptor is a variation of the most popular truck in America, the F-150, which has resulted in a large increase in units sold to Ford
- This partnership has opened the door for more OEM contracts in the future as well

Future Outlook

Can FOXF Sustain its Advantages?

- FOXF's reputation in the industry is strong, and its relationship with OEMs and its Fox athletes are unlikely to be tarnished in the future

✓

Can FOXF continue to grow?

- FOXF is continuing to make accretive acquisitions and are actively expanding their international presence as well
- However, the size of the growth is not certain, as the industry Fox operates in is not a high growth one

✓

Is FOXF poised to continue to outperform?

- It is unlikely that FOXF will continue to grow at the rate it has before, as much of the stock growth can be attributed to multiple expansion, and FOXF is already trading a very high P/E for its industry at around 40x

✗

BEIJER REF

OM:BEIJ B

427%

5 Year TSR

Rank: 73/104

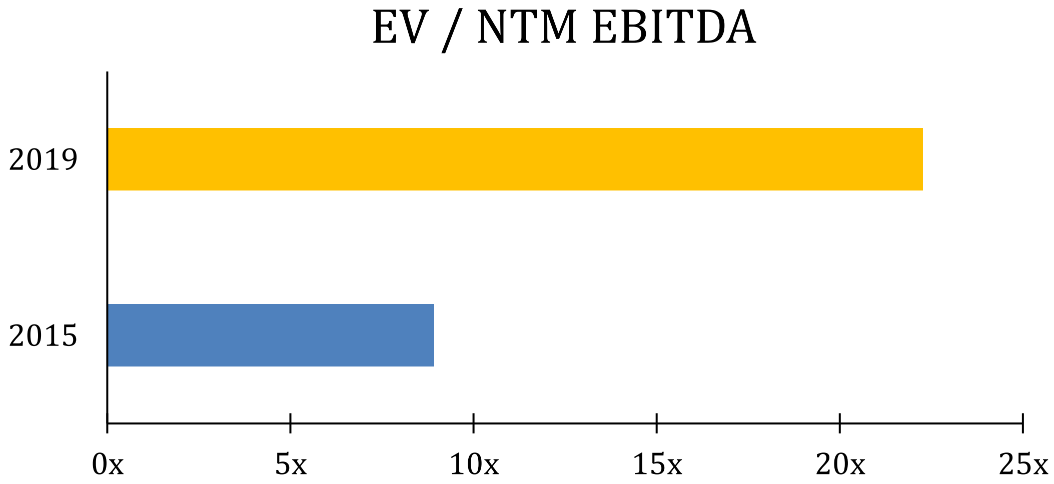
Beijer Ref Overview

In Swedish krona (kr)

Beijer Ref engages in the wholesale of refrigeration products for refrigeration installation contractors, and service and contracting companies. It markets and sells refrigeration systems, components for refrigeration systems, and air-conditioning and heat pumps.

Statistic	06/08/2015	06/08/2020
Stock Price	57.67 kr	275 kr
Market Cap	7.33B kr	34.08B kr
Enterprise Value	8.51B kr	35.23B kr
Shares Outstanding	127.17M	126.54M
EV / NTM Revenue	1.02x	2.43x
EV / NTM EBITDA	12.63x	23.16x
PE	17.58x	47.07x

Statistic	FY 2015	FY 2019
Revenue	8.36B	14.82B
EBITDA	621.7M	1.32B



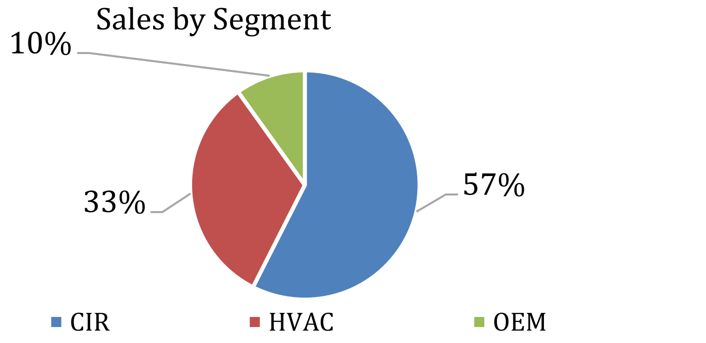
Beijer Ref Business Model

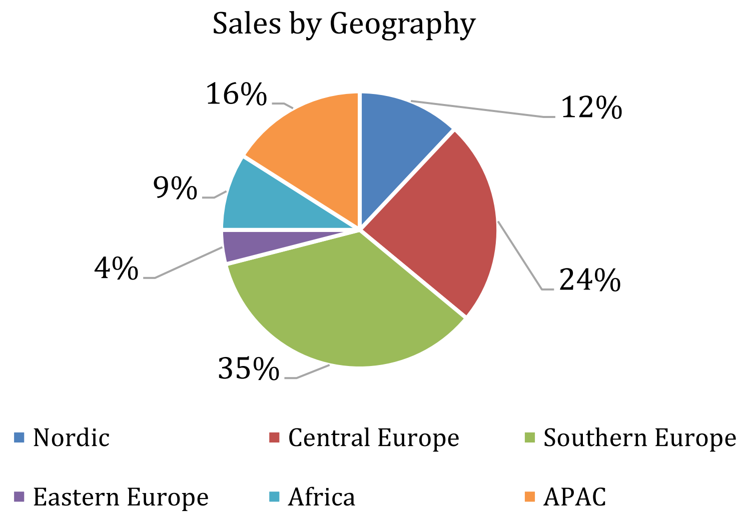
Primary Product	
Commercial and Industrial Refrigeration (CIR)	Wholesale of commercial and industrial refrigeration products from a range of suppliers.
HVAC	Wholesale of HVAC (heating, ventilation, and air conditioning) products from a range of suppliers.
OEM	Manufacturing of refrigeration products under BEIJ's own brands. Focus on environmentally friendly products.

Context

BEIJ is the largest refrigeration wholesaler in the world.

- BEIJ is a B2B wholesaler of refrigeration, air conditioning and heat pumps.
  - Sells best known brands and their own products which they develop.
  - Products used in food stores, factories, ice rinks, etc.
- Installation engineers buy products from BEIJ and then install them for customer (i.e. food store).
- Operates under multiple subsidiaries and creates value by maintaining stock, distribution, technical support, and customer adaptation.
- BEIJ has massive reach with over 1,200 suppliers, 100K products, and 60K customers around the world.





BEIJ is a high capital intensity business.

Low Threat
Medium Threat
High Threat

Beijer Ref Competitive Analysis

Refrigeration Wholesale Industry

Participants source refrigeration products from suppliers and sell them wholesale to end customers.

Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

Market Structure: Fragmented
Market Size: ≈7B[1]
Industry Growth: MSD[1]
• BEIJ is the largest commercial and industrial refrigeration wholesaler in the world.
• Key competitors include: Ahlsell in Sweden and Denmark, Reiss and Fischer in Germany, Wolseley in the United Kingdom and Pecomark in Spain and France.
• Industry growth generally exceeds GDP growth by 2% due to growth tailwinds from food industry.
	• Product breadth: need wide product breadth and relationships with suppliers.
	  • BEIJ also has exclusive distributor contracts (i.e. Toshiba in Europe).
	• Capital intensive to carry inventory, set up warehouses, etc.
		• Global reach.
		• Scale enables purchasing power.
		• Low customer concentration: 5 largest customers ≈ 5% of sales.
		• Customer relationships: 60k customers and 80% employees have contact with customers.
			• Exposure to foreign exchange.
			• Suppliers going direct to customers.
			• Working capital management.
				• Increased urbanisation has grown demand for refrigerated food.
				• Larger middle class means more homes can afford to cool their homes.
				• Regulatory changes:
				  • 2016 Kigali agreement signed by 90 countries: HFC use to decrease by 85% by 2045 (HFCs commonly used in fridges today)

1. Ibis World; US only

ALTA FOX CAPITAL

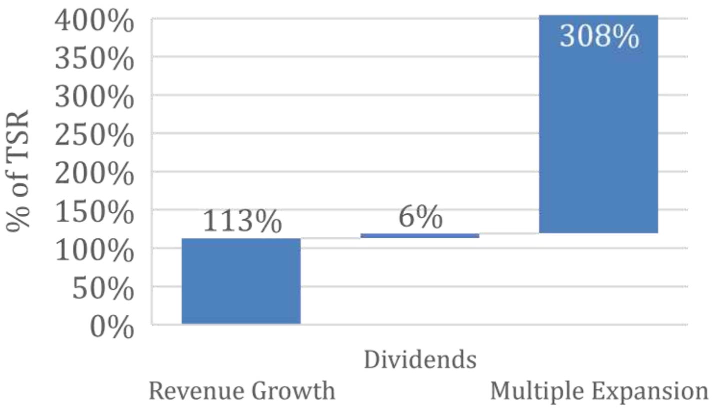
What Investors Missed

The Bear Thesis Five Years Ago:

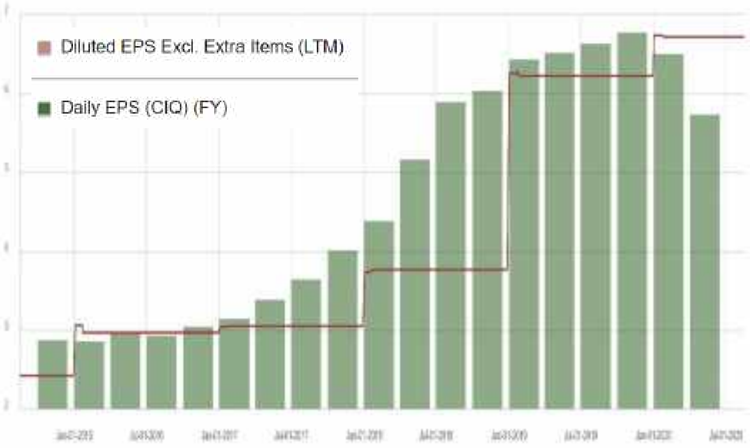
- Minimal avenues for growth: BEIJ operates in a mature industry with minimal growth prospects.
    - Already highly penetrated in core markets – minimal room to capture market share but possible to lose it.
    - Refrigeration industry is a fast-evolving, growing industry.
- Not particularly attractive business model: high capital intensity, potential to be undercut by suppliers selling direct, minimal value addition.
- EBITDA and gross margins have decreased for past five years.

Why They Were Wrong

Return Breakdown:



Consensus vs Results



The Actual Story of the Last Five Years

BEIJ grew in new markets and through OEM	• BEIJ pursued consistent acquisitions to grow to new markets. Revenue CAGRs: Africa (13.34%), Southern Europe (11.70%), Asia Pacific (37.82%). • Regulation changes increased demand for environmentally friendly refrigeration as old tech is phased out. • Expanded OEM business (which capitalized on environmentally friendly trend) from one order in 2015 to 180M in FY2019 (10% of revenue). • Doubled capacity in FY2019 to continue to capture market share.
BEIJ optimized business model	• Optimized logistics by moving to regional warehouse (rather than country based) warehousing; automated more processes. • Launched ecommerce site (≈2% of FY2019 sales but growing) and online PIM system for customers. • Ensured proper integration of acquisitions (i.e. 2016 slowed acquisitions to ensure integration after many 2015 acquisitions).
Margins improved	• Gross margins up to 31.7% from 30.3% and EBITDA margins up to 8.9% from 7.4% due to operational improvements and OEM sales.

Beijer Ref Takeaways

BEIJ is a Strong Business- 4/5

BEIJ has a moat

- Largest refrigeration wholesaler in the world with global reach, diversified customer base, strong supplier relationships, and efficient logistics capabilities.
- Has exclusive contracts with some key suppliers (i.e. Toshiba).

BEIJ capitalized on market trends

- BEIJ continued to capitalize on industry fragmentation by consistently pursuing acquisitions: **11 acquisitions since 2015.**
- Acquisitions enabled robust expansion across the world, especially in Asia, Africa, and Southern Europe. BEIJ also maintained leading position in core Nordic and Central Europe markets.
- Capitalized on trend towards environmentally friendly refrigeration by developing OEM business which specializes in this niche.
    - Non-reportable segment in FY2015 to 10% of FY2019 sales.

BEIJ has a runway for growth

- Industry trends which increased demand for refrigeration (urbanisation, rising middle class, regulatory changes to environmentally friendly tech) likely to continue.
- OEM capacity doubled in 2019 and can continue to grow.

Future Outlook

Can BEIJ Sustain its Market Position?

- Barriers to entry are not that high as any company with capital can buy refrigeration systems and sell them.
- But, BEIJ's competitive advantages are very strong: large customer base and supplier base, scale which enables low costs, strong logistics, global reach.
- Also #1 player in the industry.

Can BEIJ continue to grow faster than the industry?

- BEIJ can continue to make acquisitions and consolidate a fragmented market.
- OEM business can continue to be a source of growth, especially given its alignment with key industry trends.

Is BEIJ poised to continue to outperform the market?

- BEIJ is a strong company in a mature but growing industry that is benefiting from social and regulatory tailwinds.
- BEIJ has avenues for growth including further acquisitions and the OEM business.
- My concern is that OEM business may eNduce some suppliers to expand direct sales capabilities (as BEIJ is no longer neutral wholesaler); and new market growth is not always a home run (i.e. BEIJ has challenges in Africa).
- BEIJ PE (47x) is highest ever – by far.

BACHEM

SWX:BANB

426%

5 Year TSR

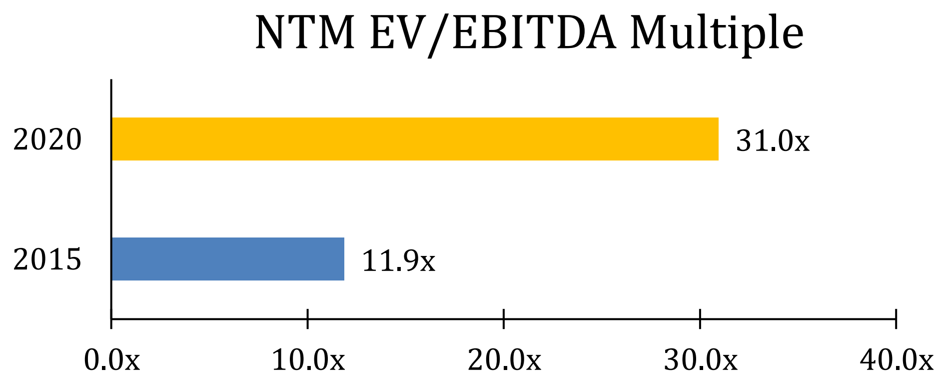
Rank: 74/104

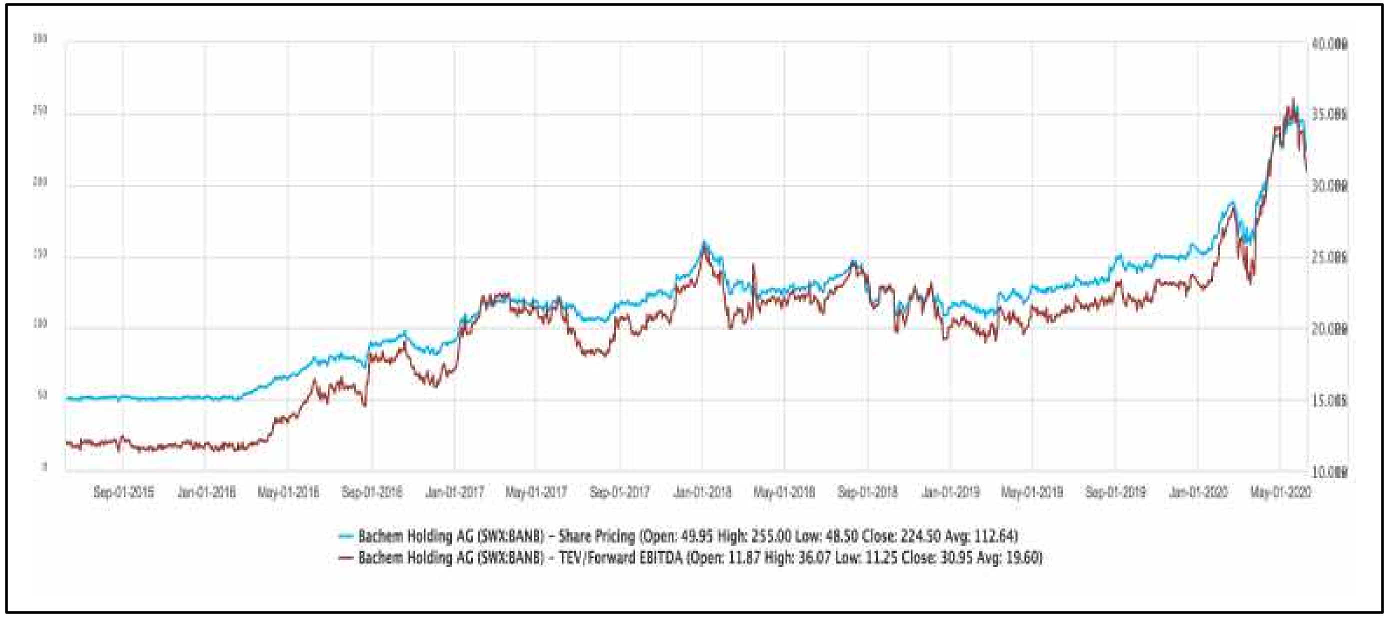
Bachem Holding AG Overview

Bachem Holding AG, headquartered in Switzerland, is a technology-based biochemicals company, that, through its subsidiaries, provides services to the pharmaceutical and biotechnology industries.

Statistic	6/8/15	6/8/20
Stock Price	49.95 CHF	224.5 CHF
Market Cap	675.47M CHF	3.14B CHF
Enterprise Value	667.33M CHF	3.23B CHF
Shares Outstanding	13.52M	13.99M
EV / NTM Revenue	3.38x	9.06x
EV / NTM EBITDA	11.87x	30.95x
P/E	21.48x	50.21x

Statistic	FY 2015	FY 2019
Revenue	208.6M CHF	313.7M CHF
EBITDA	56.3M CHF	84.5M CHF





Bachem Holding AG Business Model

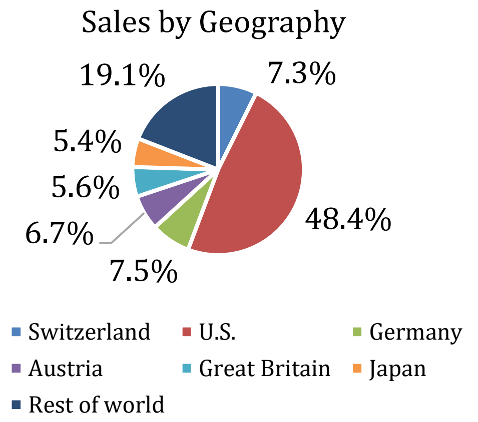
Primary Products

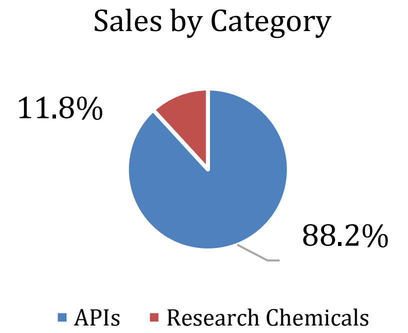
Peptide Chemistry	• Active Pharmaceutical Ingredients (APIs) • Custom synthesis services • Generics (drug substances whose patent protection has expired) • Research chemicals used to make peptides and advance biochemical knowledge • New Chemical Entities

Context

BANB provides a full range of services to the pharma and biotech industries

- BANB develops efficient manufacturing processes and produces peptide-based active pharmaceutical ingredients
- BANB products are used in research and development, cosmetics, diagnostics, and medicines
- Customers in the field of research are mainly universities, institutes, and research departments of pharma companies
- BANB is pursuing the largest number of peptide projects worldwide





BANB is a capital intensive business.

Bachem Holding AG Competitive Analysis

Low Threat
Medium Threat
High Threat

Life Sciences Tools & Services

The players in this industry are involved in drug discovery, development, and production by providing analytical tools, instruments, consumables, supplies, and contract research services

Market Structure	Oligopoly
Market Size	$461.97B[1]
Industry Growth	> 10%[2]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• Sophisticated products and technology requires significant R&D to develop • Strict regulatory environment • Relationships and reputation are very important and take time to build • Employees need a high level of education and industry knowledge	• Global market leader in peptides and unique in its ability to produce long-chain and complex peptides in large quantities for commercial applications • Expertise in peptides, with a large portfolio of peptide generics in the industry • Extensive range of services with high degree of vertical integration • Long-term customer relationships and long-term supply contracts regulate prices and purchase volumes	• Industry is subject to rapid scientific change, so BANB success depends on continued innovation • There is no assurance BANB products will obtain regulatory approval	• Increase in collaborative innovation between life sciences companies • Increasing research in new applications for generics • New technologies like telemedicine, virtual clinical trials, and AI could increase and diversify medical research • Use of peptides increasing in cosmetics

[1] https://eresearch.fidelity.com/eresearch/markets_sectors/sectors/industries.jhtml?tab=learn&industry=352030
[2]YTD

What Investors Missed

The Bear Thesis Five Years Ago:

- **BANB had a less sizable market share in 2015 and was working toward becoming a market leader in peptides**
  - Acquired American Peptide Company in 2015 in hopes of strengthening its position in the U.S.
  - Looking to Japan as a next area for growth
  - Recently divested in its immunology product line in 2014
  - Trying to establish itself as a global player

Why They Were Wrong

The Actual Story of the Last Five Years

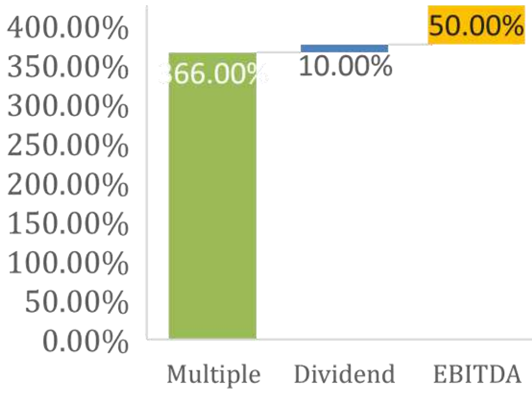
Market Leader

- BANB is the global market leader in peptides
- BANB has successfully established itself in Japan, and Asia as a whole now account for just under 10% of BANB sales
- Able to identify and realize new projects in Japan, South Korea, China, and Taiwan in FY 2019

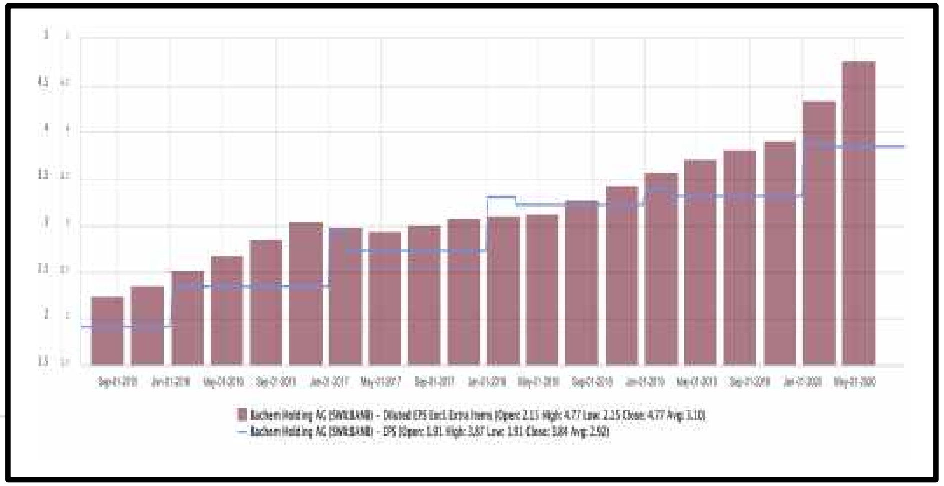
Diversified Operations

- Growing NCE pipeline contributing directly to increasing sales
- Generic sales increased from 110.3M to 137.4M from 2015-2019
- Expanding from peptides into oligonucleotides, with a medium term goal of establishing this as a second pillar for BANB
- Demand and interest for oligonucleotides exceeded company expectations

Return Breakdown:



Consensus vs Results



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Bachem Holding AG Takeaways

BANB is a Great Business – 4.5/5

Peptide Niche

- BANB has a niche in peptide manufacturing
- Unique capabilities for peptide development, as well as years of industry experience and expertise
- BANB uses its peptide expertise and works with its customers to come up with the perfect solution for their needs

Strong Financial Profile

- Consistent topline growth over the last 5 years
- Strong gross profit and EBITDA margins of 29.5% and 26.9% respectively for FY 2019
- High and consistently increasing EPS, with EPS of 3.91CHF in FY 2019

Majority Ownership

- BANB founder Dr. Peter Grogg owns all class A shares through Ingro Finanz AG (50.01% of share capital), and combined with his family, maintains majority ownership of BANB at 61.6%

Future Outlook

Can BANB Sustain its Advantages?

- BANB has patent protection
- BANB has extensive knowledge of the industry and long term relationships with customers
- BANB is an FDA-approved API manufacturer for all clinical phases and commercial supply

Can BANB continue to grow?

- Entrance into oligonucleotide market presents an exciting opportunity for growth
- Building extension to their largest existing production facility to create room for capacity expansion
- Customers operate in a range of industries that BANB has not fully targeted yet

Is BANB poised to continue to outperform?

- BANB has a strong financial profile, opportunities for growth
- Seems likely BANB will continue to outperform, however they have seen significant multiple expansion since June, perhaps limiting them going forward

Etsy

NasdaqGS:ETSY

424%

5 Year TSR

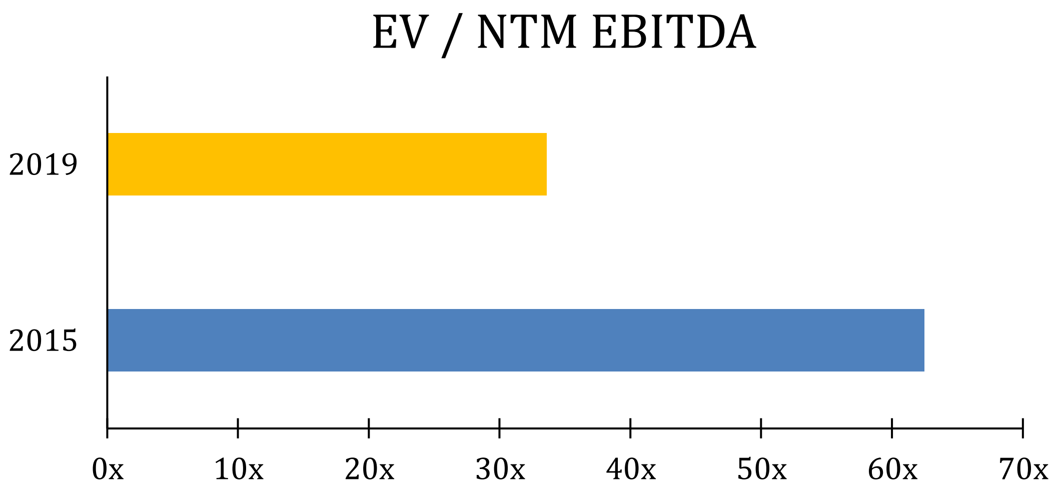
Rank: 75/104

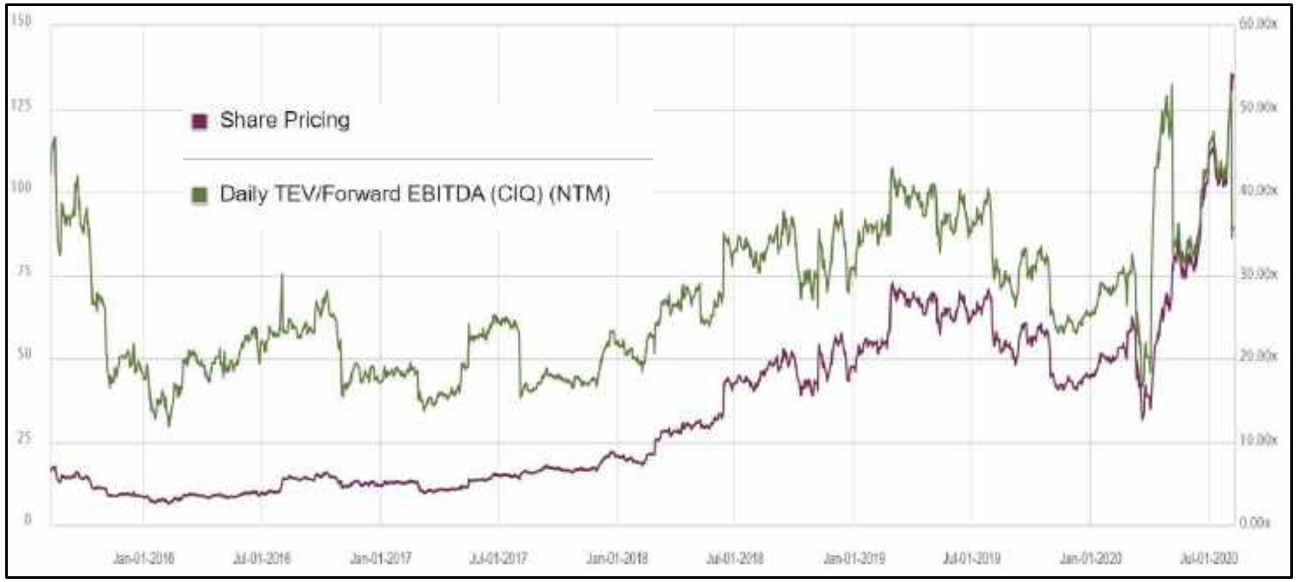
Etsy Overview

Etsy is an American e-commerce website focused on handmade or vintage items and craft supplies. These items fall under a wide range of categories, including clothing, home décor, and art. All vintage items must be at least 20 years old.

Statistic	06/08/2015	06/08/2020
Stock Price	$16.78	$79.81
Market Cap	$1.88B	$9.47B
Enterprise Value	$1.87B	$9.52B
Shares Outstanding	111.79M	118.68M
EV / NTM Revenue	6.27x	7.76x
EV / NTM EBITDA	62.47x	33.58x
PE	NA	55.92x

Statistic	FY 2015	FY 2019
Revenue	273.5M	818.4M
EBITDA	12.9M	118.2M

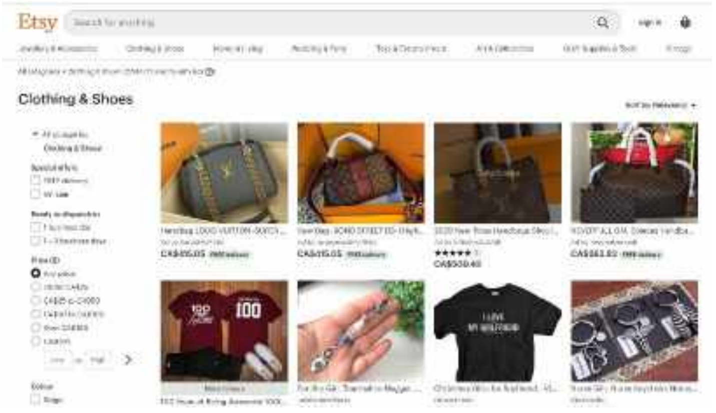




Etsy Business Model

Primary Product

Etsy	Marketplace platform that connects sellers of crafted and curated vintage goods with buyers.
Reverb	Marketplace platform for selling new, used, and vintage musical Instruments.

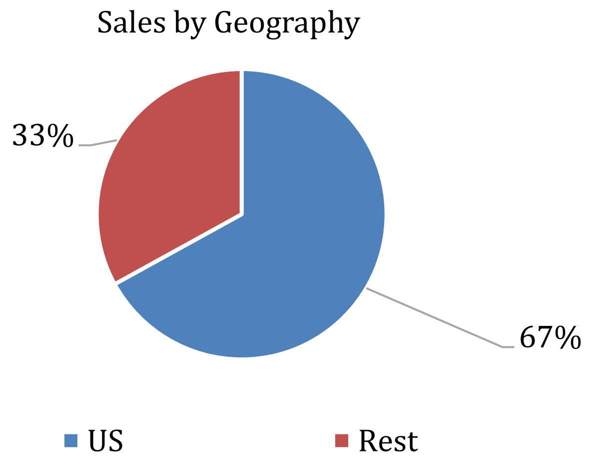


Screenshot of Etsy marketplace.

Context

Etsy an online marketplace for non-commercial, individually crafted and curated goods.

- Etsy is the go-to marketplace for sellers who make their own goods, such as pottery or clothing.
  - Etsy is not the platform for mass produced goods such as iPhones.
- Etsy charges a small listing fee, a 5% transaction fee when a sale is made, and charges for other services such as priority ranking in search results.
- Etsy is available in nearly every country; 65 million items listed on the marketplace.



ETSY is a low capital intensity business.

Low Threat
Medium Threat
High Threat

Etsy Competitive Analysis

Online Retail Market

Participants offer online retail services either by selling their own products, by creating a platform to sell products, or both.

Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

Market Structure: Oligopoly
Market Size: ≈$249.B[1]
Industry Growth: > 10%[1]
• Etsy competes against major online marketplaces such as Amazon and eBay.
• Etsy is the leading player in its niche of unique goods.
• Etsy also competes against brick-and-mortar stores such as vintage stores and independent shops, as well as independent ecommerce sites.
	• **Reverse network effects:** difficult to establish base of buyers without suppliers, and vice versa.
	• Google search result rankings.
		• Network effects: Etsy's platforms get better as each new buyer and seller joins the platform.
		  • 2.5M sellers and 46M buyers.
		• Global reach: Etsy is available in nearly every country.
		• Algorithms to determine what products buyers may be interested in.
			• Sellers go DTC and establish their own ecommerce sites.
			• Amazon / eBay makes major push into industry.
			  • Or by another new competitor such as Facebook or Instagram.
				• Ecommerce has continued to rise in popularity.
				• Trend towards environmental and socially conscious goods.

1. 2019 10k.

ALTA FOX CAPITAL

What Investors Missed

The Bear Thesis Five Years Ago:

- Etsy is unprofitable and the path to profitability appears it could take years and is uncertain.
    - Etsy has been spending lots on advertising to remain competitive.
- Highly competitive industry – Etsy will eventually get crushed by Amazon and eBay if they capture too much market share.
    - Amazon has already launched handmade section.
- Etsy is highly valued already at 6x forward revenue.

Why They Were Wrong

The Actual Story of the Last Five Years

ETSY became profitable

- New CEO appointed in 2017.
- ESTY continued to increase its user base and GMS increased each year from FY2015 to FY2019.
- ETSY increased it transaction fee from 3.5% to 5% in FY2018;
- ETSY reduced advertising costs by charging merchants a fee when ETSY's ad led to a sale of their product.
- Forced sellers to offer free shipping on orders above $35 (or be ranked lower in search) – at sellers expense.

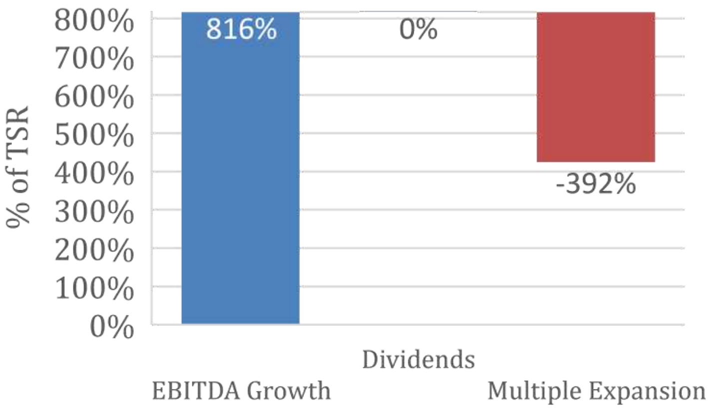
ETSY carved out a niche

- Amazon's handmade store did not turn out to be successful.
    - Fees were too expensive, and most sellers didn't migrate but rather opened an Amazon store in addition to their core Etsy store.
- Esty has grown buyers from 24M in FY2015 to 46M in FY2019, and sellers from 1.6M to 2.5M.

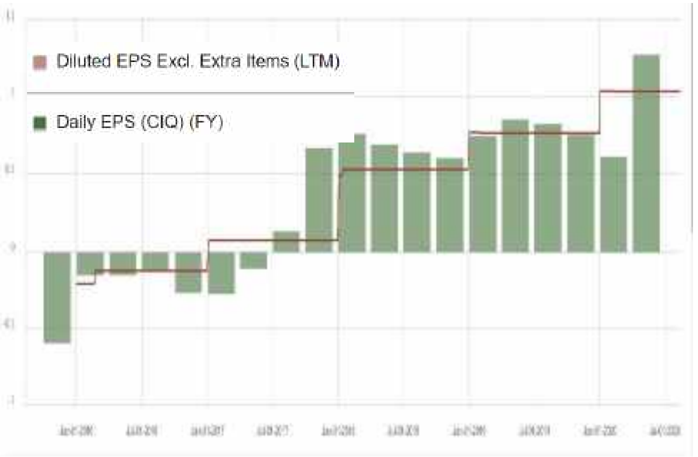
ETSY justified valuation

- ETSY increased gross margin from 39.8% to 60.5%, EBITDA margin from 4.7% to 14.4%, and grew revenue multiple to 7.76x from FY2015 to FY2019.

Return Breakdown:



Consensus vs Results



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Etsy Takeaways

Etsy is a Strong Business- 4/5

ETSY has a moat	• ETSY is the largest player in the handmade, curated ecommerce niche and benefits from network effects. • Amazon tried to enter the market but ultimately failed to capture share from ETSY. • ETSY has demonstrated its advantage relative to competitors by exercising its pricing power and increasing its transaction fees to 5%.

ETSY grew	• ETSY continued to invest in marketing to increase its user base which grew to 2.5M sellers and 46M buyers.
	    • ETSY began offloading advertising costs to sellers by charging them a fee when their ad led to a sale.
	    • ETSY increased conversion of website browsers to buyers.
	• Combination of more users, more transactions, and increased transaction fees enabled ETSY to become profitable and grow revenue to 818M in FY2019 – a 31% CAGR from FY2015.

ETSY has a runway for growth	• As the platform has gained users, its moat is strengthened through network effects. • ETSY can leverage this advantage by continuing to raise fees. • Network effects attract more users, which increases # of transactions and will enable ETSY to grow topline.

Future Outlook

Can ETSY Sustain its Market Position?

- ETSY's platform business model gives it a wide moat through network effects.
- Amazon has already tried to compete with ETSY and largely failed – no other competitors more formidable than them.
- Demonstrated pricing power abilities.

Can ETSY continue to grow faster than the industry?

- ETSY is more likely to attract new buyers and sellers given their strong user base.
- Room for international growth.
- Handmade goods market is less competitive than other markets (i.e. electronics).

Is ETSY poised to continue to outperform the market?

- ETSY has a strong moat and competitive advantages.
- However, ETSY's multiples prices them for rapid growth – and that might be difficult at this stage in ETSY's cycle.
  - ETSY also has to be careful about growing *too* fast as it could compromise the integrity of the platform (counterfeit goods, mass produced goods, etc.)

BioTelemetry inc

NASDAQGS:BEAT

423%

5 Year TSR

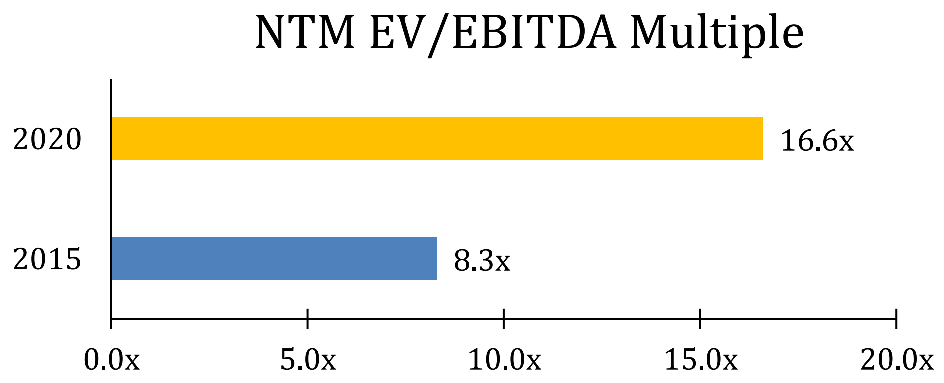
Rank: 77/104

BioTelemetry Overview

BioTelemetry is a leading remote medical technology company focused on delivering critical health information to physicians and patients and is based out of Malvern, PA.

Statistic	6/8/15	6/8/20
Stock Price	$9.32	$50.53
Market Cap	$252.12M	$1.73B
Enterprise Value	$264.61M	$1.88B
Shares Outstanding	26.93M	36.59M
EV / NTM Revenue	1.40x	4.21x
EV / NTM EBITDA	8.25x	16.63x
NTM P/E	26.38x	55.39x

Statistic	FY 2015	FY 2019
Revenue	170.47M	417.34M
EBITDA	28.07M	107.74M



BioTelemetry Business Model

Primary Products

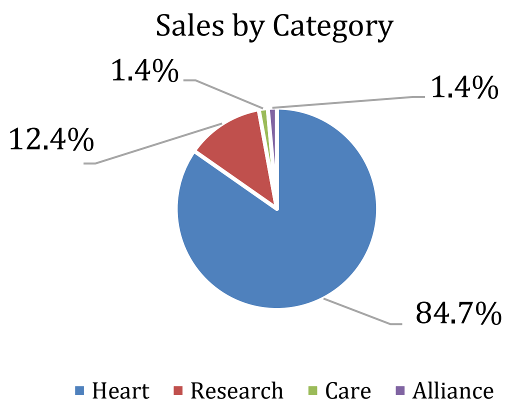
BioTel Heart	• Diagnosis and monitoring of cardiac arrhythmias or heart related disorders in a healthcare setting
BioTel Research	• Cardiac monitoring & imaging services for drug trials in a clinical research environment
BioTel Care	• Remote monitoring and analysis of blood glucose for diabetes population health management
BioTel Alliance	• Develops, manufactures and markets medical devices to medical companies, clinics and hospitals

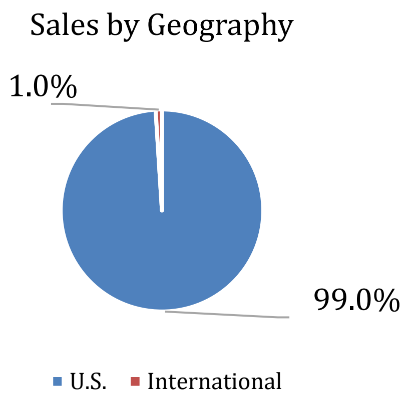
Context

BEAT advances connected health

- BEAT's technology and services enable healthcare providers to monitor / diagnose patients and clinical research subjects in a more efficient, accurate, and cost-effective manner
- Recurring revenue is generated through their monitoring services of their remotely connected devices in their 24-hour monitoring service centers

BEAT's next generation MCOT patch system





BEAT is a capital light business due to the subscription-based business model

Low Threat
Medium Threat
High Threat

BioTelemetry Competitive Analysis

Cardiac Monitoring

The players in this industry offer medical devices that record and display pressure and electrical waveforms of the cardiovascular system for measurement and treatment

Market Structure	Oligopoly
Market Size	$27.4B[1]
Industry Growth	HSD[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• Significant amounts of expertise are required to be successful in this industry • In order to break in, a new company would have to go through the long and strenuous R&D and FDA approval process, while at the same time not infringing on existing patents	• Largest player in a very fragmented markets • Already established with many physicians as a high-quality, reliable device	• Reimbursement by Medicare is highly regulated • Medicare is BEAT's largest payor, at 35% of FY19 revenue • Sales, in a large part, rely on outside physicians to prescribe BEAT's services • BEAT is in the possession of life-and-death level data, so any breach in their security could be very harmful for their customers and their reputation • The industry is also highly regulated by the FDA	• Medicare reimbursement rates have decreased

[1]file:///C:/Users/schie/Downloads/ROBOGLOBAL_BIOTELEMETRY_Research-Update.pdf

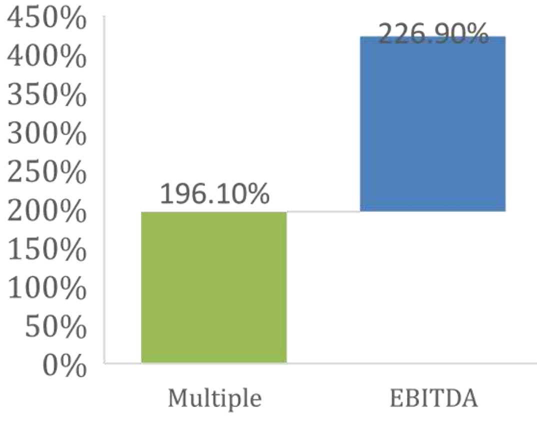
What Investors Missed

The Bear Thesis Five Years Ago:

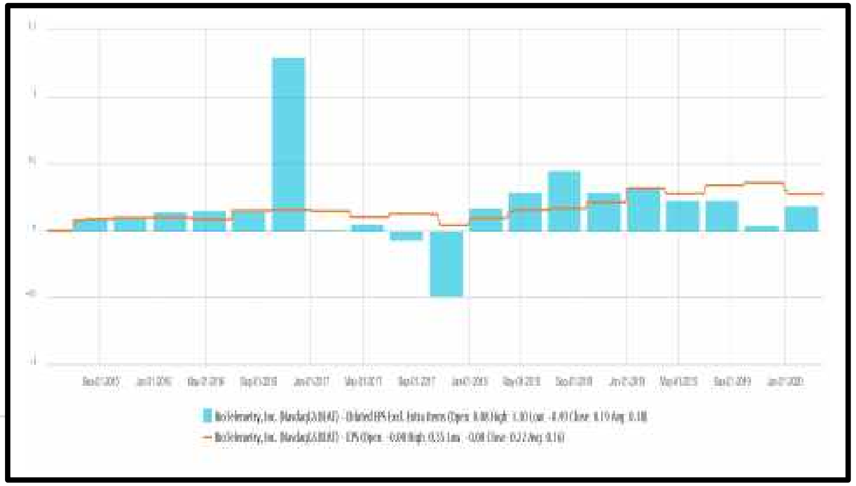
- Given its small market cap in 2015, there was not a whole lot of interest and attention given to BEAT
- **There was also a worry that management was focusing too much on expanding margins instead of trying to expand their market reach and grow the top line**

Why They Were Wrong

Return Breakdown:



Consensus vs Results



The Actual Story of the Last Five Years

Many Key Acquisitions	• In 2016, TelCare was acquired with the goal of expanding into the glucose monitoring market • Acquired their second largest competitor in the market, Lifewatch, in 2017 • Geneva Healthcare was acquired in 2018 to bring their software/services to the cloud
Successful New Product Rollout	• In July 2016, BEAT received FDA approval for their next generation mobile cardiac telemetry (MCT) device in a patch form for greater convenience • **The full launch of the product in Q1 2018 resulted in a 69.1% growth in revenue over Q1 2017**
Apple Partnership	• In late 2017, BEAT partnered with Apple and Stanford to provide cardiac monitoring services in conjunction with the Apple Heart Study • The goal is to use Apple Watch data to identify irregular heart rhythms

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BioTelemetry Takeaways

BEAT is an Okay Business – 3/5

BEAT has a Moat

- As one of the largest established players in an industry with notoriously high barriers, it is promising that BEAT will maintain its market position into the future

Weak Financial Profile

- Strong operating cash flow growth
- **However, margins throughout the past 5 years have been far from consistent**
  - Profit was the highest in FY16 at $53.4M, despite the top-line growing at a CAGR of 28% from $208M
- Also, top-line growth has slowed in FY19, as it was only 10% compared to the much larger growth figures in previous years

Large Upside Potential

- BEAT has the ability and the resources to expand their offerings into other fields
  - **One of the big opportunities that BEAT could capitalize on is the glucose monitoring for patients with diabetes**
- With the Geneva platform, BEAT can also gather data from all cardiac devices from all manufacturers, which has opened a large outsourcing market opportunity

Future Outlook

Can BEAT Sustain its Advantages? ✓

- So long as there is no big scandal that tarnishes their reputation, BEAT should be able to sustain its physician relationships and remain one of the largest players in the field

Can BEAT continue to grow? ✓

- BEAT has 2 relatively untapped businesses in its arsenal to expand in the future (Care and Alliance) which have a lot of promise
- The rate of growth is uncertain, however, as top-line growth has slowed greatly, and COVID is not going to help its cause

Is BEAT poised to continue to outperform? ✗

- While consensus does project high top-line growth rates in the future, BEAT has been drastically underperforming consensus EPS estimates lately, so it is not safe to be hopeful off those numbers, despite multiples not being at ATHs

HEXATRONIC
Group AB (publ)

OM:HTRO

421%

5 Year TSR

Rank: 77/104

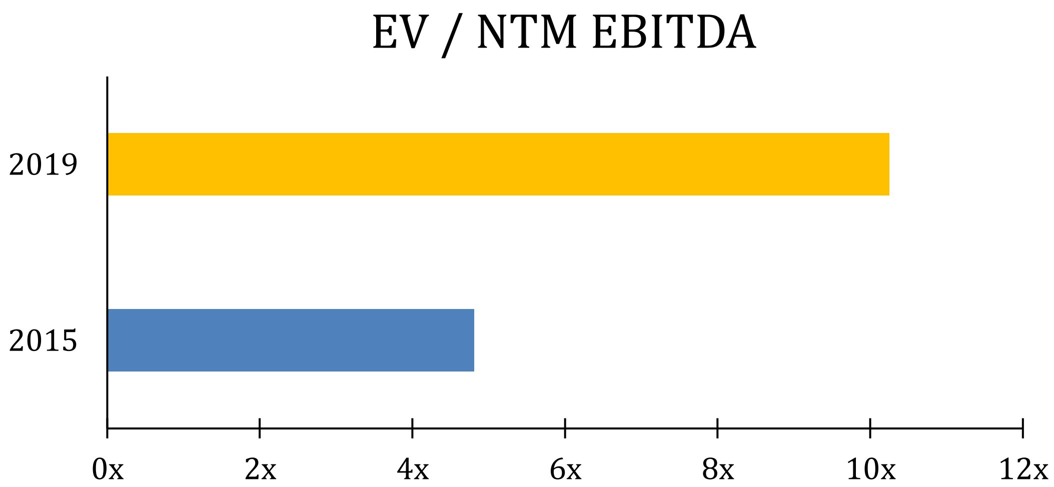
Hexatronic Overview

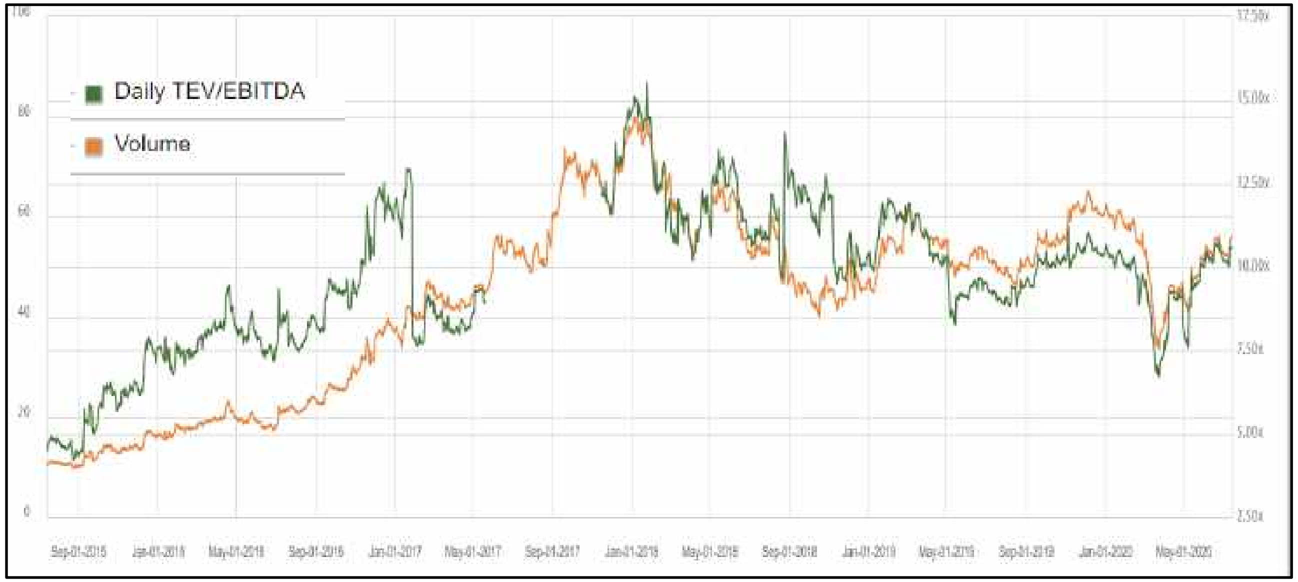
In Swedish Krona (Kr)

Hexatronic offers system solutions for fiber networks based on proprietary products, in combination with products from partners around the world.

