



KEDM Lite Vol. 11

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Actionable event-driven trades
and special situations.

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This week's additions and highlights

1. SPIN-OFFS

- **Honeywell (HON US)**. It might be a good time to look at Honeywell, which recently corrected on rather poor results. The company is preparing to separate Aerospace, while also selling non-core businesses (last one is PSS to Brady for \$1.4bn). Aerospace faced a tough Q1 on supply chain disruptions, ending a long streak of quarters with solid growth, though March was solid again. Aerospace will trade under HONA, with an investor day planned in June. Another interesting note, a reminder that Honeywell also owns a big stake in Quantinuum, a pretty interesting quantum bet which has filed for an IPO. NVDA participated in the latest funding round which was already up in double digit \$bn. Nice optionality.

2. STRATEGIC ALTERNATIVES and REVIEWS (potential take-outs, divestments, M&A, etc.) (one year rolling)

- **Franklin Street Properties (FSP US)**. FSP expanded its strategic review, adding ao BofA to evaluate potential transactions. The company believes that "... FSP's share price does not adequately reflect the underlying value of our real estate...". The company has roughly \$600m BV of RE assets (and decline) and c. \$250m debt. The market values this at ~0.1x BV, it clearly doesn't still buy book. Here lies the opportunity.
- **TransAct Technologies (TACT US)**. Interesting net cash micro-cap with an actual product that has long been assessing strategic alternatives. Stock has been hammered over the past years, with the company actively trying to turn the ship. More recently, the former issued a public letter criticizing the company's strategic direction and performance since his 2023 departure. He argues TransAct has failed to launch new products and win major customers and warns that the company is overinvesting in food-service software where it lacks advantage, urging a return to core hardware strengths and partnerships instead. In the meantime, net cash is now roughly 60% of the company's market cap.

- **Aspo (ASPO FH)**. Aspo recently announced that it agreed to sell its Leipurin business for €60m cash (after costs), roughly 14% of its EV. Aspo is an interesting one to keep assessed; the logistics company intends to form two separate companies, Aspo Compounder and Aspo Infra in the coming years. It could also continue to dispose of assets. Growing, profitable and with strong underlying action.

UPDATE (April 28, 2026) The sale of Leipurin has been completed, with Aspo indeed confirming that the remaining two businesses (ESL Shipping and Telko) are also still being assessed. A glance at these units suggests their values, as reflected in Aspo's current enterprise value, are pretty conservative. A quick SOTP guesstimate puts us at €550-600m enterprise value, implying 60-100% potential upside on the equity. It might be worth doing some work on it.

3. NOTICEABLE LARGE BUYBACKS & TENDER OFFERS (six months rolling)

- **Lululemon (LULU US)**. Generally, too large for Lite's taste, but interesting nonetheless to follow. Lululemon's governance story continues to intensify following the appointment of a new CEO despite activist Elliott and founder Chip Wilson both pushing for broader strategic and board changes. The market was also not happy with the new CEO, dropping by over 10% to multi-year lows. Despite the very healthy correction (it's still just stretch pants people), absolute profitability and cash flow remain healthy, with LULU continuing to massively buy back shares.
- **Aclarion (ACON US)**. Pico-cap Aclarion popped a \$2.5m buyback, ~30% of its market cap. The company expects to complete the buyback over the next 12 months. This is a net cash, negative EV company, claiming to be on the verge of strong revenue expansion based on strong product traction.

4. INTERESTING INSIDER & OTHER LARGE PURCHASES (six months rolling)

- **BAWAG (BG AV)**. Good to see BAWAG insiders (mainly the CEO) doing huge open market purchases. And we mean really huge. This bank continues to acquire and properly integrate well and overall put out solid results. Still trading at ~11x PE.
- **DGL (DGL AU)**. Chemical distributor DGL finally published its (restated) financials, only showing a relatively large impairment on non-core assets that were going to be sold anyway, and the minor readjustments of the inventories. The release of the newly audited financials marks the most important step towards the shares starting to trade again soon. Our hope here is that the shares get smashed once trading resumes; we'll have a company with a new auditor, a much-improved governance, updated financials and decent operating performance despite a tough market – at much more attractive prices.

UPDATE (April 28, 2026) The CEO and largest shareholder of DGL has already begun buying shares (again) on the open market. As expected, the shares dropped quite a bit since trading started again and seem to have stabilized for now. Given the CEO's track record, we expect to see more purchases. 4-5x forward EV/EBITDA for what could be 10-20% EBITDA growth pa.

- **Poppins (7358 JP)**. Hikari continues to add en masse over at childcare support company Poppins (7358 JP). The shares are still bobbing at the lows, but we guess that can't continue; solid and structural HSD topline growth, stable margins, 34% of its market cap in net cash, ~4x LTM EV/EBITDA.
- **Processa Pharmaceuticals (PCSA US)**. Tiny pre-revenue biotech Processa has seen quite some insiders add shares over the past few weeks. Always interesting to see this happening in such potentially explosive situations.
- **PodcastOne (PODC US)**. Insiders keep adding at PodcastOne. Growth remains strong, and over \$15m of short-term liabilities have been eliminated recently. Is it finally go-time for PODC?

