TAKEOVER
WHITE PAPER

June 2024

TAMIM Asset Management

EQUITY | PROPERTY | CREDIT

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Introduction

In recent years, the performance of our Australian equity portfolios has benefited from astute investments in companies possessing not only intrinsic value but also an imminent catalyst for re-rating their stock prices. One pivotal catalyst we've honed our skills in identifying is the potential takeover target. Recognising companies with strategic appeal that can yield greater value under new ownership is a potent weapon in the investor's arsenal. This strategy has consistently proven lucrative as takeovers often entail substantial premium prices. Over the past year, the ASX has witnessed a flurry of M&A transactions, with several featured in TAMIM's Australian equity portfolios. In this update, we delve deeper into our methodology and elucidate the key criteria we consider when identifying potential takeover targets. Additionally, we explore three Australian stocks that, in our estimation, are ripe for acquisition.

Over 30

Portfolio companies receiving takeover offers in the last 5 years.

IDENTIFYING A POTENTIAL TARGET

The following is a compendium of pivotal indicators we scrutinise when assessing a potential takeover target. While this list isn't exhaustive, it offers valuable insights. Potential takeover candidates may not necessarily exhibit all these traits, but astute observers will often detect some of these signals.

NOTEWORTHY STAKEHOLDERS

Our quest for potential takeover targets commences by scrutinising the top twenty shareholders. A substantial holder, defined as owning more than 5% of a company's float, is legally obligated to disclose their stake to the market, including increments of 1% thereafter. If a shareholder, particularly one from the same industry or poised to gain from the acquisition, is accumulating shares, it's a conspicuous signal. Accumulation by significant shareholders may herald an impending takeover attempt. Monitoring entities that amass a substantial chunk of the company (e.g., exceeding 30%) is also imperative. Such stakeholders face hurdles when exiting their positions through traditional market sales, making a takeover their primary exit route. Additionally, observing fund managers and other groups accumulating shares, especially those with a history of involvement in M&A activity, is pivotal.

STRATEGIC VALUE

In the niche of takeovers, "synergies" is a frequently invoked term. Synergies encapsulate the benefits that a merged entity stands to gain post-transaction completion. Common synergies include cross-selling opportunities and cost reductions resulting from redundant operations.

These synergies are the driving force behind the strategic value a company holds as an acquisition target. A prime illustration of this is the remarkable takeover of Silk Laser Australia (ASX:SLA). As a prominent player in the Australian skincare and aesthetics industry, Silk Laser possessed a wealth of assets, including an extensive network of clinics, a loyal customer base, and a comprehensive range of services encompassing laser hair removal, cosmetic injectables, skin treatments, body contouring, and skincare products.

The company's strategic allure lay in its potential to provide the acquiring entity with substantial synergistic advantages. These synergies materialised in various forms, notably through cross-selling opportunities and operational cost reductions. By integrating Silk Laser's offerings into its existing portfolio, the acquirer gained access to an expanded customer base and diversified revenue streams. Additionally, the elimination of overlapping operations led to operational efficiencies, making the acquisition a financially sound decision.

M&A-EXPERIENCED DIRECTORS

M&A transactions are intricate and often beset with obstacles, necessitating the presence of experienced individuals. We pay attention to recent director or board appointments with M&A expertise, as such appointments are frequently made in anticipation of transactions. Notably, Paragon Care (PGC.ASX) appointed a non-executive director with significant M&A experience shortly before entering a merger agreement with Quantum Health Group (QTM.ASX) in September 2021. This example underscores the accessibility of information that may hint at potential takeovers, emphasising the need for vigilant research.

The significance of having seasoned professionals with a track record in mergers and acquisitions cannot be overstated. These individuals possess the acumen and insights necessary to navigate the complexities of M&A transactions, ensuring their successful execution. A pertinent example within our own portfolio is the case of Healthia (ASX:HLA). The company's board comprised directors with extensive experience in orchestrating mergers, acquisitions, and eventual exits to private equity. Their collective expertise was instrumental in Healthia's remarkable journey from a publicly traded entity to a private equity acquisition.

Under their stewardship, Healthia underwent a process that eventually led to a buyout by a private equity firm at a staggering 85% premium to its prevailing share price. This extraordinary outcome underscored the pivotal role of a board enriched with individuals well-versed in the intricacies of M&A.

ENHANCING SALEABILITY, I.E. SPINNING OFF DIVISIONS, RETIRING DEBT ETC.

DEBT

Companies looking to make themselves more attractive to potential acquirers may engage in actions like divesting divisions or reducing debt. Firms with robust balance sheets, devoid of debt and boasting a net cash position, are more appealing takeover targets. In the evolving landscape of sustainable investing and ESG measures, companies may opt to spin off contentious divisions, enhancing their image. Woolworths' demerger of its alcohol and hospitality subsidiary, Endeavour (EDV.ASX), exemplifies this trend. While not a takeover target, this strategic move demonstrates the appeal of divesting ethically questionable business segments.

STRATEGIC REVIEW ANNOUNCEMENTS

Companies announcing strategic reviews often indicate an intent to maximise shareholder value. While not a guarantee, such reviews can stem from unsolicited approaches or efforts to divest core assets. Typically, firms appoint advisors to guide these decisions. The announcement of a strategic review can signal an imminent takeover or other corporate actions and merits closer scrutiny. In the upcoming case studies, we'll delve into two companies that have strategically repositioned their operations to extract enhanced value for their shareholders. These examples underscore the dynamic nature of corporate strategies and the potential for significant shareholder gains when companies undertake these strategic reviews.