Statistic	06/08/2015	06/08/2020
Stock Price	10.45 Kr	53.00 Kr
Market Cap	341.27M Kr	1.99B Kr
Enterprise Value	331.8M Kr	2.47B Kr
Shares Outstanding	32.66M	37.51M
EV / NTM Revenue	0.48x	1.22x
EV / NTM EBITDA	4.81x	10.25x
PE	11.06x	20.24x

Statistic	FY 2015	FY 2019
Revenue	628.4M	1.84B
EBITDA	63.5M	149.5M

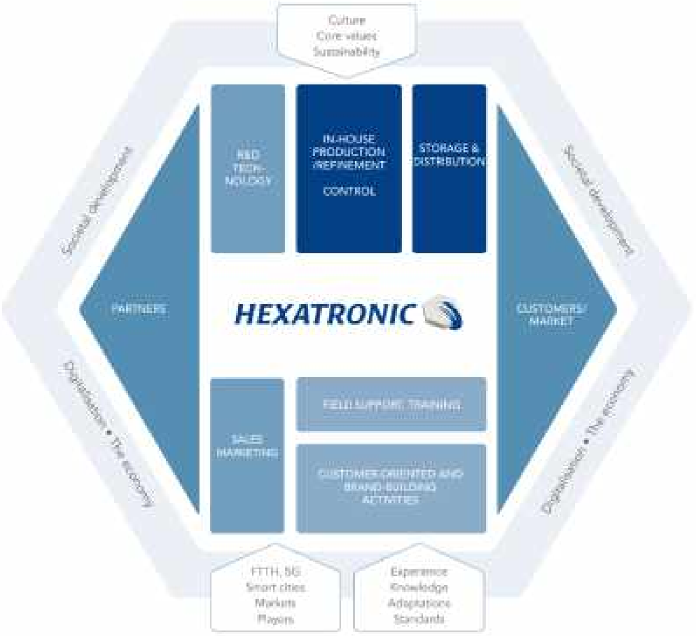




Hexatronic Business Model

Primary Product

Fiber Optic Communication Solutions	HTRO offers complete system solutions for fiber networks using their own proprietary products, and products from other companies.

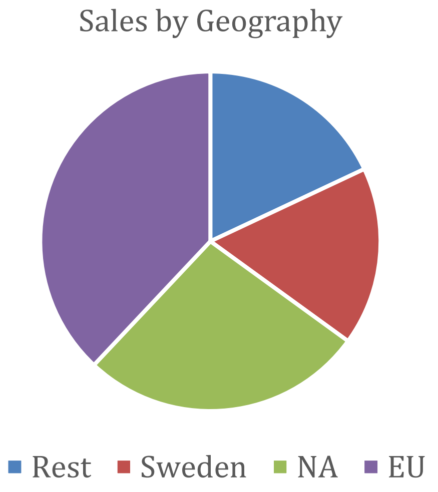


HTRO Business Model

Context

HTRO is a fiber network system company.

- HTRO helps customers develop fiber network systems.
- Provides all products necessary to develop fiber system, includes HTRO proprietary products and products from partner companies.
- HTRO provides necessary training and services for customers to maintain network.



HTRO is a high capital intensity business.

Hexatronics Competitive Analysis

Low Threat
Medium Threat
High Threat

Global Fiber Optics Industry

Companies in this industry develop and sell products and services for the creation and maintenance of fiber optic systems.

Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

Market Structure: Multiple structures
Market Size: 3.1B[1]
Industry Growth: > 10%[1]
• Different segments of the industry have different competitive dynamics:
  • Some products segments are oligopolies, others are monopolistic competition, and some are commodities.
• HTRO is a large European player and has strong positioning in its markets.
  • HTRO seeks to acquire companies with market leading positions.
	• Regulatory burdens.
	• Long-term contracts and relationships between existing players and customers.
	• High capital intensity business.
	• Technologically advanced industry.
		• **Reputation:** choice of products / working methods makes major impact and customers can trust HTRO to make these decisions given reputation.
		• Relationships with suppliers of products.
		• HTRO offers a Turnkey fiber optic network solution.
			• Technological change / obsolescence.
			• Regulatory change.
				• Fast, reliable internet has only become more important with rise of streaming, gaming, etc.
				• 5G adoption has begun and is anticipated to grow quickly.

1. Estimated using growth rate; https://www.reportlinker.com/p05798563/Global-Fiber-Optics-Industry.html?utm_source=GNW

What Investors Missed

The Bear Thesis Five Years Ago:

- Skepticism about business changes: HTRO was a distributor then became a supplier and now aims to be a complete system provider.
- Skepticism over stated plan to grow revenue at 20% per year and use acquisitions to do it.
  - High targets and willingness to make acquisitions might entice management to make poor deals.
- HTRO will not have much success internationally.

Why They Were Wrong

The Actual Story of the Last Five Years

System provider change worked

- HTRO has maintained higher gross margins as a system provider: gross margins now ≈45%, up from ≈30%.
- HTRO has won major contracts:
  - 500M City Fibre contract in UK and 40M German market contract in FY2019.
- HTRO has consistently expanded its services: training and education acquisitions have expanded HTRO training offerings.

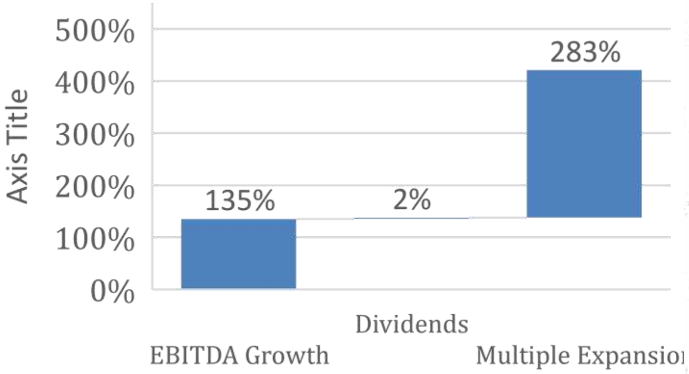
Strong acquisitions made

- Various acquisitions made to expand into new markets and improve service offerings.
- Consistent acquisitions but management has remained disciplined (i.e. no acquisitions outside of core business / at crazy valuations).
- Acquisitions have been accretive: EPS grown from 1.21 in FY2015 to 1.80 in FY2019.

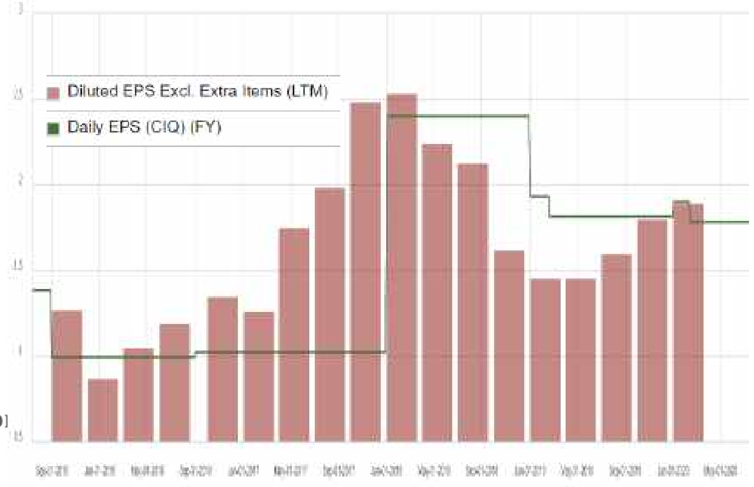
International growth

- Acquisitions have enabled HTRO to grow outside of Sweden.
- BlueDiamond acquisition successful and company is expanding American operations.
- Non-Swedish revenue grown at 54% CAGR since FY2015 from 226M to 1.3B

Return Breakdown:



EPS Results



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Hexatronic Takeaways

HTRO is a Strong Business- 4/5

HTRO has a moat

- **HTRO operates in a specialized industry with high capital requirements, regulatory burdens, and long-term contracts.**
- HTRO has expanded their moat by becoming a complete system provider – making their services paramount to the establishment of their customer's fiber networks.

HTRO has grown effectively

- HTRO has expanded into new territories and their service offerings through strategic acquisitions.
  - Acquisitions have ultimately been accretive, as evidenced by EPS growth.
- HTRO has won major contracts, such as the 500M City Fibre Contract in the UK.
- HTRO's decentralized management model has enabled acquired companies to continue to thrive and capitalize on potential synergies while avoiding corporate bloat.

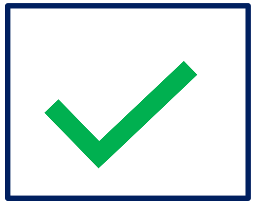
HTRO has a runway for growth

- Increasing need for high-speed internet, rise of 5G, and governments seeing fiber networks as a national competitive advantage will drive future growth.
- Home fiber network penetration is high in Sweden but remains low in other countries.
  - Germany has low penetration and plans to invest 14-16B to develop fiber networks by 2025. HTRO will seek to win this business.

Future Outlook

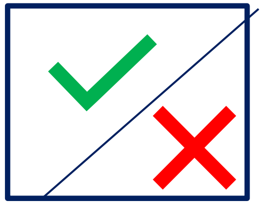
Can HTRO Sustain its Market Position?

- HTRO has a moat due to the specialized nature of the industry, capital requirements, and long-term contracts.
- HTRO is a market leader across Europe, especially in home Swedish market.
- HTRO is pivotal to customers fiber system development as they are involved in the entire process.



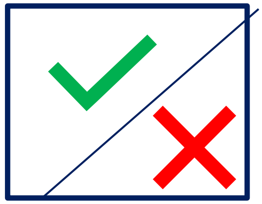
Can HTRO continue to grow faster than the industry?

- HTRO has the potential to grow faster than the industry if it can continue to win major contracts.
- Home market of Sweden will see least growth due to already high fiber to the home penetration – growth will come from international markets.
- Formidable competitors exist in all markets so it is difficult to know who will win market share.



Is HTRO poised to continue to outperform the market?

- If HTRO can continue to make accretive acquisitions and expand successfully into new markets – it will outperform.
  - But, this is harder and harder as HTRO grows.
- HTRO's 20x PE multiple is in line with the market which means growth expectations are roughly in line with the market.



NASDAQGS:ARWR

419%

5 Year TSR

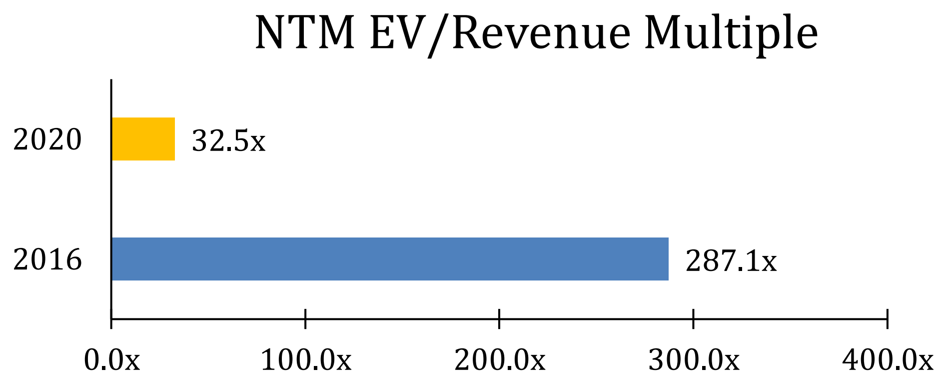
Rank: 78/104

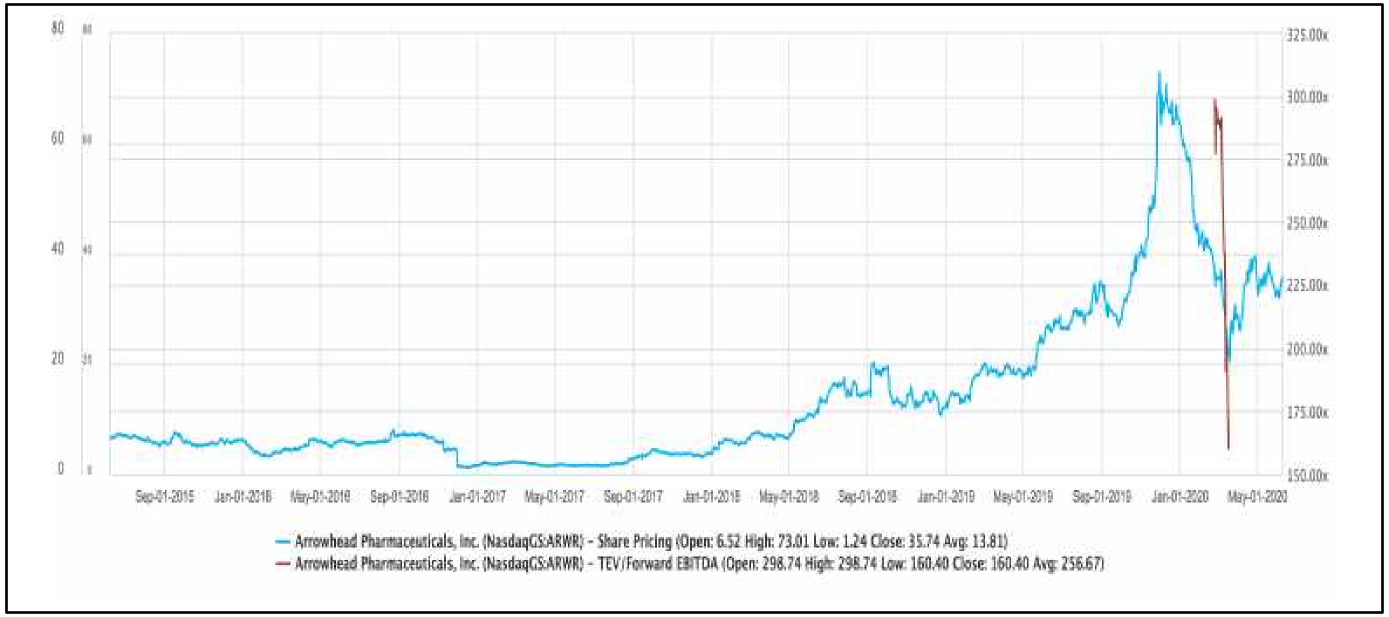
Arrowhead Pharmaceuticals Inc. Overview

Arrowhead Pharmaceuticals, Inc., headquartered in Pasadena, California, develops medicines for the treatment of intractable diseases by silencing the genes that cause them.

Statistic	6/8/15	6/8/20
Stock Price	$6.52	$35.74
Market Cap	$387.93M	$3.64B
Enterprise Value	$272.23M	$3.34B
Shares Outstanding	59.50M	101.77M
EV / NTM Revenue	N/A	32.54x
EV / NTM EBITDA	N/A	N/A
NTM P/E	N/A	N/A

Statistic	FY 2015	FY 2019
Revenue	$400K	$168.8M
EBITDA	-$81.6M	$65.6M





ALTA FOX CAPITAL

Arrowhead Pharmaceuticals Inc. Business Model

Primary Products

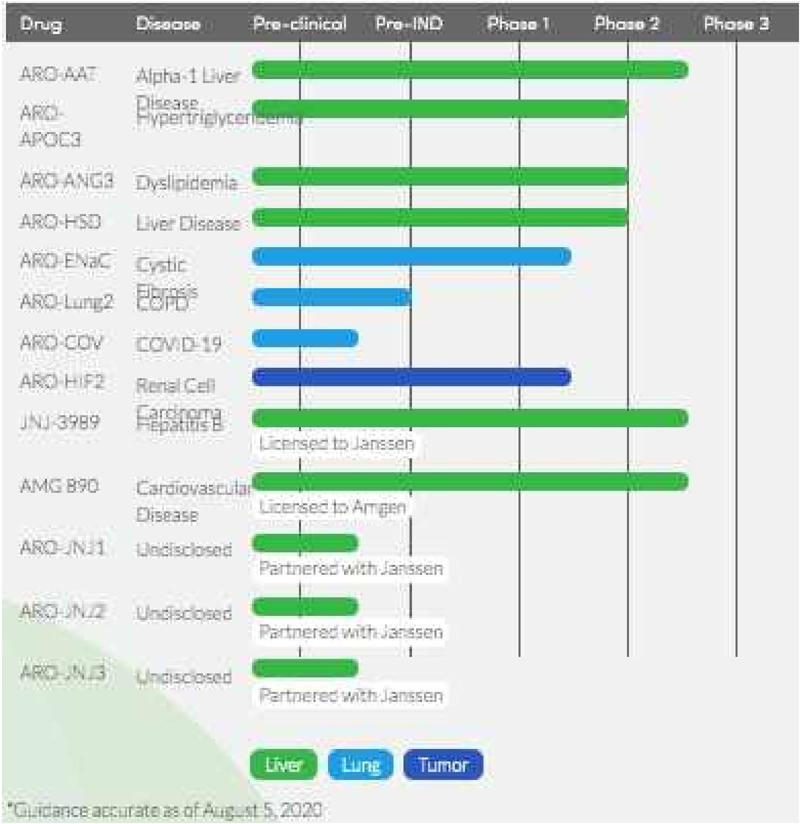
Drug Therapies	• RNA interference (RNAi) therapies that silence the expression of disease associated genes • Therapies that reduce the production of specific proteins • Liver Disease, Cystic Fibrosis, Hepatitis B and other medicines

Context

ARWR develops drugs for diseases with a genetic basis

- ARWR has a portfolio of RNAi chemistries and modes of delivery
- ARWR therapies trigger the RNA interference mechanism to induce knockdown of target genes
- License agreement with Janssen Pharmaceuticals to develop and commercialize ARO-HBV
- Collaboration with Janssen to develop therapy for chronic Hepatitis B infection
- Engaged in a license agreement with Amgen Inc.

ARWR's medicine pipeline shown below[1]



ARWR is a capital intensive business.

[1]ARWR is still in the development phase of its medicines and has yet to make sales

Low Threat
Medium Threat
High Threat

Arrowhead Pharmaceuticals Inc. Competitive Analysis

Biotechnology

The players in this industry engage in the research, development, manufacturing and/or marketing of products based on genetic analysis and genetic engineering.

Market Structure	Oligopoly
Market Size	$1.12T[1]
Industry Growth	> 10%[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• Intellectual property is key in this industry and is often patented • Government regulations are strict, and drugs require lengthy and costly clinical trials before reaching market • Long start-up periods with high fixed costs and little profit • Competitive landscape consists of hundreds of small companies and a few industry giants	• Patent protected treatments (approximately 383 issued patents) • Exclusivity benefits from products with orphan drug designation • Products in pipeline target tissue types other than liver, which is a significant advancement in RNAi	• There is no assurance that ARWR products will obtain regulatory approval • ARWR faces potential product liability exposure • ARWR has a history of net losses and expects to continue to incur losses and may not achieve or maintain profitability	• The industry is reliant on investment to fund R&D, but investment has declined due to Covid-19 related economic uncertainty • Major industry players taking part in M&A activities • Patient Protection and Affordable Care Act should benefit players in this industry with tax breaks and simplified regulatory landscape • Healthcare system under increasing pressure to reduce costs

[1] https://eresearch.fidelity.com/eresearch/markets_sectors/sectors/industries.jhtml?tab=learn&industry=352010

What Investors Missed

The Bear Thesis Five Years Ago:

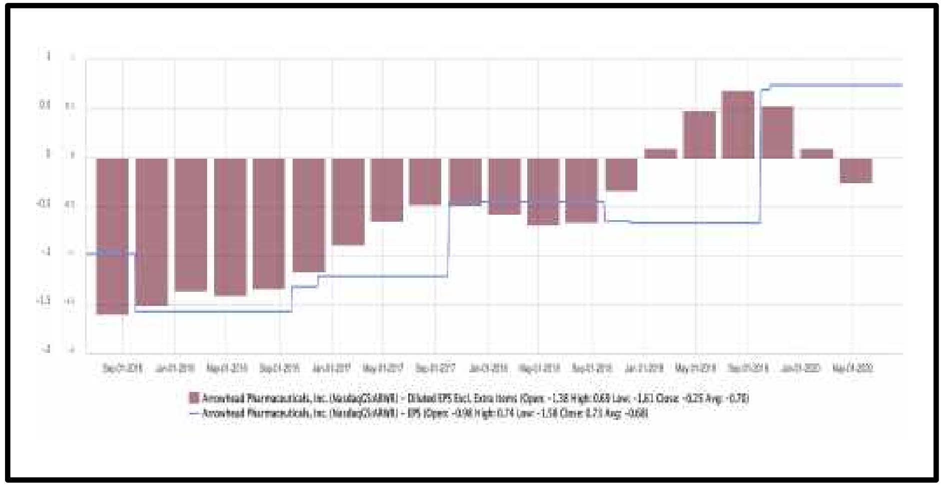
- **ARWR has a short development history with RNA interference and there is a limited amount of information about them upon which to evaluate their business**
  - ARWR was an immature company with products in the pipeline that were far from approval
  - 6 drug candidates in the pipeline, with 3 coming from the acquisition of Novartis (3 of these candidates would be discontinued in 2016)
  - No sales or anywhere near making sales

Why They Were Wrong

Return Breakdown:

Not meaningful due to revenue history.

Consensus vs Results



The Actual Story of the Last Five Years

Collaboration Deals

- Signed a collaboration deal with Janssen (Johnson & Johnson subsidiary) to develop a treatment for chronic Hepatitis B
- Janssen deal resulted in $250M in upfront payments and equity investments for ARWR
- Amgen Inc. acquired an exclusive license from ARWR in 2016 to develop and commercialize ARO-LPA for $35M in upfront payments and $21.5 M in equity investment in Amgen

Increased Capabilities

- Acquired RNAi research and development portfolio of Novartis in 2015
- Novartis had been working in the field for over a decade and had proprietary developments
- This acquisition allowed ARWR access to patent families and candidates that were not fully realized in 2015

ALTA FOX CAPITAL

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Arrowhead Pharmaceuticals Inc. Takeaways

ARWR is an Okay Business – 3.5/5

Dependent on Product Pipeline

- ARWR success is dependent on the success of their product pipeline, which depends on regulatory approval and clinical trials
- ARWR has a pipeline for RNAi therapies, but it has yet to have a product pass phase 3 clinical testing
- By the time ARWR gets a therapy down the pipeline, competitors could develop something better that makes the ARWR therapy obsolete in a few years

Opportunity for Success

- Partnerships with other companies, such as Janssen, increase ARWR's likelihood for success by increasing their resources and capabilities
- ARO-ATT, a liver disease therapy, and JNJ-3989, the Hepatitis B therapy from the Janssen deal, are in later stages of clinical trials, and if approved, could cause ARWR share pricing to soar

Future Outlook

Can ARWR sustain its advantages?

- ARWR currently controls 383 patents
- ARWR competition has more resources to devote to R&D, and some have successfully developed RNAi medicines

Can ARWR continue to grow?

- Successful commercialization of ARWR therapies would allow ARWR to grow
- ARWR could leverage knowledge (such as modes of delivery) from one successful drug to make more successful drugs

Is ARWR poised to continue to outperform?

- Newer tools under development that offer curative potential rather than silencing disease-driving genes could limit long-term market opportunities
- Outperformance is very dependent on whether ARWR can commercialize any of its products in the pipeline
- ARO-ATT and JNJ-3989 will be main drivers of stock price in short term

MEDIOS AG
SPECIALTY PHARMA SOLUTIONS

XTRA:ILM1

416%

5 Year TSR

Rank: 79/104

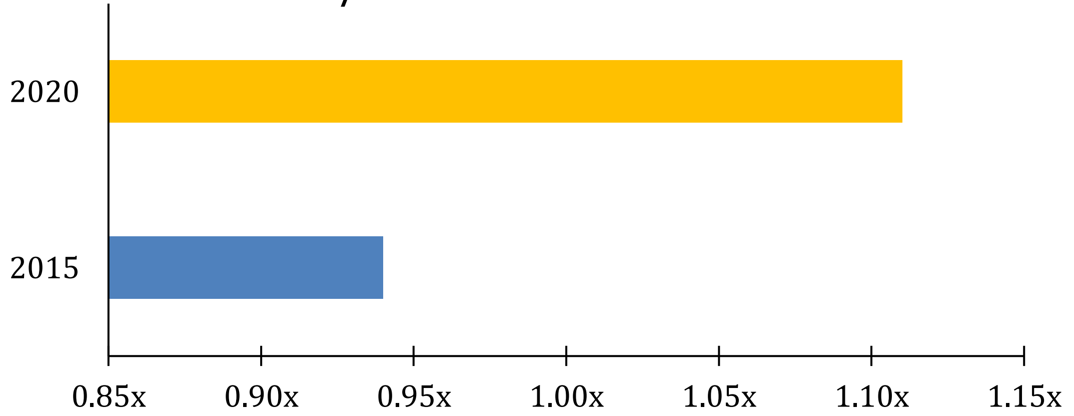
Medios AG Overview

Medios AG, together with its subsidiaries, engages in the wholesale of specialty pharmaceutical drugs in Germany. It operates through Pharmaceutical Supply and Patient-Specific Therapies segments.

Statistic	12/05/2016[1]	08/08/2020
Stock Price	€7.80	€39.50
Market Cap	€87.73M	€635.36M
Enterprise Value	€86.52M	€625.73M
Shares Outstanding	11.25M	16.08M
EV / LTM Revenue	0.94x	1.11x
EV / LTM EBITDA	NA	39.09x
PE	NA	66.07x

Statistic	FY 2017	FY 2019
Revenue	254.1M	517.4M
EBITDA	7.3M	15.6M

EV/LTM Revenue



1. Date Medios AG became publicly listed

ALTA FOX CAPITAL

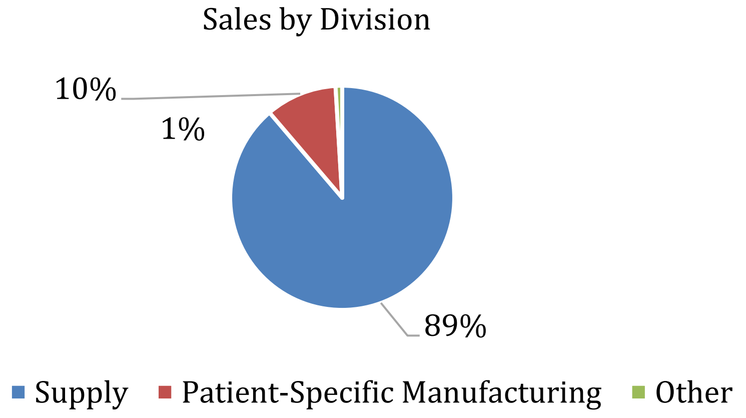
Medios AG Business Model

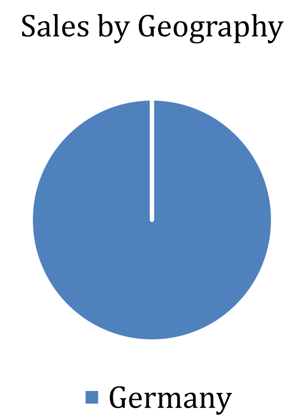
Primary Product		Context
Pharmaceutical Supply	Wholesale trade in specialty pharmaceutical medications that are available in Germany.	
Patient-Specific Manufacturing	Pharmaceutical production of patient-specific preparations on behalf of pharmacies.	
Drug Safety (founded in 2019)	Implementation of analysis methods for the identification of counterfeit medicinal products, among other things.	

Context

ILM1 ensures specialty pharmacy partners get the products they need, and at the best price.

- ILM1 pools the buying power of specialty pharmacies to order in bulk from pharmaceutical manufacturers.
- ILM1 manufactures patient-specific treatments for specialty pharmacies, if required.
- ILM1 seeks to license its proprietary drug testing capabilities.





ILM1 has medium capital intensity due to the inventory and capital required for patient-specific manufacturing segment.

Low Threat
Medium Threat
High Threat

Medios AG Competitive Analysis

German Specialty Pharmaceutical Industry

Industry consists of manufacturers, wholesalers, and pharmacies which make and sell specialty pharmaceuticals. Specialty pharmaceuticals are a designation of pharmaceuticals that are classified as high-cost, high complexity and/or high touch.

Competitive Landscape

Market Structure	Monopolistic Competition
Market Size	€13.5B[1]
Industry Growth	HSD[1]

- The manufacturing portion of the industry is highly fragmented with players specializing in specific drugs.
- There are roughly 1000 specialty pharmacies in Germany.
- ILM1 serves as a consolidator of buying and selling of specialty pharmaceuticals drugs in Germany.

Barriers To Entry

- Many different regulations that must be adhered to.
- GMP manufacturing certification needed to be make drugs.
- Scale required to attain strong buying power from pharmaceutical manufacturers.
- Need highly trained staff.

Competitive Advantages

- **Network effects:**
  - More pharmacies increases buying power.
  - More pharmaceutical manufacturers increases supplying power.
- **ILM1 quality testing is far superior to existing tech:** ILM1 can test in one minute vs weeks for existing technology.
- Reputation as a key player in the industry and strong track-record of safety.

Risks

- One major error can tarnish reputation.
- Regulations are subject to change.

What's Changed in the Industry

- **Demand has increased:**
  - New treatments were created.
  - Aging demographics.
  - Chronic illness more common.
- A new law was passed in May 2017 prevents insurance companies from covering only certain drugs. This made ILM1's service more useful given the range of drugs offered.

1. https://medios.ag/en/wp-content/uploads/sites/3/2020/06/200612-company-presentation.pdf

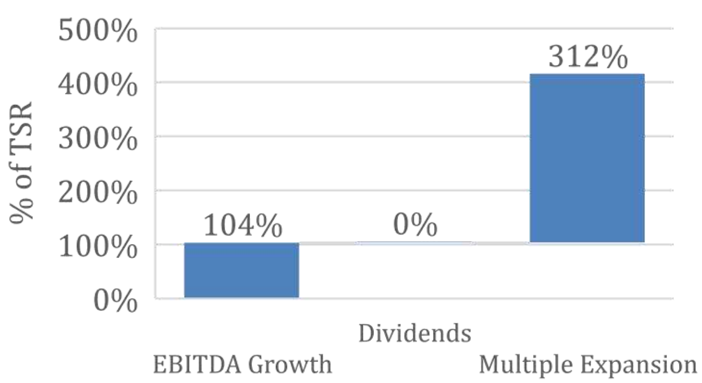
What Investors Missed

The Bear Thesis Five Years Ago:

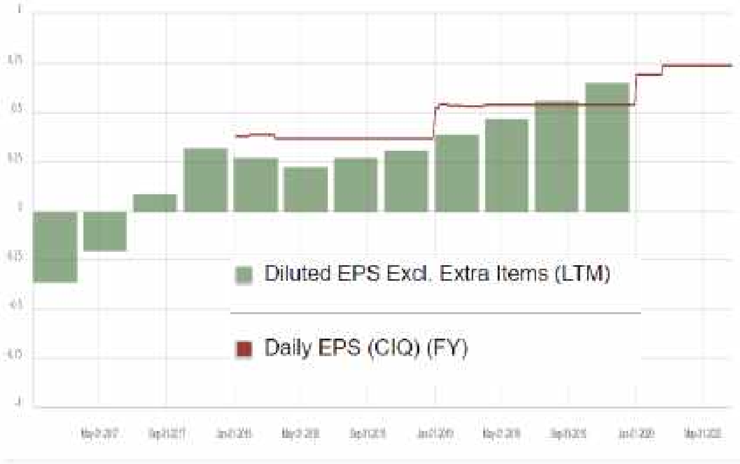
- The specialty pharmaceutical niche makes up only 1% of the total pharmaceutical market; why invest in a company that only seeks to address a small portion of the total industry?
- ILM1 plans to continue to raise equity to fund growth – but it may just dilute exiting shareholders.
- Limited ways for ILM1 for to differentiate itself from competitors.
- Business model is simple but there is no clear runway for long-term growth.

Why They Were Wrong

Return Breakdown:



Consensus vs Results



The Actual Story of the Last Five Years

ILM1 dominates the niche	• ILM1 is the largest player in the wholesale specialty pharmaceutical segment, which has entrenched its moat.
	  ◦ Benefited from network effects that impede competitors.
	• **The niche is getting bigger:**
	  ◦ New products continuously being improved which has led to the global specialty pharmaceutical industry doubling in size from 2013-2019 to $336B.
	  ◦ ≈10% industry growth anticipated in Germany.

Dilution funded the growth	• While multiple equity raises did increase share count, the proceeds were used to fund the ultimately accretive growth plan.
ILM1 did differentiate	• Developed vastly superior quality testing. • Developed proprietary digital software to improve sourcing and logistics.
Patient-specific drugs grew the top and bottom line	• Expanded patient-specific drug manufacturing capabilities and leveraged network of pharmacies to increase sales: ◦ Segment grew at 48% CAGR from 2016 to 2019 to €57M.

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Medios AG Takeaways

ILM1 is a High Quality Business- 4.5/5

ILM1 has a wide moat

- **ILM1 is the dominant player in the specialty pharmaceutical supply industry in Germany.**
- Network effects has entrenched ILM1's moat.

ILM1 has capitalized on its niche.

- ILM1 has continuously grown its patient-specific manufacturing of drugs.
    - Leverages pharmacy network to grow sales.
    - Capitalizes on trends towards increasingly specific drugs.
- Created digital back-end that optimizes operations and has invested in proprietary quality testing.

ILM1 has a clear pathway for growth.

- The industry continues to grow due to demographics, pervasiveness of chronic disease, and creation of new drugs. Cyclicality is also extremely minimal.
- ILM1's scale makes them the clear choice for the remaining 800 specialty pharmacies in Germany.
    - Also will likely be more specialty drugs to sell as new ones are invented.
- ILM1 can continue to grow its capacity to create new patient-specific drugs.
- ILM1 plans to sell its proprietary testing system that can test the authenticity of drugs in minutes rather than weeks.

Future Outlook

Can ILM1 Sustain its Market Position?

- ILM1's moat is strong.
- The niche nature of the industry, required scale, and regulations impede new entrants.
- ILM1 has invested in digital infrastructure since inception.

Can ILM1 continue to grow faster than the industry?

- There will likely be few formidable competitors to ILM1 given their moat.
- Future growth opportunities in patient-specific drugs and licensing of testing technology provide clear path for growth.

Is ILM1 poised to continue to outperform the market?

- The specialty pharmaceutical industry anticipated to grow at nearly 10% annually and already doubled from 2013 to 2019.
- ILM1 has clear pathways for growth in patient-specific drugs and testing technology licensing.
- ILM1 will likely consolidate industry further and sign up more pharmacies – which will strengthen its moat, buying power, and revenue with little incremental expenses.
- ILM1's multiple is very high – 50x earnings – and the last time ILM1 traded at a high multiple, the stock cratered.

amedisys

NASDAQGS:AMED

415%

5 Year TSR

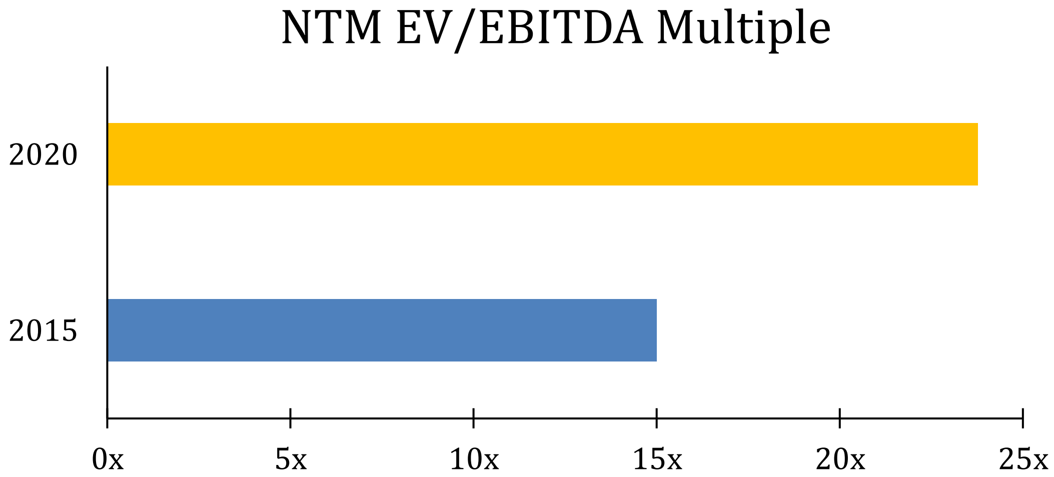
Rank: 80/104

Amedisys Overview

Amedisys, Inc. is a healthcare services company and is a provider of home health, hospice, and personal care services. The company owns and operates approximately 524 centers in 39 states and the District of Columbia.

Statistic	06/08/2015	06/08/2020
Stock Price	$37.4	$174.08
Market Cap	1.26B	5.64B
Enterprise Value	1.36B	5.94B
Shares Outstanding	33.67M	32.38M
EV / NTM Revenue	1.10x	2.86x
EV / NTM EBITDA	15.53x	23.77x
PE	29.40x	36.42x

Statistic	FY 2015	FY 2019
Revenue	1.27B	1.66B
EBITDA	88.1M	197.4M



Amedisys Business Model

Primary Product

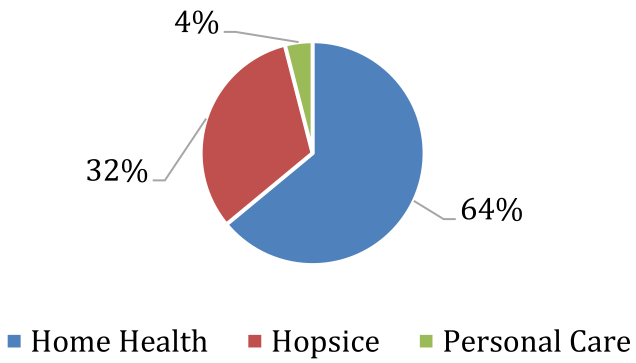
Home Health	Home healthcare for those recovering from surgery or illness or live with chronic diseases, and to help prevent avoidable hospital readmissions.
Hospice	End of life care for people with less than six-months to live.
Personal Care	Provider of assistance with essential acts of living, such as companionship and cooking.

Context

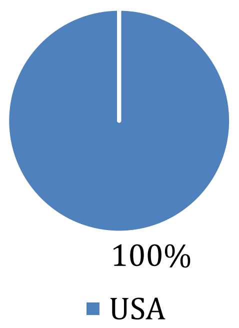
AMED helps people live their lives, in the best way possible, <u>at home</u>.

- AMED has different services to help people live at home:
  - Home Health is for people who are sick.
  - Hospice is for people who are nearing the end of their life.
  - Personal care is for people that are incapable of simple tasks.
- AMED helps people live at home for as long as possible, and avoid hospitals and care homes.

Sales by Division



Sales by Geography



AMED is a medium capital intensity business.

Low Threat
Medium Threat
High Threat

Amedisys Competitive Analysis

	Key Facts	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

Home Health
 	
Skilled nursing services in the home, combined with a range of other home services such as personal care services, homemaker and companion services.
	Market Structure: Pure Competition
	Market Size: \$28.5B[2]
	Industry Growth: LSD[2]
	
	• AMED is a major player at 1.8% market share, but the industry is very fragmented.
		• Barriers to entry are low:
		  ◦ Low setup costs.
		  ◦ Little differentiation.
		• Regulatory burdens and complexity of billings are the key barriers.
			• Scale enables operational efficiencies.
			• AMED has strong quality scores.
				• AMED could lose its quality edge.
				• Reimbursement rates could be cut.
				• New entrants chip away at market share in different markets.
					• Reimbursement now based on quality, not just Fee-for-Service.
					  ◦ Positive for AMED given their strong quality scores

Hospice Industry that provides programs that offer symptom relief and pain management for patients with life-terminating illnesses.	**Market Structure**: Pure Competition **Market Size**: \$218.8B[1] **Industry Growth**: HSD[1] • AMED is a major player at 1.97% market share, but the industry is very fragmented.[3]	• Barriers to entry are low for same reasons above. • Regulatory burdens and complexity of billings are the key barriers.	• Scale enables operational efficiencies. • AMED has strong quality scores. • Relationships with potential referral services (i.e. doctors).	• AMED could lose its quality edge. • Reimbursement rates could be cut. • New entrants chip away at market share in different markets.	• Reimbursement now based on quality, not just Fee-for-Service. ◦ Positive for AMED given their strong quality scores

1. https://www.grandviewresearch.com/press-release/global-home-healthcare-market
2. IBIS World
3. https://homehealthcarenews.com/2020/01/amedisys-closes-hospice-acquisition-right-at-home-to-move-headquarters/#:~:text=With%20just%201.97%25%20of%20U.S.,and%20HCR%20ManorCare%20were%20larger.

What Investors Missed

The Bear Thesis Five Years Ago:

- Revenue will continue to be hampered by reimbursements cuts made by the CMS, and Medicaid customers might lose coverage if the ACA is repealed.
- The company does not have a strong track record of cutting costs as cost per visit was rising. This squeezed margins further.
    - The 2015 failure of their proprietary AMS3 operating system to cut costs amplified this concern.
- AMED was fined 150 million by the federal government over allegations that they violated the False Claims Act by submitting false home healthcare billings to the Medicare program. Not exactly a positive sign for investors.

Why They Were Wrong

The Actual Story of the Last Five Years

Government concerns didn't pan out – instead they helped AMED

- CMS reimbursement rates were increased by 2.2%.
- Transition from fee-for-service to value based reimbursement a strong tailwind for AMED which has strong CMS quality scores.
- The ACA was not repealed.

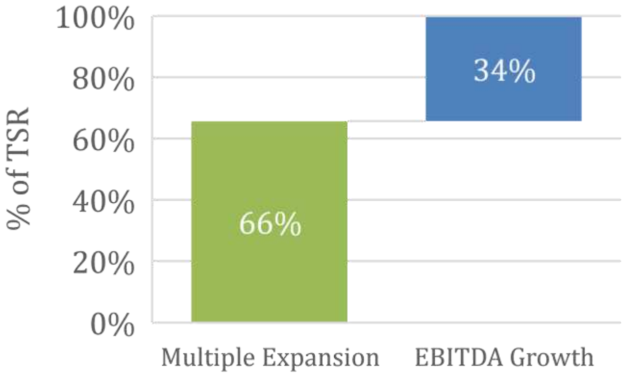
Costs did come down

- The fine was a one-time cost, the AMS3 system was replaced by better system that cut costs, and AMED made other operational improvements.
- EBITDA margins have, as a result, risen steadily.

Market fragmentation has given AMED many acquisition targets

- **AMED has made 9 acquisitions since 2015.**
- Fragmentation in the Home Care and Hospice industries have enabled AMED – one of the largest players – to pursue accretive acquisitions and create further value through operational synergies.
- Acquisitions have also been a way for the company to reinvest its healthy cash flow from operations.

Return Breakdown:



Consensus vs Results

Amedisys Takeaways

AMED is a Solid Business – 3.5/5

The industry has two key issues: barriers to entry and susception to political risk

- Low start-up costs and minimal service differentiation have created low barriers to entry.
- Reimbursement rates are always subject to change by the CMS.
- Runway for industry growth due to demographics, but it is not clear who will capture the growth.

AMED took advantage of the industry's growth and size

- AMED captured market share through acquisitions.
- AMED made large gains in 2018 while three out of its five major competitors were boggled down by major acquisition integration.

Industry issues have not been a problem – yet.

- AMED exploited the low barriers and industry fragmentation to entry by acquiring many smaller competitors.
- Reimbursement rates were changed to reflect quality, an advantage of AMED relative to the industry, which helped them.
- **AMED is a solid business in an unattractive industry.**
  - AMED has scale and quality advantages.
  - But low barriers to entry will keep competition high, and political risk can hurt their topline at any moment which means AMED is not a high-quality business.

Future Outlook

Can Amedisys Sustain its Market Position?

- AMED's scale will continue to provide them with an edge over their competitors – but it is ultimately a weak advantage.
- With the CMS's newfound emphasis on quality, other competitors may start to improve quality and erode that advantage.

Can Amedisys continue to grow faster than the industry?

- AMED's scale will enable them to continue to grow faster than the industry via tuck-in acquisitions of smaller players.
- **Organic growth without reinvestment will likely not exceed the industry because their quality advantage will shrink and major competitors will not be bogged down integrating major acquisitions.**

Is Amedisys poised to continue to outperform the market?

- AMED trades at the highest NTM EV/EBITDA multiple of its peer group and in its history. AMED will likely suffer multiple contraction due to the points mentioned above.
- There is a chance political pressures push reimbursement rates down.
- Competitors have begun to consolidate and there will be more competition for accretive M&A.