5. LIQUIDATIONS

- **Apollo Commercial Real Estate Finance (ARI US)**. Not officially a liquidation, but very probable. ARI recently completed the sale of its \$9bn commercial real-estate loan portfolio to Athene, what is left is \$2.2bn of assets (mostly cash) which is a book value of \$12.05 p/s, vs today's \$11.10 share price.
- **Stratus Properties (STRS US)**. Stratus announced a \$20m buyback, roughly 13% of its market cap. Trading at 0.53x BV, the company has been selling some assets. UPDATE (March 31, 2026) Just a few months ago, Stratus announced that it would review strategic alternatives to 'maximize value'. The review clearly mentioned 'a plan of dissolution and liquidation'. No surprise to see they've already finished the strategic review, deciding to liquidate and distribute the net proceeds to shareholders. Interestingly, recent asset disposals (Kingwood Place, Lantana Place, and West Killeen Market) were above book value. Trading at ~0.75x book.

UPDATE (April 28, 2026) Just flagging that major shareholder Oasis is in the market selling shares almost daily. They still have a >12% stake, with the selling volume often a major piece of daily volume. A reminder that Stratus is seeing estimated distributions ranging between \$29.73-37.69 p/s, vs a roughly \$30 share price today.

6. NOTABLE 'RUMORS' AND REPORTED INTEREST (one year rolling)

- **Perfect (PERF US)**. Perfect added financial and legal advisors to its special committee review the current \$1.95 p/s offer from Cyberlink. A reminder that Cyberlink already owns ~44% which makes the deal spread of 17.5% too large in our view (and this interesting).
- **Catalyst Pharmaceuticals (CPRX US)**. Italian Angelini Pharma is rumored to be interested in Catalyst. Angelini has been reviewing multiple targets as part of a broader external-market expansion strategy. Catalyst develops treatments for rare diseases including DMD and Lambert-Eaton, making it a strategically attractive specialty-pharma asset. Despite the shares being up almost 20% over the past weeks, CPRX has been growing a ton over the past few years on every metric, now sporting >50% EBITDA margins, major FCF conversion and ~20% of the market cap in net cash. And still at ~9x forward EV/EBITDA.

7. M&A / MERGER ARB (incl. CVRs, SPACs, etc.)

- **Advanced Medical Solutions (AMS LN)**. A reminder that TA Associates has now until mid-May to submit a formal offer. While the shares are still trading at a nice premium on the (undisclosed) offer, they are ~15% above the level of pre-March turbulence. This healthcare supplier is still only trading at ~10x forward EV/EBITDA, despite decent organic growth, high margins (and improving as AMS is still digesting its large 2024 acquisition), decent cash flow generation and rather clean b/s. Too low in our view.
- **Seer (SEER US)**. Biotech Seer received an offer from shareholder Bradley Radoff for \$2.25 p/s in cash plus a CVR. The current share price is \$1.92. Seer still sports a negative EV (mostly cash).

UPDATE (April 28, 2026) Seer rejected the recent offer, stating that "...the revised offer implies an equity value for Seer that is materially below the sum of Seer's current cash, cash equivalents and investments." We would not be surprised to see continued action here.

- **Cumberland Pharmaceuticals (CPIX US)**. Cumberland agreed to sell its entire branded US commercial portfolio to Apotex for \$100m in cash. The deal will pivot the company fully to its orphan-drug pipeline, led by various programs in Phase II with FDA designations including Orphan, Rare Pediatric Disease, and Fast Track. Cumberland will also retain its stake in Cumberland Emerging Technologies. This will put the company in a solid net cash position, while cash burn is relatively low.
- **D2L (DTOLCN)**. Investment firm 2717 Partners has made a non-binding C\$10.50 p/s cash offer for EdTech company D2L. The offer seems pretty low-balled, considering D2L's strong derating. It's clear that 2717 would very much like to profit from D2L's current pressured share price on AI fears. Operationally, D2L has been doing well, posting topline growth in MSD-HSD and solid operating leverage. Roughly 30% of the market cap is net cash.

8. ACTIVIST ACTION (1 year rolling)

- **Headlam (HEAD LN)**. Activist fights at micro-caps are always interesting. Headlam's board pushed back against First Seagull's (~10% stake) requisition to remove three directors and install two nominees. It highlights decisive actions over the past year (new CEO and CFO, a transformation plan, refinancing, and incoming NEDs). No growth, but still decent revenue and gross profit base, but a bloated opex structure. It's too early for Headlam in our view, but this one could be explosive.
- **WEX (WEX US)**. WEX has become a live activist battleground ahead of its May 5 shareholder vote, with ISS joining Glass Lewis and Egan-Jones in backing Impactive Capital's (~4.9%) campaign for board changes, aimed at kicking the CEO out. If Impactive wins seats, there's a good chance we might see business simplification and enhanced capital returns.