AIM:IGR

411%

5 Year TSR

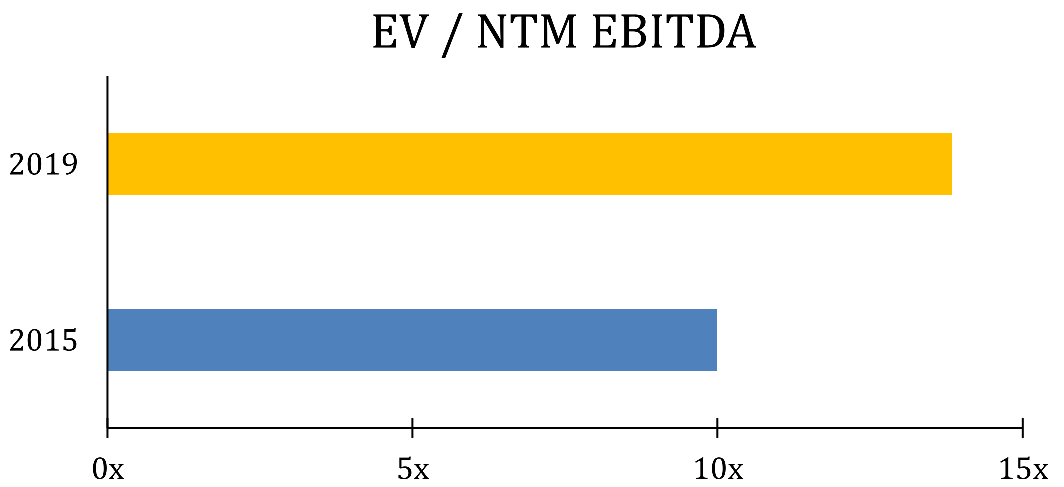
Rank: 81/104

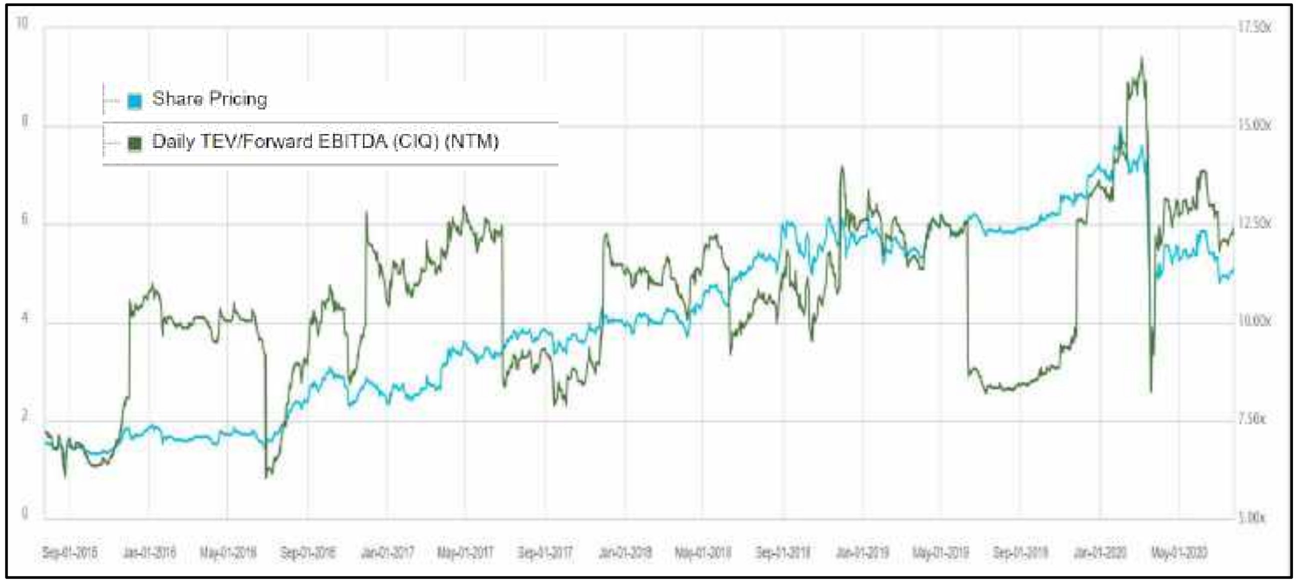
IG Design Group Overview

IG Design Group plc designs, manufactures, and distributes celebrations, stationery and creative play, gifting, and not for sale consumable products. Its celebrations products include greetings cards, Christmas crackers, gift bags, gift wraps, etc.

Statistic	06/08/2015	06/08/2020
Stock Price	£1.27	£5.86
Market Cap	£75.56	£564.53M
Enterprise Value	£165.86M	£695.41M
Shares Outstanding	57.92M	96.34M
EV / NTM Revenue	0.71x	1.41x
EV / NTM EBITDA	10.00x	13.85x
PE	10.85x	19.01x

Statistic	FY 2015	FY 2019
Revenue	229.0M	484.4M
EBITDA	15.6M	35.0M

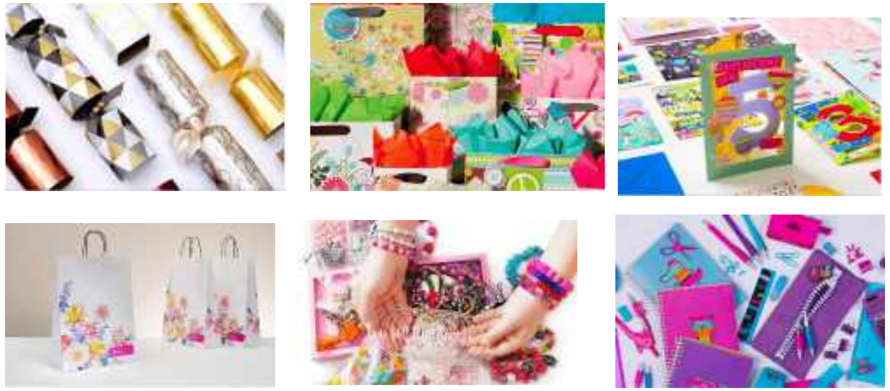




IG Design Group Business Model

Primary Product

Consumer Products	IGR designs, manufactures and distributes gift packaging and greetings, stationery and creative play products, seasonal décor, design-led giftware, and 'not-for-resale' consumables.

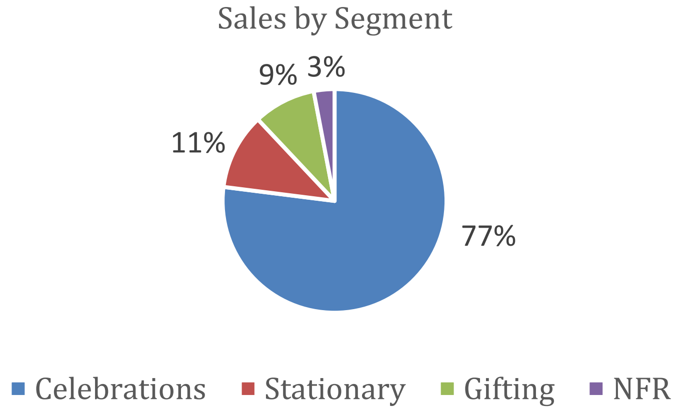


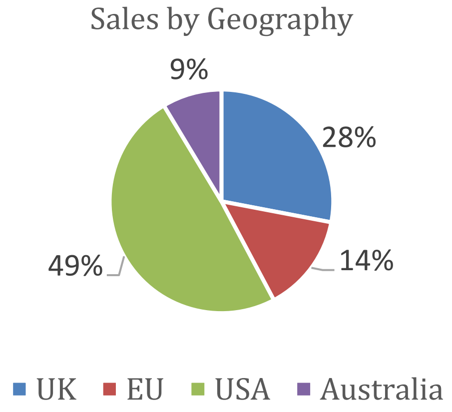
Sample IGR Products

Context

IGR designs, manufactures, and distributes a variety of basic, cheap goods.

- IGR aims to be a one-stop shop for its customer across all its product categories: ccelebrations, stationery and creative play, gifting and 'Not-for-resale' consumables.[1]
  - IGR designs and manufactures 30% of products and the remainder are sourced.
- IGR focuses on major customers ("winners")
  - Top 10 customers 48% of revenue; Walmart 20% of revenue.





IGR is a medium capital intensity busines.

1. Not for sale consumables combines our well-established Polaris business with paper twist handle bags

Low Threat
Medium Threat
High Threat

IG Design Group Competitive Analysis

Toy and Craft Wholesaling Market

This industry consists of wholesalers of toys and craft supplies, including fireworks, games, playing cards and hobby goods.

Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
Market Structure: Oligopoly / Monopolistic Competition **Market Size**: ≈29.4B[1] **Industry Growth**: LSD[2] • Not a perfect industry overlap since IGR operates in multiple industries not included such as stationaries and not-for-resale consumables. • IGR acquired a former major competitor: Impact. • Biggest threat to IGR is customers working directly with suppliers.	• Need relationships with various suppliers to match product range. • Capital intensive to manufacturer / design new products. • Not very difficult to create new, cheap party items like gift wrap (essentially commodities too).	• Wide product range which makes IGR "one stop shop for customers." • Operational synergies with scale.	• Customer concentration: **48% sales from top 10 customers.** • "One stop shop" matters less for ecommerce players who can rely on drop shipping. • Seasonal business (focus on Christmas which is 60% of sales).	• E-commerce has continued to grow. • Relationship with Walmart has grown to 20% of revenue following acquisition of Impact.

1. Ibis World.

What Investors Missed

The Bear Thesis Four Years Ago:

- Brand change will not have a material impact.
- IGR sells basic goods, many of which are essentially commodities, and will not be able to guard their market share.
  - Especially given customer concentration.
- IGR has not shown that they are capable of achieving topline growth: growth essentially flat since 2011.

Why They Were Wrong

The Actual Story of the Last Five Years

Brand change worked

- Enabled IGR to market itself as "one-stop shop" for retailers and expand into adjacent spaces.

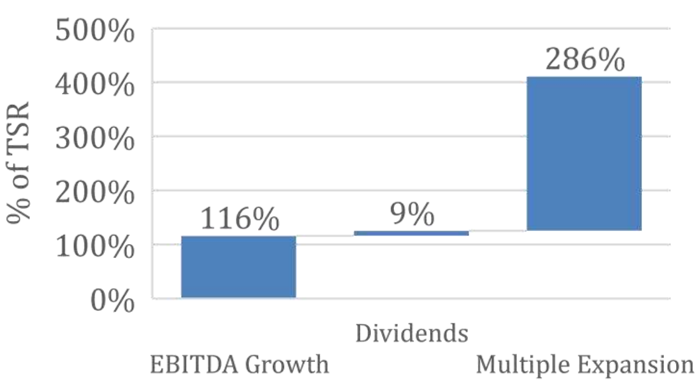
IGR protected its positioning

- Maintained, and grew, key relationship with Walmart which now accounts for 20% of revenue.
  - Acquisition of Impact Innovations strengthened relationship as they now supply seasonal décor and gift wrap.
- IGR's focus on winners strategy has increased revenue customer concentration of top 10 customers to nearly 50% - IGR has *grown* its relationship and position with top retailers.

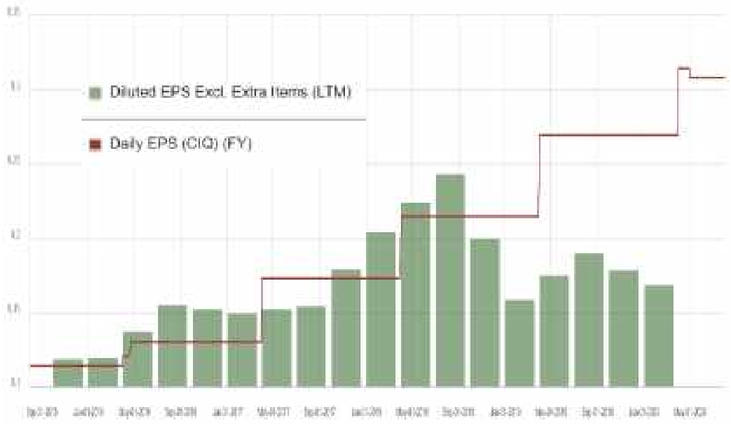
IGR grew revenue

- Grew revenue by expanding production selection.
  - I.E. giftware sales increased from 31M in FY2017 to ≈50% in FY2019.
- IGR doubled down on major retailers:
  - Top 10 customers nearly 50% of sales.
  - 2019 organic growth from top 10 customers 19%.
  - American major retailers drove USA revenue from 58M in FY2015 to 282.4M in FY0219.

Return Breakdown:



Consensus vs Results



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IG Design Group Takeaways

IGR is a Good Business- 3.5/5

IGR built a moat	• **IGR's products will always be relatively easy to replicate but IGR has built a moat through scale.** • Since IGR offers so many products to its customers, switching is difficult – they would need to find a new supplier for many different items. • Invested in manufacturing and sourcing capabilities to maintain this advantage.

IGR executed a simple, but strong, strategy	• The "focus on winners" strategy enabled IGR to grow its relationships with key, major retailers who now account for ≈50% of sales (Walmart alone ≈20%).
	    • Grew revenue from 229M in FY2015 to 484.4M in FY2019.
	• Grew product categories: "Not for Resale" Consumables 8.5M FY2017 revenue to 19.9M in FY2019; creative play 5M to 16M in same period.
	    • Also entrenched relationship with customers as they supply more products.
	• Expanded seasonal diversity so less reliant on Christmas.

IGR path forward is simialr	• IGR aims to continue to expand its product line (organically and inorganically), grow major customer relationships, and attain operational efficiencies through scale.

Future Outlook

Can IGR Sustain its Market Position?

- IGR has demonstrated that they can maintain – and build upon – key relationships.
- While its products are replicable, its scale and selection is not easily copied.

Can IGR continue to grow faster than the industry?

- IGR can likely continue to grow its product selection organically and via acquisitions.
- Stores may start to simplify their product selection which could mute sales (i.e. following trends of Aldi and other stores with less SKUs).
- With such large scale, it is difficult to continue to grow fast.

Is IGR poised to continue to outperform the market?

- While IGR poses customer concentration as an advantage, risk of losing major customer looms and would destroy returns.
- Retail is evolving and IGR may not be poised to continue to perform: stores trending towards less SKUs, ecommerce growing.
- At 10 NTM EBITDA IGR could continue to outperform given modest valuation and simple strategy that has worked well so far.

ideagen

AIM:IDEA

407%

5 Year TSR

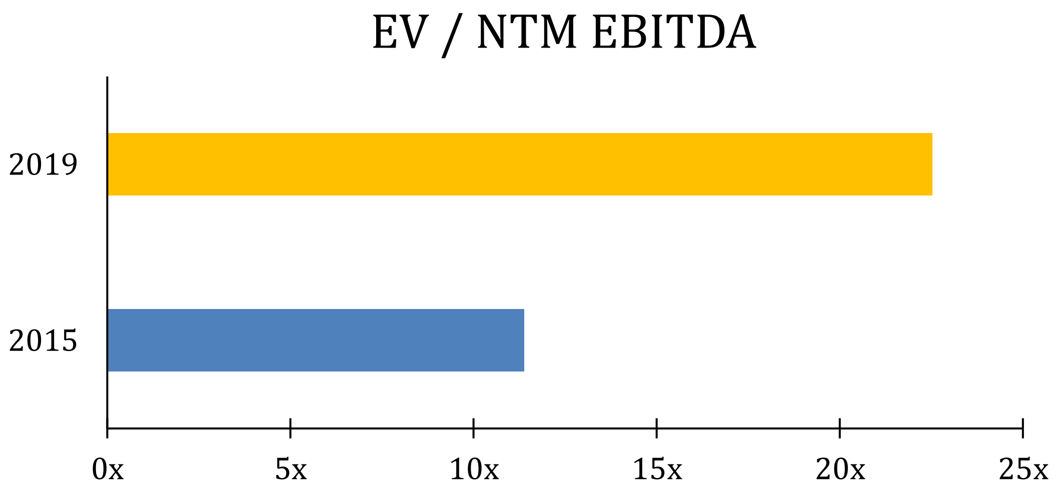
Rank: 82/104

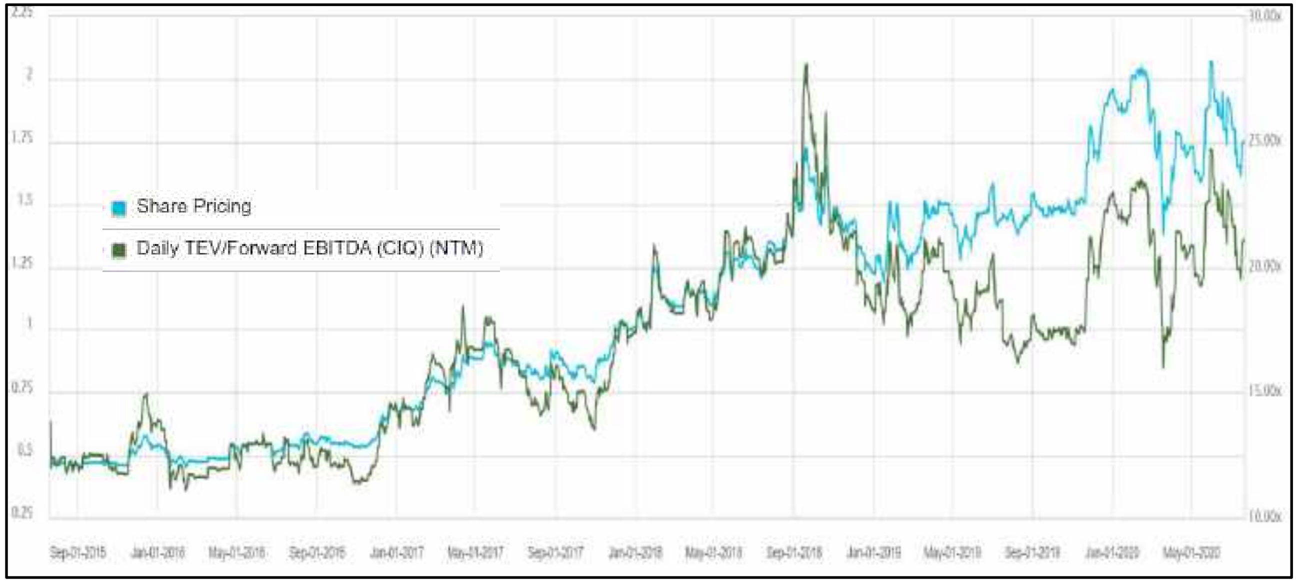
Ideagen Overview

IDEA provides information management, safety, risk, and compliance software solutions that allow organizations to achieve operational excellence, regulatory compliance, and reduce risk.

Statistic	06/08/2015	06/08/2020
Stock Price	£0.38	£1.88
Market Cap	£68.01M	£425.39M
Enterprise Value	£65.21M	£446.61M
Shares Outstanding	177.81M	226.27M
EV / NTM Revenue	3.28x	7.57x
EV / NTM EBITDA	11.39x	22.54x
PE	15.00x	32.58x

Statistic	FY 2015	FY 2019
Revenue	14.4M	53.0M
EBITDA	2.2M	9.2M





Ideagen Business Model

Primary Product

Management Software	IT solutions and products for Governance, Risk and Compliance (GRC) for companies in highly regulated industries.



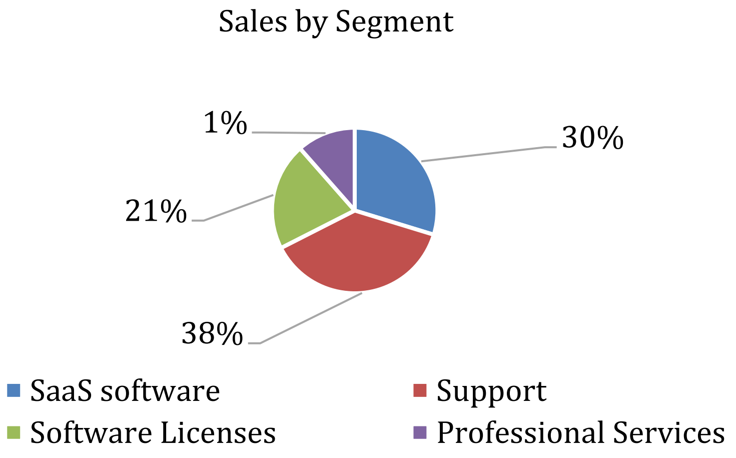


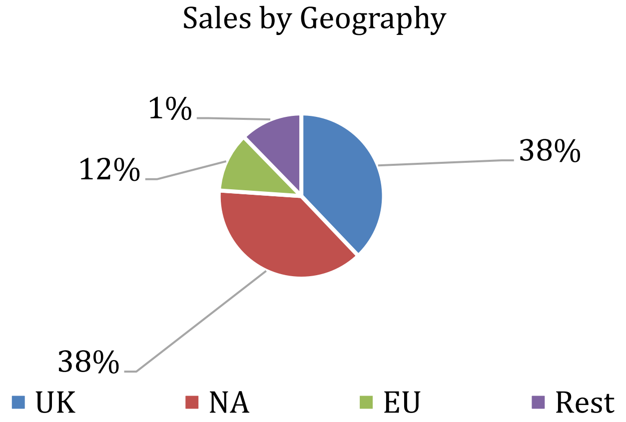
IDEA's customers are in mainly in the Automotive, Aerospace, Defense, Life Sciences, and Finance and Banking Industries.

Context

IDEA makes IT software for companies in regulated industries.

- IDEA's software is for companies that must be extra cognisant of regulations and security given their industry.
  - Most customers in industries listed on the left.
- IT products for Governance, Risk and Compliance (GRC) solutions.
  - Sold as SaaS products with maintenance and support services available.
  - Help customers meet regulatory and compliance standards.





IDEA is a low/medium capital intensity business.

Ideagen Competitive Analysis

Low Threat
Medium Threat
High Threat

GRC (Governance, Risk, Compliance) software industry

Participants develop and sell software than enables companies to achieve their governance objectives, manage risk, and act with integrity.

Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

Market Structure: Monopolistic Competition
Market Size: 1.62B[1]
Industry Growth: > 10%[1]
• IDEA operates in a subset of the industry: focuses on companies in highly regulated industries with heightened GRC requirements.
• IDEA has strong market position:
  • 7/10 top UK accounting firms.
  • 80% of NHS Trusts.
  • Top 7 global aerospace and defense companies.
	• Switching costs: small expense for customers but their operations are embedded with the software.
	  • Idea retention rate > 95%.
	• Regulations that software needs to address can be complex and are subject to change.
	• Low-start up capital required to develop competing product.
		• IDEA's product is Industry standard:
		  • High penetration in target industries.
		• Reputation and security, especially given sensitivity of GRC for customers.
			• Technological change.
			• Security breach.
			• Major regulation changes that require new investment for software updates.
				• Increasing amount of international standards that customers must meet. I.E.:
				  • IATA/e-IOSA for aviation.
				  • ISO 45001 for health and safety.
				  • Etc.

1. https://grc2020.com/wp-content/uploads/2019/02/2019-02-2019-GRC-Market-Analysis.pdf

What Investors Missed

The Bear Thesis Five Years Ago:

- IDEA has already penetrated its core markets: 7 of the top 10 UK accounting firms, over 80% of NHS Trusts and the top 7 global Aerospace and Defence companies.
- Acquisitions are not the best use of capital.
    - Skepticism over 17.5M Gael acquisition.
- Technology will likely evolve fast – uncertainty whether an old company like IDEA can keep up.

Why They Were Wrong

The Actual Story of the Last Five Years

Customer base grew

- IDEA's TAM grew as regulations became more stringent and companies began to seek an enterprise wide approach to handle GRC.
    - TAM grew at roughly 13% CAGR.
    - IDEA expanded customers from 1500 in FY2015 to 4700 in FY2019.
- Acquisitions accelerated growth as company used cash flow to buy 11 other companies since 2015.
- Maintained existing recurring revenue customer base: contract renewal rate of 95%.

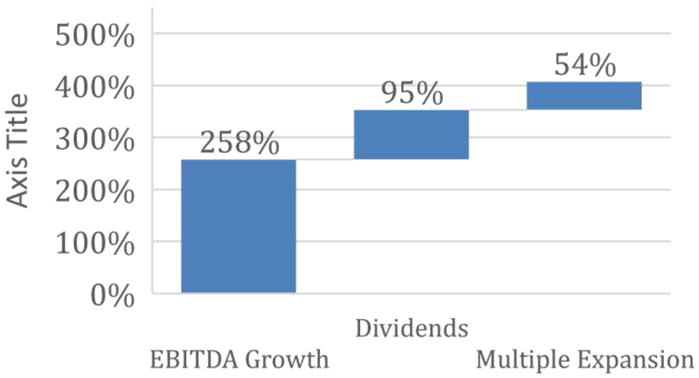
Strong acquisition history

- Acquisitions successfully integrated and enabled IDEA to scale quickly and consolidate a fragmented industry.
- EPS grown from 0.35 in FY2015 to 0.48 in FY2019.
- Acquisitions accelerated growth but IDEA still grew organically >8% each year.

Leading technology

- IDEA has leading technology and improved technology by integrating acquisitions.
- Set up dedicated research team in FY2018.

Return Breakdown:



EPS Results

ALTA FOX CAPITAL

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Ideagen Takeaways

IDEA is a Strong Business- 4/5

IDEA developed the deepest moat it could and consolidated

- While barriers to entry are not sky-high, IDEA has developed the widest moat it can by ensuring it has the best product and maintaining a strong reputation.
- Used acquisitions to scale quickly and consolidate a fragmented industry that is growing.
  - Enabling IDEA to capture the industry growth.

IDEA captured industry growth and maintained existing customer base

- IDEA grew its customer base by 313% from FY2015 to FY2019.
- IDEA seized on market growth as companies begin to seek enterprise wide solutions for GRC issues and as regulations become more stringent.
- IDEA maintained its existing customer base with >95% retention rate.
  - 67% of revenue recurring as well.

IDEA has a runway for growth

- Robust and increasing cash flow will enable IDEA to continue to make acquisitions and scale.
- Market trends that grew TAM likely to continue.
- IDEA is one of the largest players and is seen as the safest option for companies seeking a GRC solution.
  - "Nobody ever got fired for hiring IBM. "

Future Outlook

Can IDEA Sustain its Market Position?

- IDEA has an extremely high 95% retention rate.
- IDEA continually invests in improving its product.
  - Healthy cash flow can enable future investments to maintain strong product either through R&D or acquisitions.

✓

Can IDEA continue to grow faster than the industry?

- IDEA can continue to pursue acquisitions that will enable rapid growth.
- IDEA is a dominant player and can likely capture disproportionally high amount of industry growth.

✓

Is IDEA poised to continue to outperform the market?

- IDEA is a strong player in an industry that is growing.
- IDEA's earnings visibility is strong given their high customer retention and recurring revenue.
- At 32x forward earnings, IDEA trades at a premium but, given their position this is warranted.
  - Strong track record of consistently meeting targets each year.

✓

SECTRA

OM:SECT B

405%

5 Year TSR

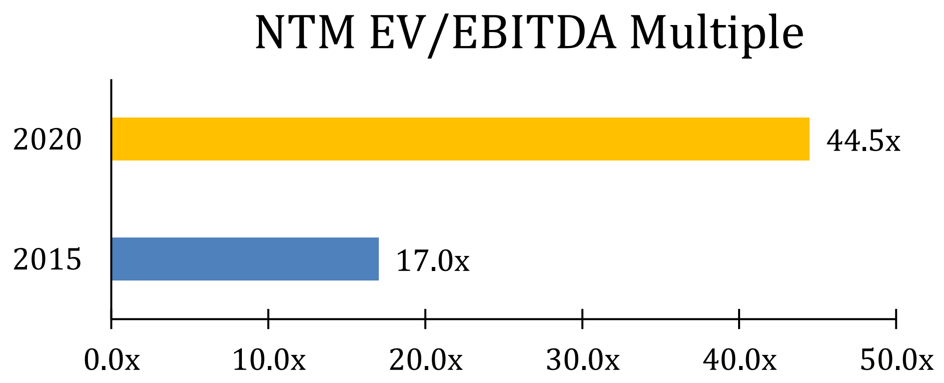
Rank: 83/104

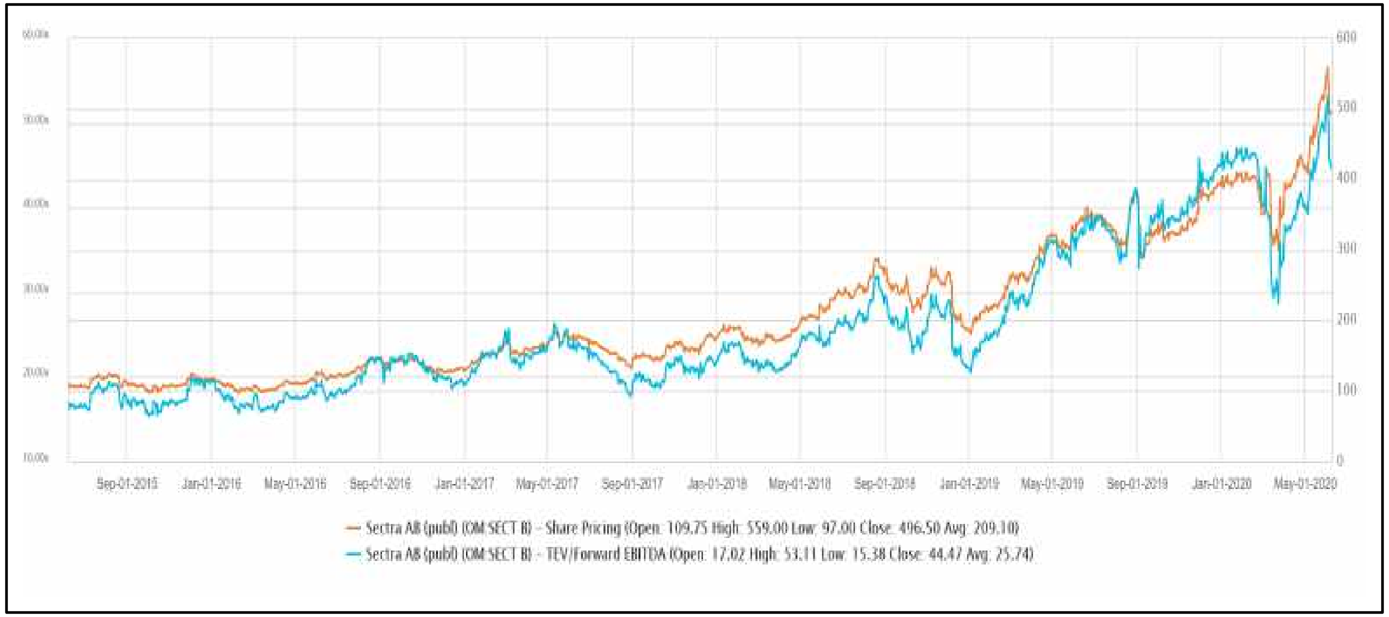
Sectra Overview

Sectra is a healthcare IT company based in Linköping, Sweden, that manages medical images and patient information related to diagnostic imaging.

Statistic	6/8/15	6/8/20
Stock Price	109.75 SEK	496.50 SEK
Market Cap	4.12B SEK	19.12B SEK
Enterprise Value	3.86B SEK	18.86B SEK
Shares Outstanding	37.54M	38.51M
EV / NTM Revenue	3.59x	10.14x
EV / NTM EBITDA	17.02x	44.47x
NTM P/E	29.74x	74.89x

Statistic	CY 2015	CY 2019
Revenue	1.06B	1.67B
EBITDA	189.06M	296.45M





ALTA FOX CAPITAL

Sectra Business Model

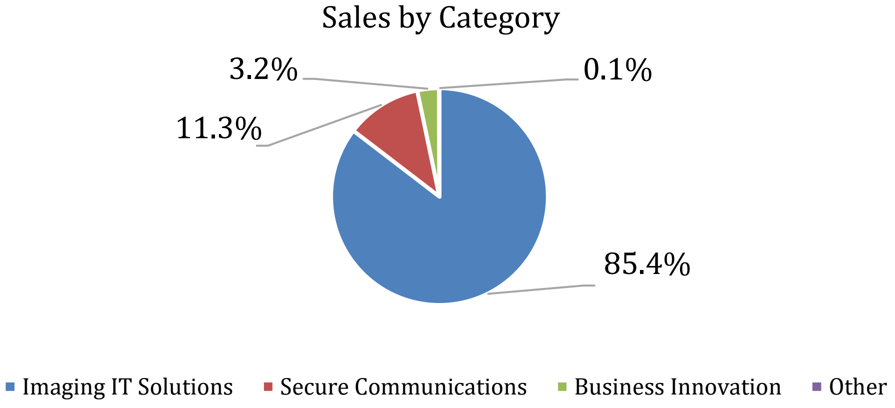
Primary Products

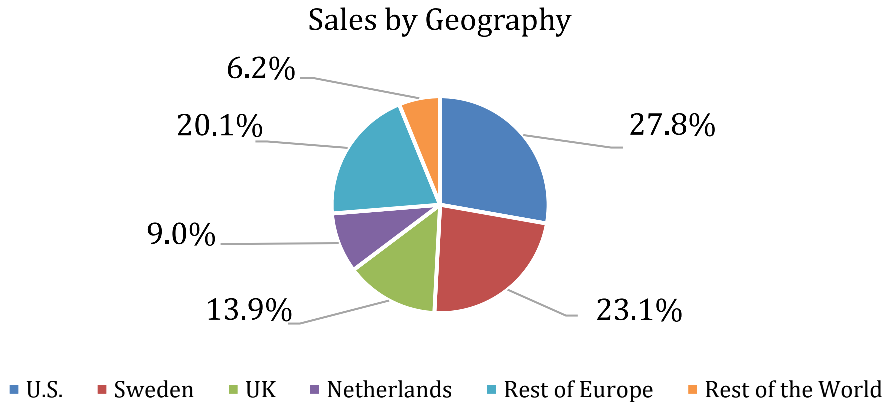
Imaging IT Solutions	• IT systems for managing, archiving, and presenting all types of medical images and patient information
Secure Communications	• Products and services for secure voice and data communications and the protection of society's most sensitive IT infrastructure
Business Innovation	• IT systems for planning and monitoring orthopedic surgery and products for medical education and research projects

Context

SECT B helps hospitals improve their operational efficiencies

- SECT B offers one secure Enterprise Imaging Platform that stores hospitals' images and information in the cloud
  - This software can be used for radiology, mammograms, pathology, cardiology, and any other –ology
- Operates as a SaaS company that takes care of the storage and the upgrades remotely for the hospitals
- 1800 hospitals around the world use SECT B's platform, which provides a solid base of recurring revenue





SECT B is a capital light business due to the non-existent need for manufacturing and heavy R&D

Low Threat
Medium Threat
High Threat

Sectra Competitive Analysis

Medical Imaging Software

The players in this industry uses the latest technological advancements, software, and latest equipment in order to generate graphical representations of the interior of a body for diagnosis, clinical analysis, and medical intervention.

Market Structure	Perfect Competition
Market Size	$3.44B[1]
Industry Growth	HSD[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• High switching costs as most hospitals already have integrated software into their systems • High levels of technological expertise are needed to develop a quality product	• High availability (stability and usability) of Sectra PACS (picture archive and communication system) • High quality implementation and training • Effective integrations with EMRs (electronic medical records) and other systems • Awarded best in KLAS award for 7 years in a row by healthcare research firm KLAS • Hospitals take KLAS rankings into account when purchasing	• Not being able to maintain an adequate pace of innovation to continue to grow • Political decisions could impact healthcare reimbursement	• Electronic health records have become more prevalent than before

[1]https://www.mordorintelligence.com/industry-reports/medical-imaging-software-market-industry

What Investors Missed

The Bear Thesis Five Years Ago:

- Sectra was a solid company but there was no expectation of extremely high growth into the future
  - This was likely because there was not a lot of attention given to the stock by analysts and investors

Why They Were Wrong

The Actual Story of the Last Five Years

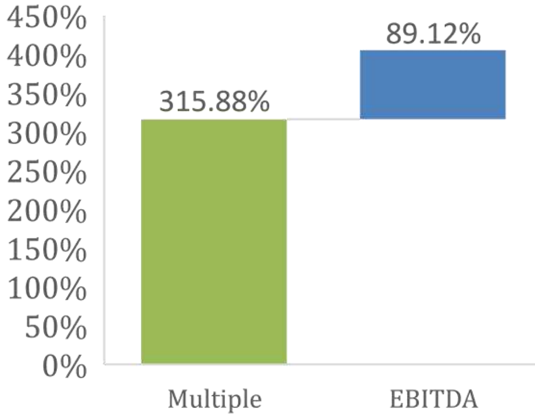
Retained Many Customers for the Long Run

- In 2018, there were any multiyear contracts that were signed that contributed to a record-high number of orders
  - **This was driven by an increased presence in many markets, including the US, Australia, Canada, and France**

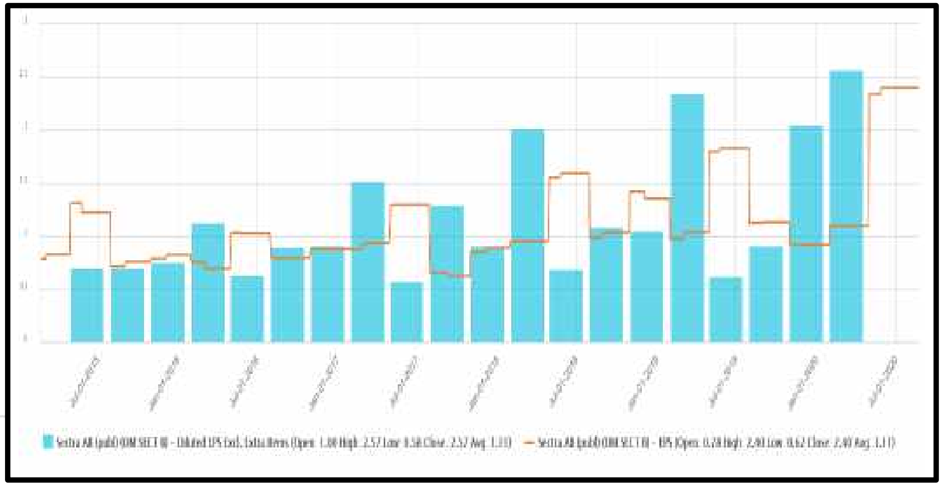
COVID-19 Caused a Surge in Demand

- As a result of the coronavirus pandemic, many medical students got sent home, thus making many aspects of the curriculum difficult to deliver
  - **As a result, demand for the Sectra Education Portal increased dramatically**
- The SEP allows educational institutions to store their own lectures based on clinical cases as well as access cases from other connected institutions all remotely
  - Allows for students to still access high-quality medical school material and cases from their own homes

Return Breakdown:



Consensus vs Results



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Sectra Takeaways

SECT B is a Good Business – 4/5

SECT B has a Moat

- Sectra provides a very high-quality products and are well known for their history of customer satisfaction
  - However, there are a few larger players (Agfa, INFINITT, GE Healthcare) in the industry that may make it harder to further penetrate the market
- **The products offer a lot of value to its customers that need to move to the cloud to increase their efficiency and thus reduce costs**
  - The cloud model also makes it easier for patients to access their medical images and records

Strong Market Position

- **Stable base of recurring revenue and cash flows from existing customers allows for an increased focus on future growth**
  - Customer churn rate is also very low so it is highly unlikely that the business will go downhill anytime in the near future
- Growth opportunities include the consolidation of hospitals (leads to the need for a more centralized cloud management system), expanding upstream to larger hospitals, and fully utilizing cloud deliveries

Future Outlook

Can SECT B Sustain its Advantages?

- SECTB has a great reputation as a firm that puts its clients above all else, which is praised by KLAS
  - This is especially evident in their extremely low churn rate

✓

Can SECT B continue to grow?

- As SECTB continues to invest in the R&D of new products and the SEP continues to do well due to the changing education landscape, it will continue to grow

✓

Is SECT B poised to continue to outperform?

- Due to a large part of the past outperformance coming from multiple expansion and the relative penetration of hospitals that it already has, SECTB is unlikely to continue its outperformance into the future

✗

OB:TOM

400%

5 Year TSR

Rank:84/104

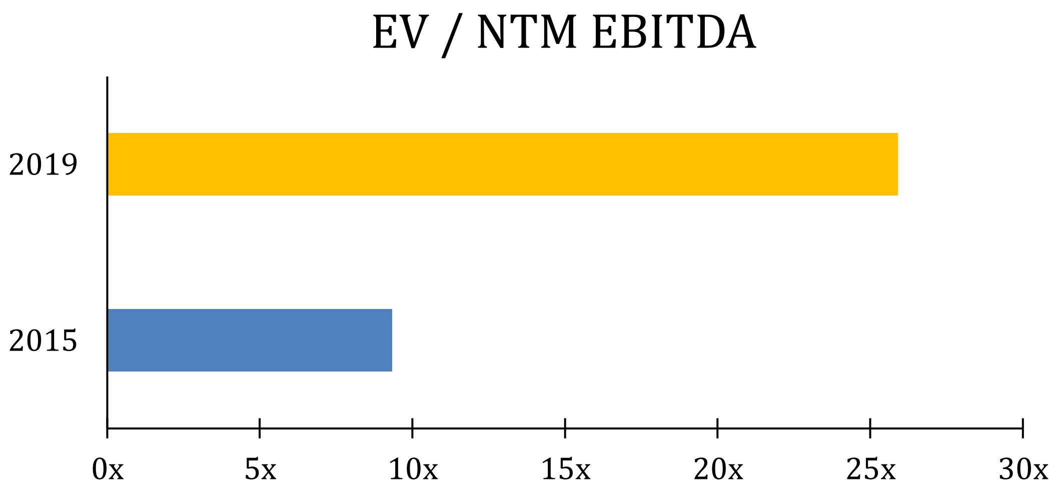
TOMRA Systems Overview

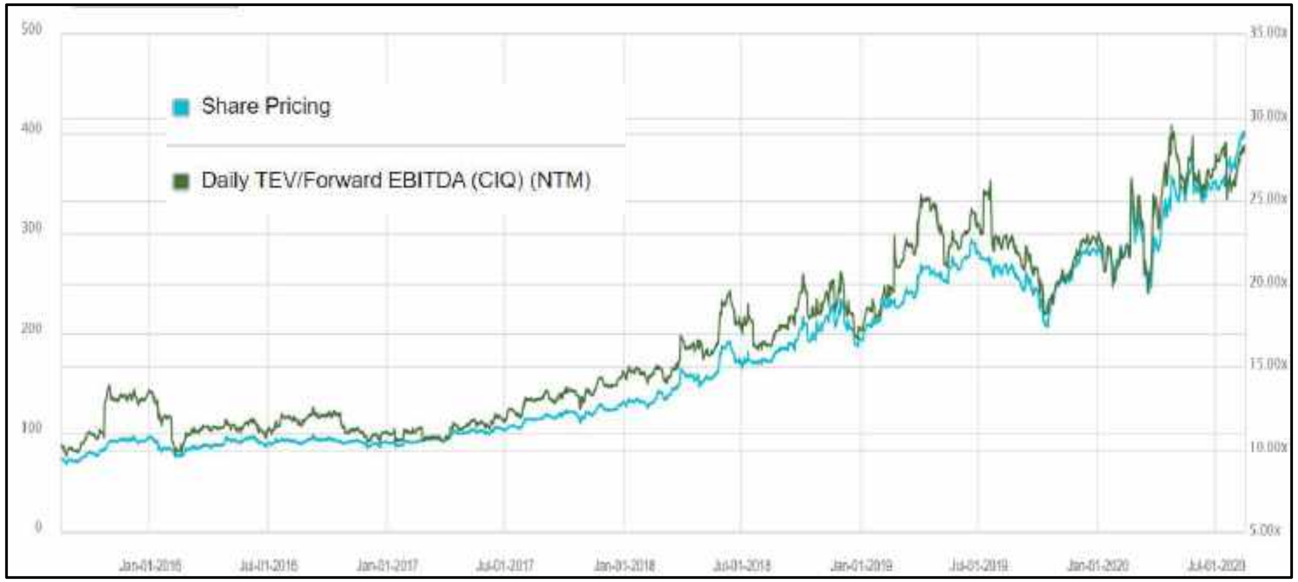
In Norwegian krone (kr)

TOMRA Systems ASA (TOMRA) is a creator of sensor-based solutions for resource productivity within the business streams of reverse vending, material recovery, recycling, mining and food.

Statistic	06/08/2015	06/08/2020
Stock Price	70.25 kr	339.4 kr
Market Cap	10.39B kr	50.10B kr
Enterprise Value	11.58B kr	53.06B kr
Shares Outstanding	147.88M	147.62M
EV / NTM Revenue	1.94x	5.18x
EV / NTM EBITDA	9.34x	25.90x
PE	15.22x	51.82x

Statistic	FY 2015	FY 2019
Revenue	6.14B	9.35B
EBITDA	1.16B	1.64B





TOMRA Systems Business Model

Primary Product

Sorting Solutions	Sensor based material sorting solutions for food, mining, and recycling end markets.
Collecting Solutions	Reverse vending machines (RVM) for recycling bottles and cans. Also includes material recovery: pick-up, transportation and processing of empty beverage containers on behalf of beverage producers/fillers

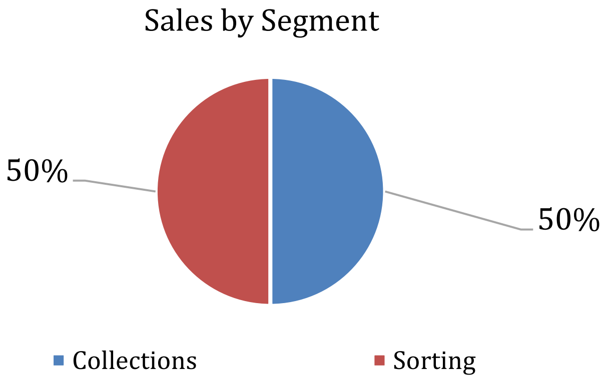
TOM reverse vending machine in use.

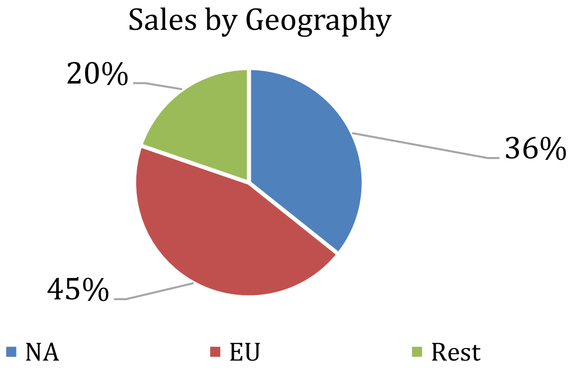
Context

TOM helps increase recycling rates through sorting and reverse vending machines.

- RVMs enable easy return of bottles for consumers in areas with bottle deposit system.
    - Deposit system shown to improve bottle return rates significantly.
    - RVM's sold directly or owned and operated by TOM in throughput model (fee per returned bottle).

- Sorting products enable customers in those end markets to sort materially more efficiently and effectively (i.e. food color sorting).





TOM is a high capital intensity business.

TOMRA Systems Competitive Analysis

Low Threat
Medium Threat
High Threat

	Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
Reverse Vending Machine Industry Participants design, develop, and sell reverse vending machines for bottle and can collection.	**Market Structure**: Oligopoly **Market Size**: ≈$14.91B[1] **Industry Growth**: LSD[1] • Largest RVM company with >80k units installed. Only one other company with more than 10k (Diebold Nixdorf). • Over 70% market share.	• Development costs (TOM machines have strong user experience, app, etc.).	• Dominant market share / global reach. • Enough capital to use throughput model. • Scale enables cost advantages.	• New entrants enter market / target specific geographies. • Deposit system regulation changes.	• Lithuania and New South Wales moved to deposit system. • England and Australia moving to deposit system. • UN called for all nations to introduce deposit systems (2017).
Materials Sorting Industry Participants design, develop, and sell products that enable customers in mining, food, and recycling to sort their materials more efficiently and effectively (industry only including those end markets).	**Market Structure**: Oligopoly **Market Size**: ≈$6.87B[1] **Industry Growth**: > 10%[1] • 25% market share in food, 55-60% in recycling, and 40-50% in mining. • Leading player in recycling / mining.	• Technologically advanced product with high development cost. • Technology protected by patents (over 80 patents).	• Breadth of products (TOM products cover range of sorting criteria). • Customer relationships. • Reputation.	• Major product failure. • Exposure to end market cyclicality (i.e. mining commodity prices).	• Push to increase efficiency of manufacturing process through data / robotics. • Recycling supported by legislative changes: EU target 70% packaged recycled by 2030.

1. Based on 2020 investor presentation market share data.

What Investors Missed

The Bear Thesis Five Years Ago:

- TOM will not be able to maintain its ≈65% market share in RVMs as the technology is replicable.
    - TOM has been fined by the European commission for abusing its market leading position in the past.
- Minimal room for growth given saturation of core European markets.
- Gross margin trended downwards since 2010.

Why They Were Wrong

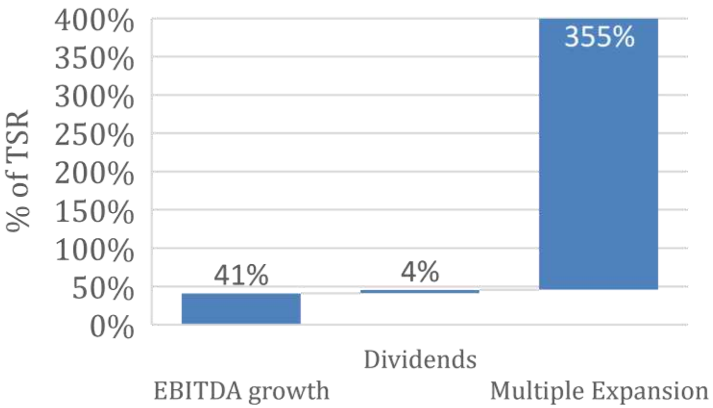
The Actual Story of the Last Five Years

TOM maintained dominance	• TOM was not fined again for anti-competitive practices. • Market share maintained; now at ≈70%. • Scale, experience, reputation, and product quality enabled TOM to capture share of new markets (i.e. Lithuania).

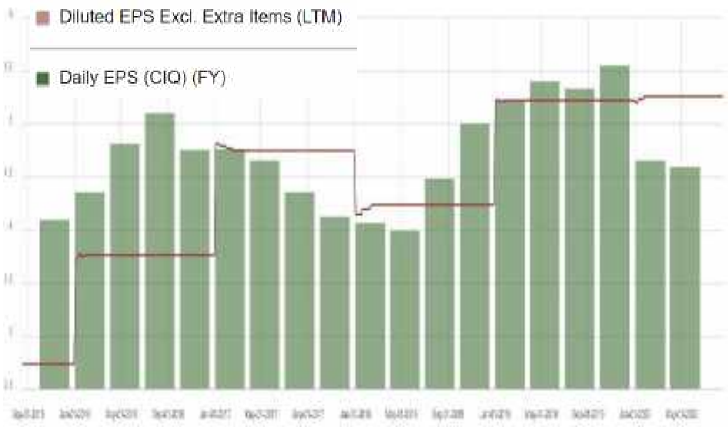
TOM grew	• TOM expanded to new markets for core RVM products: Lithuania, New South Wales, Australia.
	   ◦ And capitalized on cyclical replacement cycle of old machines (i.e. in Sweden and Germany).
	• Grew sorting solutions business from 1.89B in sales in FY2015 to 4.71B in FY2019.
	   ◦ Continually improved products for mining, food, and recycling each year.
	   ◦ Compac acquisition in 2016 enabled TOM to become leader in food sorting.
	   ◦ Capitalized on industry trends to lower waste and improve efficiency (also undergirded by political changes like China’s ban on imported waste in 2018).

Margins expanded	• Gross margin improved from 57% in FY2015 to 61.2% in FY2019.

Return Breakdown:



Consensus vs Results



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TOMRA Systems Takeaways

TOM is a High Quality Business- 4.5/5

TOM has a moat

- TOM is market leader in all its end markets.
- TOM's competitive advantages in RVS enabled them to continually capitalize on new markets, like New South Wales and others.
- Advanced technology and patents gives TOM a moat in sorting solutions.

TOM capitalized on industry trends

- Industry trends towards minimizing waste and improve efficiency such as lowering food waste and moving towards circular economy.
- Consistency captured new markets as they came for core RVS segment.
- Made purchases of Compac and BBC to expand sorting business; continually improved products and technology each year.

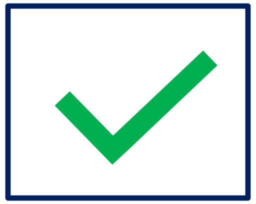
TOM has a runway for growth

- Political and social trends towards minimizing waste and improving efficiency likely to continue.
  - I.E. only 14% of plastic packaging recycled – lots of room for growth.
- Dominant market share and competitive advantages can enable TOM to continue to capitalize on industry growth.
- Order backlog of 1.7B as of Q2 2020.

Future Outlook

Can TOM Sustain its Market Position?

- TOM has sustained its market position in RVS for decades and is the clear leader.
- Scale enables TOM to maintain their industry leading products.
- Reputation, breadth of products are key advantages.

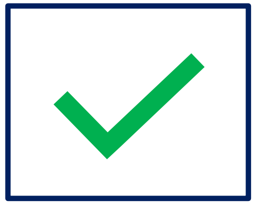


Can TOM continue to grow faster than the industry?

- TOM's positioning will enable them to continue to capture market share as the TAM expands.
- TOM's leading technology and product/service offerings can help them outcompete and capture existing share from competitors.

Is TOM poised to continue to outperform the market?

- TOM has a dominant position in a growing market with strong secular tailwinds that show no sign of slowing.
- TOM has maintained market share and grown its business by consistently growing the adjacent sorting solutions segment.
- At 25x NTM EBITDA TOM is not cheap but I think its multiple is fair given its history, dominant positioning, and room for growth.
  - Multiple expansion may be unlikely but so is contraction –EBITDA growth, however, is likely to continue.



XTRA:AOF

394%

5 Year TSR

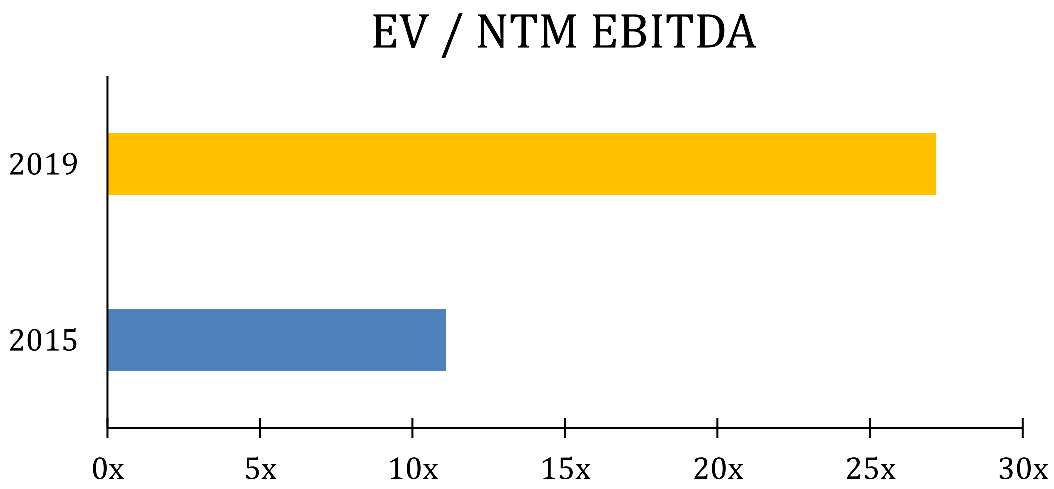
Rank: 85/104

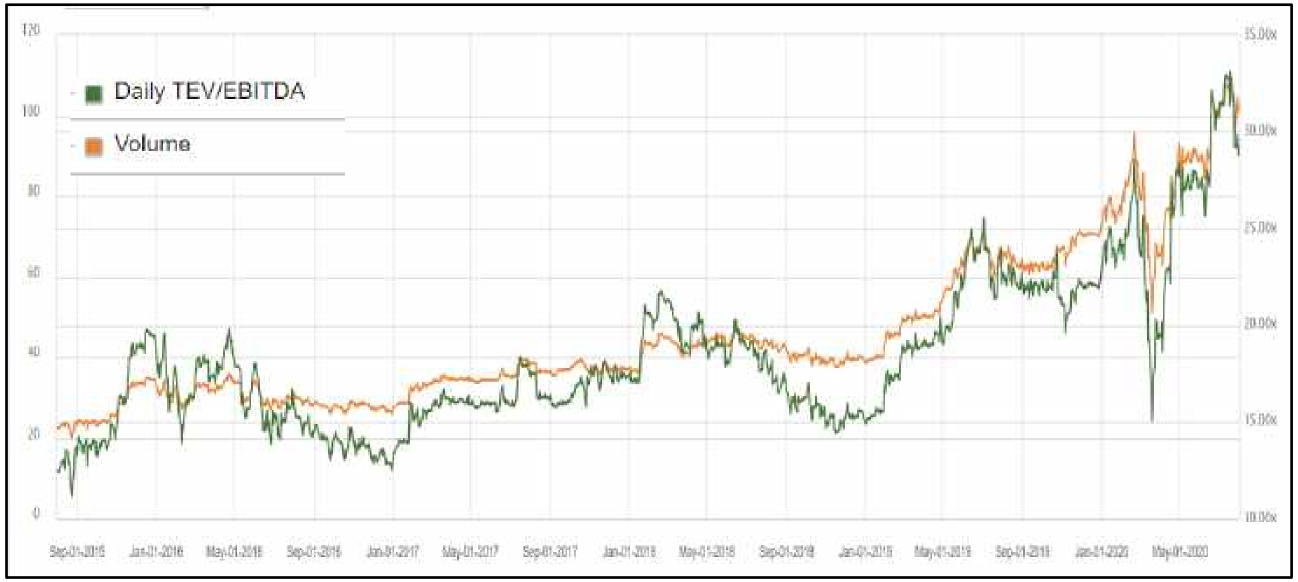
ATOSS Software Overview

ATOSS Software AG develops and sells workforce management software. It also provides software maintenance, hardware, and consulting services related to the electronic systems that control personnel deployment.

Statistic	06/08/2015	06/08/2020
Stock Price	€19.82	€89
Market Cap	€157.65M	€707.83M
Enterprise Value	€131.93M	€694.66M
Shares Outstanding	7.95M	7.95M
EV / NTM Revenue	2.90x	8.43x
EV / NTM EBITDA	11.09x	27.16x
PE	19.95x	46.50x

Statistic	FY 2015	FY 2019
Revenue	44.9M	71.4M
EBITDA	11.8M	20.4M





ATOSS Software Business Model

Primary Product

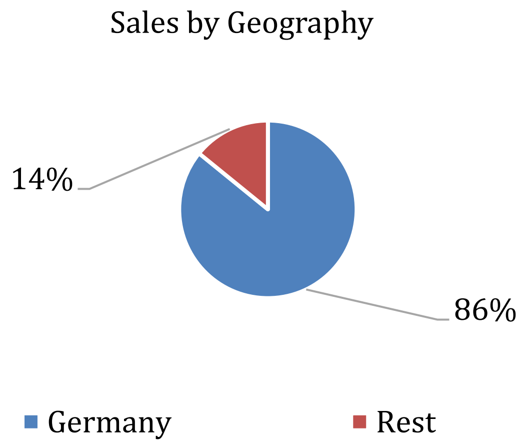
Workforce management software	Range of software solutions that covers entire range of workforce management problems for companies of all sizes.

Sample AOF customers

Context

AOF is a human resources IT provider.

- AOF has a suite of software solutions that cover entire range of workforce management issues: scheduling, workforce forecasting, time management, etc.
- Range of customers from small businesses, to major multinational companies, to governments.
- Consistent investment of ≈20% of revenue on R&D – making AOF a leader in the space and a the forefront of HR IT innovation.



AOF is a medium capital intensity business because of their high R&D spend (which is capitalized in the ROCE graph).

Low Threat
Medium Threat
High Threat

ATOSS Software Competitive Analysis

HR and Payroll Software

Participants in this industry develop, sell, and service HR and payroll software for businesses and governments.

Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
(see below)	• Contracts / customer relationships can be long-term. • Many different features must be developed. • Customer feedback also important to know what to develop. • Switching costs.	• Brand reputation. • Understanding the market. • AOF scale enables them to have high R&D spend.	• Data breach. • Losing major customer.	• Rise in automation has made human capital more important (less low skill jobs; more high skill jobs). • Evolving labour regulations and collective bargaining agreements.

Market Structure	Oligopoly
Market Size	≈ 3B[1]
Industry Growth	MSD[1]

- Largest players in the world are Workday, ADP, Oracle, SAP, Ultimate.
- AOF has strong foothold in home German market and a partnership with SAP.
  - AOF has over 50 other distribution partnerships.

1. 2020 Q2 presentation

What Investors Missed

The Bear Thesis Five Years Ago:

- AOF has a small cloud business and still sells too many licenses.
- Share price has already risen a lot – there is little room for future growth.
  - Growth will begin to stall now.
- Poor capital allocation - AOF does not need to spend so much on R&D.

Why They Were Wrong

The Actual Story of the Last Five Years

AOF increased recurring revenue

- Recurring revenue now 49M up from 28M in FY2015.
- Cloud business grown from 200k to 7.8M in sales, and has grown especially fast in the last few years (2M in FY 2017).
- Licenses continue to be consistent revenue driver at 14.5M in annual revenue in FY2019.

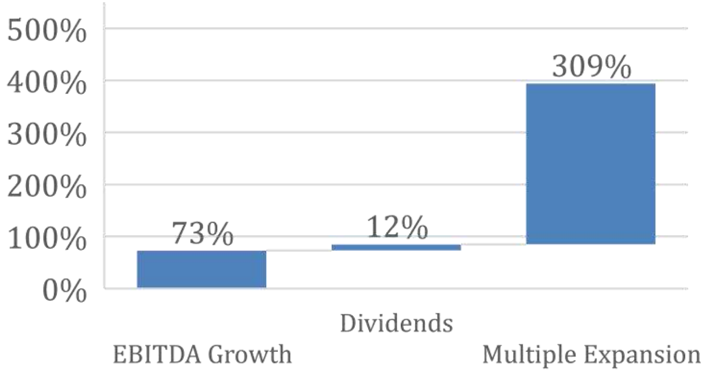
Growth continued and margins maintained.

- Strong growth continued:
  - Revenue grew from 44.9M to 71.4M.
  - Healthy 26%> EBITDA margins maintained.
- Customers quadrupled from 550 in FY2017 to 2,541 in FY0219.
- Runway for future growth with increased recurring sales and growing TAM.

Capital allocation worked

- Continual strong investments in R&D enabled AOF to become a market leader and consistently capture more market share.
- Dividend increased each year.

Return Breakdown:



EPS Results

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ATOSS Software Takeaways

AOF is a Strong Business- 4.5/5

AOF entrenched its moat through high R&D

- **20% of revenue invested each year in technology developments has enabled AOF to maintain tis position as the leading player in the market.**
  - Developed 5,580 new features into flagship Efficiency suite product over 10 years.
- Industry with high switching costs and long-term customer relationships

AOF capitalized on industry trends and grew

- Industry trends that emphasize the importance of high human capital and data analytics grew TAM.
  - AOF capitalized and grew customer base by 4x from FY2017 to FY2019.
- Expanded recurring revenue streams by building cloud offerings.
- Sales per customer growing at 7%.

AOF has a runway for growth

- Industry trends, such as emphasis on making data driven decisions and importance of human capital, likely to continue.
- AOF has industry leading software which continues to improve through customer feedback and continued high R&D investments.

Future Outlook

Can AOF Sustain its Market Position?

- Not only maintained customer base but grew it exponentially.
- Low 1.8% churn rate.
- Industry leading software.

Can AOF continue to grow faster than the industry?

- AOF has demonstrated their capability to grow faster than the industry for 10 years.
- AOF has industry leading software which caters to all segments of the market: from businesses of 2 people to 200,000.
- Strong recurring revenue base.

Is AOF poised to continue to outperform the market?

- Strong runway for growth and stable recurring revenue.
- TAM likely to continue to grow and AOF is likely to capture this growth.
- At 8.43x sales AOF is very highly valued and there are other competent competitors in the market that could stifle their growth and cause multiple contraction.

ENXTPA:ALESK

392%

5 Year TSR

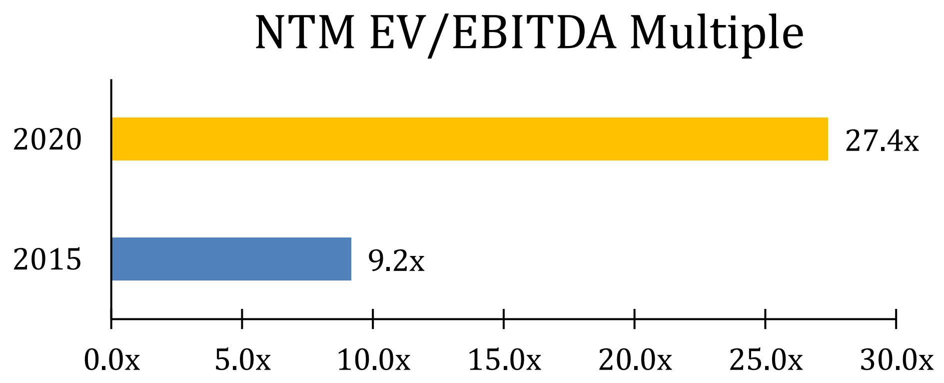
Rank: 86/104

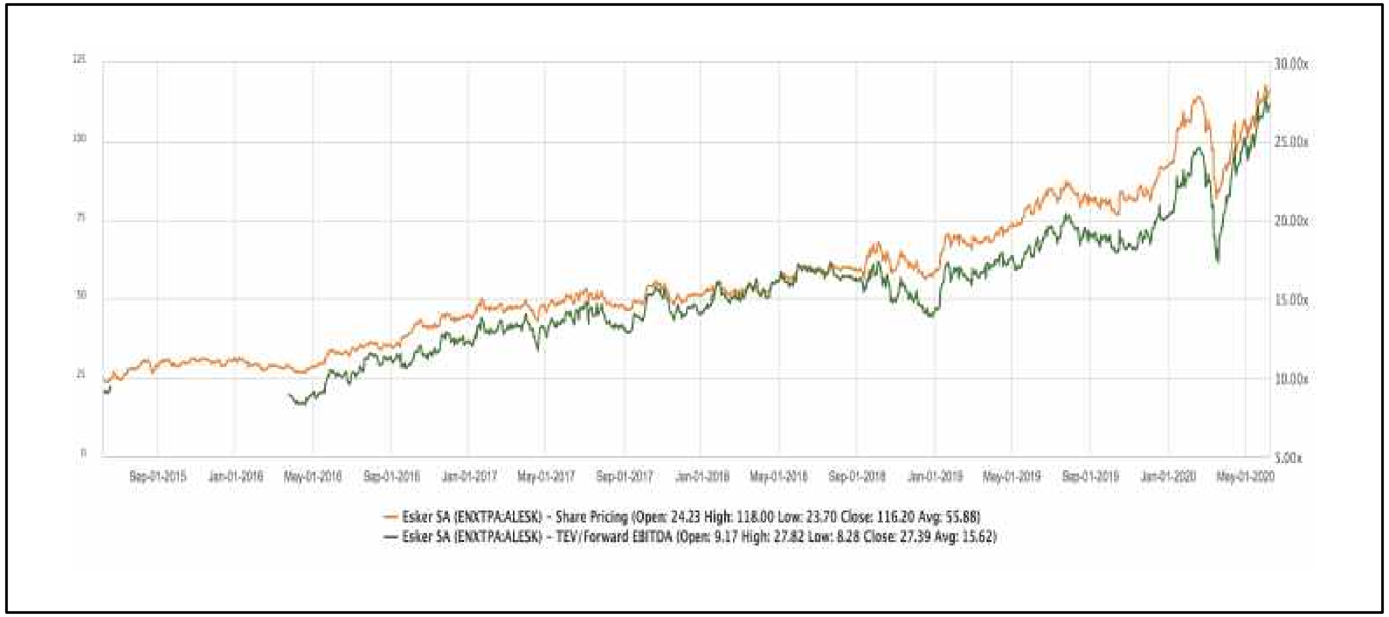
Esker SA Overview

Esker SA, headquartered in Lyon, France, provides document processing automation solutions to the life science, manufacturing, food and beverage, electronics, and chemical industries.

Statistic	6/8/15	6/8/20
Stock Price	€24.33	€116.2
Market Cap	€116.97	€650.95
Enterprise Value	€104.52	€636.11
Shares Outstanding	4.83M	5.60M
EV / NTM Revenue	1.89x	5.53x
EV / NTM EBITDA	9.17x	27.39x
NTM P/E	21.44x	60.84x

Statistic	FY 2015	FY 2019
Revenue	€62.3M	€110.5M
EBITDA	€10.8M	€15.2M





Esker SA Business Model

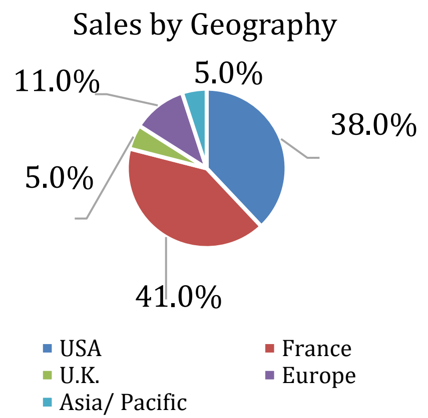
Primary Products

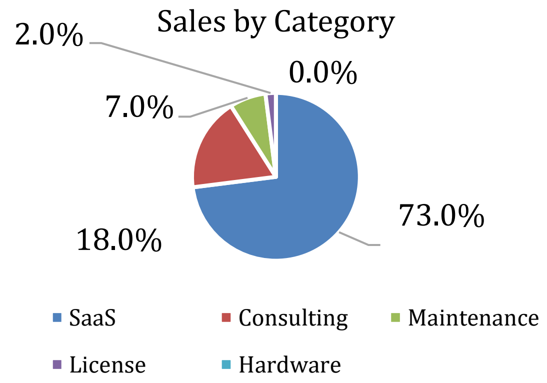
Document Automation Technology	• Esker on Demand, a cloud-based service that enables companies to automate business documents • Esker DeliveryWare, a license-based document process automation product • Esker Fax, integrates fax with enterprise applications and messaging platforms

Context

ALESK is a SaaS, offering solutions designed to eliminate paper and inefficiencies in business

- Document processing automation services sold to businesses that cover the Order-to-Cash (O2C) and the Procure-to-Pay (P2P) processes
- O2C is the cycle from customer order to invoice collection
- P2P is the cycle from selection of suppliers to invoice payment
- Streamlining these cycles with automation software improve company efficiency
- ALESK products are sold as on-demand online services
- ALESK solutions cover all customer and supplier cycles
- Typical contract length is 3 years





ALESK is a capital light business.

Esker SA Competitive Analysis

Low Threat
Medium Threat
High Threat

Application Software

The players in this industry offer software programs and data management to customers in all sectors

Market Structure	Oligopoly
Market Size	$10.8B
Industry Growth	MSD

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• Significant investment in R&D needed in this space • Some very large companies in the industry, but new companies still have room to enter	• ALESK considers itself the only player covering simultaneously the P2P and O2C cycles • Offers a unique solution with a single interface for all administrative and financial processes to be automated. • Advantage over its competitors in the successful integration of artificial intelligence into its solutions • Deep learning has allowed it to significantly improve the recognition of unstructured documents and offer new functionalities such as detecting anomalies or fraud	• High risk of hackers targeting the customer data stored by ALESK • From a short-term perspective, the Group is exposed to a potential risk of high turnover and to an inability to recruit quality personnel and preserve a balanced wage policy.	• Constantly evolving to create more efficient software solutions • Increased concern for cyber-security and protection of customer data • Increased need for businesses to to digitize their processes • Organic growth will be driven by cloud based solutions

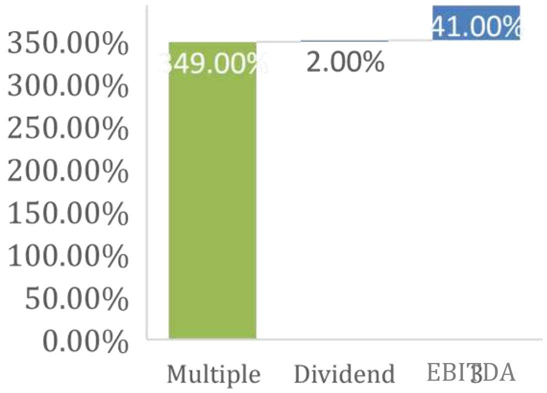
What Investors Missed

The Bear Thesis Five Years Ago:

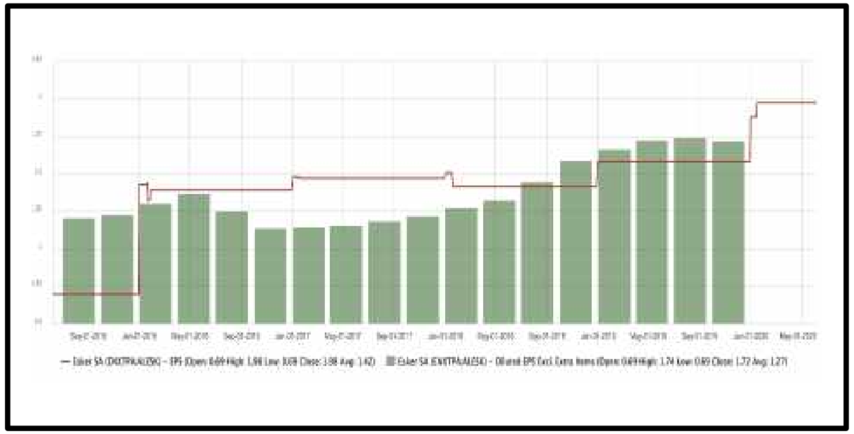
- **In 2015, ALESK was a smaller, more regional business, with lots of competition from firms of similar size**
  - Software provided by ALESK did not have as high of a demand as it does today
  - Unclear if big IT companies would take customers from ALESK
  - Acquired two companies in 2015, one in the U.S. and one in France, but uncertain if these acquisitions would benefit ALESK, and to what extent

Why They Were Wrong

Return Breakdown:



Consensus vs Results



The Actual Story of the Last Five Years

Strategic Partnerships

- In 2019, ALESK signed partnerships with Fuji-Xerox and KPMG in the Netherlands
- In 2020, the partnership with Fuji Xerox was extended to cover all of the APAC region
- By partnering with a bigger company like Xerox, ALESK will be able to reach more customers and thus increase sales
- Partnership with Quadient represented 10% of ALESK's sales
- Today, the focus is more on partnerships and organic growth, rather than acquisitions

ALTA FOX CAPITAL

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Esker SA Takeaways

ALESK is a Okay Business – 3/5

ALESK has a Niche

- ALESK is unique in that it covers the Order-to-Cash (02C) and the Procure-to-Pay (P2P) processes
- The market for back office automation services is growing, and ALESK already offers a full portfolio of proven solutions

Investments in New Technology

- ALESK has invested heavily in developing the use of artificial intelligence in its products, giving them a further edge over their competitors
- Investing in cloud based platform to meet the growing demand
- About 10% of total group sales are allocated to R&D to keep ALESK technology competitive

Future Outlook

Can ALESK Sustain its Advantages?

- ALESK has patent protected technology
- Main competitive advantage is ability to serve P2P and O2C cycles, but this could be replicated by other companies

Can ALESK continue to grow?

- Demand for digitization of business processes is increasing, which will increase ALESK's customer base and allow them to continue to grow
- Developing cloud platform service to grow into a new customer class

Is ALESK poised to continue to outperform?

- Contracts signed in 2019 have not yet fully impacted sales, so ALESK should see strong revenue growth in 2020
- Gross and EBITDA margins have decreased over the past five years
- ALESK is currently trading at its highest multiple of the last 5 years at 37.87x

BECHTLE

XTRA:BC8

388%

5 Year TSR

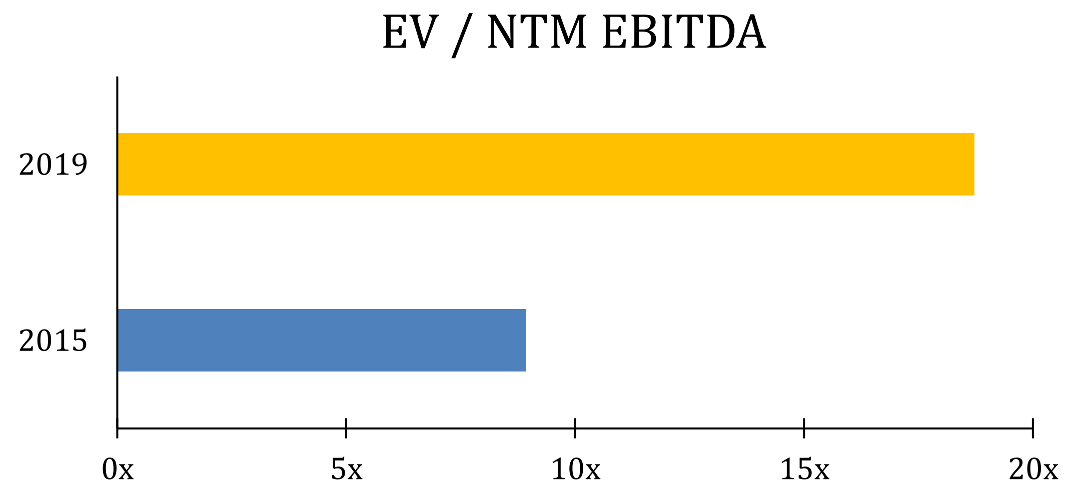
Rank: 87/104

Bechtle Overview

Bechtle AG is the largest IT system house in Germany with 70 locations in the D-A-CH region. The business model combines IT services with the direct sale of IT products.

Statistic	06/08/2015	06/08/2020
Stock Price	€33.62	€149.7
Market Cap	€1.41B	€6.29B
Enterprise Value	€1.34B	€6.55B
Shares Outstanding	42.00M	42.00M
EV / NTM Revenue	0.48x	1.12x
EV / NTM EBITDA	8.94x	18.73x
PE	16.13x	33.70x

Statistic	FY 2015	FY 2019
Revenue	2.83B	5.37B
EBITDA	149.7M	276.6M



Bechtle Business Model

Primary Product

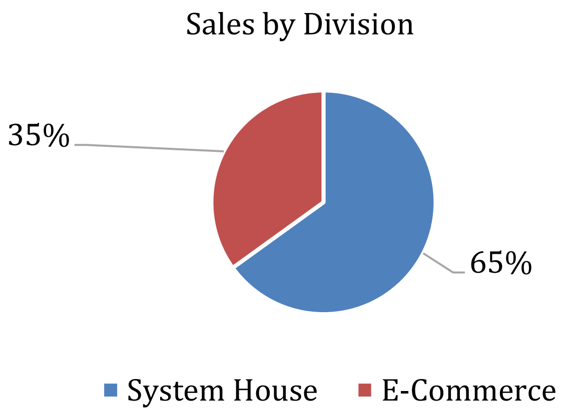
IT System House & Managed Services	IT strategy and consulting (project planning, rollout, and maintenance); also consists of sales of IT hardware and software.
IT E-Commerce	IT software and hardware sold via e-commerce and over the phone.

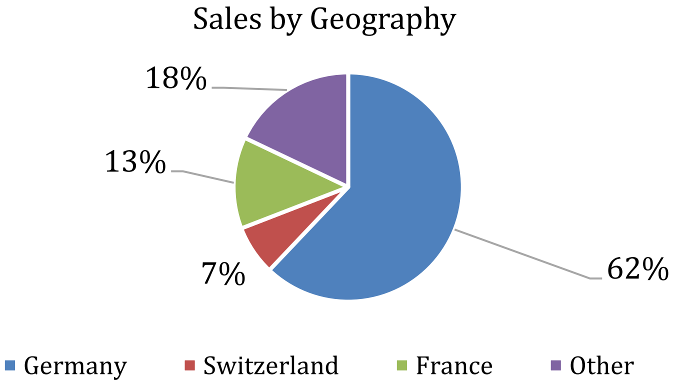
Screenshot of BC8 ecommerce site.

Context

BC8 is a one-stop shop for companies to build their IT infrastructure.

- BC8 service portfolio spans the entire IT value chain – making BC8 a one-stop shop provider.
    - BC8 can offer individualized IT solutions tailored for each customer.
- BC8 is decentralized with 75 offices and 1,700 sales reps which gives customers a local contact, despite BC8 being a major company.
- BC8 E-Commerce segment operates in 14 countries and offers 50,000 products that enable customers to purchase their entire IT portfolio.
- BC8 focuses on medium-sized companies in Austria, Germany, and Switzerland.





BC8 is a medium capital intensity business.

Low Threat
Medium Threat
High Threat

Bechtle Competitive Analysis

German IT Market

Participants consult, sell (both hardware and software), optimize, and maintain IT solutions for corporate and public clients.

Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
Market Structure: Monopolistic Competition **Market Size**: ≈€84.3B[1] **Industry Growth**: MSD[1] • BC8 is the largest IT company in Germany. • Industry is very fragmented: over 90,000 IT companies in Germany (vast majority operating on local scale). • Only 38 companies (including BC8) >250M in annual revenue. • BC8 has roughly 4% market share. • Top ten companies just 15% market share.	• Need to offer a range of products (both hardware and software) and services (consulting, maintenance, etc.). • Can be capital intensive to keep hardware in stock. • Contracts can last for longer than a year.	• Many customers want a personal contact in their region: BC8 has 1,700 sales reps and 75 offices. • Scale enables cost synergies (greater purchasing power). • Scale enables BC8 to develop specific software modules on ad-hoc basis.	• Transition to cloud services undercuts need for local IT providers, and destroys hardware business. • Data breach.	• Companies trending away from buying hardware and relying more on SaaS and Cloud software products instead.

1. 2019 annual report (data from market research institute EITO)

What Investors Missed

The Bear Thesis Five Years Ago:

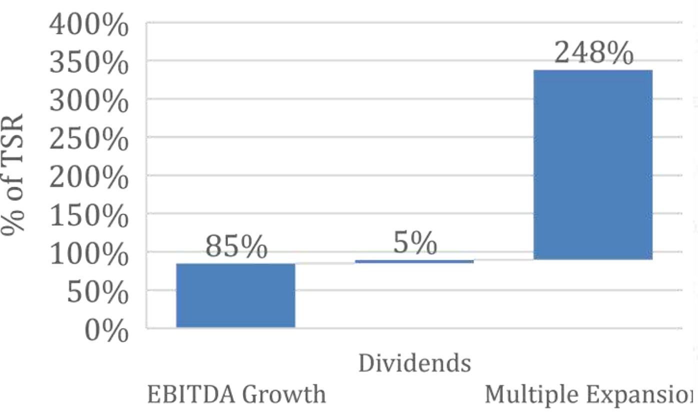
- **Mature company with minimal room for growth.**
  - Relied on acquisitions to fuel growth in the past.
  - Industry trends towards cloud more likely to shrink than grow revenues.
- Not the best business model: EBITDA margins ≈ 5%, medium degree of capital intensity, needs to maintain large workforce.

Why They Were Wrong

The Actual Story of the Last Five Years

BC8 continued to grow	• Continued to make successful acquisitions: • 9 acquisitions in 2019, major Inmac Wstore acquisition in 2018, etc. • Grew core IT System House revenue consistently each year from 1.8B to 3.48B from FY2015 to FY2019. • Maintained strong presence and market share in Germany but increased share of international revenue from 30% to 37%.
Capitalized on industry trends	• Increased focus on e-commerce platform (investments and acquisitions) which grew more than 100% to 1.89B in revenue in FY2019 from 943M in FY2015. • In 2017, invested to update data center and launched Bechtle Clouds to capture cloud industry growth.
BC8 optimized business model	• EBITDA margins expanded slightly to >5.2% due new focus on cloud and e-commerce. • Grew workforce from 7,205 to 10,005 which is key competitive advantage. It lowered gross margins but contributed to growth. • Also enables future growth. • Consistently increased dividend.

Return Breakdown:



Consensus vs Results

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Bechtle Takeaways

BC8 is a Decent Business- 3.5/5

BC8 maintained its positioning

- BC8 stayed true to its core strategy of providing IT services to medium-sized business in Germany and adjacent markets.
- Continued to make major investments in its workforce, even at the expense of gross margin, given its importance to BC8's success.
- Continued to consistently make acquisitions but did not stray from core strategy nor have any blow-ups.

BC8 found avenues for growth

- BC8 invested in cloud infrastructure and enhanced its capabilities to provide cloud services.
  - But also did not lose focus of hardware business which continues to drive revenue.
- Invested in and grew e-commerce platform which has doubled in size since 2015 and provides a future runway for growth.
  - Less capital intensive as well given ability to use drop-shipping (BC8 does not need to hold as much inventory).

BC8 has a runway for growth

- Investments in workforce will enable BC8 to continue to grow core IT System House segment.
- Market remains heavily fragmented – representing opportunity for acquisitions.
- E-commerce platform can continue to grow.

Future Outlook

Can BC8 Sustain its Market Position?

- Large localized workforce enables BC8 to maintain positioning relative to local companies (customers often require having local contact person).
- Scale enables operational synergies and purchasing power.
- One of few large companies in the industry; minimal major competitive threats.

Can BC8 continue to grow faster than the industry?

- BC8 can likely maintain market share.
- Can grow through acquisitions given industry fragmentation.
- E-commerce site represents another avenue of growth.

Is BC8 poised to continue to outperform the market?

- BC8 can likely continue to grow incrementally via acquisitions, organic growth, and through its ecommerce platform.
- But it still operates in an industry that will likely face long-term secular decline as hardware purchases are phased out.
- At 33x forward earnings BC8 could outperform, but there is no clear catalyst that would indicate strong likelihood of outperformance.

NASDAQGS:LGIH

388%

5 Year TSR

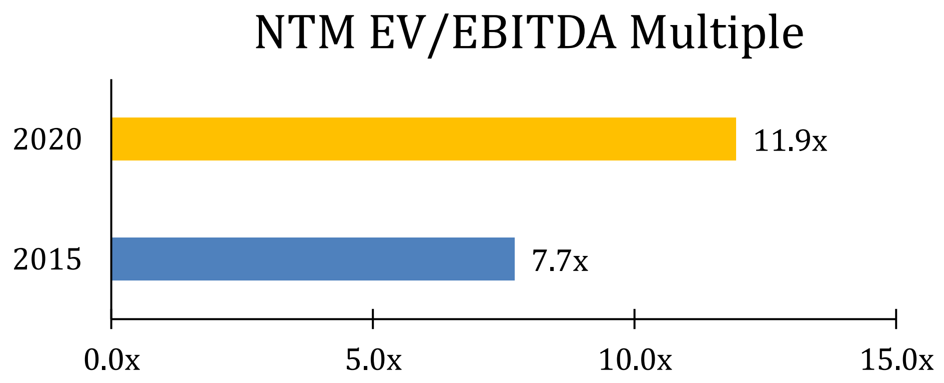
Rank: 88/104

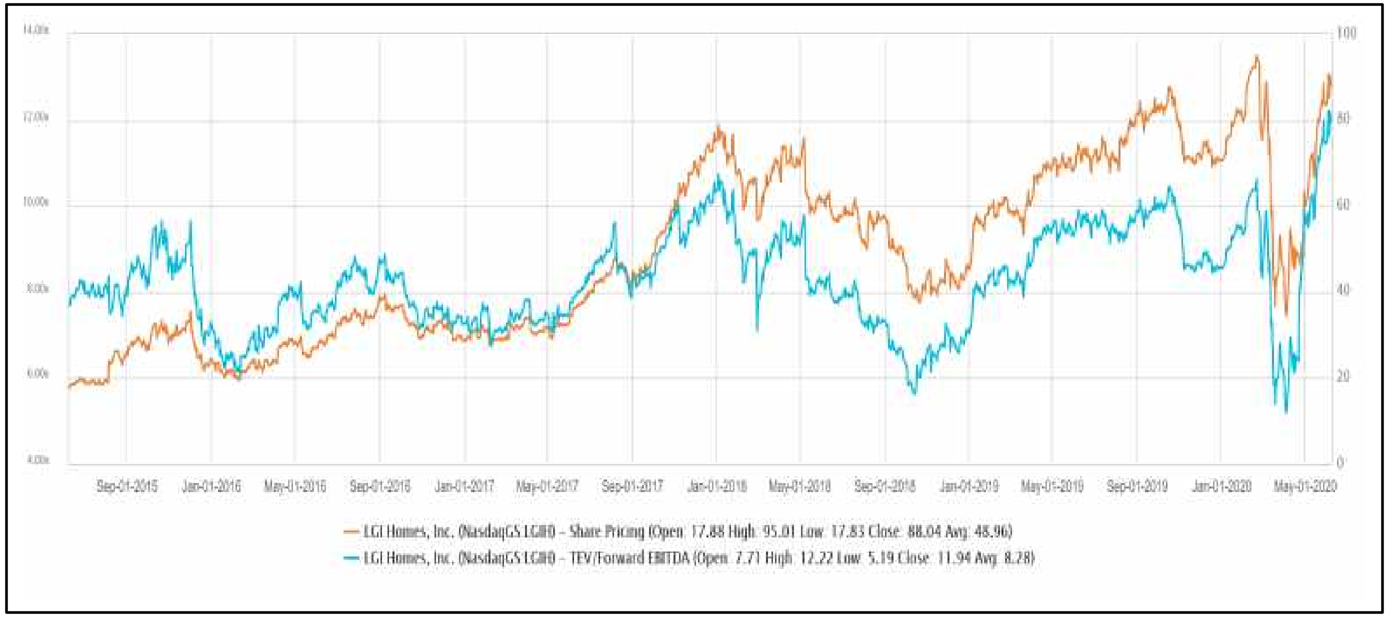
LGI Homes Overview

LGI Homes is the 10th largest residential homebuilder in America and is based in The Woodlands, TX.

Statistic	6/8/15	6/8/20
Stock Price	$17.88	$88.04
Market Cap	$355.96M	$2.21B
Enterprise Value	$546.94M	$2.84B
Shares Outstanding	19.91M	25.07M
EV / NTM Revenue	0.93x	1.53x
EV / NTM EBITDA	7.71x	11.94x
NTM P/E	8.09x	14.73x

Statistic	FY 2015	FY 2019
Revenue	630.24M	1.84B
EBITDA	82.69M	231.51M





LGI Homes Business Model

Primary Products

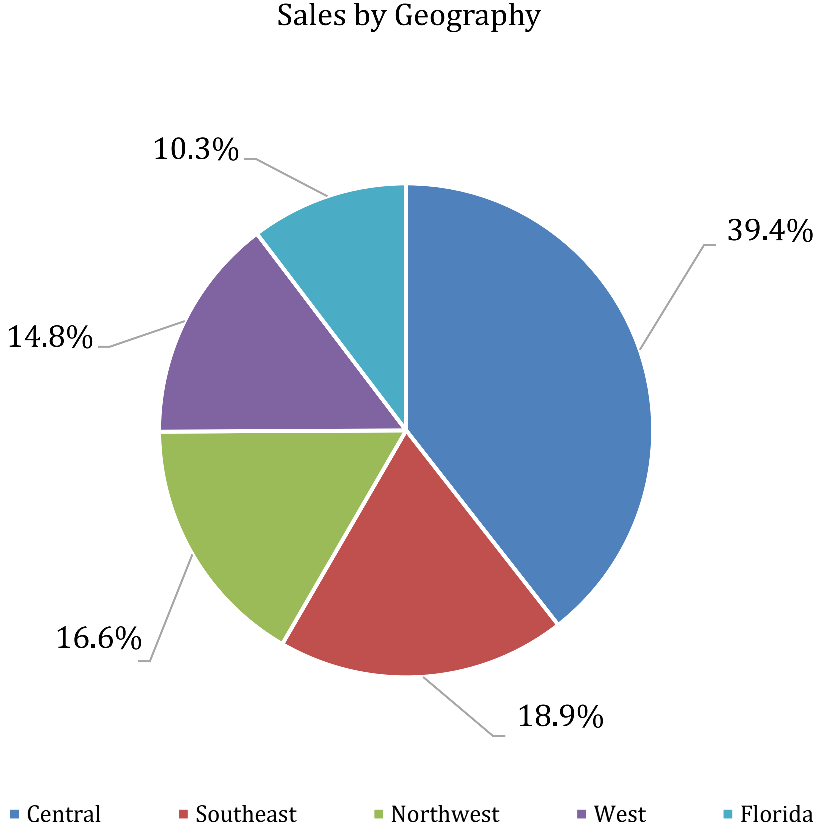
Homes	• New, affordable homes in attractive locations

An LGI Home in the Houston area

Context

LGIH makes the dream of owning a house more of a reality for everyday Americans

- LGIH provides an affordable alternative to renting
  - Focuses on the starter home market – people with not a lot of money to spend on a new home
- Uses a very systematic approach with standard processes and procedures and intricate manuals
  - Allows for quicker production times and thus more inventory
- Generally targets land that is further away from urban centers to supply better value to the homeowner



LGIH is a capital intensive business as all manufacturing is a key part of the business

Low Threat
Medium Threat
High Threat

LGI Homes Competitive Analysis

U.S. Home Building

The players in this industry offer newly constructed single-family homes, in which units are separated by ground-to-roof walls with no other units above or below.

Market Structure	Perfect Competition
Market Size	$95.1B[1]
Industry Growth	LSD[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• High up-front costs and state-based licenses are the only material barriers to entry • There is not a lot of extremely specialized skill that is needed to operate in this industry	• There are low amounts of differentiating factors between most of the home builders • The advantages that are present in the industry by the top players (size and money) are not possessed by LGIH	• Failure to adhere to construction codes could result in heavy lawsuits • Home buying trends are heavily impacted by macro level economics • The elimination of the tax benefits that come with homeownership could reduce demand	• People are moving away from high COL areas in order to get more for their money • Millennials are looking to purchase more houses than before

[1]https://my-ibisworld-com.libproxy.wustl.edu/us/en/industry/23611a/industry-at-a-glance

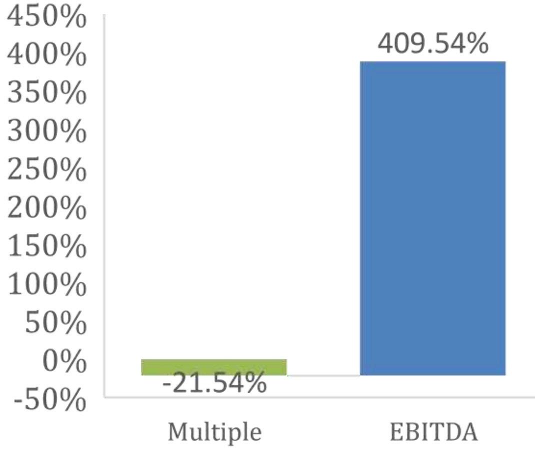
What Investors Missed

The Bear Thesis Five Years Ago:

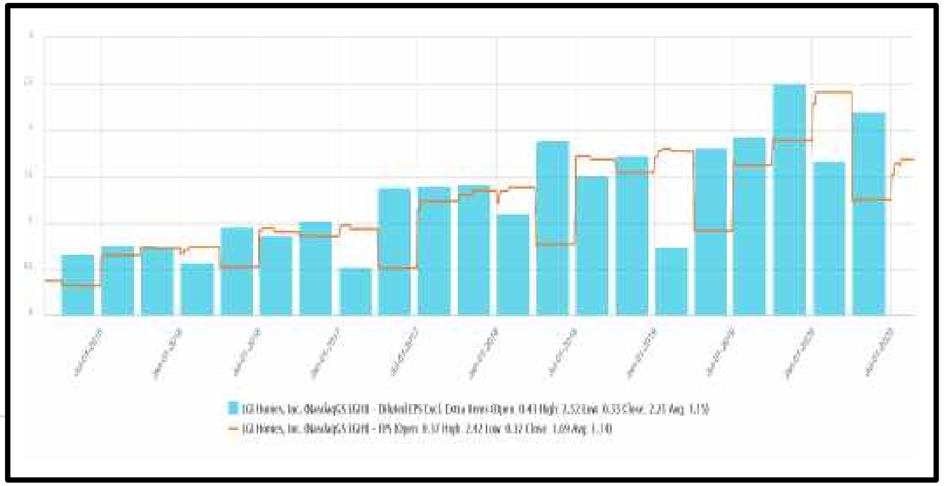
- LGIH did their IPO in November 2013, and, while there had been sizable growth in the 1 full fiscal year before June 2015, it still was not a huge business
  - **Investors and analysts did not forecast huge revenue growth over the next few years because of this**
- Some investors also feared that, because of LGIH's overexposure to the Texas market, the tanking oil prices hurt the Texas economy as a whole, and thus the housing market would also be effected

Why They Were Wrong

Return Breakdown:



Consensus vs Results



The Actual Story of the Last Five Years

Expanded Markets Substantially

- **LGIH expanded their end markets from 13 in 7 states in 2015 to 31 markets in 18 states in 2020**
  - The acquisitions of relatively cheap land due to the outskirts strategy that they employ allows for higher margins than the industry average
- They expanded into up-and-coming markets, such as Nashville, Las Vegas, and Portland, as well as expanded their operations in their current high-growth markets that include DFW and Houston

Low Interest Rates

- **Low interest rates on mortgages drove an increased interest in home buying**
  - Millennials were getting older and the opportunities for cheap financing were, and still are, hard to pass up

Back to List

LGI Homes Takeaways

LGIH is an Okay Business – 3/5

LGIH doesn't have a Strong Moat

- While LGIH has been successful in executing its strategy, there is not much differentiating itself from the other large players in the industry
  - Gaining market share relies heavily on the ability to acquire as much land to build on as possible, and not much else
  - While quality is important, that is not a significant barrier

Strong Macro Tailwinds

- **With interest rates on mortgages lower than ever before, there has been a surge in homebuying recently**
  - Interest rates aren't projected to go back up significantly anytime in the near future
- The deurbanization and shift towards lower cost-of-living areas has also become more popular
  - The work-from-home phenomena will likely accelerate that trend as well

Solid Financial Profile

- **LGIH has realized very impressive top-line growth numbers (CAGR of 30.7%)**
  - However, EBITDA margins shrunk over the same period from 13.1% to 12.6%
- End markets have also become more diversified with regards to its market concentration which has re-risked the stock

Future Outlook

Can LGIH Sustain its Advantages?