- **Dynatrace (DT US)**. It might be a good time to flag Dynatrace. The shares have gone nowhere for some time, and for good reasons. Despite high and recurring revenue growth, 80%+ gross margins, and strong growth in earnings, dilution has been strong given a disgusting amount of SBC. Cash has been stashing on the balance sheet, with Dyna now swinging the buyback machine up. Some funds have been popping up, but it's a good time for an activist.

UPDATE (April 28, 2026) Someone has been reading KEDM! Activist Starboard has taken a 'top-five stake' in Dynatrace. Starboard argues Dynatrace can expand margins, cut marketing spending and accelerate buybacks, potentially returning \$2.5B+ over three years. They believe Dynatrace could nearly double FCF per share to >\$3.30 and say the board should remain open to all options to maximize shareholder value.

9. 'INTERESTING' SITUATIONS - but not exactly event-driven or special sit (9 months rolling)

- **Knight Therapeutics (GUD CN)**. Knight seems to have finally moved past a decade of capital-hoarding stagnation and entering a nice earnings-driven phase after deploying most of its cash into more attractive, opportunistic deals. Looking at recent acquisitions (mainly the C\$120m purchase of Endo's Canada assets and the Sumitomo portfolio) are much better priced than earlier transactions and should lift EBITDA big time. The opportunity here is also due to strong shareholder fatigue keeping the stock depressed. We would not be surprised to see >C\$10 soon and more.
- **IQE (IQE LN)**. IQE closed its strategic review after securing £81m in new capital to repair its balance sheet and retire debt. The package includes a £45m investment from MACOM (£30m via new shares and £15m through secured zero-coupon convertible notes) giving MACOM 11.5% voting rights. The capital raise caused the shares to drop by ~25% to <GBP40. IQE got caught up in massive hype and even reached 60p at some point. If you believe that the hype is warranted, you'll like it more today vs a week ago. If not, it's still a long way to <10p.
- **Sidus Space (SIDU US)**. Satellite operator Sidus recently closed an offering, raising almost \$60m, causing the shares to drop almost 50% from the recent peak. With the current cash balance, the company has some 3-4 quarters runway. It will definitely need more, but remember, it has 'space' in its name: we would not be surprised to see this one go vertically (a few times) over these years. Just flagging.

10. MISCELLANEOUS (asset sales, out-of-bankruptcy, IPOs, uplistings, etc.) (1 year rolling)

- **Honeywell (HON US)**. On another interesting Honeywell note, which warrants a separate flag, a reminder that Honeywell also owns a big stake in Quantinuum, a pretty interesting quantum bet which is actively going for an IPO. NVDA participated in the latest funding round which was already up in double digit \$bn. Nice optionality. Timing should be Q2 / Q3 this year. Quantum stock's valuations have come down but are still at crazy levels.
- **Greenland Resources (MOLY CN)**. It seems small, but MOLY's announcement that it has advanced its application for a €50m equity investment under some EU program is a very interesting milestone. As required by the program, the company has also secured €40m in firm co-investment commitments, positioning it for a potential €50m+ funding package. MOLY is now in the financing phase, o/w equity is arguably the most challenging part. The deal is a nice signal. A reminder that at current Molybdenum prices the project's NAV is now estimated to be close to US\$3bn – compared to a market cap of roughly US\$150m. Getting closer and closer to being sold.
- **Team Internet (TIG LN)**. We might be hearing from Team Internet soon. As a reminder, they launched a strategic review back in November 2025, mentioning receiving 'multiple approaches' and that its Domains, Identity & Software (DIS) arm 'alone could be worth more than the group's entire current market value'. They confirmed a few times that discussions are going well. Normally by now we would have seen more (financial) info published by the company, but they've been rather quiet. Something's coming soon? Meanwhile the market volatility has not been kind to the share price.

UPDATE (April 28, 2026) We reminded you of last week, and in the meantime, Team Internet updated the market again on its strategic review of the DIS division, reiterating that multiple bidders remain engaged. They even concretely mentioned a floor ("materially in excess of the market cap [...] on 11 November", which was GBP 120m. The company is now working to refinance its debt (roughly \$180m), and we would assume an announcement after.

- **Certara (CERT US)**. Biotech software company Certara sold its Regulatory and Medical Writing business for \$135m, ~14% of its market cap. This move divests a lower-growth, less-differentiated unit that generated \$50m revenue and \$17m EBITDA in 2025. While material, it's also interesting that the deal of this non-core business was struck at a decent ~8x EV/EBITDA, with Certara overall trading at roughly the same forward. That doesn't seem much for 30%+ EBITDA margins (with some SBC), decent FCF conversion and net cash b/s (pro forma).

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