- LGIH has no real advantages in the first place, so it is no going to sustain any in the future

Can LGIH continue to grow?

- The strong industry tailwinds which has resulted in strong demand will likely continue into the future
- LGIH is also in the process of expanding into more markets as well, which will continue to grow the company

Is LGIH poised to continue to outperform?

- LGIH has a strong business model and is pried to take advantage of tailwinds, while at the same time, trading in-line with industry norm multiples (10x NTM EV/EBITDA)

GLOBALSCAPE

AMEX:GSB

384%

5 Year TSR

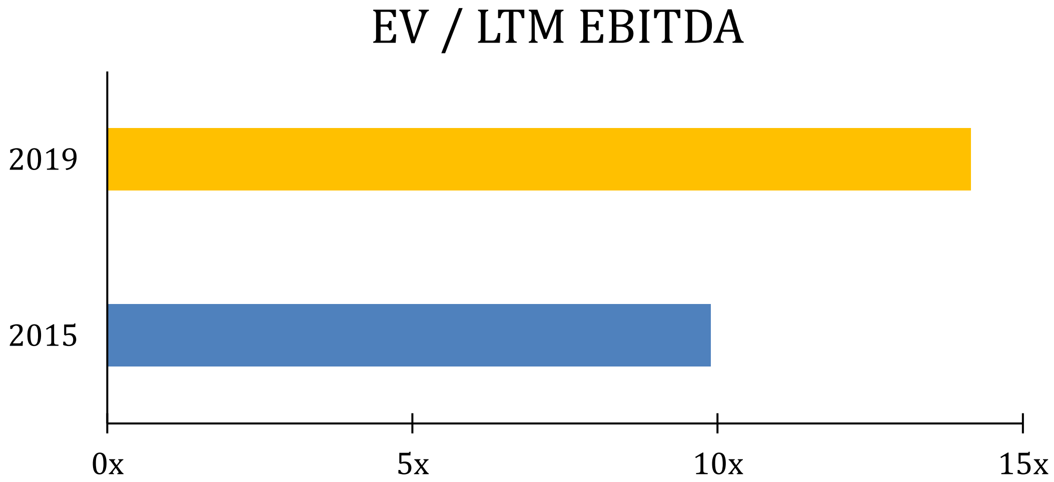
Rank: 89/104

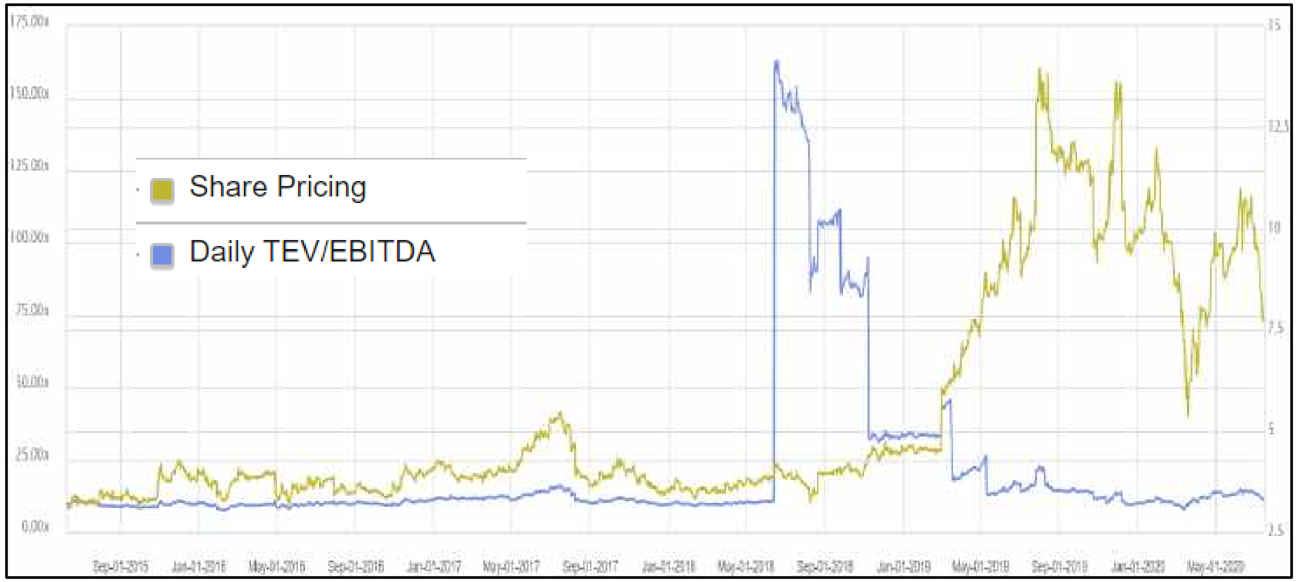
GlobalSCAPE Overview

GSB develops and sells computer software that provides secure information exchange, data transfer, and sharing capabilities for enterprises.

Statistic	06/08/2015	06/08/2020
Stock Price	$3.15	$10.38
Market Cap	$65.38M	$194.21M
Enterprise Value	$53.04M	$233.93M
Shares Outstanding	20.76M	18.71M
EV / LTM Revenue	1.90x	5.75x
EV / LTM EBITDA	9.89x	14.15x
PE	19.70x	14.89x

Statistic	FY 2015	FY 2019
Revenue	30.76M	40.34M
EBITDA	6.58M	15.70M





GlobalSCAPE Business Model

Primary Product

Managed File Transfer Software (MFT)	GSB sells MFT software to enterprise that enables them to securely transfer data from one location to another across their own networks, and to computers in other networks.

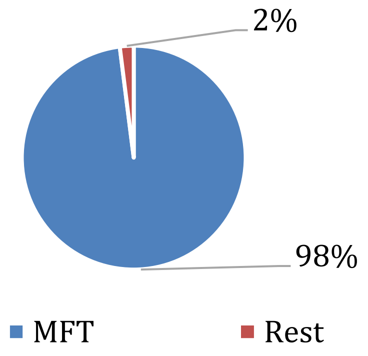
GSB customers

Context

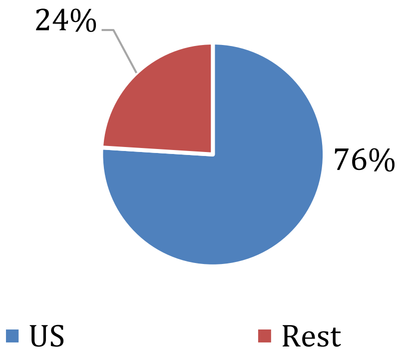
GSB is a file transfer company.

- Helps enterprise customers transfer files securely and effectively.
- GSB's MTF platform provides more security, automation, and performance compared to traditional FTP and email based file transfer systems.
- MTF service is in compliance with information protection regulations.
- Sells products as either a SaaS service or by one-time license purchase (but with annual service fees).

Sales by Segment



Sales by Geography



GSB is a low capital-intensive business.

GlobalSCAPE Competitive Analysis

Low Threat
Medium Threat
High Threat

Global MFT Software Industry

Companies in this industry develop and sell MFT software to enterprises and consumers.

Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

Market Structure: Oligopoly
Market Size: 1B[1]
Industry Growth: > 10%[1]
 	
• GSB is one of the fastest growing companies in the industry but is smaller than the largest players.
   • GSB is the only major pure-play competitor.
• IBM and Axway have ≈50% global market share.
   • Although their growth is slower than GSB (Axway 2015 MFT revenue declined).
	• Regulatory burdens.
	• Long-term contracts and relationships between existing players and customers.
	• Technology start-up costs, but they are not very high relative to other industries.
		• Reputation as secure and reliable partner.
		• Switching costs: customers' operations are embedded with MFT and would incur costs if they switch.
		   • Licenses mean large upfront costs, and higher switching costs.
			• Data breach which could damage reputation and ruin sales pitch:
			   • If value of MFT is security, data breach destroys that argument.
			• System issue which impedes customer's business.
			• Regulatory change.
				• Major data breaches have increased demand for secure file-transfer.

1. https://www.gminsights.com/industry-analysis/managed-file-transfer-market

ALTA FOX CAPITAL

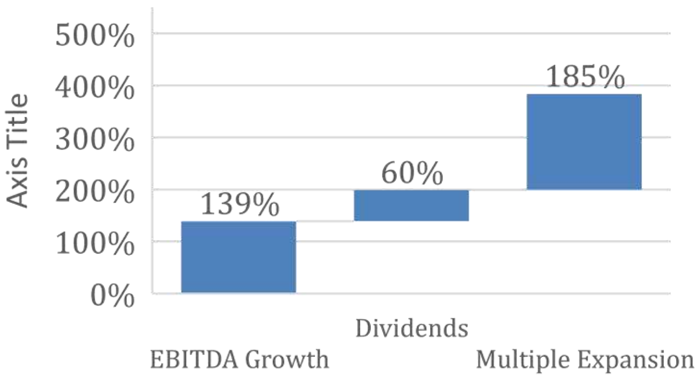
What Investors Missed

The Bear Thesis Five Years Ago:

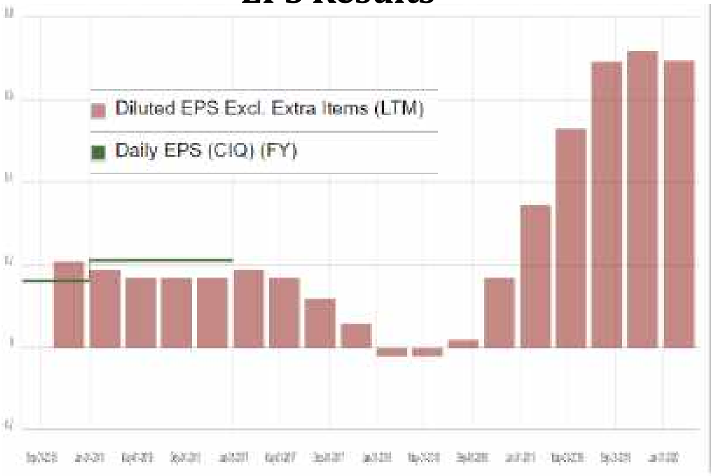
- Tech is an incredibly competitive sector and innovation happens quickly – GSB is an old player who likely will not be able to keep pace.
- Relatively new management with limited experience with GSB; past management also made poor capital allocation decisions by making value destroying acquisitions.
- Revenue growth has been minimal since 2013 but GSB's multiple has already expanded.

Why They Were Wrong

Return Breakdown:



EPS Results



The Actual Story of the Last Five Years

GSB competed strongly	• GSB focused on its core MFT business: 88% of revenue in FY2015 to 98% of revenue in FY2019. • Invested in core product and has won multiple awards (i.e. Corporate Visions best Enterprise File Transfer Solution in 2019). • Maintained high service retention rates (>90%) and no competitor stole significant market share.
Management ultimately worked out	• Bad revenue recognition scandal in 2018. • Focus on cutting opex: SG&A as a % of sales down from 53% in FY2015 to 43% in FY2019. • Reversed focus on SaaS Kinetix product offering to core MFT license business. • Avoided poor acquisitions; returned cash to shareholders through dividends (including 3.35$ special dividend in 2019).
Revenue grew	• Focus on core MFT business and grew revenue at healthy 7% CAGR. • Increasing amount of recurring revenue: maintenance and support revenue increased from 54% in FY2015 to 65% in FY2019. • Revenue, EBITDA, and earnings multiples also expanded.

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GlobalSCAPE Takeaways

GSB is a Strong Business- 4/5

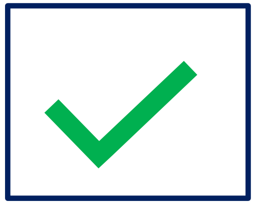
GSB focused on MTF	• GSB realized it was spending too much time on other business units that constituted less than 10% of sales.
	• GSB focused on core MTF business which now represents vast majority – 98%- of sales.
	  • Ensured product quality was high: GSB has won various awards for product quality.
	  • Stayed true to proven license model when SaaS strategy did not work as well as planned.

Growing effectively	• GSB took advantage of its moat and raised prices. • Customers which buy a MFT license from GSB pay large upfront costs and often must also invest in hardware, this makes switching less attractive. • GSB took greater advantage of channel sales, which bolstered growth and now represent 37% of total sales. • Maintenance and support revenue continued to increase, providing healthy recurring revenue.
GSB is an established player in a growing market	• The industry remains competitive but GSB is an established, reputable player with a strong customer base. • Potential to continue to increase licenses sold, maintain recurring maintenance revenue, and upsell existing customers.

Future Outlook

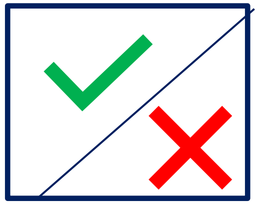
Can GSB Sustain its Market Position?

- The high upfront costs for GSB software make switching costs high.
- GSB software is embedded in customer operations.
- GSB has a strong reputation and track record.



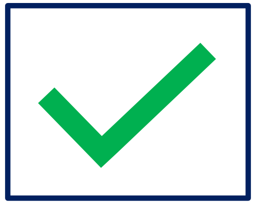
Can GSB continue to grow faster than the industry?

- GSB has a strong reputation and high product quality which can attract new customers.
- But GSB's license model may be less attractive to many new customers than more prevalent SaaS models given the high upfront costs.



Is GSB poised to continue to outperform the market?

- GSB has a strong position in a growing market.
- Management has proven themselves to be solid capital allocators by avoiding poor acquisitions and returning cash to shareholders through dividends.
- License model may impede growth and technology in the space could evolve.
  - Threat of a major new entrant that could disrupt the industry and capture market share.



DATAGROUP

XTRA:D6H

384%

5 Year TSR

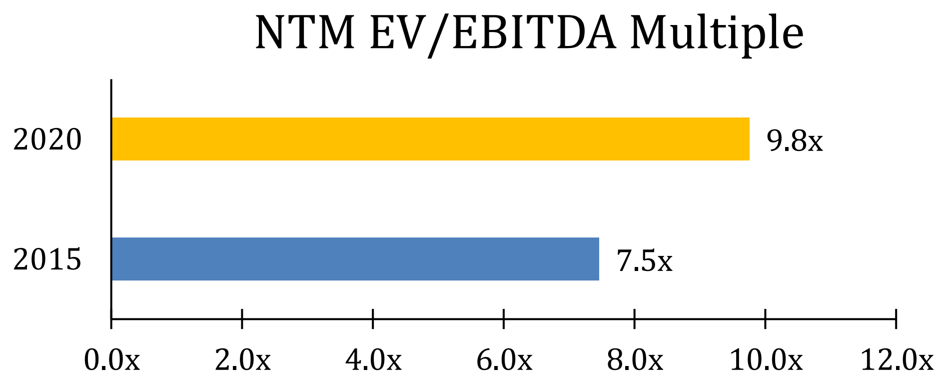
Rank: 90/104

DATAGROUP Overview

DATAGROUP is an IT company based in Pliezhausen, Germany, that provides modern day infrastructure, consulting, and development solutions to companies.

Statistic	6/8/15	6/8/20
Stock Price	€11.90	€52.00
Market Cap	€90.11M	€433.24M
Enterprise Value	€123.46M	€512.91M
Shares Outstanding	7.57M	8.33M
EV / NTM Revenue	0.76x	1.35x
EV / NTM EBITDA	7.46x	9.56x
NTM P/E	14.14x	29.08x

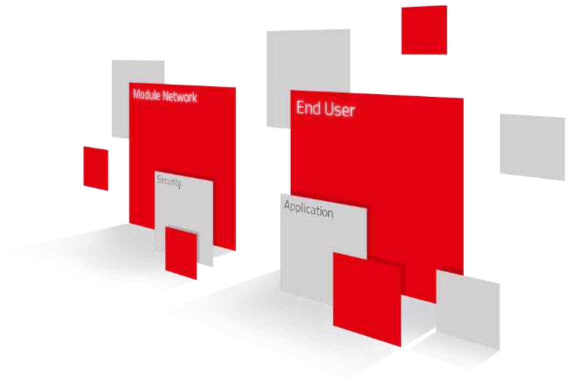
Statistic	FY 2015	FY 2019
Revenue	157.92M	307.54M
EBITDA	11.82M	35.67M



DATAGROUP Business Model

Primary Products

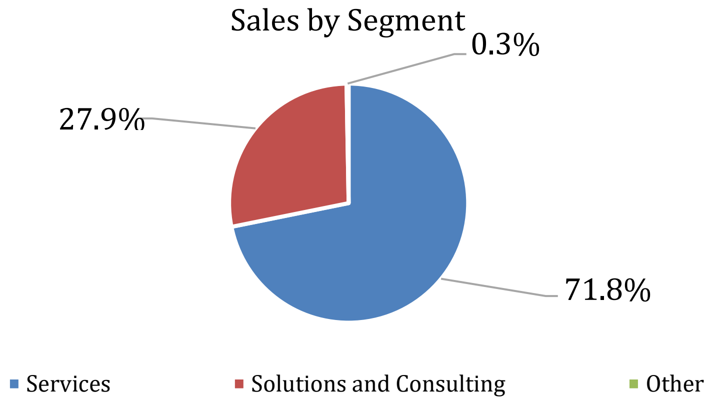
CORBOX	• Modular system of flexibly combinable services that cover the entire range of corporate IT operations
IT Transformation	• Guiding companies along the path of transforming internal IT systems
IT Solutions	• Developing solutions that are tailored to the needs of individual clients

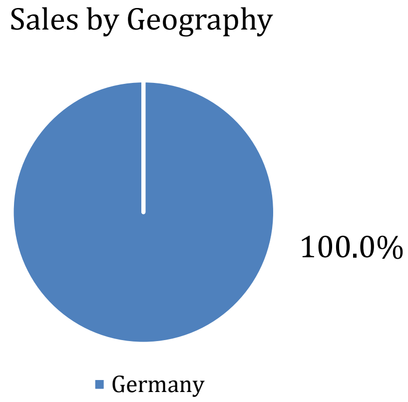


Context

D6H helps companies operate efficiently in a digitized world

- For many small-to-medium sized companies, it is expensive and difficult to find high-quality employees to work in a dedicated IT department
  - D6H provides IT outsourcing services
- With flagship product, CORBOX, companies have a “box” at their disposal through which they can pick-and-choose the IT service modules that are most suitable for them
  - It also functions as a cloud enabling platform through which D6H integrates their offerings





D6H is a capital light business as manufacturing is not a key part of the business

ALTA FOX CAPITAL

Low Threat
Medium Threat
High Threat

DATAGROUP Competitive Analysis

IT Services

The players in this industry offer consulting, software development, and systems integration services that are used by organizations in creating, managing, and delivering information as well as assisting with other business functions.

Market Structure	Pure Competition
Market Size	$822.4B[1]
Industry Growth	MSD[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• Virtually no barriers to entry are present besides know-how and reputation	• Long-term contracts results in a low churn-rate • High customer satisfaction	• Long-term M&A growth may not be sustainable • The founder and CEO, Max Schaber, owns 51% of the company, so the entire fate of the company relies solely on him for the most part • Overleverage could result in defaulting on interest payments	• Increased digitization of everyday IT products

[1]https://www.statista.com/markets/418/topic/483/it-services/

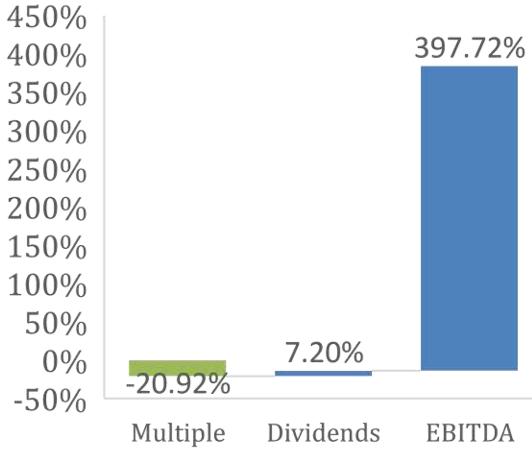
What Investors Missed

The Bear Thesis Five Years Ago:

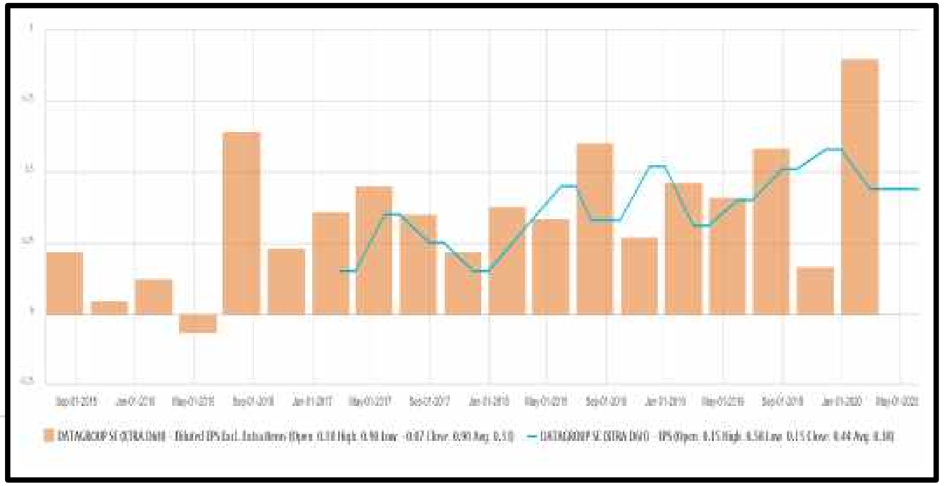
- **There was virtually no revenue growth from 2012 to 2015 (CAGR of 2.4%)**
  - Historically, D6H's growth plan revolved around heavy M&A activity, and there was only one acquisition in the 3 years prior to June, 2018
    - This was a company of just 50 employees, which ended up not materially help top-line growth
- The lack of a long-term, organic, sustainable growth plan was worrisome for many investors

Why They Were Wrong

Return Breakdown:



Consensus vs Results



The Actual Story of the Last Five Years

Several Successful Acquisitions

- In September 2016, D6H took over 300 IT specialists from Hewlett-Packard Enterprises
  - **This acquisition caused D6H to be one of the leading providers of SAP HANA in Germany**
    - SAP HANA is a key technology for digital transformation of companies
- In August 2019, D6H acquired a 300-person company in bankruptcy called IT-Informatik
  - From this deal, D6H received a broad portfolio of small and medium sized customers which allowed them to expand their market share
  - They also received 100 SAP experts which allowed them to expand their service capacity
  - **Made that business profitable in less than 4 months, while providing a €20M increase in annual revenues**

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DATAGROUP Takeaways

D6H is an Average Business – 2.5/5

D6H has a Moat	• Customers are bound to contracts for 3, 5, or even more years, with the average customer holding period being 10 years ◦ This makes switching costs for customers high and customer churn low
Promising Industry	• **Strong IT capabilities have increasingly become a critical part of run a successful business** ◦ The ability to manage people, products, and processes through technology allows for insights that can be used to increase efficiency • The future of business is going to revolve around more advanced technology, and if the smaller players want to remain competitive, they need help in order to utilize those features in a cost-effective manner
Worrisome Financial Profile	• Top-line has grown at a CAGR of 16.8% over the past 5 years while EBIT margins have remained stagnant at 5.7% • **A debt-to-equity ratio of 3.66 and declining returns on capital employed are signs of weak underlying financial stability** • While the M&A expansion strategy does allow companies to snatch up market share more easily, it is important to do so without over-levering, which D6H is guilty of

Future Outlook

Can D6H Sustain its Advantages?

- Given its size relative to the much larger players, D6H is in a position to continue to be an industry leader in customer service, and thus customer retention

✓

Can D6H continue to grow?

- D6H will continue to seek out acquisitions to expand their reach, as M&A growth is cheaper than organic growth on a per customer basis for them
- The size of the deals and the speed at which they happen are uncertain though

✓

Is D6H poised to continue to outperform?

- It is unlikely that D6H will continue to outperform given the lack of organic scalability of the business model
- Although there was little-to-no multiple expansion, the inorganic growth rates will slow down each acquisition (only means of material growth) will provide smaller incremental revenue increases relative to previous revenues

✗

city chic collective

ASX:CCX

383%

5 Year TSR

Rank: 91/104

City Chic Collective Overview

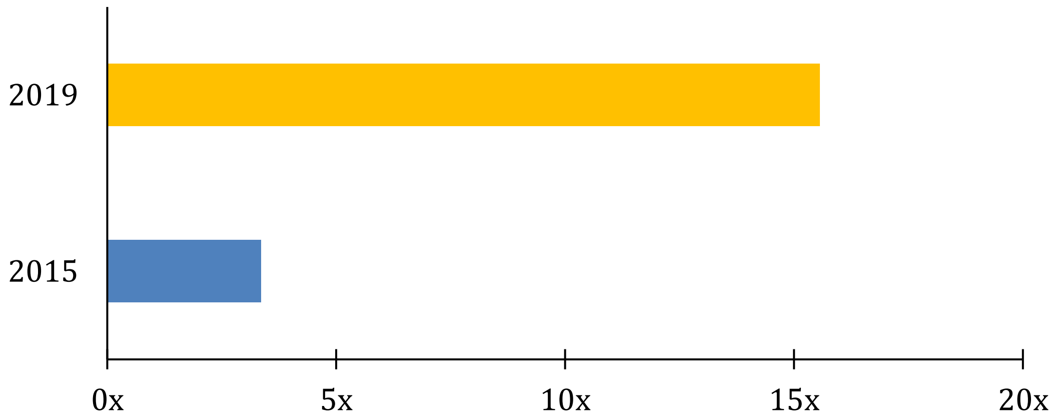
In Australian Dollars (AUD)

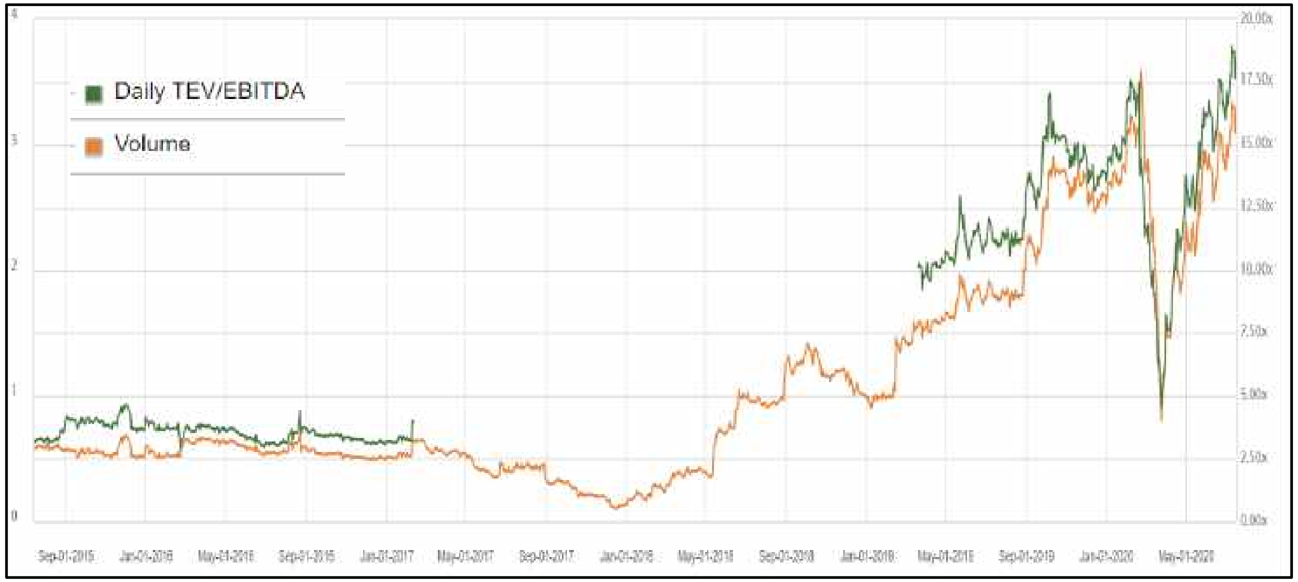
CCX is a leading omni-channel retailer specialising in plus size women's apparel, accessories, and footwear. CCX core markets are Australia and New Zealand but is growing its international presence.

Statistic	06/08/2015	06/08/2020
Stock Price	$0.62	$2.71
Market Cap	118.23M	$543.18M
Enterprise Value	$119.13M	$580.51M
Shares Outstanding	192.24M	200.44M
EV / NTM Revenue	0.15x	2.70x
EV / NTM EBITDA	3.36x	15.57x
PE	13.79x	28.20x

Statistic	FY 2015	FY 2019
Revenue	791.5M	148.7M
EBITDA	9.7M	22.8M

EV / NTM EBITDA





City Chic Collective Business Model

Primary Product

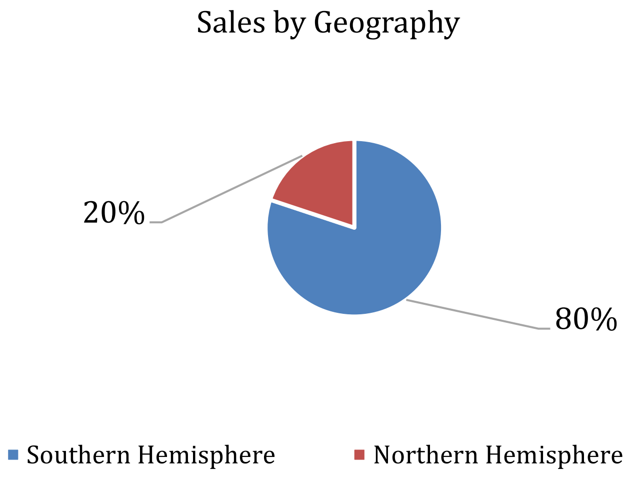
Plus Size Fashion Retail	Fashionable plus size apparel for women that is sold through CCX store, and online through their own website and other websites.

Inside a CCX store

Context

CCX is a women's plus size clothing retailer.

- CCX clothing is considered fashionable and CCX makes the majority of its sales at full price without discounting.
- CCX sells its clothing in Australia and New Zealand through its 109 retail locations.
- Online presence through City Chic website as well as partnerships with variety of online marketplaces (i.e. Macy's, Nordstrom, etc.).
- Sells wholesale to stores in US and Europe.



CCX is a high capital-intensive business.

Low Threat
Medium Threat
High Threat

City Chic Collective Competitive Analysis

Plus-Size Women's Clothing Stores

Retailers in this industry specialize in plus-size women's clothing, which is clothing proportioned specifically for larger women. Typically, sizes 14 and up are in the plus-size category; however, not all brands and retailers follow this convention.

Competitive Landscape

Market Structure	Monopolistic Competition
Market Size	9.8B[1]
Industry Growth	LSD[1]

- Some of CCX's closest competitors, such as Ascena Retail Group in the US, are filing for bankruptcy.
    - Could represent M&A opportunity for CCX as Ascena is the largest pure-play retailer in the US.
- Most stores are owned and operated on a local level.

Barriers To Entry

- Start-up capital to design range of clothing and set up store.
    - Less of a barrier now with ecommerce.
- Brand awareness essentially only true barrier, however this is a weak barrier to entry.

Competitive Advantages

- **Brand reputation and fashion clout.**
- Established supply chain.
- Product range and SKUs.

Risks

- Fashion risk: product no longer fashionable or brand loses clout.
- Supply chain disruptions.
- Brick and mortar declines faster (Covid-19 impact).

What's Changed in the Industry

- Brick and mortar retail sales have declined and ecommerce sales have risen.

1. Underestimated figures as they do not include online sales or plus-size clothing sales from stores with multiple departments: Ibis World.

ALTA FOX CAPITAL

What Investors Missed

The Bear Thesis Five Years Ago:

- Brand weakness, such as Rivers which is losing money.
  - Also seems like a poor acquisition, which raises questions about capital allocation.
- Brick-and-mortar stores are going away and CCX will not be able to adapt to ecommerce.
- Extremely slim EBITDA margins at just over 1%; unprofitable at an EBIT level.

Why They Were Wrong

The Actual Story of the Last Five Years

CCX divested from five / six of their brands

- CCX completely transformed their business in July 2018 (impacting FY2019 and beyond) when they divested from 5/6 of their brands, including Rivers.
  - CCX transformed into a pure-play women's plus size retailer.
- Acquisitions since have been focused on the women's plus size niche, and growing market share.

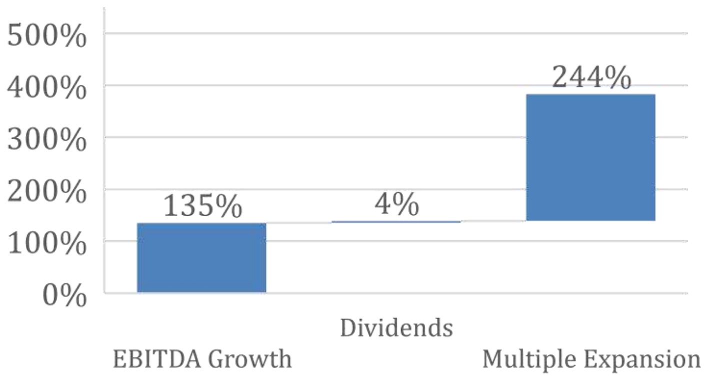
Ecommerce penetration

- Ecommerce sales as a % of revenue have increased from 6.5% in FY2015 to 53% in Q12020.
- CCX is focused on ecommerce: acquired solely the ecommerce assets of Avenue, a plus sized retailer in the US.
- CCX is not afraid to adapt their brick and mortar operations:
  - Opening larger stores as they've performed better.
  - Closed 14 stores in June.

Margins grew

- Divesting from other brands helped CCX grow their EBITDA margin to 15.2% in FY2019 and the company is profitable.

Return Breakdown:



EPS Results

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City Chic Collective Takeaways

CCX is a Good Business- 3.5/5

CCX transformed into a pure-play women's plus size clothing retailer	• **CCX divested from 5/6 of its brands, impacting FY2019 onwards.** ◦ All of CCX's 5 year shareholder return was generated in FY2019 as the market reacted positively to this change. • CCX now is focused solely on the women's plus size clothing segment, and no longer has any brands that are weighing down the bottom line.

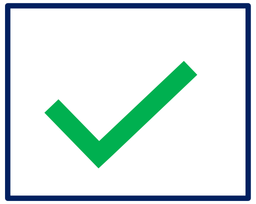
CCX has invested in ecommerce	• As brick-and-mortar retail sales decline, CCX has a strong effort to expand ecommerce operations
	  ◦ Launched various features, such as 24hr live chat, and improved fulfilment capabilities.
	  ◦ Acquired ecommerce business of major American player Avenue.
	• Ecommerce revenue now 53% of sales whereas it was just 6.5% of FY2015 sales.
	  ◦ Ecommerce revenue is also higher margin.

CCX has a runway for growth	• CCX sees opportunity for international expansion through ecommerce and will enable CCX to test new products and concepts given the "infinite store size." • CCX can likely acquire American brands as many are entering bankruptcy.

Future Outlook

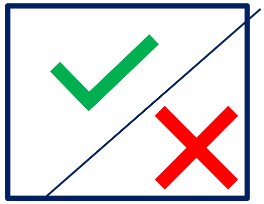
Can CCX Sustain its Market Position?

- Many traditional competitor are struggling to survive during coronavirus, and some are entering bankruptcy.
  - CCX has a strong balance sheet and no debt and will likely weather Covid-19 successfully.
- CCX has made the pivot to ecommerce, a necessary pivot to survive in the modern clothing retail space.



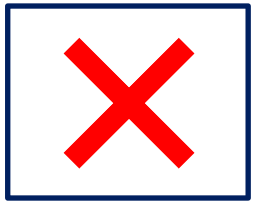
Can CCX continue to grow faster than the industry?

- CCX is positioned to capture growth through both its stores in Australia and New Zealand and ecommerce channels.
- CCX has a strong customer base.
- Low barriers to entry in the industry, especially online, raise concerns over whether they can capture new growth.



Is CCX poised to continue to outperform the market?

- CCX has a strong ecommerce business and reputation in the industry.
- But Covid-19 is an existential threat to their entire brick-and-mortar presence, which is still 47% of sales.
- Low barriers to entry in the industry, especially online.
- CCX trades at 28x earnings, a premium to the market.



ALTA FOX CAPITAL

Gamma

AIM:GAMA

383%

5 Year TSR

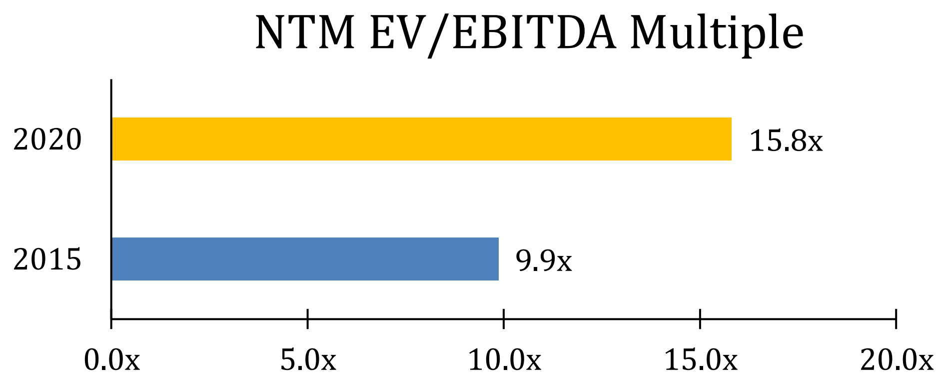
Rank: 92/104

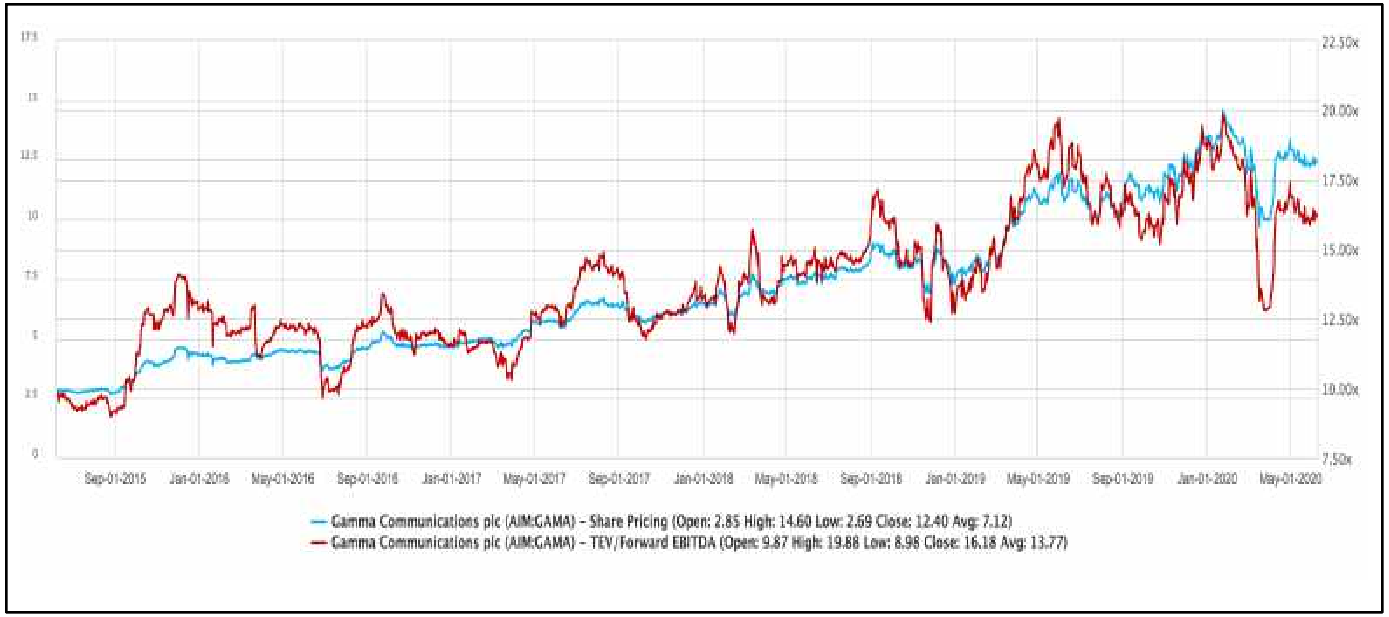
Gamma Communications Overview

Gamma Communications plc, headquartered in Newbury, United Kingdom, provides communications and software services such as collaboration, inbound call control, network services, and enabling services to businesses.

Statistic	6/8/15	6/8/20
Stock Price	£2.85	£12.4
Market Cap	£255.27M	£1.18B
Enterprise Value	£242.07M	£1.14B
Shares Outstanding	89.64M	94.93M
EV / NTM Revenue	1.28x	3.09x
EV / NTM EBITDA	9.87x	15.81x
NTM P/E	18.23x	26.31x

Statistic	FY 2015	FY 2019
Revenue	£191.8M	£328.9M
EBITDA	£23.4M	£58.1M





Gamma Communications Business Model

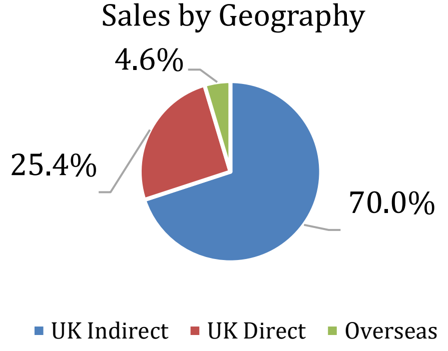
Primary Products

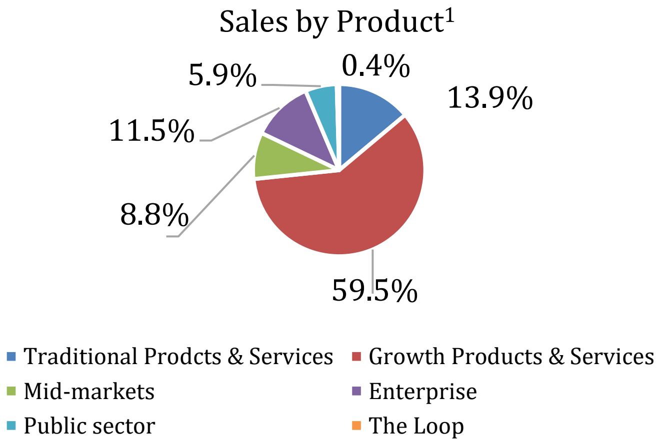
Telecom Services	• Unified Communications as a Service (UCaaS) • Unified communications products such as messaging, video calling, and instant conference services and • Business-only mobile service • SIP trunking service gives businesses a more resilient and cost effective phone service • Broadband, ethernet, and advanced network services

Context

GAMA provides business communication services to the UK and Dutch markets

- UK Indirect segment supplies GAMA solutions to channel partners
- UK Direct segment looks to contract its services with enterprises, mid markets, and the public sector
- Overseas segment consists of sales made in the Netherlands made by DX Groep B.V. and its subsidiaries
- Main product is voice traffic, from which revenue is derived from channel partners & carriers
- Growth products derive income from IP voice traffic and rental income from SIP trunks and other data products





GAMA is a capital light business.

[1]Revenue shown by product market for UK Direct and UK indirect segments. Overseas revenue segment is not reported with any further specification

			Low Threat
			Medium Threat
			High Threat

Gamma Communications Competitive Analysis

Diversified Telecommunication Services

The players in this industry include Alternative Carriers, communications providers, and high-density data transmission service providers. Companies provide communications and data services using high bandwidth or fiber optic cable networks.

Market Structure	Perfect Competition
Market Size	$1.07T[1]
Industry Growth	LSD[2]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• Spectrum scarcity means a finite number of companies can operate cellular or PCS services within a specific geographic location and frequency • Large service providers in the general telecommunications industry make it difficult for new entrants, but antitrust measures prevent a monopoly from forming	• GAMA provides channel partners with Gamma Academy and Gamma Accelerate, their training and marketing platforms • GAMA services are flexible, scalable, and secure • GAMA customer service is excellent, allowing customers to easily place orders, activate services, and access support easily	• Breach in data security could negatively impact GAMA reputation and commercial position. Fines could also be enforced should GAMA breach GDPR • If GAMA's network and systems preform below market expectations, product and revenue growth could be negatively impacted and operating costs could increase	• Growth of wireless technology and decline of physical connectivity • Launch of 5G data services and unlimited data bundles • Market structure has decentralized some, moving slightly away from a monopoly towards an oligopoly • Covid-19 has increased the importance of mobile connectivity for businesses

[1]https://eresearch.fidelity.com/eresearch/markets_sectors/sectors/industries.jhtml?tab=learn&industry=501010
[2]Last 5 years

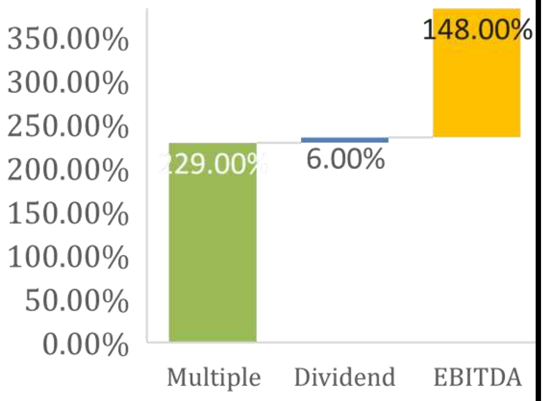
What Investors Missed

The Bear Thesis Five Years Ago:

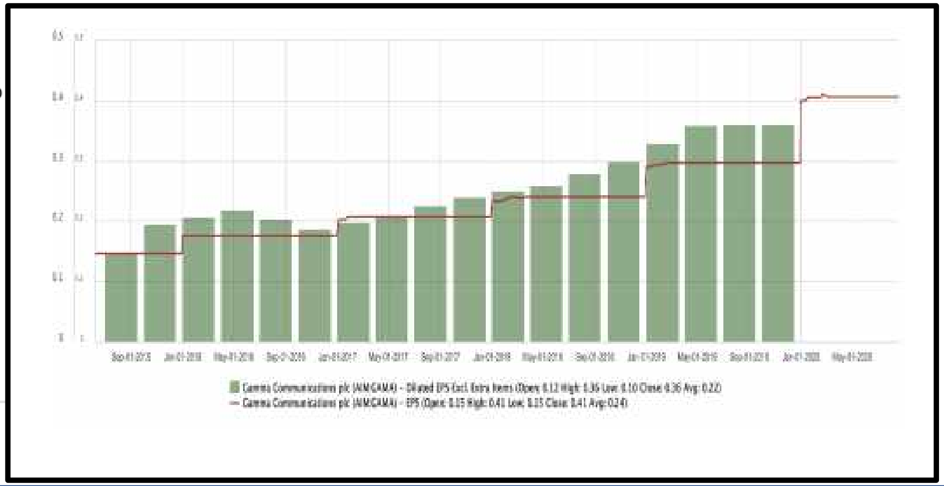
- **GAMA was only listed on the AIM in 2014, making it a newly public company in 2015**
  - In 2015, investors only had about a year of GAMA public performance to look at
  - GAMA was also engaged in a pricing dispute over ”ladder pricing”, where fixed line operators billed other operators for certain toll free numbers
  - In 2014 GAMA purchased control equipment that provides the core of a mobile network, but it still had not launched in 2015

Why They Were Wrong

Return Breakdown:



Consensus vs Results



The Actual Story of the Last Five Years

New Products & Platforms	• Launched new Collaborate and Call Recording platform in 2019 to expand UCaaS offerings • 2018 launched Connect a fixed/mobile coverage product • Developing a Cloud Contact Center solution for release, aided by the acquisition of Telsis • Consistently looking to develop new products and integrated services to meet customer needs
Medium and Long-term Growth Strategy	• Developed a clear growth strategy in 2018 that has 4 core ideas • Transition of their cloud telephony position into the UCaaS • Build on fixed and mobile telecom to differentiate themselves from pure OTTs • Expand geographic footprint into Europe • Build on digital capabilities to assure agility and maintain competitiveness

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Gamma Communications Takeaways

GAMA is a Good Business – 4/5

GAMA is Constantly Evolving

- GAMA consistently looks for ways to distinguish itself from competitors
- GAMA grows its industry position by anticipating industry tends and launching new products to meet them
- Management has a focused plan for the medium and long-term

Avenue for Growth

- UCaaS market is a new avenue for growth for GAMA
- GAMA has cash and equivalents of £53.9M, which it can invest in expanding its UCaaS offerings, and GAMA has no debt
- EPS has fairly consistently been above analyst estimates over the last 5 years
- Consistent topline growth over the last 5 years, with revenue growing 15.4% in 2019
- Strong gross profit and EBITDA margins at 50.6% and 17.7% respectively for FY 2019

Future Outlook

Can GAMA Sustain its Advantages?

- GAMA also prides itself on the quality of their customer service, which can easily be maintained (and also replicated)
- GAMA faces a lot of competition, especially as it enters into the UCaaS market

Can GAMA continue to grow?

- UCaaS market is expected to grow 12% annually over the next 5 years,
- GAMA has a clear and well thought-out growth plan for the next five years

Is GAMA poised to continue to outperform?

- GAMA is well placed to whether negative impacts from Covid-19 and to capitalize on the industry changes it causes
- With opportunity for growth and good management, GAMA should continue to outperform

NATIONAL RESEARCH Corporation

NASDAQGS:NRC

379%

5 Year TSR

Rank: 93/104

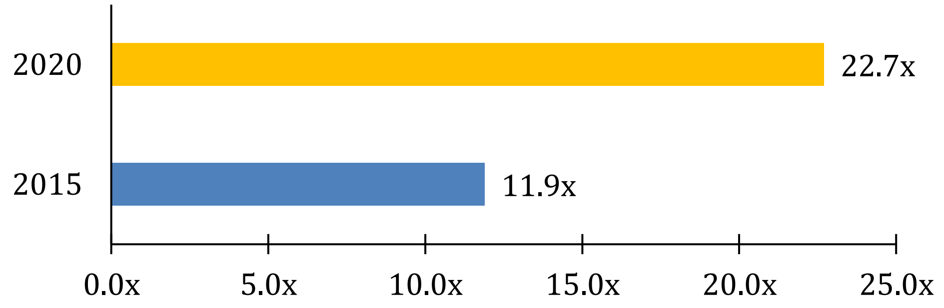
National Research Corp Overview

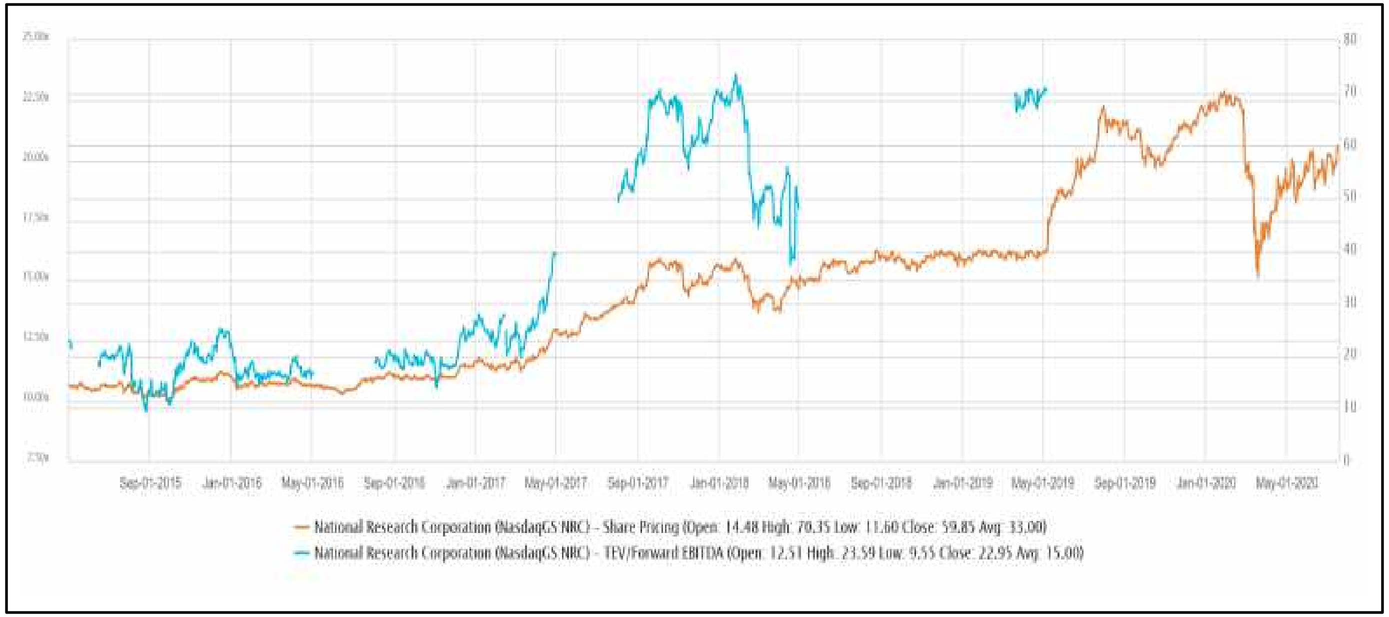
National Research Corporation is a leading healthcare-focused, data collection and analytics software company based out of Lincoln, NE.

Statistic	6/8/15	6/8/20
Stock Price	$11.94	$59.20
Market Cap	$396.52M	$1.49B
Enterprise Value	$367.27M	$1.51B
Shares Outstanding	24.55M	25.73M
EV / LTM Revenue	3.71x	11.61x
EV / LTM EBITDA	12.38x	30.32x
LTM P/E	20.53x	42.28x

Statistic	FY 2015	FY 2019[1]
Revenue	102.34M	127.98M
EBITDA	30.56M	48.60M

NTM EV/EBITDA Multiple[1]





[1]Multiple from 5/19 due to no forward multiples being available after that date

National Research Corp Business Model

Primary Products

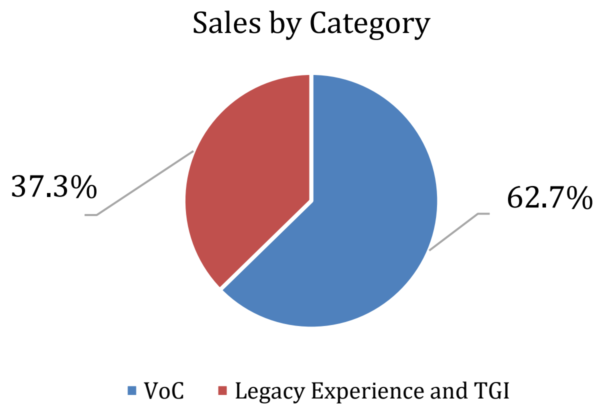
Voice of the Customer Platform (VoC)	• Portfolio of solutions that collectively provide a comprehensive set of data capabilities
The Governance Institute (TGI)	• Advice for not-for-profit hospital and health system boards of directors, executives, and physician leadership

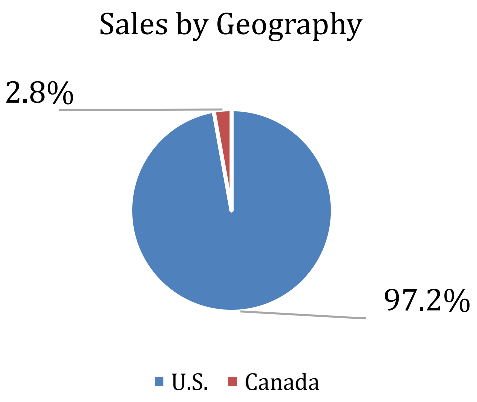
Example of a real time customer satisfaction dashboard

Context

NRC enables healthcare organizations gather crucial feedback from their patients

- Through the VoC platform, NRC offers market insight tools, patient experience data, health risk management tools, and organizational transparency tools, among others
- The goal is to capture, interpret, and improve the Consumer Assessment of Healthcare Providers and Systems (CAHPS) data that is required by the Centers for Medicare and Medicaid Services (CMS)
- The majority of products operate as a subscription model





NRC is a capital light business as it is a SaaS based business.

National Research Corp Competitive Analysis

- Low Threat
- Medium Threat
- High Threat

Healthcare Analytics

The players in this industry offer qualitative and quantitative tools to aid health care organizations in evaluating the quality of their operations

Market Structure	Pure Competition
Market Size	$14B[1]
Industry Growth	> 10%[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• Little barriers to entry due to a lack of need for uniqueness • NRC already competes with a few players that provide similar services as they do, as well as healthcare organizations' market research teams • Also faces threats from traditional market research firms looking to expand their offerings	• NRC's biggest competitive advantage is its expansive and diverse client base	• Because NRC's customers operate in a highly political and regulated industry, cuts to their margins due to further regulation could have a negative effect on NRC • NRC has no patents, so any IP/software could be stolen, replicated, and/or sold at a lower price without any legal ramifications	• Trend towards medical services compensation being tied to patient outcome and quality of service • New laws are requiring price transparency from care providers, giving the patients more purchasing power

[1]https://www.prnewswire.com/news-releases/healthcare-analytics-market-size-to-reach-usd-40-781-billion-by-2025--cagr-of-23-55---valuates-reports-301041851.html

What Investors Missed

The Bear Thesis Five Years Ago:

- There was not a whole lot of coverage of NRC 5 years ago, so the pure lack of knowledge of the existence of the firm contributed to its relatively low price
- **During a recapitalization in 2014, a confusing (to the market) share class split occurred**
  - This provided an excellent opportunity for stock arbitrage, but wasn't very investor friendly

Why They Were Wrong

The Actual Story of the Last Five Years

Recapitalization

- In 2018, management led to a well executed recapitalization of the firm that got rid of one class of stock and set up a singular stock
- This allowed more clarity on the investors side, allowing them to feel more confident about investing in a business they knew was strong

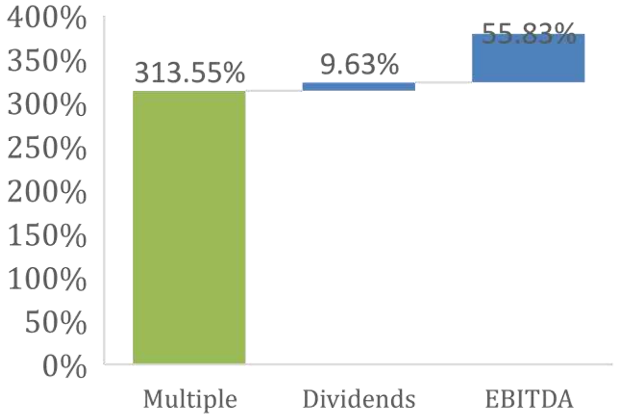
Consistent Dividends

- **NRC has established itself as a consistent dividend stock**
- NRC pays out a substantial amount of its earnings in dividends
  - Given the CEO also owns over 50% of the shares and controls the company, there is more incentive for him to pay the shareholders before reinvesting into the company

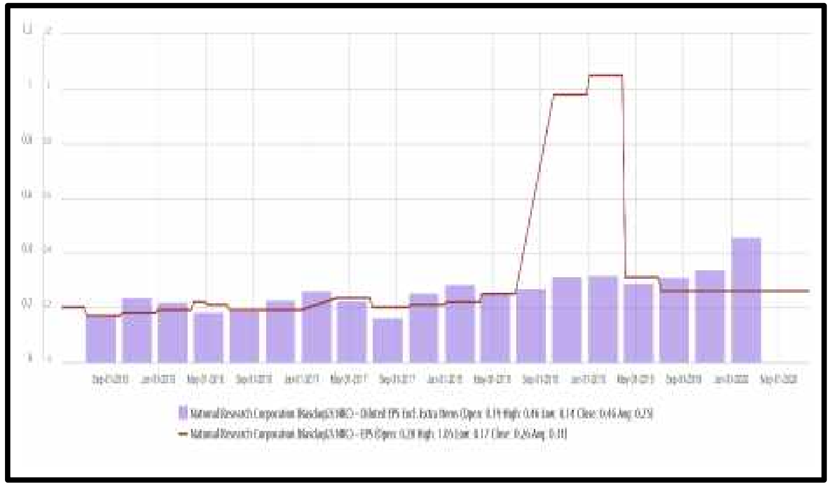
Substantial Margin Expansion

- EBITDA margins increase by 8% due to the reduction in material costs caused by a change in survey methodology that relies more on the internet instead of postage in addition to economies of scale

Return Breakdown:



Consensus vs Results



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National Research Corp Takeaways

NRC is an Okay Business – 3/5

NRC has no a Moat

- Their business model is mainly collecting surveys for healthcare organizations, which isn't an extremely complicated business
- Although they have established themselves in the industry already, there are many other players who are actively focused on breaking in or already do what NRC does
- There is nothing special about NRC besides the quality of the actual product

Good Industry to be in

- **The saving grace for NRC is the changing dynamics of health care compensation in the United States**
- Medicare and Medicaid reimbursement from commercial payers is becoming increasingly more focused on the value that was provided from the service and not just what services were administered
- These regulations are making customer centric care a focus for many organizations, as their financial health now depends on how good of a job they actually do, and feedback is helpful for that

Future Outlook

Can NRC Sustain its Advantages?

- It doesn't seem like NRC is going to lose its existing client base, as the products are well received and praised for their quality and ease of use

✓

Can NRC continue to grow?

- The healthcare industry is shifting towards quality based compensation
- NRC's services are becoming more and more valuable given the changing environment in the industry

✓

Is NRC poised to continue to outperform?

- Given so much of the large 5-year TSR has come from multiple expansion, and the 5-year revenue CAGR is unimpressive at 5.6%, it is unlikely that NRC will continue to outperform the market, despite the growing market that it operates in

✗

OM:TROAX

377%

5 Year TSR

Rank: 94/104

Troax Group Overview

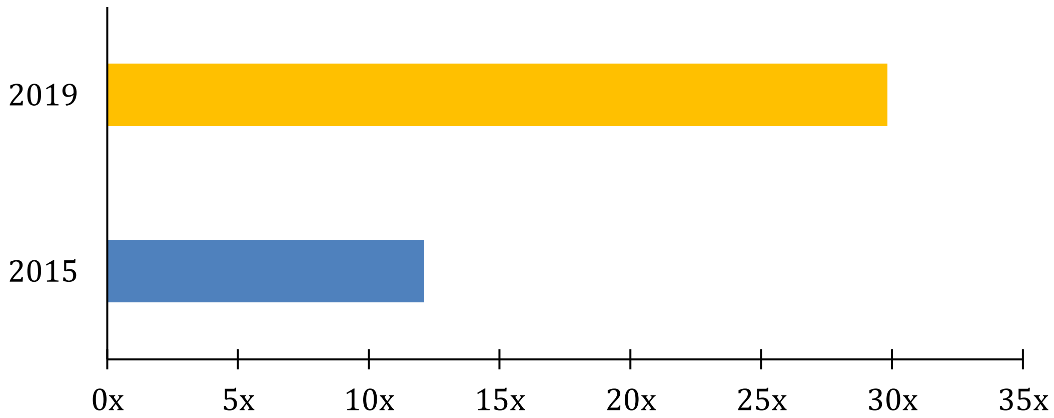
In Swedish Krona (Kr)

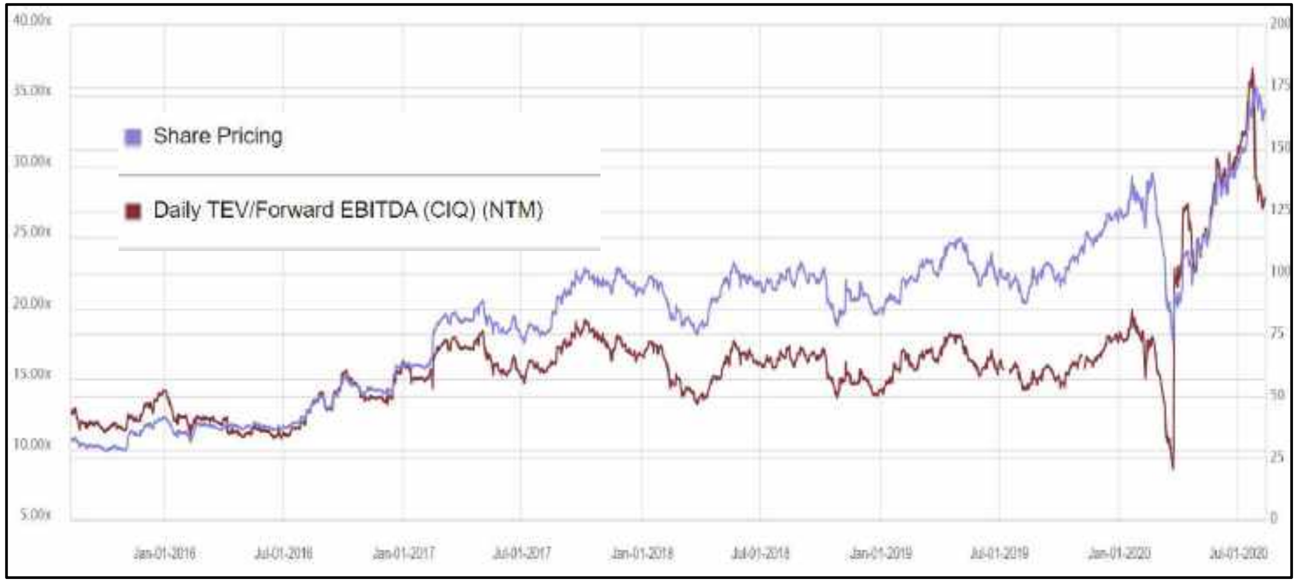
Troax is a global supplier of area protection for indoor use (metal based mesh panel solutions) within the machine guarding, warehouse partitioning and property protection market segments.

Statistic	06/08/2015	06/08/2020
Stock Price	29.67 Kr	138.2 Kr
Market Cap	1.92B Kr	8.28B Kr
Enterprise Value	2.46B Kr	8.96B Kr
Shares Outstanding	64.82M	59.94M
EV / NTM Revenue	2.63x	5.76x
EV / NTM EBITDA	12.12x	29.82x
PE	5.64x	51.23x

Statistic	FY 2015	FY 2019
Revenue	1.07B	1.73B
EBITDA	243.3M	375.0M

EV / NTM EBITDA





Troax Group Business Model

Primary Product

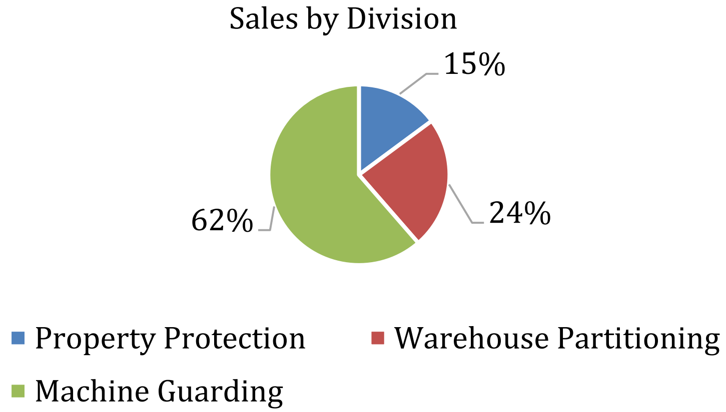
Metal Mesh Panels	TROAX manufactures and sells metal-based mesh panels for use in guarding people from machines, partitioning factories, and property protection.

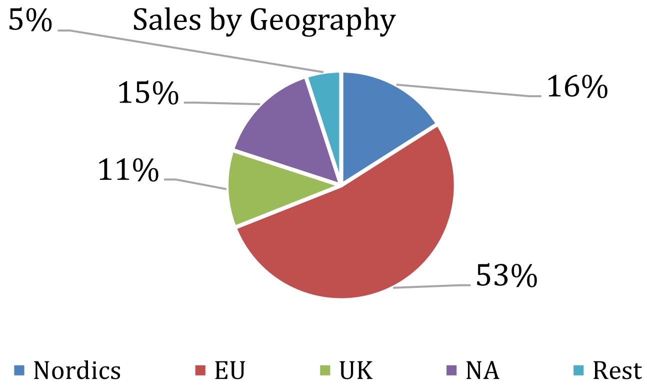
TROAX mesh panels in use.

Context

TROAX manufactures high-quality metal-based mesh panels.

- TROAX's products are used to guard people from machines, to partition factors, and to protect property.
- TROAX ensures its product are high-quality and reliable:
  - TROAX uses a third party quality tester.
  - Products undergo rigorous testing and results posted online.
- TROAX has manufacturing facilities in 5 countries and sells worldwide.
- Largest player in the industry.





TROAX is a high capital intensity business.

Low Threat
Medium Threat
High Threat

Troax Group Competitive Analysis

Metal Mesh Industry

Participants manufacture and sell a variety of different metal mesh products primarily for use in factories and for property protection.

Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

Market Structure: Oligopoly / Monopolistic Competition
Market Size: ≈£1.1B[1]
Industry Growth: MSD[1]
• TROAX is the largest player with 15% market share.
  • Next biggest competitor is Axelent with 6% market share.
• Remainder of the market is fractured:
  • 38% of global market controlled by blacksmiths.
  • 41% controlled by small, independent competitors.
	• Capital intensive to purchase machinery and materials.
	• Product is not very difficult to produce and there are many small and independent players.
		• Relationships with major customers (i.e. manufacturers).
		• Variety of module sizes so products can be pieced together and used in a variety of situations.
		• Reputation for quality and quality testing results.
			• New competitor enters market and undercuts TROAX on price.
			• Product defect or failure.
			• New product (i.e. made from new material) is invented and used.
				• Auto industry (a key end market) has slowed.
				• Increasing use of robots and humans co-operatively in manufacturing.

1. Q1 2020 Investor Presentation

What Investors Missed

The Bear Thesis Five Years Ago:

- **Not a very attractive industry:** products are essentially commodities, low industry growth, cyclical.
- TROAX is in a very mature industry and has minimal room for growth.

Why They Were Wrong

The Actual Story of the Last Five Years

TROAX is an industry leader

- TROAX has maintained its status as the largest player in the industry with roughly 15% market share (2^{nd} biggest 6% share).
- TROAX products are highest quality available and is the only major company to have quality standards verified by third party certification company (TÜV).
  - TROAX products are superior to many cheaper alternatives.
- TROAX avg revenue growth of 15% > industry growth of 4%-6%.

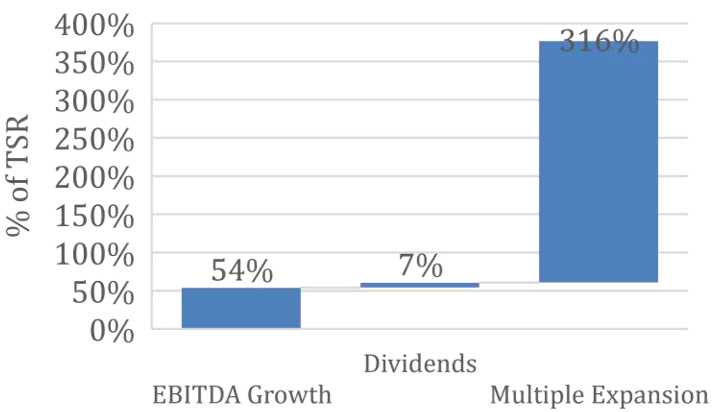
TROAX expanded capabilities

- Invested to increase production capacity each year since 2015.
- Expanded product line: TROAX now makes transparent PC panels which the company believes is an avenue for future growth.

TROAX grew

- TROAX maintained dominant market share in Nordics.
- Consistently added distributors; grew revenue outside Nordics from 82.7M to 141.4M from FY2015 to FY2019.
- Acquired Folding Guard in 2017 and expanded to US – large market and major avenue for future growth.

Return Breakdown:



Consensus vs Results

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Troax Takeaways

TROAX is a Good Business- 3.5/5

TROAX is the industry leader

- Despite the market being largely fragmented, TROAX is the largest major player and nearly 3x as big as the 2nd largest competitor.
- TROAX has high-end products that are more reliable than many cheaper alternatives:
  - Safety products so customers want most reliable product – not necessarily cheapest one (especially given low cost relative to other costs).

TROAX grew

- Maintained market share in core Nordics market.
- Grew incrementally in Europe (11.4% CAGR) and UK (4.44% CAGR) by adding new distributors and cultivating new customer relationships.
- Expanded to US via acquisition of Folding Guard. Large growth opportunity.
  - US now represents 15% of sales and TROAX is investing to expand capabilities and capture market share.

TROAX can likely continue its growth trajectory

- Mature, fragmented industry with minimal innovation – TROAX can likely continue to grow through acquisitions and by leveraging their brand and reputation.
- Still new to US market which represents large growth opportunity.

Future Outlook

Can TROAX Sustain its Market Position?

- Mature industry and TROAX has consistently been the leading player.
- Not much room for innovation nor is there much incentive for a major new competitor to enter (1.1B total market size).
- Reputation is key, and TROAX has one of the best.

Can TROAX continue to grow faster than the industry?

- TROAX can likely continue to capture market share by leveraging its reputation and quality, and by entering new markets / increasing penetration in existing ones (i.e. US).
- Fragmented industry and lots of opportunity for roll-up acquisitions.

Is TROAX poised to continue to outperform the market?

- Mature industry with minimal innovation – not much room for major growth surprises.
- TROAX can likely continue to grow in a similar fashion but will no likely no longer see return through multiple expansion as it trades at 55x earnings (multiple also drove last five year return).
- Trend towards automatization of manufacturing likely to be a long-term headwind as there is less need for human safety protection equipment.

NEO GENOMICS

NASDAQCM:NEO

376%

5 Year TSR

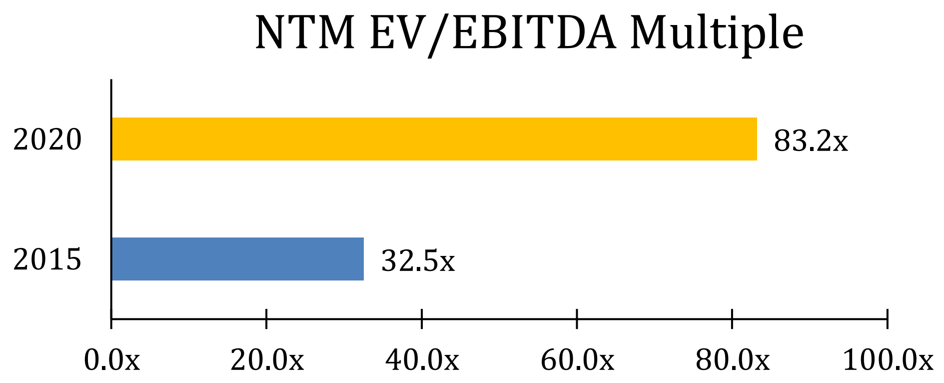
Rank: 95/104

NeoGenomics Inc. Overview

NeoGenomics, Inc., headquartered in Fort Myers, Florida, operates a network of cancer-focused testing laboratories in the United States, as well as laboratories in Switzerland and Singapore.

Statistic	6/8/15	6/8/20
Stock Price	$5.63	$27.85
Market Cap	$339.88M	$3.06B
Enterprise Value	$318.71M	$3.13B
Shares Outstanding	60.37M	109.74M
EV / NTM Revenue	2.90x	7.05x
EV / NTM EBITDA	32.54x	83.20x
NTM P/E	N/A	N/A

Statistic	FY 2015	FY 2019
Revenue	$99.8M	$408.8M
EBITDA	$6.2M	$46.5M



NeoGenomics Inc. Business Model

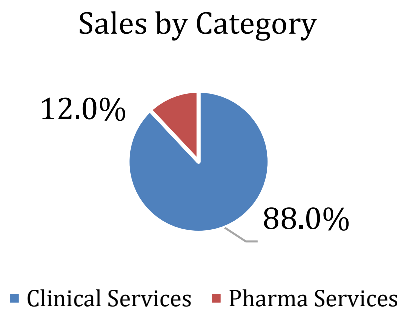
Primary Products

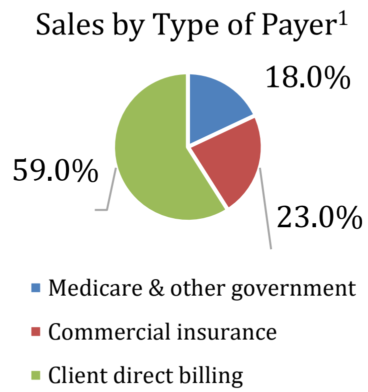
Genetic Testing	• Molecular and next-generation sequencing testing • Diagnostic test kits • NeoTYPE panels including IHC and FISH tests • Clinical trials and research • Laboratory services • Data interpretation services

Context

NEO operates cancer-focused genetic testing laboratories

- NEO operates in two segments: Clinical and Pharma
- Clinical customers include community-based pathology practices, oncology groups, hospitals, and academic centers
- Pharma includes pharmaceutical companies seeking testing and services to support their studies and clinical trials
- NEO helps biopharma customers develop diagnostic tests of their own and identify drug targets
- NEO markets its services to pathologists, oncologists, urologists, other clinicians, hospitals, and pharmaceutical companies





NEO is a capital intensive business, as it has laboratories worldwide.

[1]Sales by geography not given

NeoGenomics Inc. Competitive Analysis

Low Threat
Medium Threat
High Threat

Life Sciences Tools & Services

The players in this industry are involved in drug discovery, development, and production by providing analytical tools, instruments, consumables, supplies, and contract research services

Market Structure	Oligopoly
Market Size	$461.97B[1]
Industry Growth	> 10%[2]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• Technology requires significant R&D to develop • Strict regulatory environment • Relationships and reputation are very important and take time to build	• Lower cost and quick testing turnaround times is a key competitive advantage for NEO • NEO invests in information technology, automation, and best practices to continually improve on this advantage • NEO is the leading provider of Molecular and next-generation sequencing testing • NEO can serve as a one-stop-shop, satisfying all oncology testing needs in their laboratory	• NEO has substantial indebtedness with an agreement providing $100M revolving credit facility, $100M term loan facility, and $50M delayed draw term loan • Major competitors, including Quest Diagnostics, can offer lower prices, thus making them more attractive to customers • Facing efforts by government payers to reduce utilization and reimbursement for laboratory testing services	• Increased laboratory automation • Increased pressure to lower healthcare service costs such as laboratory testing • Covid-19 increasing demand for laboratory testing and need for fast turnaround time

ALTA FOX CAPITAL

[1] https://eresearch.fidelity.com/eresearch/markets_sectors/sectors/industries.jhtml?tab=learn&industry=352030
[2]YTD

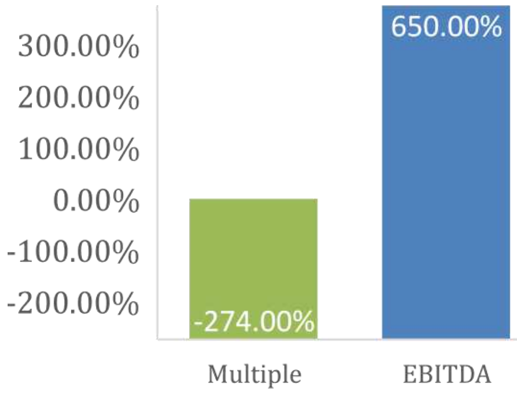
What Investors Missed

The Bear Thesis Five Years Ago:

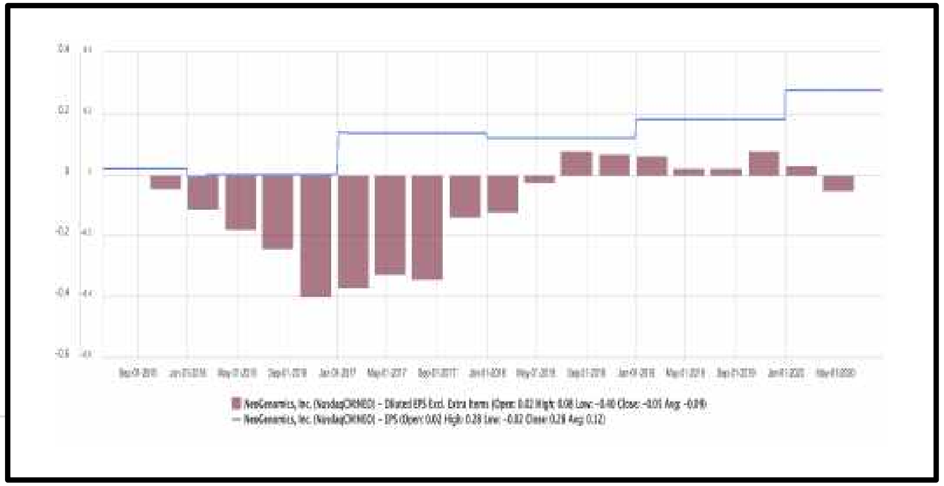
- **NEO's competitors were big, well established companies with more expansive testing capabilities**
  - NEO was looking to build the company by developing a high quality team of employees
  - NEO had one operating segment, Laboratory Testing, that delivered testing services to hospital, pathologists, oncologists, other clinicians, and researchers
  - Net loss for 2015 of $2.5M primarily due to acquisition costs and FISH reimbursement cuts by CMS

Why They Were Wrong

Return Breakdown:



Consensus vs Results



The Actual Story of the Last Five Years

Market Share Expansion

- Expanded from one operating segment to two
- New Pharma segment supports pharmaceutical companies with testing in clinical trials
- Gained market share by entering into contracts with managed care organizations and large hospital groups
- Acquired Genoptix in 2018 and successfully integrated it, which helped increase revenue in 2019 by 48%
- Announced a global strategic partnership with Pharmaceutical Product Development, LLC in 2018
- Opened a laboratory in Singapore and one in Switzerland
- Above industry average employee retention rate, indicating success in creating positive company culture

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NeoGenomics Inc. Takeaways

NEO is an Okay Business – 3/5

NEO has a Niche

- NEO operates cancer-focused testing laboratories, while its competitors have more general testing capabilities
- NEO can be a one-stop-shop and satisfy all oncology testing needs in their laboratory
- Offers complete suite of cancer testing

Financial Growth

- Revenue has grown consistently over the last 5 years
- Net income was negative until 2018, but has been positive for the last two, showing movement in the right direction
- Strong gross profit margin of 48.1% in FY 2019 (between 42% and 48% for the last 5 years)
- EBITDA margin in line with competitors' at 11.4% in FY 2019 (around 11% for the last 3 years)

Future Outlook

Can NEO Sustain its Advantages?

- NEO's main competitive advantage is its low costs and quick turn around time, which can be replicated by its competitors
- Tests are not proprietary

Can NEO continue to grow?

- NEO has growth potential in the pharma services segment (had a backlog of $145M at the start of 2020)
- Can continue to grow geographically, reaching new customers with their testing capabilities

Is NEO poised to continue to outperform?

- Covid-19 could lower NEO testing volumes with stay at home orders in place, thus decreasing revenue in the short term
- NEO has a narrow potential for continued growth, and it would need to cut costs to remain competitive and continue to outperform

XTRA:SANT

376%

5 Year TSR

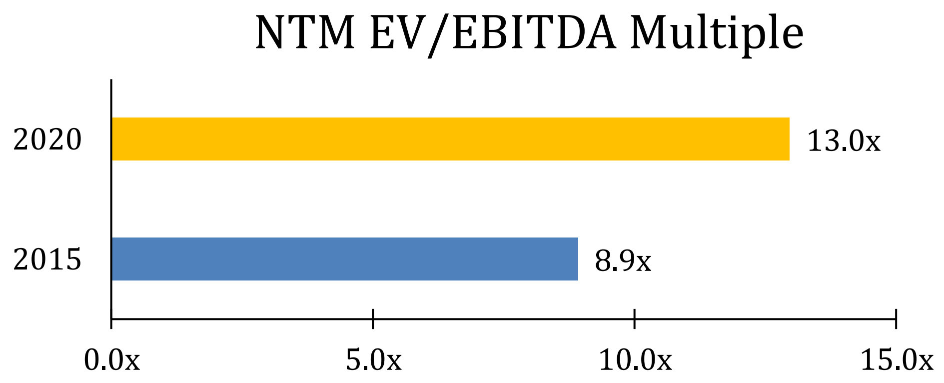
Rank: 96/104

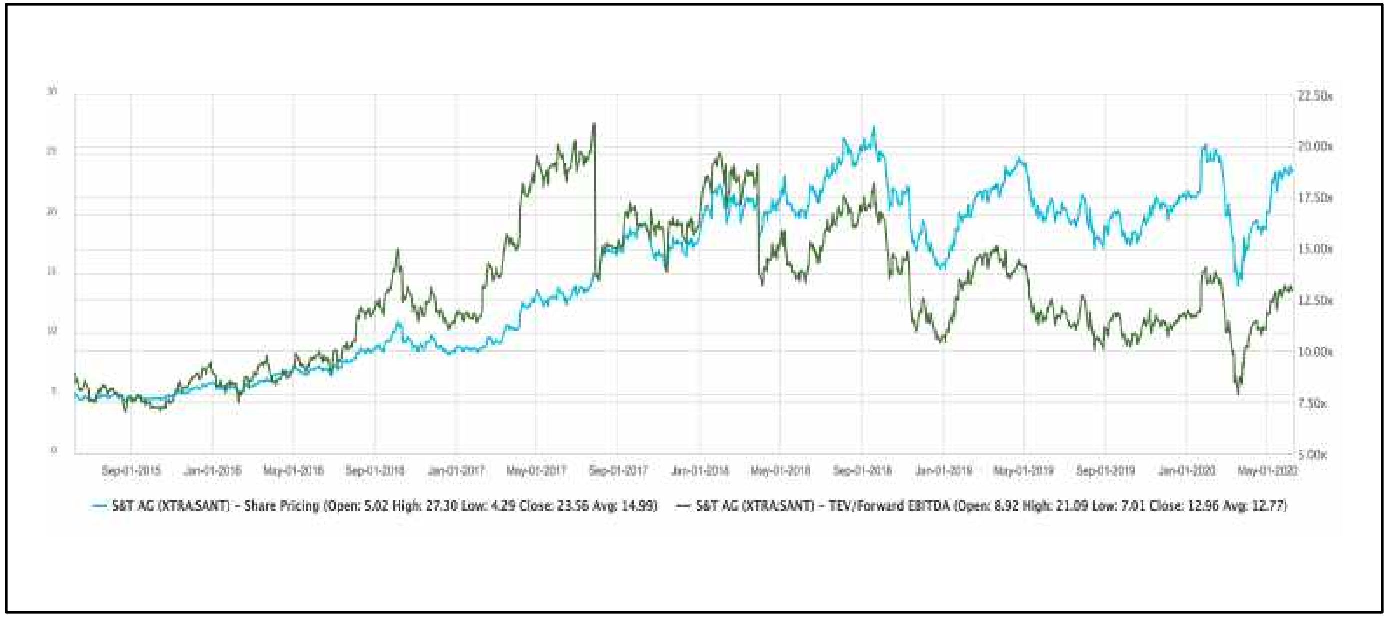
S&T AG Overview

S&T AG, headquartered in Linz, Austria, develops, implements, and markets IT hardware, solutions, and services primarily in Germany, Austria, Switzerland, and Eastern Europe.

Statistic	6/8/15	6/8/20
Stock Price	€5.02	€23.56
Market Cap	€217.39M	€1.53B
Enterprise Value	€241.75M	€1.57B
Shares Outstanding	43.27M	65.01M
EV / NTM Revenue	0.52x	1.30x
EV / NTM EBITDA	8.92x	12.96x
NTM P/E	15.22x	29.34x

Statistic	FY 2015	FY 2019
Revenue	€470.9M	€1.138B
EBITDA	€22.9M	€71.4M





S&T Business Model

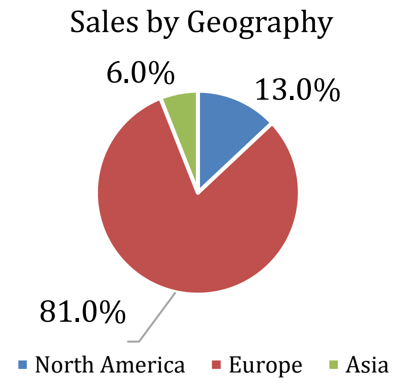
Primary Products

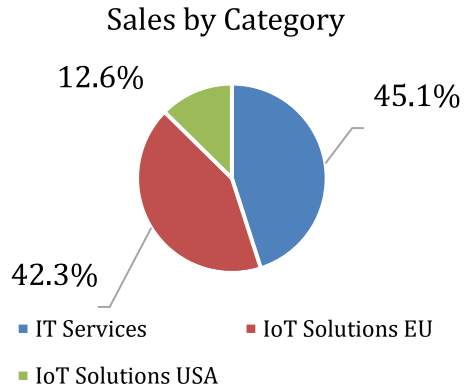
IT Services	• Internet of Things(IoT) Services • Embedded Computer Technologies (ECT) • Hardware, software, and professional services

Context

SANT offers a well rounded portfolio of technological solutions

- Business is split into 3 segments: IoT Solutions Europe, IoT Solutions America, and IT Services
- IT Services segment encompasses IT services undertaken in Europe
- IoT Europe focuses on the development of secure and networked solutions, combining hardware, middleware, and services
- IoT America business activities are mainly in ECT
- Follows a "Plan-Build-Run" model of operation





SANT is a capital moderate business as some of its production is outsourced

S&T Competitive Analysis

Low Threat
Medium Threat
High Threat

IT Consulting & Services

The players in this industry offer information technology and systems integration services, including information technology consulting, information management services, and commercial electronic data processing.

Market Structure	Oligopoly
Market Size	$2.26T[1]
Industry Growth	HSD[2]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• Minimal start up costs and low level of regulation • Primary barriers are educational experience and ability to attract clients	• Regional subsidiaries can select technology partners to create a portfolio tailored to their region • Certain internet systems for airplanes have been specifically certified for Airbus, Boeing, and other manufacturers • Portfolio of proprietary technologies	• Faulty products could damage brand reputation and deter business • SANT relies on product components manufactured by third parties, primarily in Asia, and Covid-19 poses the risk of interruption of supply chain or price increases	• Growth of big data has increased the need for data management and IT services • Increased use of smart phones and tablets as a means to access the internet • Security issues have become a top priority for customers

[1]https://eresearch.fidelity.com/eresearch/markets_sectors/sectors/industries.jhtml?tab=learn&industry=451020
[2]YTD

What Investors Missed

The Bear Thesis Five Years Ago:

- **In 2015, SANT was a small, geographically concentrated company that did not have much differentiation from its peers**
  - Until the takeover of Kontron in 2016, S&T AG was a classic IT systems provider
  - It offered standard services like that of any other IT service provider
  - Without clear competitive advantages, SANT did not seem like anything special

Why They Were Wrong

The Actual Story of the Last Five Years

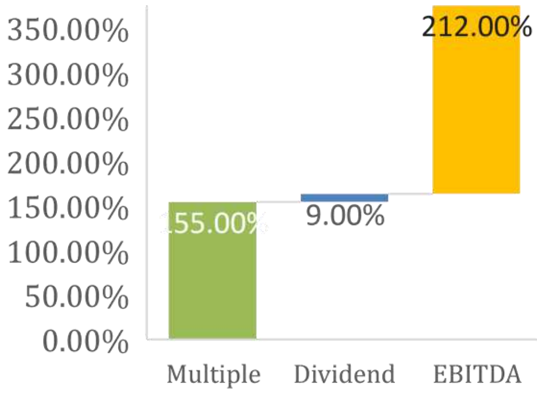
Strategic Acquisitions

- Acquisition of Kontron allowed SANT to add industrial computing technologies to their portfolio
- SANT thus had computing technologies, production environments, and enterprise IT
- Made additional acquisitions in 2019 of Kapsch CarrierCom and Kapsch Public Transportation Group
- Sales have increased as a result of these acquisitions

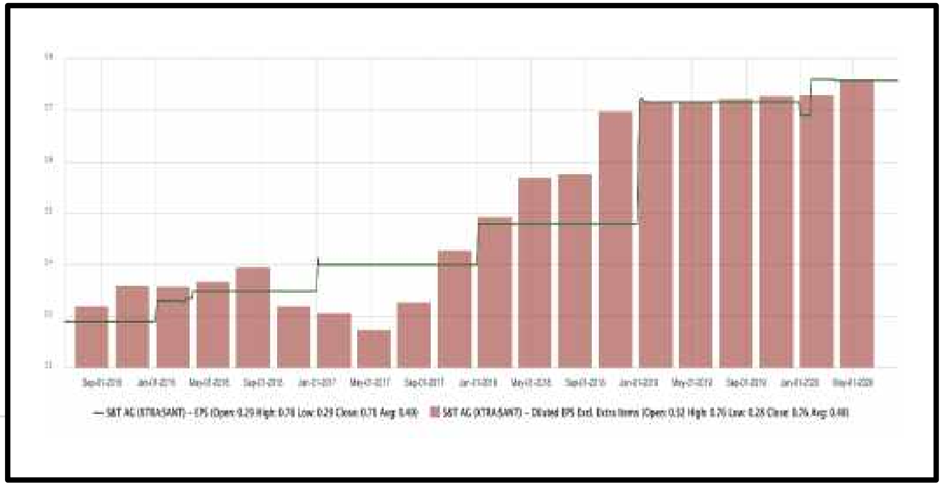
Focused Management Plan

- Management is committed to growing SANT and increasing its profitability
- Plan to expand market share held by all sectors
- Increasing cross-selling and integrated value added by SANT
- More regular acquisitions to increase SANT portfolio of technologies, while growing organically

Return Breakdown:



Consensus vs Results



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S&T Takeaways

SANT is an Okay Business – 2.5/5

SANT Advantages are Weak

- SANT competitive advantages are weak
- Their biggest advantage is the special certification given by airplane manufactures
- Although their technology is patented, there is no clear indication of how their technology is better than their competitors

Weak Growth

- SANT has low gross and EBITDA margins at 37.2% and 6.3% respectively that have only grown slightly over the last 5 years
- SANT has had topline growth over the past 5 years, but at a slow year to year rate of about 12%
- Growth is mostly inorganic and the opportunity for organic growth seems low

Future Outlook

Can SANT Sustain its Advantages?

- Low barriers to entry in the industry, making it more possible for competitors to offer similar services as SANT
- Patented technology

Can SANT continue to grow?

- SANT can continue to expand into new geographic locations, but mainly through acquisitions
- Acquisition strategy seems to have worked in the past
- SANT has €312M in cash to make acquisitions as they arise

Is SANT poised to continue to outperform?

- Too much competition from similar service providers
- Without strong competitive advantages or a clear path for growth, it seems unlikely that SANT will continue to outperform

SALMAR
Passion for Salmon

OB:SALM

368%

5 Year TSR

Rank: 97/104

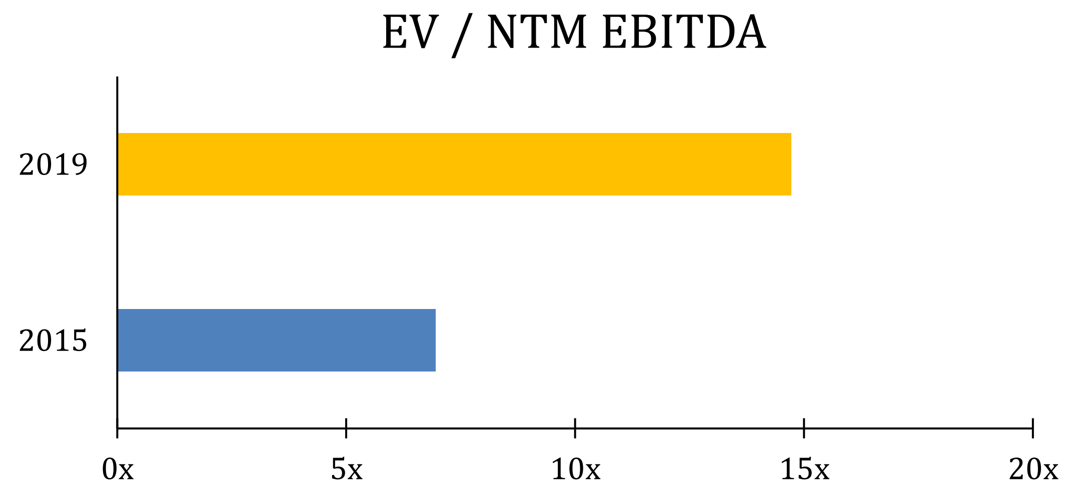
SalMar Overview

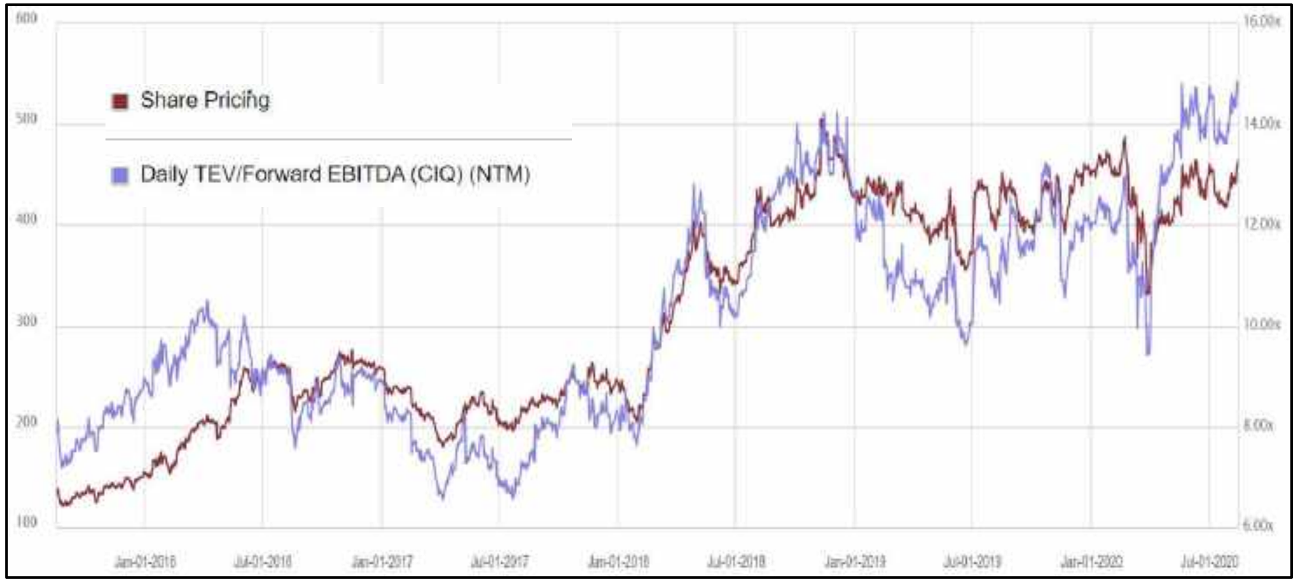
In Norwegian Krone (kr)

SalMar ASA is a Norwegian fish farm company and one of the world's largest producers of farmed salmon. The company's main activities include marine-phase farming, broodfish and smolt production, processing and sale of farmed salmon.

Statistic	06/08/2015	06/08/2020
Stock Price	116.5 kr	464.1 kr
Market Cap	13.05B kr	52.41B kr
Enterprise Value	14.87B kr	55.97B kr
Shares Outstanding	112.00M	112.9M
EV / NTM Revenue	1.89x	4.83x
EV / NTM EBITDA	6.95x	14.72x
PE	10.17x	21.91x

Statistic	FY 2015	FY 2019
Revenue	7.30B	12.23B
EBITDA	1.7B	3.44B





SalMar Business Model

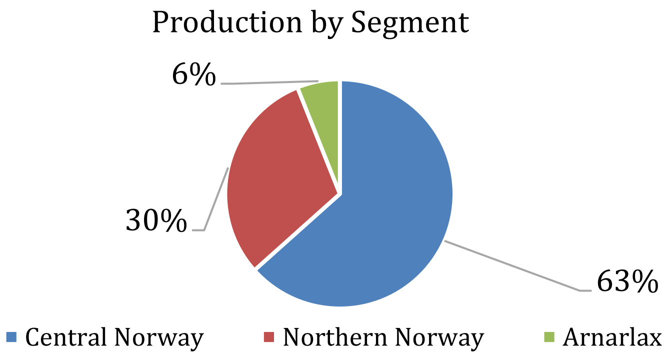
Primary Product

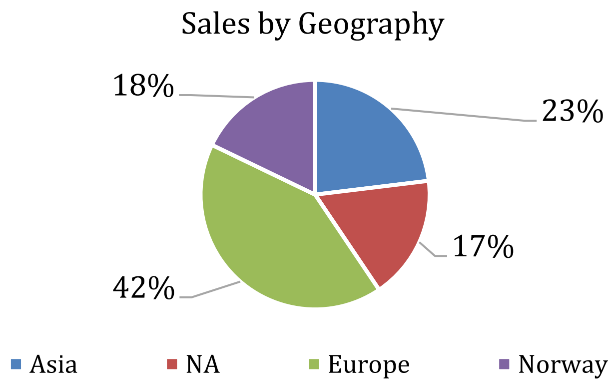
Norway Farmed Salmon[1]	Vertically integrated salmon farming in Norway with 101 salmon farming licenses, 7 smolt hatcheries, and 1 lumpfish facility.
Arnarlax (Iceland Farmed Salmon)	Iceland's largest producer of farmed salmon. Fully integrated with hatcheries, sea farms, harvesting, and sales force. Owned 59% by SALM.
Sales and Processing	Processing of SALM's farmed salmon and sales to customers in over 50 countries.

Context

SALM is a salmon farming company.

- SALM aims to produce fish at lowest cost (cost leadership) by having top operational efficiency.
    - Also aims to have lowest price for customers.
- SALM is vertically integrated controlling each stage of fish farming from smolt hatching to processing.
- SALM's in-house sales team sells salmon globally, such as importers, retail chains, and larger processing companies.
    - SALM also has processing capabilities.
- Norway focused but has stake in salmon farms in Iceland and UK.





SALM is a high capital intensity business.

1. SALM's reports Central Norway and Northern Norway salmon farming separately.

SalMar Competitive Analysis

Low Threat
Medium Threat
High Threat

Norway Salmon Export Industry

Participants engage in range of processes to enable the production of salmon through farming from smolt hatching, to salmon farming, to processing. Market only includes value of farmed salmon exports from Norway.

Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

Market Structure: Oligopoly
Market Size: ≈$4.02B[1]
Industry Growth: MSD[1]
• Understated as SALM sells 19% of product to Norway customers.
• SALM is 9th largest salmon producer in the world and 4th largest in Norway.
  • Norwegian salmon producers: MOWI (#1 in world), Lerøy (#3 in world), Grieg Seafood (#6 in world).
• Growth rates can be altered by pricing (i.e. 2019 Norway export volume up 5% but up 6% in Norwegian Krone value).
	• Regulatory burdens: need approvals to fish at commercial scale.
	  • SALM granted **first eight** licenses for offshore fish farming by Norway government.
	• Capital intensive to open fish farm / processing facility.
	• Specific geographies are better for salmon farming (i.e. Norway and Chile).
		• Technological advantages in fish harvesting which improve yields / lower costs.
		• Reputation and reliability.
		• Innovative: SALM opened first offshore fish farm.
		• Vertically integrated (minimal reliance on suppliers for smolt).
		• Economies of scale.
			• Regulatory change and political risk.
			• Plant based substitute (i.e. Impossible Foods) become more popular / enter salmon market.
			• Essentially commodity product.
				• Increasing focus on environmental impacts and sustainability.
				• Off-shore and on-shore salmon farming technology improving and facilities being built.

1. https://www.undercurrentnews.com/2019/12/05/global-salmon-production-set-to-rise-6-5-in-2019-the-highest-increase-since-2014/

What Investors Missed

The Bear Thesis Five Years Ago:

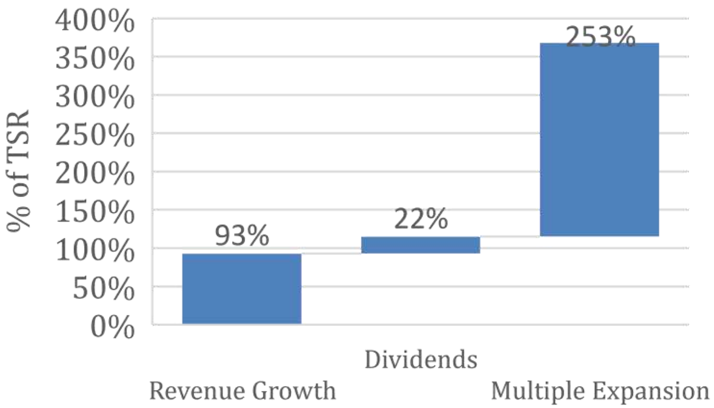
- Regulatory burdens impede growth: SALM cannot simply start farming more salmon – even if has the capital required.
    - Offshore fish farm project has already absorbed 100M Kr, has been worked on since 2012, but still has not been approved.
- Supplier risks for smolt, feed costs (which lowered 2015 margins), salmon lice; and salmon is commodity so there is pricing risk as well.

Why They Were Wrong

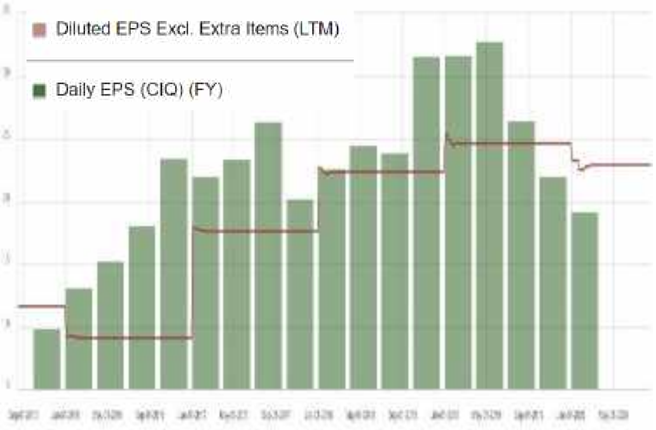
The Actual Story of the Last Five Years

Offshore fish farm launched	• Offshore fish farm approved in Feb 2016 (first one approved by Norway government). • World's first offshore fish farm. • Operational in 2017 (on-time and budget). • Preliminary results promising: not a single delousing treatment needed (get rid of salmon lice), and strong fish growth rates and quality.
Increase in salmon yields	• Increased salmon yields each year since FY2016. • Invested in salmon farms in Iceland by increasing share of Arnarlax.
Improved processes and lowered supplier risk	• SALM aims to be cost leader in the farmed salmon industry. • Minimized supplier risk by investing 800M to become nearly self-sufficient in smolt production (built two new smolt harvesting plants). • Salmon lice, other diseases, and feed costs continue to be issues but SALM increased EBIT / kg from Q4 FY2015 to Q4 FY2019 from 9.82 to 16.72 (high of 28.12 Q2 FY2017).

Return Breakdown:



Consensus vs Results



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SalMar Takeaways

SALM is a Strong Business- 4/5

SALM has a moat	• SALM operates in an industry with high barriers to entry imposed by regulations. • Capital intensive to farm fish and only companies operating in specific geographies (such as Norway) can compete.
SALM invested and grew	• SALM bought a controlling stake in Arnarlax, built two new smolt harvest facilities, and built the world's first offshore fish farm. • SALM increased salmon output each year from FY2016 to FY2019 (decrease from 2015 to 2016 due to lice). • Strong demand for salmon globally – while prices are volatile, they have trended upwards since 2013. • Persistent focus on costs increased EBIT / Kg.
SALM's runway for growth hinges on off-shore salmon	• SALM has developed the world's first offshore salmon farm. • Goal is to reduce costs associated with disease, especially lice, and increase capacity. • Also reduces crowded shorelines which are also prime real estate for other uses (i.e. tourism). • Project still new and technology young – uncertain whether offshore farming will be the future or not (competing against onshore farming, potential for lab grown salmon, traditional inshore farming, and wild salmon).

Future Outlook

Can SALM Sustain its Market Position?

- SALM's traditional inshore salmon farming is protected by strong regulatory barriers to entry.
- One of the largest salmon farming companies in the world with scale and tech advantages.

Can SALM continue to grow faster than the industry?

- SALM's positioning is protected by regulation but that also impedes its growth.
- Lice and other diseases continue to be recurring issue for industry but can be more/less concentrated in specific areas – therefore could harm SALM disproportionately.
- Offshore site could be gateway to outperformance.

Is SALM poised to continue to outperform the market?

- SALM's core salmon farming business is strong.
- However, the market justifies SALM's premium valuation due to its offshore salmon farm and its future potential.
- Offshore salmon farming could be the future and a key competitive advantage for SALM if its proves to lower costs and disease, and increase capacity.
- Very speculative as it is currently more costly, concerns over environment and fish escapes, and is unproven. Onshore farming also may prove to be better.
- Difficult to assess likelihood of outperformance given speculative nature of company's offshore farm.

vitec

vertical software

OM:VITB

361%

5 Year TSR

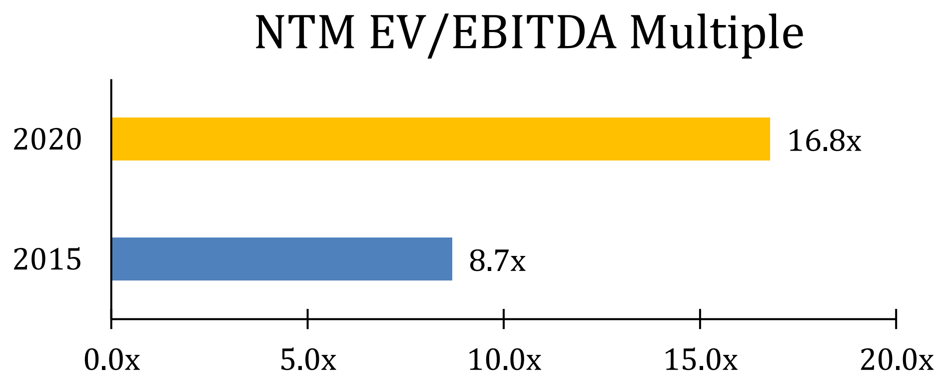
Rank: 98/104

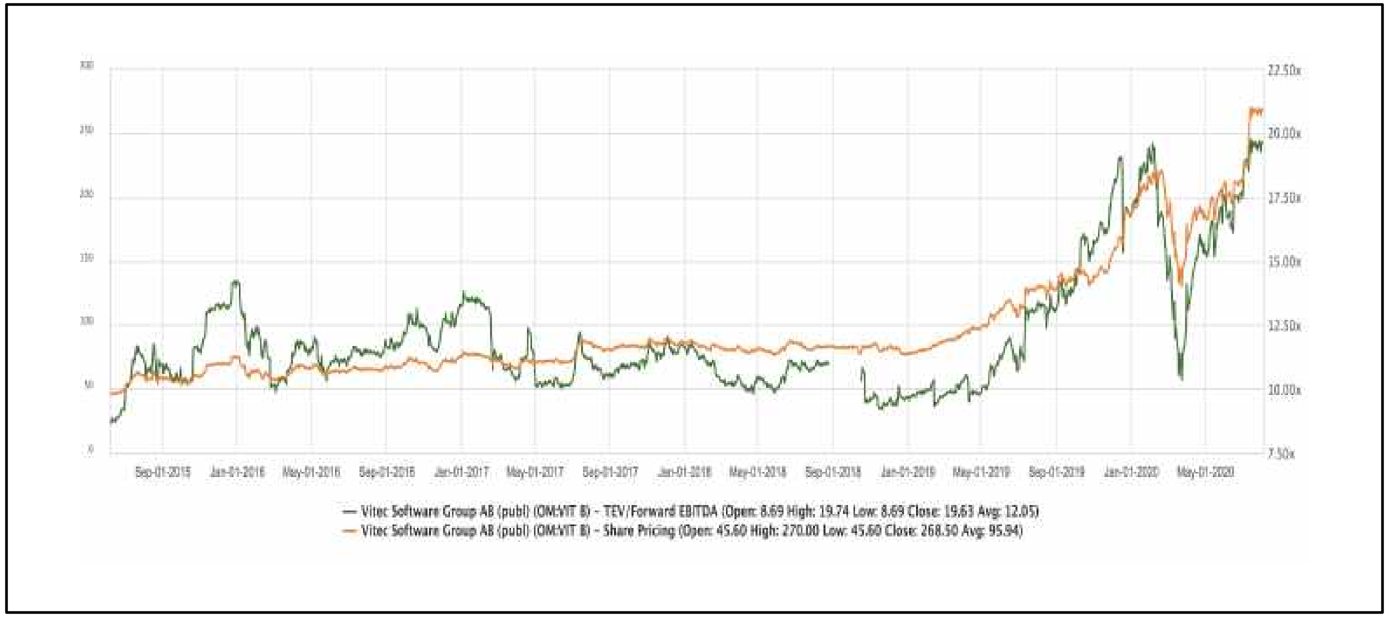
Vitec Overview

Vitec Software Group AB, is a Swedish software company, providing vertical market software in the Nordic and Baltic countries, the rest of Europe, and the Middle East.

Statistic	6/8/15	6/8/20
Stock Price	45.6 SEK	202 SEK
Market Cap	1.34B SEK	6.58B SEK
Enterprise Value	1.45B SEK	6.99B SEK
Shares Outstanding	29.40M	32.57M
EV / NTM Revenue	2.45x	5.34x
EV / NTM EBITDA	8.69x	16.79x
NTM P/E	17.34x	35.36x

Statistic	FY 2015	FY 2019
Revenue	683.9M SEK	1,295M SEK
EBITDA	134.4M SEK	263.4M SEK





ALTA FOX CAPITAL

Vitec Business Model

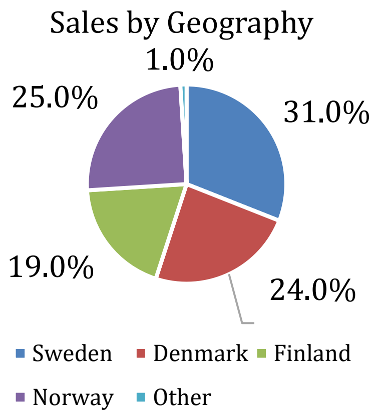
Primary Products

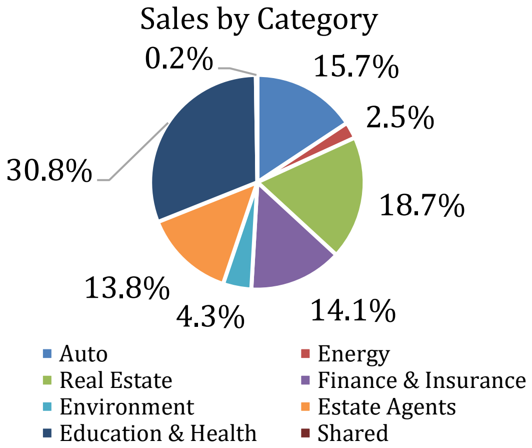
Vertical Market Software	• Vertical Market Software addresses the needs of any given business in a vertical market • Vitec offers standardized software that addresses the markets shown in the Sales by Category chart

Context

VITB offers customers business-critical, proprietarily developed software

- Sales are made B2B
- Software is distributed to customers via a subscription model, creating a high number of recurring revenues
- Software provided deal with business management specific to each operating sector
- Company growth is mainly achieved through acquisitions within the Nordic region
- Software in the Education segment provides reading and writing tools for people with read/write disorders
- Software in the Health segment includes cloud based medical record management





VITB is a capital light business

Low Threat
Medium Threat
High Threat

Vitec Competitive Analysis

Application Software

The players in this industry offer software programs and data management to customers in all sectors

Market Structure	Oligopoly
Market Size	$10.8B[1]
Industry Growth	MSD[2]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• Significant investment in R&D needed in this space • Some very large companies in the industry, but new companies still have room to enter	• VITB has a moat- its competitors are either smaller and less organized or too big to care about such small markets • VITB has a decentralized management structure, meaning subsidiaries each have their own management teams that oversee business, ensuring high quality service	• VITB sometimes enters into fixed price projects that could result in significant losses if labor resources required exceed those calculated at the time of the deal • Acquisitions present a risk in a number of areas but carry particularly high risks linked to the assumption of liabilities from the acquired company	• Constantly evolving to create more efficient software solutions • Increased concern for cyber-security and protection of customer data • Increased need for businesses to to digitize their processes

[1] https://www.thebusinessresearchcompany.com/report/application-software-global-market-report-2018
[2] https://marketrealist.com/2014/07/must-know-overview-software-industry-2/

What Investors Missed

The Bear Thesis Five Years Ago:

- **In 2015, VITB was very small and very niche, making it an intimidating investment**
- Until 2015, they had only made 6 acquisitions
- Acquisitions are a big part of their strategy, so having a very short track record in that area made investors wary
- At this size, it was more likely that a big company might try to take market share

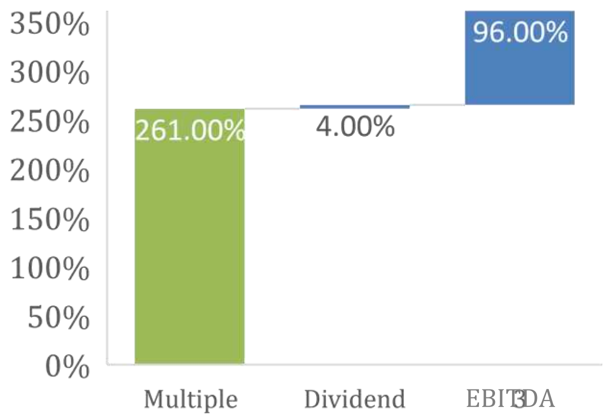
Why They Were Wrong

The Actual Story of the Last Five Years

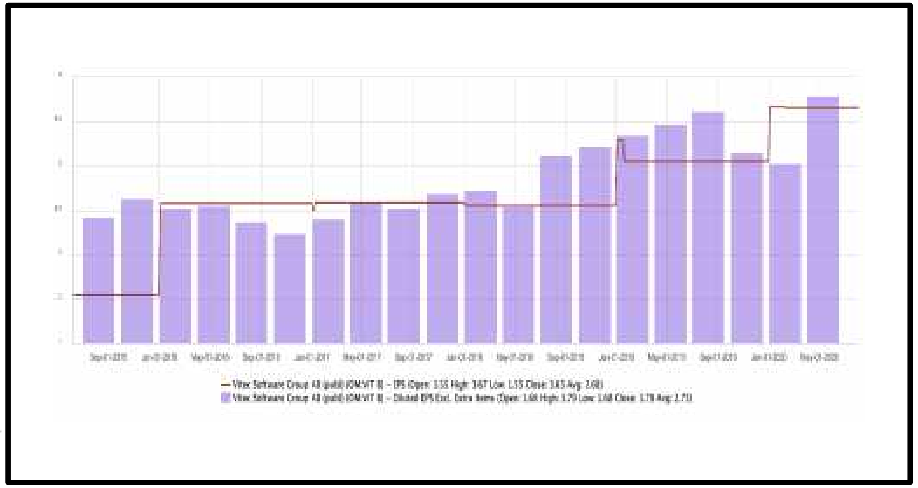
Profitable Acquisitions

- Since 2015, VITB has made 17 acquisitions
- The 5 acquisitions in 2019 added about SEK 160 million in sales
- Acquisitions also help VITB diversify their portfolio and thus their risk
- Cash flow positive, so they have financing for future acquisitions
- VITB has developed a very clear approach to assessing good acquisitions- all acquisitions must directly add to group earnings, they do not "invest in future expectations"

Return Breakdown:



Consensus vs Results



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Vitec Takeaways

VITB is a Good Business – 4/5

VITB has a Moat

- VITB 's acquisitions have made it big enough so that it is the preferred choice over its smaller, less organized competitors
- The spaces VITB operates in are too niche for big software companies to want to get involved in
- Can grow organically by reaching new customers in their preexisting operating sectors through marketing and word or mouth

Little to No Organic Growth

- In 2019 recurring revenue grew about 22%, but of this, only around 6% was organic growth
- VITB has consistent topline growth, but this can be attributed to their acquisitions, which have yet to slow down
- However, their acquisition strategy seems to be working well, and they claim to have over 100 possible targets

Future Outlook

Can VITB Sustain its Advantages?

- VITB operates in a very niche space, in a very specific area of the world, which makes it seem likely that its dominance in this market will continue
- Many of their products are proprietary

✓

Can VITB continue to grow?

- VITB can continue to grow geographically into other parts of Europe
- The Nordic region seems to be their area of expertise, and they have not yet reached their full potential there

✓

Is VITB poised to continue to outperform?

- VITB had a strong Q2 2020 earnings report, after which share prices shot up
- EBITDA and gross margins have grown every year and are forecasted to continue in this way
- Although the have struggled to grow organically, the growth strategy they have followed for the past five years seems like it will allow VITB to continue to outperform

✓

IVU TRAFFIC TECHNOLOGIES

XTRA:IVU

361%

5 Year TSR

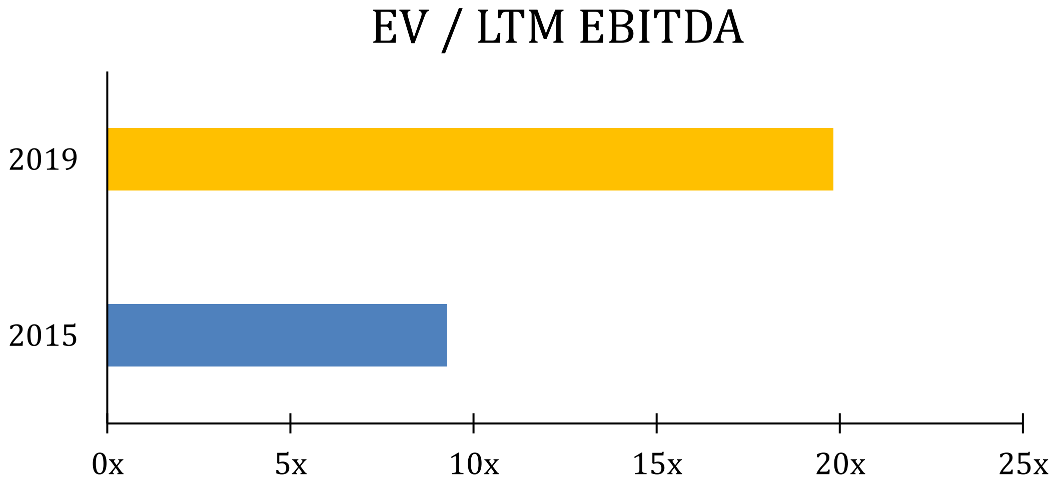
Rank: 99/104

IVU Traffic Technologies Overview

IVU develops solutions for public passenger and goods transport, and transport logistics worldwide. Features include resource planning, fleet management, and billing.

Statistic	06/08/2015	06/08/2020
Stock Price	€3.61	€14.95
Market Cap	€63.91M	€264.90M
Enterprise Value	€50.18M	€234.95M
Shares Outstanding	17.72M	17.72M
EV / LTM Revenue	1.32	2.84x
EV / LTM EBITDA	9.29x	19.83x
PE	14.61x	25.42x

Statistic	FY 2015	FY 2019
Revenue	58.1M	88.8M
EBITDA	6.0M	11.2M



IVU Traffic Technologies Business Model

Primary Product

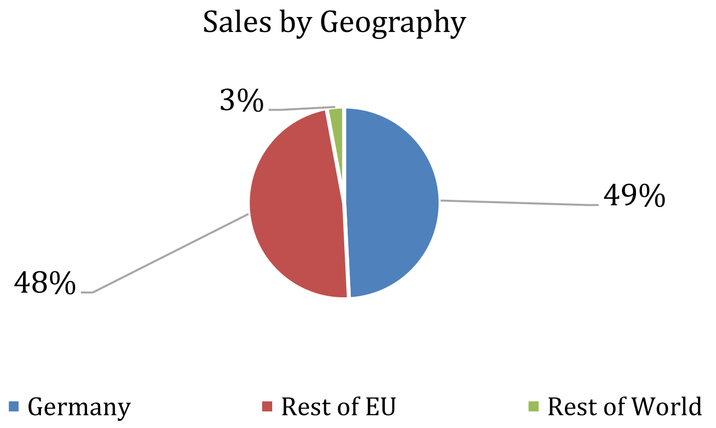
Integrated IT solutions for buses and trains	Develops, installs, maintains, and operates integrated IT solutions for buses and trains. Products cover the whole spectrum of planning, operation and quality assurance for public transport and railway companies.

DB long distance train which uses IVU software

Context

IVU makes comprehensive IT solutions for buses and trains.

- Customers use IVU software to help with tasks across the planning, operation, and quality insurance spectrum.
  - i.e.: creating timetables, fleet management, etc.
  - IVU software can often replace many different systems at once as it is integrated.
- IVU software's aim is to improve the quality and efficiency of public transport.
- IVU develops the software, installs it, and maintains it.



IVU is a medium capital intensity business.

Low Threat
Medium Threat
High Threat

IVU Traffic Technologies Competitive Analysis

Global Transportation Management System Industry

Participants develop, implement, and maintain transportation software systems.

Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

Market Structure: Monopolistic Competition; **Market Size**: 2.5B[1]; **Industry Growth**: > 10%[1]
• Variety of sub-industries for different uses.
  • Many software products are unbundled versions of IVU's software, which is integrated.
• Largest global players include JDA Software, Omnitracs, Descartes, and Oracle.
• IVU has strong foothold in native German market.
	• Contracts are long-term.
	• Highly complex software which requires start-up capital to develop.
	  • Difficult to know features needed without market feedback from customers.
	• Human capital requirements.
		• IVU's software is integrated and accomplishes multiple tasks.
		• IVU has research relationships with universities.
		• Reputation and brand.
			• System breach or major system failure.
			• Losing a major contract renewal.
			• Technological obsolescence.
			• Contract cancellation.
				• Increasing urbanisation and increasing reliance on public transport.
				  • Car use anticipated to continue to decline.

Market Structure	Monopolistic Competition
Market Size	2.5B[1]
Industry Growth	> 10%[1]

1. https://www.globenewswire.com/news-release/2020/01/28/1976025/0/en/Global-Transportation-Management-Systems-TMS-Market-and-Transportation-Management-Solution-Market-2020-Insights-by-Top-Players-Types-Key-Regions-Applications-Growth-Analysis-Future.html

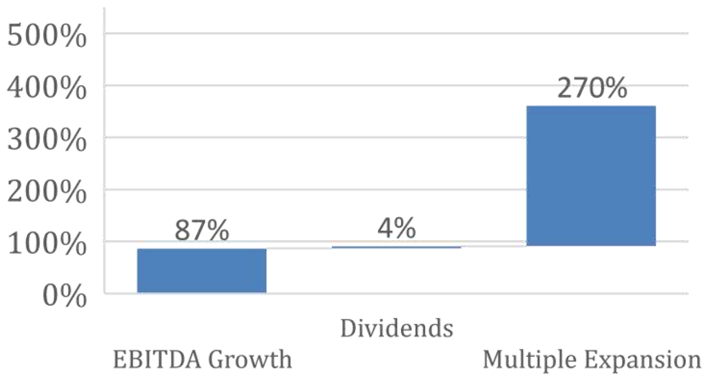
What Investors Missed

The Bear Thesis Five Years Ago:

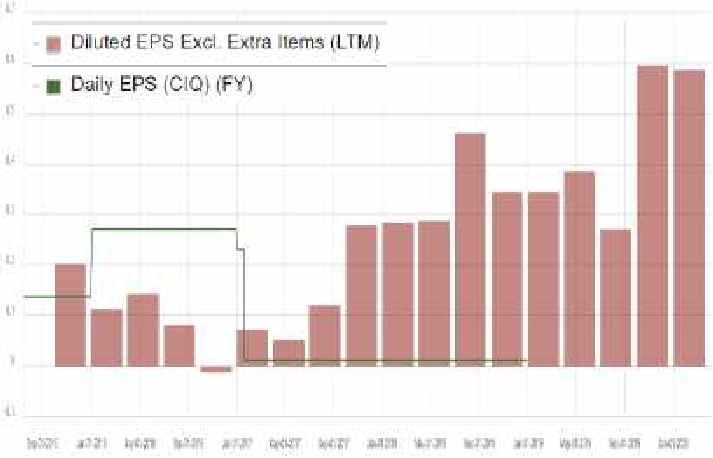
- Technology is evolving quickly – IVU is an old player that likely will not keep up.
- IVU has had success in German speaking markets, but skepticism over whether they can achieve success internationally.
- Logistics business revenue is flat, and has been flat for years.

Why They Were Wrong

Return Breakdown:



EPS Results



The Actual Story of the Last Five Years

IVU capitalized on trends

- R&D as a % of sales has risen from 2% to 5% from FY2016 to FY2019.
- IVU developed leading integrated rail IT solution – the only fully integrated product on the market.
- Developed cloud product to capitalize on SaaS trend, Pad to capitalize on tablet trend, RealTime for apps, and various products for electric busses.

IVU grew in new and existing markets

- IVU's product suite has enabled them to grow to >80% market share in Germany for rail IT.
  - German sales grown at 8% CAGR from FY2015 to FY2019 to 43.7M.
- IVU recorded substantial loss due to uncollected receivables in FY2016.
  - Adapted growth strategy to focus on adjacent European markets, especially German speaking ones.
    - Opened Vienna and Zurich offices.
- International revenue now majority of total; revenue grown at 14% CAGR from 26.4M in FY2015 to 45.1M in FY2019.

Logistics business shuttered

- Integrated portion of logistics business into core business; sold election logistics business.

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IVU Traffic Technologies Takeaways

IVU is a High Quality Business- 4.5/5

IVU has a moat	• IVU has a proprietary product in the rail IT segment – no other product on the market is fully integrated. • IVU has dominant >80% market share in Germany in an industry with high switching costs as systems are highly embedded into customers' operations. ◦ Contracts are also long-term.
IVU has invested and grown internationally	• IVU has consistently invested in R&D and now has strong product offerings in line with market trends: digitization in rail, electric busses and transport, and mobile apps for transportation. • Maintained market share dominance in core German speaking markets (Austria/Germany/Switzerland) by establishing new offices. • Focused on European markets. ◦ Avoided contract disputes since FY2016 after strategy change.
IVU has a runway for growth	• Recurring revenue is rising faster than sales. • Digitization trends, and urbanisation (which increases demand for public transport) will likely increase TAM going forward. • Room for growth across Europe, and around the world.

Future Outlook

Can IVU Sustain its Market Position?

- IVU has a moat.
  - Long-term contracts.
  - Dominant market share in core German market.
  - High-switching costs.
  - Proprietary product.

Can IVU continue to grow faster than the industry?

- IVU's investment in R&D has enabled them to develop products that can capitalize on new market trends.
- IVU's customer base gives them insight into market needs.
- IVU has scale and strong human capital.

Is IVU poised to continue to outperform the market?

- Market trends show no sign of slowing down.
  - Cars are likely to used in less than 50% of journeys within cities by 2030.
  - Rail industry still growing at steady 2.5% - and there is already major rail infrastructure all over the world.
- IVU has strong products and the reputation to capture industry growth.
- IVU trades at a fair 25x forward earnings multiple.

Inphi
Think fast.

NYSE:IPHI

357%

5 Year TSR

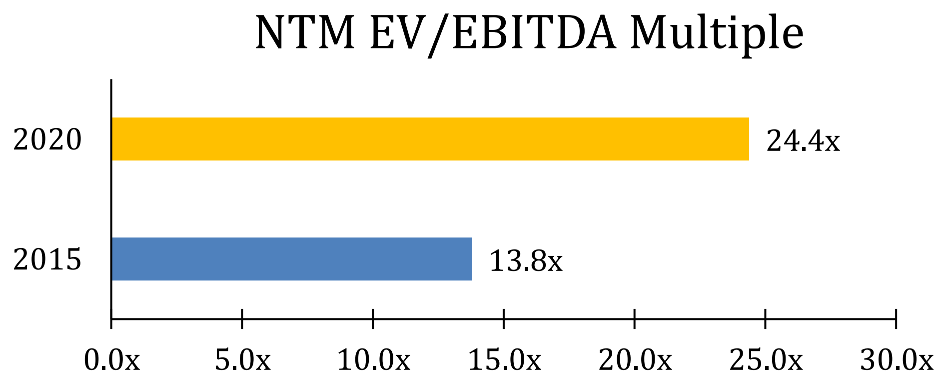
Rank: 100/104

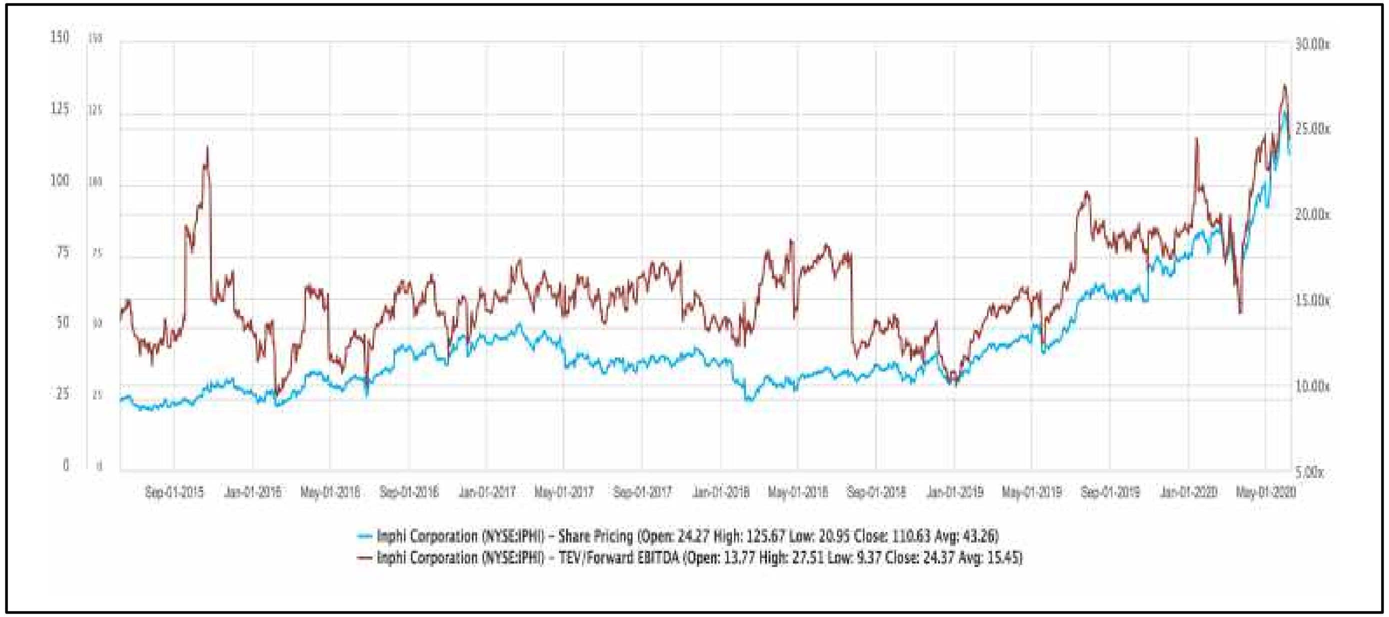
Inphi Corporation Overview

Inphi Corporation, headquartered in Santa Clara, California, provides high-speed analog and mixed signal semiconductor solutions for the communications, datacenter, and computing markets worldwide.

Statistic	6/8/15	6/8/20
Stock Price	$24.27	$110.63
Market Cap	$929.42M	$5.33B
Enterprise Value	$851.21M	$5.63B
Shares Outstanding	38.30M	48.22M
EV / NTM Revenue	3.34x	8.93x
EV / NTM EBITDA	13.77x	24.37x
NTM P/E	23.89x	40.01x

Statistic	FY 2015	FY 2019
Revenue	$192.7M	$365.6M
EBITDA	$16.0M	$46.9M

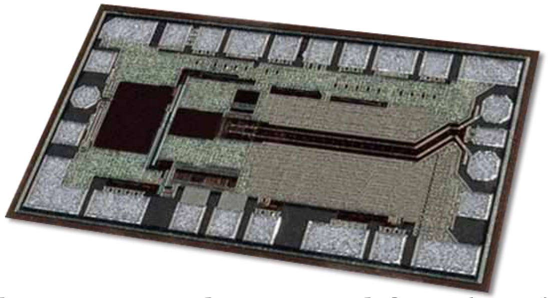




Inphi Corporation Business Model

Primary Products

Semiconductors	• Telecommunications solutions carry data distances of 100s to 1000s of kms • Data center edge interconnect solutions deliver large amounts of data • Inside data center interconnects solutions for cloud and enterprise customers

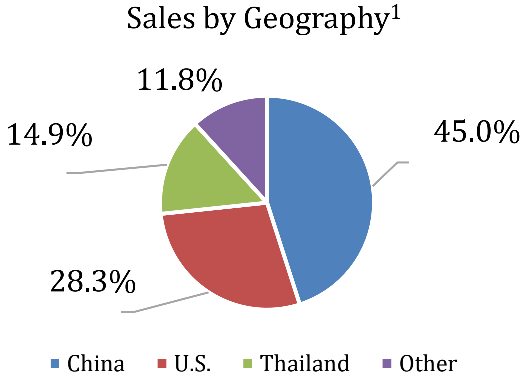


Inphi transimpedance amplifiers (TIAs) power the fastest networks on the planet

Context

IPHI offers high-speed, mixed signal semiconductor solutions

- IPHI sells products directly and indirectly to OEMs
- Sales are made on a purchase order basis, and IPHI does not have long-term commitments with any of its customers
- IPHI designs and develops its products for the communications and computing markets, which have design cycles of 2-3 years and product life cycles of 5+ years
- IPHI works with OEMs to design IPHI products into their systems, so ODMs are required to purchase IPHI products for specific use



IPHI is a capital intensive business.

[1]Sales by category not shown because IPHI operates as one reportable segment

Low Threat
Medium Threat
High Threat

Inphi Corporation Competitive Analysis

Semiconductors & Semiconductor Equipment

The players in this industry manufacture semiconductors, semiconductor equipment, and related products.

Market Structure	Oligopoly
Market Size	$2.28T[1]
Industry Growth	> 10%[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• Significant costs for manufacturing facilities and for research & development • Major players have over 25% of market share • Need accesses to the latest technology to keep from becoming obsolete • Technologies are often patented • Need highly skilled employees	• IPHI employs process technology experts, device technologists, and circuit designers • Silicon photonics and III-V materials-based processes models are developed in house • A number of IPHI customers rely on them as their sole supplier of semiconductor solutions • Successful research and development of new products and patent protection	• IPHI has a concentrated customer base with 2 customers accounting for about 25% of total revenue, and the 10 largest direct customers account for 70% of revenue • Products must undergo an extensive qualification process, that does not have guaranteed sales at the end of it • Average selling price of semiconductors generally decrease over time, which could cause a decline in revenue and gross margins	• Development of Internet of Things systems expected to increase sales • Demand for semiconductors has been driven by their use in consumer electronics and the high demand for smart phones, mobile devices, and computers • Covid-19 shift to working from home and distance learning increasing need for bandwidth upgrades

[1] https://eresearch.fidelity.com/eresearch/markets_sectors/sectors/industries.jhtml?tab=learn&industry=453010

What Investors Missed

The Bear Thesis Five Years Ago:

- **IPHI faced competition from businesses with more resources for R&D**
  - Constant innovation needed in the semiconductor industry to remain competitive, and in 2015, IPHI was not sure if they had adequate resource for R&D to remain competitive
  - Introduced 47 new products from 2014-2015
  - Abandoned a project related to in process R&D and recorded an impairment charge of $1.8M

Why They Were Wrong

The Actual Story of the Last Five Years

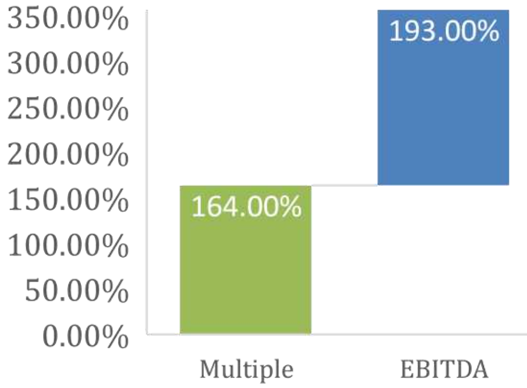
Successful Products

- Introduced ColorZ in 2016 and began shipping commercial volumes in 2017
- ColorZ comprised 15%, 18%, and 17% of total revenue for 2019, 2018, and 2017 respectively
- IPHI introduced 45 new products in 2018 alone and 22 new products in 2019
- IPHI fabless manufacturing strategy, design expertise, proprietary model libraries, and design methodology allows for best possible products
- Silicon photonics and DSP design expertise

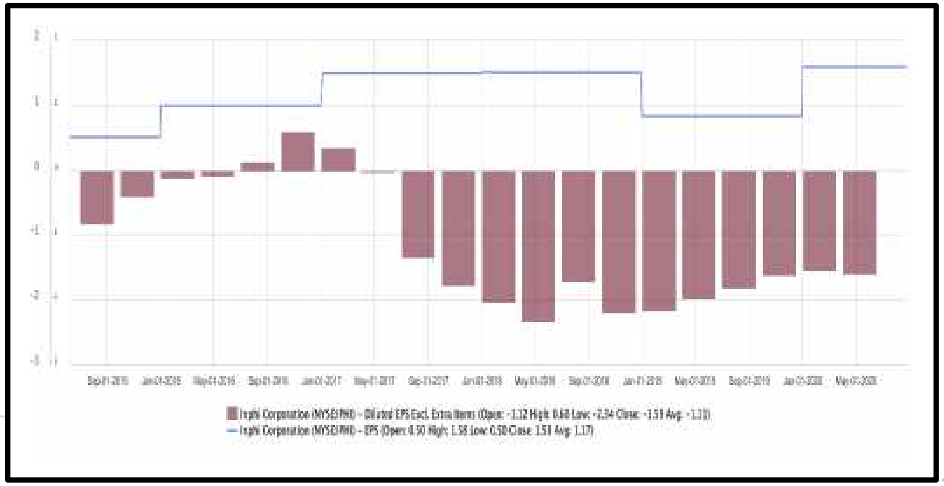
Strategic Acquisitions

- Acquired eSilicon in 2020, which expanded IPHI portfolio of cloud and telecommunications products
- Demand for cloud and telecom products has increased as a result of Covid-19 causing people to work from home and use distance learning

Return Breakdown:



Consensus vs Results



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Inphi Corporation Takeaways

IPHI is a Good Business – 3.5/5

IPHI has Niche Expertise

- Silicon photonics and III-V materials-based processes models are developed in house, giving IPHI a competitive advantage because these processes have complex material and device interactions
- Deep expertise in silicon photonics (Sipho), having developed first of its kind products Sipho products
- DSP design expertise on low-power and low-latency DSP designs

Consistent Losses

- Gross profit and EBITDA margins of 58.2% and 12.8% respectively for FY 2019, which are in line with their competitors'
- IPHI has high losses for the last 3 years, with a net loss of $73 Million in 2019
- Average EPS around -1.86 for the last 3 years
- IPHI has only seen a positive EBIT twice in the last 10 years, raising uncertainty about the company's future

Future Outlook

Can IPHI Sustain its Advantages?

- 893 issued, allowed, and pending patents, with 780 issued and allow patents expiring between 2020-2038
- Niche expertise and high barriers to entry

Can IPHI continue to grow?

- Covid-19 has increased the number of people working and learning from home
- IPHI sees growth opportunities with the increased demand for cloud and telecommunication products
- Needs for technology are constantly evolving

Is IPHI poised to continue to outperform?

- Increased demand for semiconductors and related products offers the opportunity for IPHI to continue to grow
- IPHI still has room for multiple expansion

Entegris

NasdaqGS:ENTG

354%

5 Year TSR

Rank: 101/104

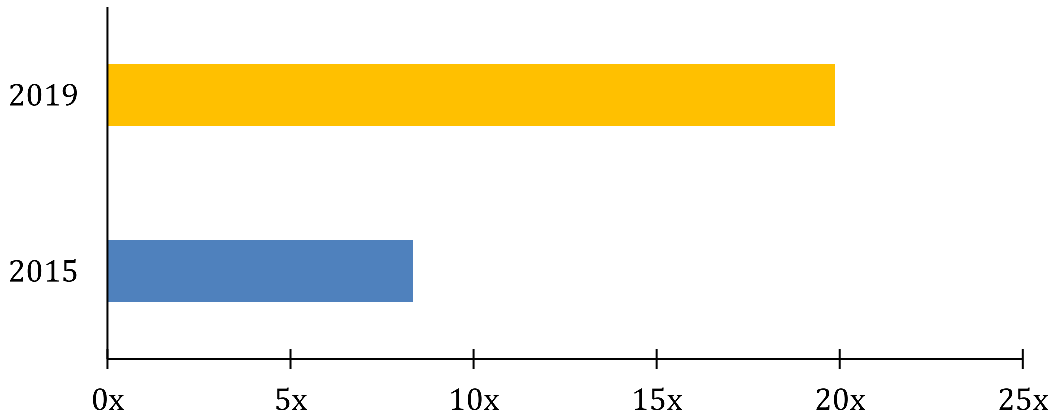
Entegris Overview

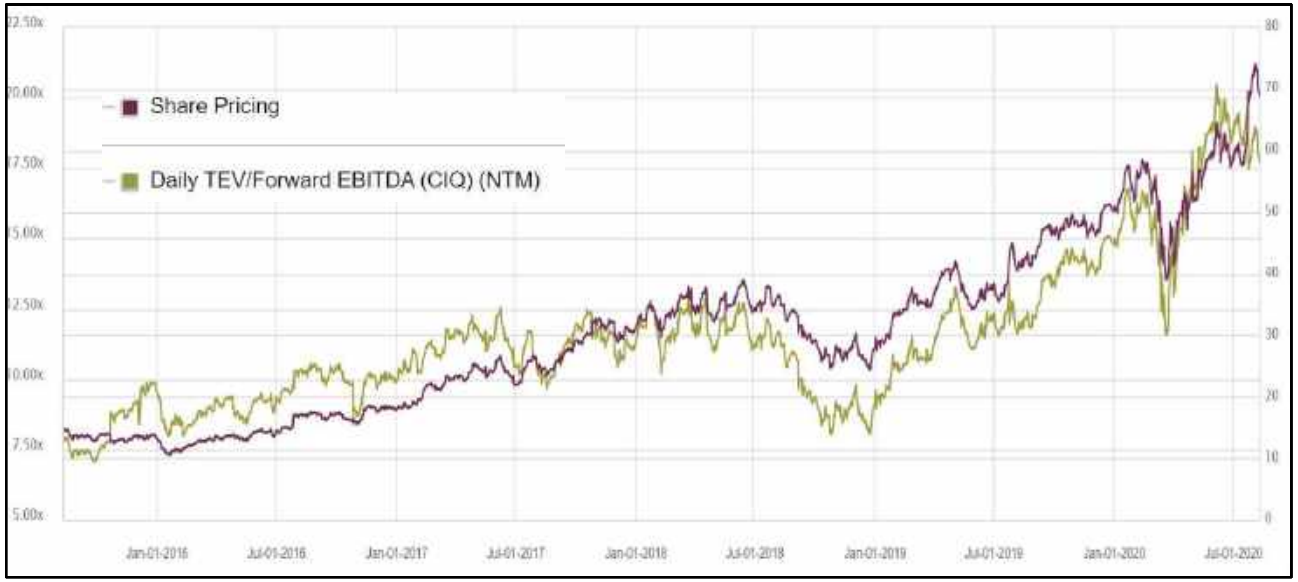
Entegris, Inc. is a provider of products and systems that purify, protect, and transport critical materials used in the semiconductor device fabrication process. Entegris operates out of its headquarters in Billerica, Massachusetts.

Statistic	06/08/2015	06/08/2020
Stock Price	$14.56	$62.47
Market Cap	$2.04B	$8.41B
Enterprise Value	$2.44B	$9.21B
Shares Outstanding	140.24M	134.61M
EV / NTM Revenue	2.20x	5.67x
EV / NTM EBITDA	8.35x	19.86x
PE	17.27x	31.83x

Statistic	FY 2015	FY 2019
Revenue	1.08B	1.59B
EBITDA	232.4M	433.1M

EV / NTM EBITDA





Entegris Business Model

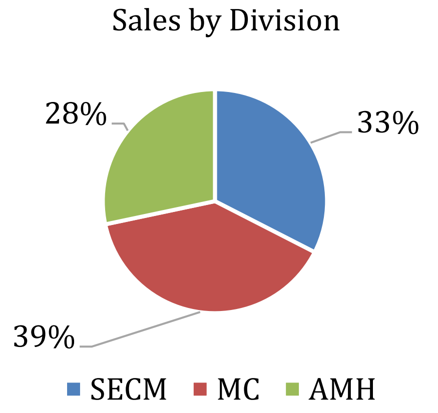
Primary Product

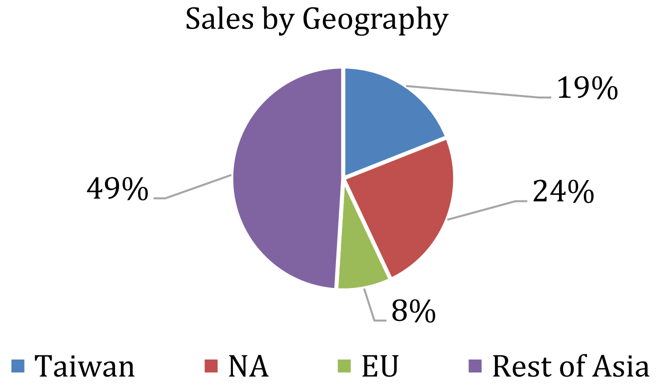
Specialty Chemicals and Engineered Materials (SECM)	High-performance and high-purity process chemistries, gases, and materials, and safe delivery systems to support semiconductor manufacturing.
Micro-contamination Control (MC)	Solutions to filter and purify critical liquid chemistries and gases used in semiconductor manufacturing processes.
Advanced Materials Handling (AMH)	Solutions to monitor, protect, transport, and deliver critical liquid chemistries, wafers and other substrates.

Context

ENTG is a semiconductor materials solutions business.

- ENTG provides speciality materials and chemicals used in the manufacturing of semiconductors.
- ENTG also provides solutions to help companies transport, protect, and use these materials.
- ENTG provides a broad range of products and services – several thousand products sold.
- Manufacturing facilities across NA and Asia; global customer base.





ENTG is a high capital intensity business.

Low Threat
Medium Threat
High Threat

Entegris Competitive Analysis

Semiconductor materials industry

Participants develop, manufacture, and sell materials used in the production of semiconductors.

Competitive Landscape	Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry

Market Structure: Monopolistic Competition
Market Size: ≈52.37B[1]
Industry Growth: MSD[1]
• Few competitors that offer same range of products as ENTG (most focus on few products or specific geographies).
  ◦ ENTG claims "there are no global competitors that compete across the full range of products"
• Key competitors include: Pall Corporation, , Shin-Etsu Polymer, and Gemu Vaulves, among others.
	• High technological expertise required.
	  ◦ Capital intensive to establish facilities / buy equipment.
	  ◦ High human capital requirements.
	• Patents: ENTG has 2,330 active patents and 1,040 pending patents.
		• Range of products: ENTG sells thousands of products enabling their customers to spend less time sourcing.
		• Reputation and relationships with customers.
		• Technology: ENTG has over 557M of sunk R&D in past five years alone.
			• Customer concentration: top ten customers 43% of sales.
			• Materials sourcing: some materials obtained from single supplier.
			• Technological obsolesce.
			• Product defect.
				• Increased digitization and need for semi-conductors by rise of IoT, AI, 5G, etc.
				• Semiconductors have gotten more advanced and smaller (atomic level manufacturing required in many cases).

1. https://www.mordorintelligence.com/industry-reports/semiconductor-materials-market

ALTA FOX CAPITAL

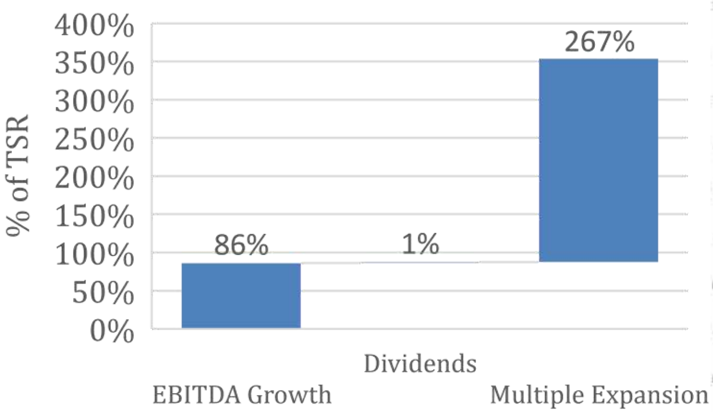
What Investors Missed

The Bear Thesis Five Years Ago:

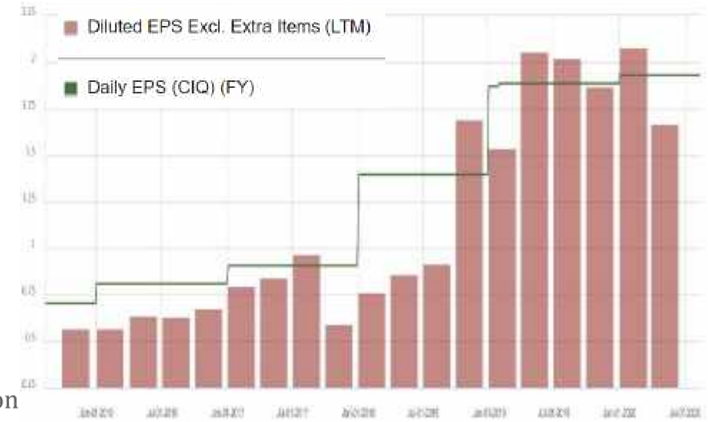
- Roughly 20% of revenue is driven by IDM capex – and Q1 2025 had the worst sequential decline for the semiconductor industry since 2009.
  - Unit demand seems to be peaking as well, and Gartner has reduced semiconductor growth estimates to 2.2% from 4.0%.
- ENTG is valued at a premium to peers.
- Poor cash conversion: 232M FY2015 EBITDA but just 79M levered free cash flow.

Why They Were Wrong

Return Breakdown:



Consensus vs Results



The Actual Story of the Last Five Years

Industry changes were positive and ENTG grew

- Trend towards smaller, more advanced chips increased demand for ENTG products
  - MC segment grew at 20% CAGR from 437M in revenue FY2017 to 634M in FY2019.
    - Also highest margin segment at 33% operating margin.
- Chip demand increased due to “fourth industrial revolution” trends, such as 5G.
- ENTG consistently pursued accretive acquisitions totalling 1.6B over past six years.
  - Grew product offering (a competitive advantage) and found operational synergies.

Justified multiple

- ENTG consistent above average industry performance over past five years justified its premium multiple.
- NTM EBITDA multiple expanded to 19.8x.

ENTG invested in growth

- ENTG has opted to consistently invest in expanding their capacity and in acquisitions which has continued to depress their cash flow conversion but enabled their growth.

ALTA FOX CAPITAL

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Entegris Takeaways

ENTG is a Good Business- 4/5

ENTG has a moat

- ENTG operates in a highly specialized industry with high technological barriers to entry:
    - Patents.
    - Start-up capital.
    - Human capital.
- ENTG has a global reach and thousands of products – not a model that is easily replicable by a new entrant.
    - And if it was, ENTG has long-lasting customer relationships.

ENTG grew

- ENTG's revenue is driven by semiconductors units – enabling them to avoid the cyclicality of capex in the industry.
- Leveraged high-quality products and breadth of product offering to expand business, particularly MC segment which grew at 20% CAGR.
    - MC segment most exposed to trends towards more advanced and smaller semiconductors.
- Pursued acquisitions that expanded product reach and customer relationships, and enabled ENTG to grow.

ENTG has a runway for growth

- Trends, such as 5G and IoT, that enabled MC segment to grow likely to continue.
- Many locally based competitors focused on one or a few products – future opportunities for ENTG acquisitions.

Future Outlook

Can ENTG Sustain its Market Position?

- ENTG has a moat due to its patents, and the technological barriers to entry.
- ENTG unit based revenue is largely recurring and has switching costs for customers who may consider competitors' products.
- ENTG's large breadth of products and global reach is not easily replicable.

Can ENTG continue to grow faster than the industry?

- ENTG has grown faster than the industry each year since 2017.
- ENTG's specialized products play into industry trends of smaller, more advanced semiconductors.
- Opportunity for future acquisitions.

Is ENTG poised to continue to outperform the market?

- ENTG is likely poised to protect its market share, and grow through acquisitions and by capturing new market share as the industry evolves.
    - But, in order to be competitive, ENTG needs to stay at the forefront of technology – and there is the chance they fall behind.
- Also, ENTG trades at the highest NTM EBITDA multiple in the last 10 years and at a steep premium to peers.

NORWAY ROYAL SALMON

OB:NRS

354%

5 Year TSR

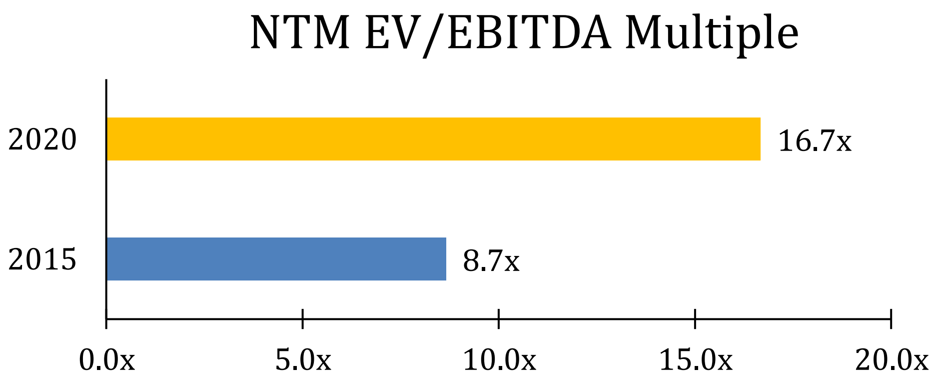
Rank: 102/104

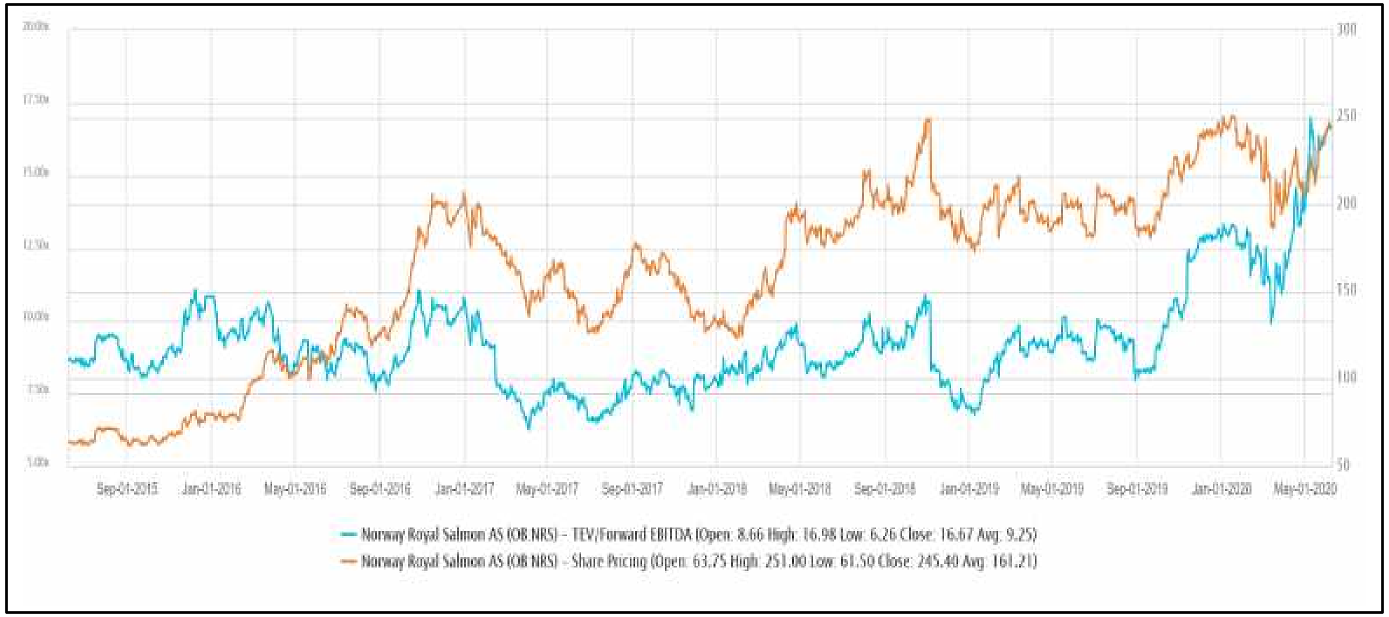
Norway Royal Salmon Overview

Norway Royal Salmon is a salmon farming company based in Trondheim, Norway, that provides fresh and frozen salmon to 55 countries around the world.

Statistic	6/8/15	6/8/20
Stock Price	63.75 NOK	245.40 NOK
Market Cap	2.78B NOK	10.42B NOK
Enterprise Value	3.43B NOK	10.88B NOK
Shares Outstanding	43.57M	42.47M
EV / NTM Revenue	1.16x	1.77x
EV / NTM EBITDA	8.66x	16.67x
NTM P/E	11.85x	16.40x

Statistic	FY 2015	FY 2019
Revenue	3.21B	5.59B
EBITDA	277.78M	455.05M





Norway Royal Salmon Business Model

Primary Products

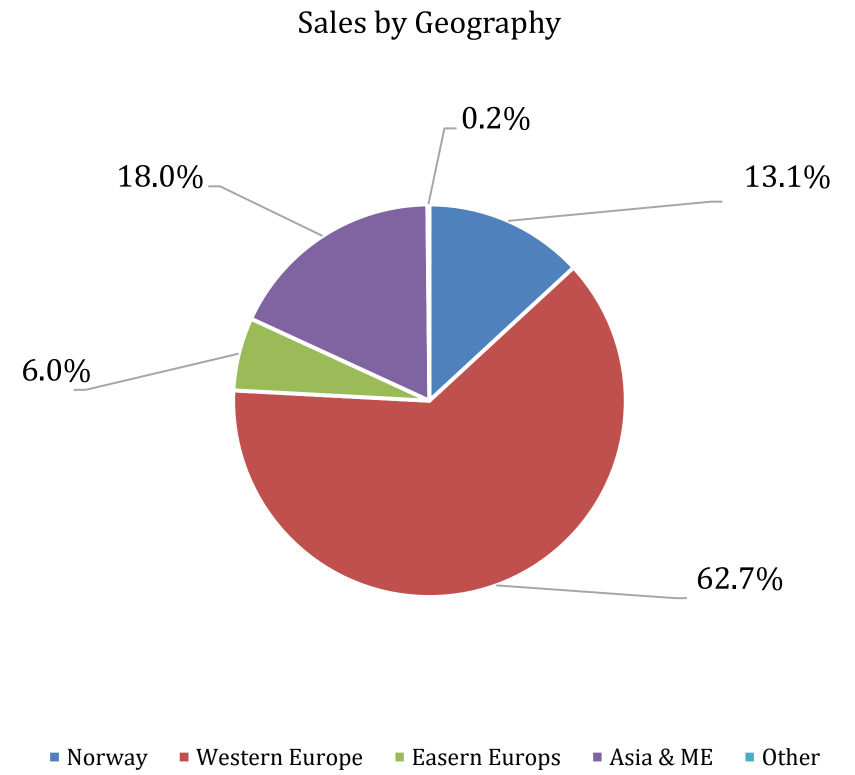
Salmon	• Fresh and frozen salmon that are farmed from their licensed waters

A few of the salmon farms of NRS

Context

NRS provides salmon to people around the world

- In 2019, 30,509 tons of salmon was harvested
  - This was accomplished under their 35,035 tons of maximum allowed biomass (MAB)
- Mainly operates their farms in the northern region of Norway
  - These areas are better based off the "traffic light system" that the Norwegian government put in place
  - Offers higher MAB growth opportunities



NRS is a capital intensive business given the large amounts of machinery and property needed to operate

Low Threat
Medium Threat
High Threat

Norway Royal Salmon Competitive Analysis

Fish Farming

The players in this industry farm, breed, and harvest fish in water environments and then sell them to distributors.

Market Structure	Pure Competition
Market Size	$297B[1]
Industry Growth	MSD[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• Government regulations and licensing for certain areas are necessary in order to operate • High up-front costs give the established players a financial advantage	• Large size of operations • Key areas are licensed to NRS	• Commodity risk given the status of salmon • Biological risks regarding the health of underdeveloped smolts • Attempting to increase operational efficiencies may harm the quality of the product • Regulatory risks may inhibit expansion and/or increase costs • Land-based salmon farms may take away demand in the future	• Salmon has become more popular

[1]https://www.alliedmarketresearch.com/fish-farming-market

What Investors Missed

The Bear Thesis Five Years Ago:

- **Revenue was down y/y in 2014 as a result of Norwegian salmon's largest market at the time, Russia, stopping all imports of salmon from Norway and the EU**
- The instability of the salmon market was worrisome given the commodity status that it has

Why They Were Wrong

The Actual Story of the Last Five Years

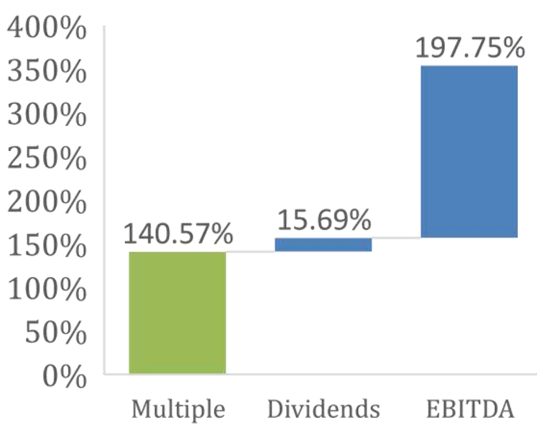
Expansion into New Markets

- In October 2016, though the purchase of 50% of Arctic Fish for €29m, NRS expanded their salmon farming operations into Iceland
- **Arctic Fish was one of the largest of 6 companies with farming licenses in Iceland, so the investment laid the ground for substantial expansion into relatively untapped waters**

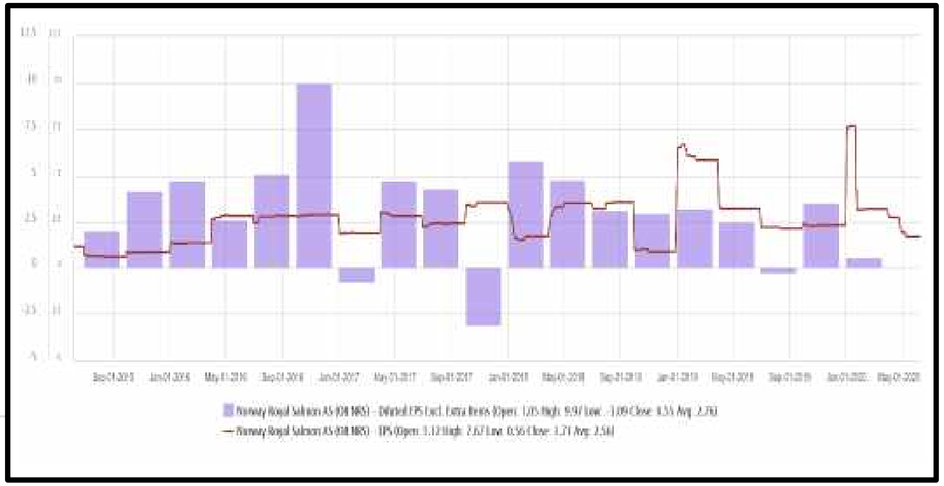
Important Divestment

- **In September 2019, NRS announced the divestiture of their southern region for €124m**
  - This was part of their larger strategy to concentrate and strengthen their position in Northern Norway and Iceland
- The margins and sales of this segment had been steadily declining over the years and were significantly smaller at the time of the sale

Return Breakdown:



Consensus vs Results



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Norway Royal Salmon Takeaways

NRS is an Average Business – 2.5/5

NRS does not have a Strong Moat

- There are no real differentiating factors between NRS and its competitors
  - **Salmon is salmon, and most of the time customers are just going to go with the cheapest option**
- However, people are still going to eat salmon worldwide, and there has been an increase in demand over the past few years
  - NRS helps fill that demand and thus earns a sizable amount of revenue given its relatively large market share

Mediocre Financial Profile

- While the 12% CAGR over the past 5 years is decent, already low margins have decreased even more
- EPS has been extremely inconsistent over the past 5 years, which shows a lack of a clear path for growth

Industry Uncertainty

- There is uncertainty surrounding the future of salmon farming, as there has been a lot of investment into land-based salmon farms in recent years
  - **This could change the requirements to be competitive and force NRS to invest heavily into PPE that would take a while to see a return on**

Future Outlook

Can NRS Sustain its Advantages? ✓

- Although their advantages aren't very strong to begin with, NRS should be able to sustain its licensed areas to farm in

Can NRS continue to grow? ✗

- Given the commodity status of salmon, NRS doesn't have a whole lot of control over their pricing
- Even if the demand for salmon continues to increase into the future, there is no certainty that NRS would be able to capitalize off of that

Is NRS poised to continue to outperform? ✗

- Given the high multiples relative to peers, uncertainty surrounding the ability for NRS to continue to grow and around the future of the salmon farming industry in general, it is unlikely that NRS will continue to outperform in the future

ALSO

SWX:ALSN

352%

5 Year TSR

Rank: 103/104

ALSO Holdings Overview

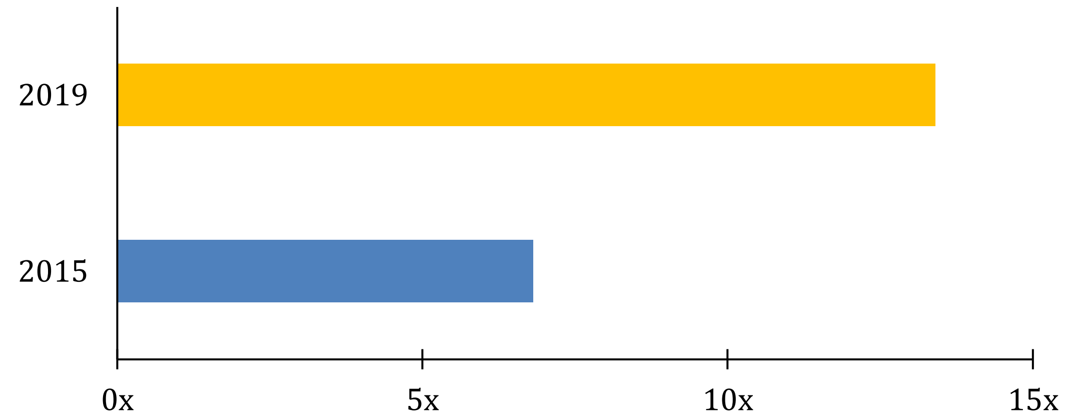
In Swiss Francs (CHf)

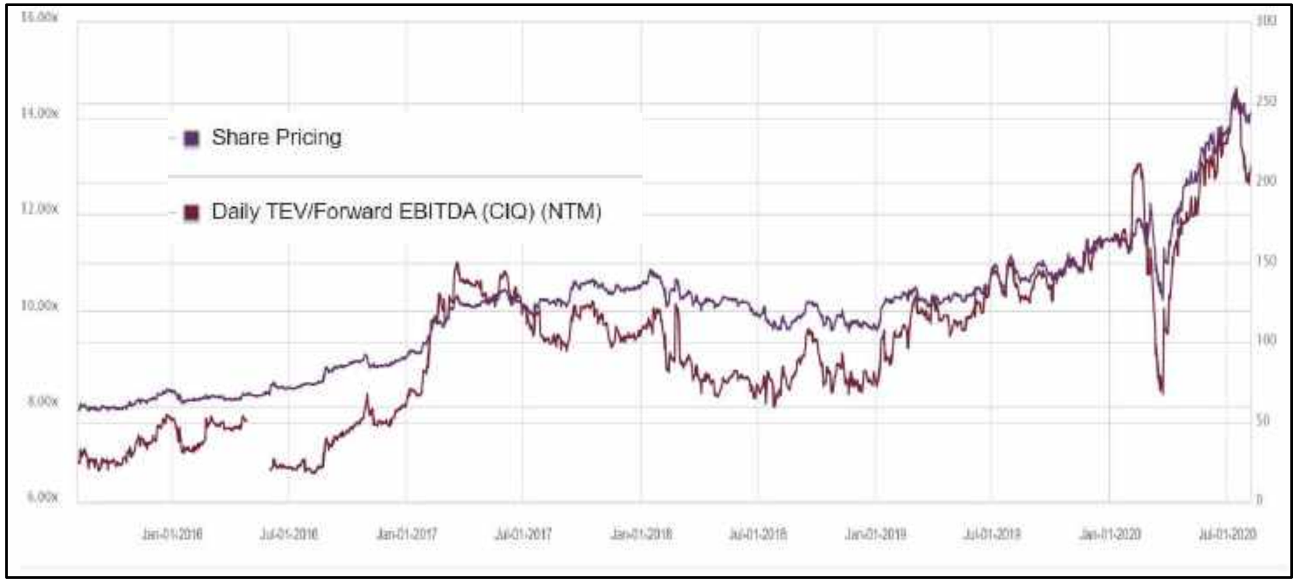
ALSN is an IT logistics company. ALSN has three core segments: supply (delivering hardware), solutions (setting up IT software), and service (IT maintenance).

Statistic	06/08/2015	06/08/2020
Stock Price	56.25 CHf	231 CHf
Market Cap	721.17 CHf	2.96B CHf
Enterprise Value	964.61M CHf	3.19B CHf
Shares Outstanding	12.82M	12.82M
EV / NTM Revenue	0.13x	0.25x
EV / NTM EBITDA	6.82x	13.40x
PE	10.44x	23.17x

Statistic	FY 2015	FY 2019
Revenue	8.38B	9.87B
EBITDA	150.3M	193.8M

EV / NTM EBITDA





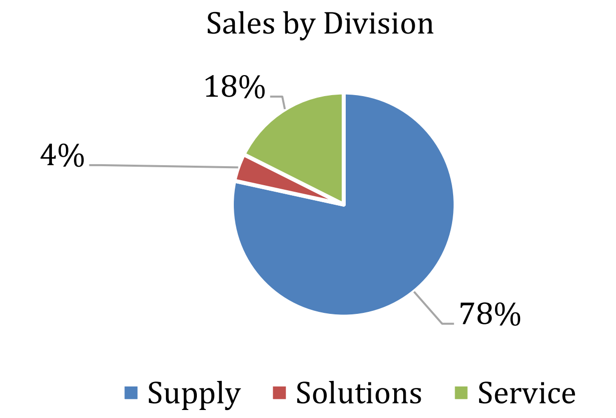
ALSO Holdings Business Model

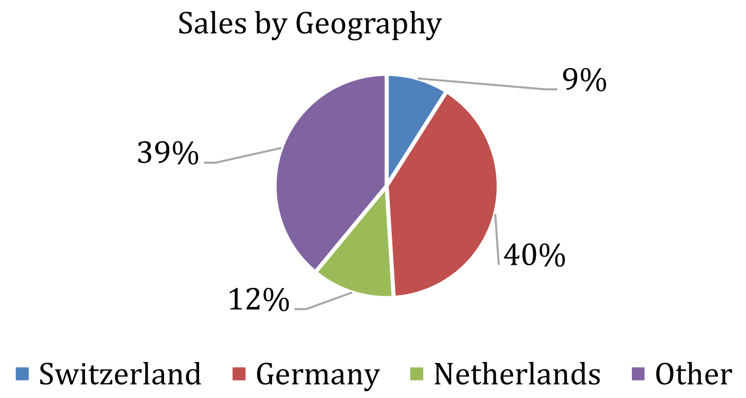
Primary Product	
Supply	Wholesales business for IT equipment.
Solutions	Project based support services for IT equipment resellers and SMBs on questions of IT infrastructure and design.
Service	ALSO cloud marketplace: Cloud marketplace that helps IT resellers sell cloud services.

Context

ALSN is a middleman in the IT industry.

- ALSN buys IT hardware from manufacturers and sells it to buyers (retailers, SMB resellers, etc.) who then sell it to the final customers (consumers and companies).
- ALSN also provides support services to their buyer customers to help them optimize their IT infrastructure and design.
- Cloud marketplace is replica of IT wholesale business except its for the cloud – marketplace that brings together buyers (retailers, SMB resellers, etc) and cloud software suppliers (i.e. Microsoft, Oracle, etc.).





ALSN is a high capital intensity business.

Low Threat
Medium Threat
High Threat

ALSO Holdings Competitive Analysis

Computer & Packaged Software Wholesaling

In the Computer and Packaged Software Wholesaling industry participants engage in wholesaling computers, computer peripheral equipment, and computer software. Manufacturers' sales branches and offices with wholesale functions are included within this industry.

Competitive Landscape

Market Structure	Oligopoly
Market Size	≈$268.9B[1]
Industry Growth	LSD[1]

- Synex is major American player but operates primarily in the US with more limited European presence.
- ALSN is leading player in Europe.
- ALSN has presence across Europe (23 countries) ; Also Cloud marketplace available in additional 64 countries around the world.

Barriers To Entry

- High capital intensity and working capital requirements.
  - Need to be very efficient to maintain solvency.
- Need buyers (resellers, retailers, etc.) to get suppliers (manufacturer, software developers, etc.) and vice versa.
- Concern is not barriers to entry but whether ALSN will still be needed in the IT value chain (their suppliers and buyers interacting directly).

Competitive Advantages

- Reputation: ALSN is known as a reliable partner for both buyers and suppliers.
- Efficiency: ALSN has a high-tech, efficient logistics capabilities to manage WC.
- Quantity of relationships: ALSN's business is strengthened by the large amount of buyers and suppliers they have.

Risks

- Working capital issues.
- Major logistics failure.
- Data breach.
- ALSN is cut out from value chain as their buyers and suppliers interact directly.
- Less demand for IT resellers (key buyer group).

What's Changed in the Industry

- Companies trending away from buying hardware and relying more on SaaS and Cloud software products instead.

1. US only; IBIS world.

What Investors Missed

The Bear Thesis Five Years Ago:

- **Not a very attractive business:** low margins (1.8% EBITDA margins), high working capital requirements, and transactional revenue stream.
  - Barely cash flow positive.
- Minimal runway for improvements to core business.
- Minimal avenues for future growth.
  - ICT industry is mature.

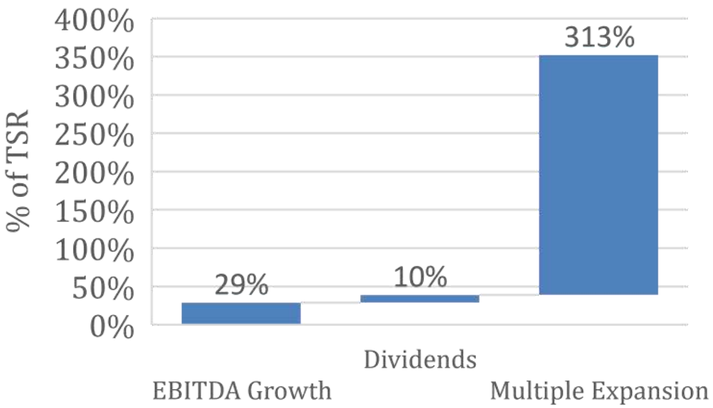
Why They Were Wrong

The Actual Story of the Last Five Years

Expanded business lines	• Core Supply business remains working capital intensive, low ≈1.8% EBITDA margin, and transactional. • But ALSN maintained Supply business and built out adjacent new business lines: Solutions and Services. • Services: low capital intensity and higher margin. • Solutions: low capital intensity, high margin, and recurring revenue.
Improved core business	• Optimized WC: cash conversion cycle reduced by 4 days from 28days to 24 days. • Suppliers nearly doubled from 350 in FY2015 to 660 in FY2019.

ALSN grew	• Service business grew at 19.14% CAGR from 211M in FY2015 to 427M in FY2019.
	  ◦ And revenue is recurring.
	• ALSN expanded its reach outside internationally: grew revenue outside core Germany, Switzerland, and Netherlands markets from 2.48B to 4.16B.
	  ◦ But maintained (and grew market share) in core markets as well.

Return Breakdown:



Consensus vs Results

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ALSO Holdings Takeaways

ALSN is a Ok Business- 2.5/5

ALSN has a strong position in a difficult industry

- ALSN is a leading IT wholesaler in Europe with a wide supplier and buyer base.
- Despite low margins and high capital intensity, ALSN has consistently grown the top and bottom lines and mitigated problems that could have arisen from WC.
  - Also improved WC efficiency.
- ALSN has developed a moat due to the quantity of relationships it has with buyers and suppliers.

ALSN grew

- ALSN maintained and grew its market share in its core markets of Germany, Switzerland, and the Netherlands.
  - Also captured market share across Europe.
- Grew its solutions and segments business which are more attractive in terms of margins.
  - Solutions business also recurring revenue.

ALSN has a potential runway for growth

- ALSN Also Cloud Marketplace taps into industry trends towards cloud software for businesses.
  - But on same token, could potentially be a long-term headwind for core Supplies hardware segment.
- ALSN has been resilient to date but their position in the value chain is the least stable of all participants.

Future Outlook

Can ALSN Sustain its Market Position?

- ALSN is a leading player in the IT wholesale business in Europe, especially in its core markets.
- New entrants in the IT wholesale space are hindered by capital requirements, and the need to develop many relationships with buyer and suppliers.
- Long-term need for wholesalers, at all, in the industry is less certain (especially with trends towards cloud).

Can ALSN continue to grow faster than the industry?

- ALSN's cloud business could propel ALSN to grow faster than the industry.
  - But if that happens, its likely core Supply business will shrink.

Is ALSN poised to continue to outperform the market?

- The bear thesis five years ago is essentially the same: poor business quality and minimal room for growth – but ALSN outperformed.
- I think underperformance is more likely given that ALSN now trades at 22x earnings or roughly double its 2015 multiple.

OB:GSF

350%

5 Year TSR

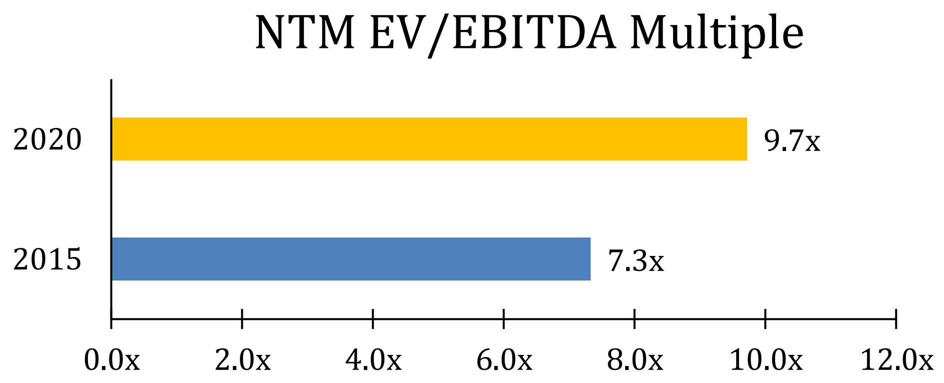
Rank: 104/104

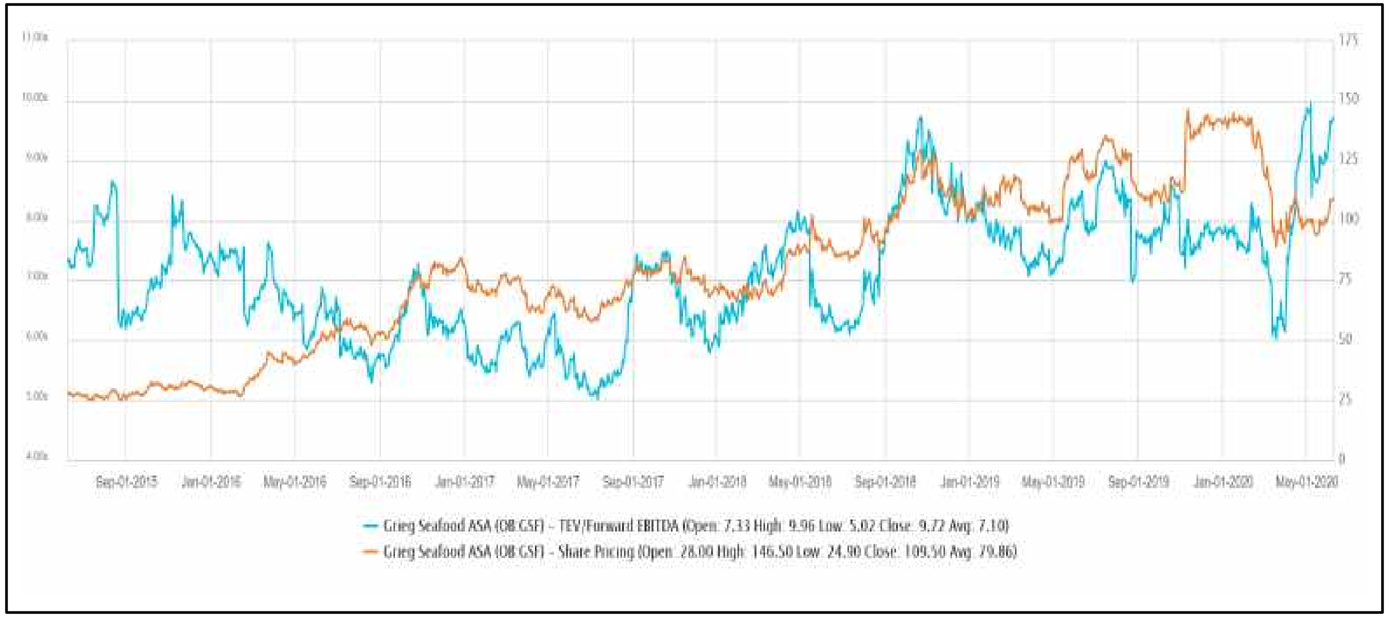
Grieg Seafood Overview

Grieg Seafood is the 8th largest salmon producer in the world based in Bergen, Norway, that farms and sells premium salmon.

Statistic	6/8/15	6/8/20
Stock Price	28.00 NOK	109.50 NOK
Market Cap	3.09B NOK	12.29B NOK
Enterprise Value	4.91B NOK	15.72B NOK
Shares Outstanding	110.41M	112.23M
EV / NTM Revenue	0.95x	1.75x
EV / NTM EBITDA	7.33x	9.72x
NTM P/E	10.47x	14.53x

Statistic	FY 2015	FY 2019
Revenue	4.59B	8.30B
EBITDA	285.72M	1.27B





Grieg Seafood Business Model

Primary Products

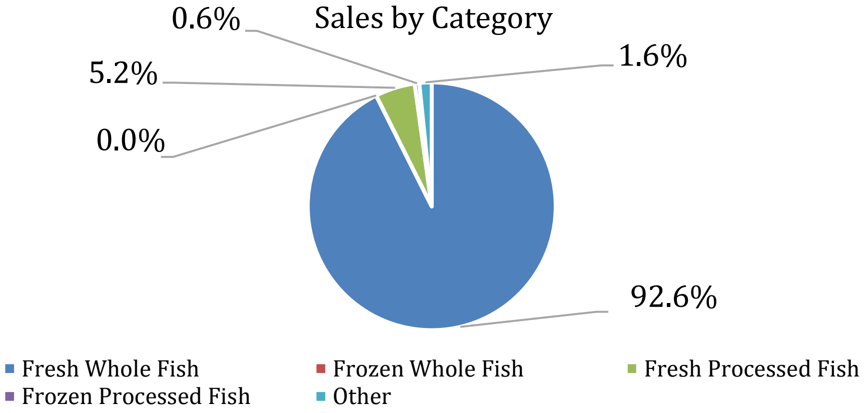
Salmon	• Fresh and frozen salmon that are farmed from their licensed waters

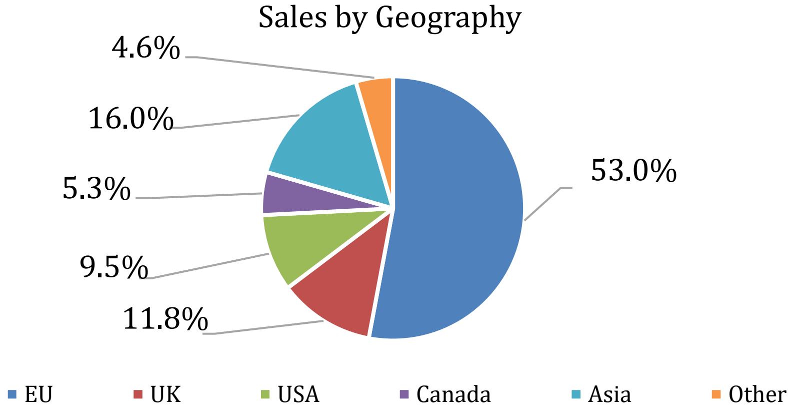
Some cans of Grieg processed salmon

Context

GSF produces high quality salmon for consumption

- 3 main farming operations of the coasts of Norway, Scotland, and Canada
- It operates in the breeding (smolt[1] production), freshwater farming, seawater farming, harvesting, and sales & distribution segments of the supply chain
  - Sales & distribution are handled by their subsidiary, Ocean Quality
- A lot of focus is put on the sustainability and health of the fish from the beginning of the process
  - Leads to high quality salmon





GSF is a capital intensive business due to the high amounts of PPE needed to operate

[1]Young salmon that have not yet fully developed into adult salmon

Low Threat
Medium Threat
High Threat

Grieg Seafood Competitive Analysis

Fish Farming

The players in this industry farm, breed, and harvest fish in water environments and then sell them to distributors.

Market Structure	Pure Competition
Market Size	$297B[1]
Industry Growth	MSD[1]

Barriers To Entry	Competitive Advantages	Risks	What's Changed in the Industry
• Government regulations and licensing for certain areas are necessary in order to operate • High up-front costs give the established players a financial advantage	• Superior quality • North American farming operations allows for close proximity to the fast-growing American market • Dedicated sales and distribution company (Ocean Quality)	• Commodity risk given the status of salmon • Biological risks regarding the health of underdeveloped smolts • Attempting to increase operational efficiencies may harm the quality of the product • Regulatory risks may inhibit expansion and/or increase costs • Land-based salmon farms may take away demand in the future	• Salmon has become more popular

[1]https://www.alliedmarketresearch.com/fish-farming-market

What Investors Missed

The Bear Thesis Five Years Ago:

- **Inconsistencies between top and bottom line y/y growth leading up to 2015 left investors unclear about future growth trajectory**
  - Russia, a decent sized market for GSF usually representing ~10% of total sales, suspended trade with the EU, and thus Norway, towards the end of 2014

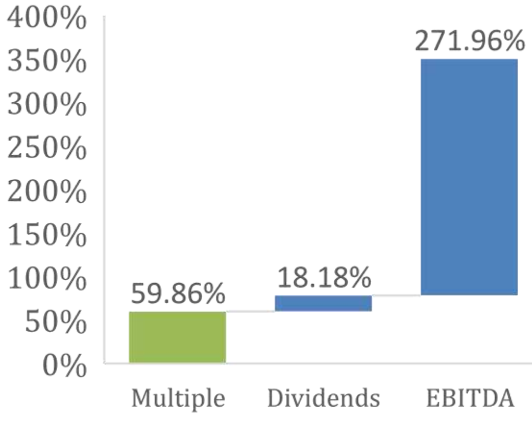
Why They Were Wrong

The Actual Story of the Last Five Years

More Consistencies

- **As demand for salmon increased around the world as a result of society as a whole becoming more health conscious, more operational efficiencies were recognized**
  - Received many new licenses that allowed them to expand the capacity of their operations
  - Strong growth and biological improvements were realized due to the economies of scale that became more present
- Fixed price contracts were also implemented more which helped mitigate the effect of the fluctuations in the commodity pricing of salmon

Return Breakdown:



Consensus vs Results

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Grieg Seafood Takeaways

GSF is an Average Business – 2.5/5

GSF does not have a Strong Moat

- Although the quality of the salmon is supposedly higher than its competition, at the end of the day, salmon is just salmon to most people
  - Targeting the higher-end customers may not be a foolproof plan given the relative lack of control individual companies have over their prices
- There has been a surge in demand recently, however
  - **America and China in particular have seen large increases in consumption numbers**

Growth Opportunities are in the Pipeline

- Expansion opportunities downstream will allow GSF to further vertically integrate and increase their margins
  - **Management has specifically mentioned moving into the value-added processing level of the supply chain**
- M&A was also mentioned as a focal point in the future as a way to increase capacity by gaining more licenses and thus more farming area
  - An acquisition of a company in Newfoundland, Canada, recently took place already as an example of this, and there will likely more in the future

Future Outlook

Can GSF Sustain its Advantages?

- It is unlikely that GSF will divest Ocean Quality or its North American locations anytime in the near future
- GSF has the reputation for being a high quality producer, as many high-end restaurants around the world use their salmon

✓

Can GSF continue to grow?

- Given the heavy investment into both the recent Newfoundland acquisition and the steps it is taking to expand downstream in the future, it is likely that GSF will continue to grow

✓

Is GSF poised to continue to outperform?

- Given the high risks and volatility that is present in the industry, it is not very likely that GSF will grow at the same rate it has in the past and/or the stock will experience significant multiple expansion

✗