INFRASTRUCTURE INVESTMENTS

A compelling theme emerging recently involves super funds targeting infrastructure assets. Overwhelmed by the sheer volume of assets under management, super funds seek higher returns by investing in infrastructure assets. Notably, Telstra (ASX:TLS) sold half of its mobile towers for 28x EBITDA, while Sydney Airport (ASX:SYD) received a bid from QSuper in November 2021, reflecting the allure of stable, income-generating infrastructure assets. This trend extends to infrastructure businesses with secure earnings, including fibre, airports, utility infrastructure, and government-contracted entities.

SUMMARY: HOW TO IDENTIFY A POTENTIAL TARGET

NOTEWORTHY STAKEHOLDERS

STRATEGIC VALUE

M&A-EXPERIENCED DIRECTORS

DEBT

ENHANCING SALEABILITY

STRATEGIC REVIEW ANNOUNCEMENTS

INFRASTRUCTURE INVESTMENTS

Post-Takeover Offer Considerations

After a takeover offer is extended, companies and investors alike must carefully evaluate the offer's composition, which may encompass various elements beyond just cash. Takeover offers can take different forms, such as a straightforward cash consideration or a combination of cash and company shares, commonly referred to as a cash + scrip deal. In rarer instances, other securities, like warrants or convertible bonds, might also be issued as part of the offer. Occasionally, a company's core assets are acquired, while the remaining entity undergoes liquidation, with the possibility of retaining valuable assets like franking credits for investors.

Once a takeover offer is on the table, it typically exerts a gravitational pull on the share price, drawing it closer to the offer price. At this juncture, several critical factors warrant consideration. One pivotal aspect is assessing the financial capacity of the offering company to fulfil the deal's terms. Recent instances have seen deals falter due to inadequate financing, highlighting the significance of this evaluation.

The market's sentiment regarding the likelihood of shareholder acceptance and the acquirer's commitment to the deal also plays a crucial role. If the market perceives a high probability of the deal proceeding, the spread between the trading price and the offer price tends to be narrow. Conversely, scepticism about the deal's success can widen this spread.

In cases where the offer represents a lower valuation than market expectations, the share price may even trade at a premium, driven by anticipation of a superior offer or the potential for a bidding war. Recognising the intrinsic value of these businesses from the perspective of potential acquirers is pivotal. Identifying the potential for a competitive bidding scenario, akin to the recent case of Sydney Airport, can present lucrative opportunities for investors. These dynamics illustrate the intricate considerations that come into play once a takeover offer is on the horizon.

The TAMIM Takeaway

Identifying potential takeover targets on the ASX is both an art and a science. It requires a keen eye for key indicators, a deep understanding of market dynamics, and the ability to decipher corporate actions. By mastering these skills, investors can uncover opportunities that have the potential to yield significant rewards.

Knowledge is your most potent asset in the world of investing. Keep learning, keep exploring, and keep growing your wealth. Continue reading to uncover three TAMIM case studies and enhance your understanding of this intriguing investment strategy.

MACH7 TECHNOLOGIES LTD
(ASX:M7T)

MACH7
Independence through Innovation

THE BUSINESS

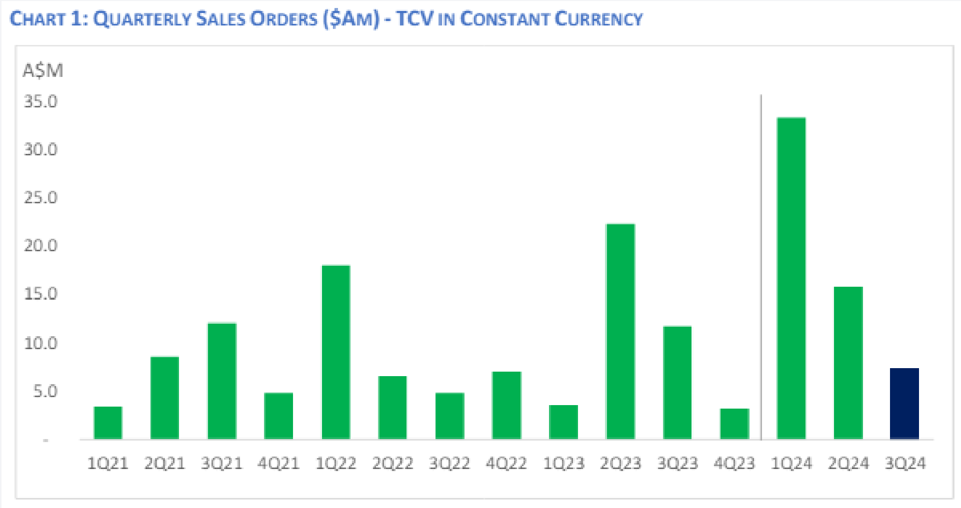
Mach7 Technologies (ASX:M7T) is a leading provider of medical imaging systems, specialising in innovative image management and viewing solutions for healthcare organisations. Its systems create a comprehensive and clear view of patients, which aids in accurate diagnoses, reduces delays in care delivery, and cuts costs, ultimately improving patient outcomes. By enabling healthcare enterprises to efficiently identify, connect, and share diagnostic images and patient care intelligence, Mach7 plays a crucial role in enhancing clinical workflows.

With a presence in over 15 countries, Mach7 serves more than 150 customers, with a significant portion of its revenue coming from North America. The company's flagship offering, the Mach7 Enterprise Imaging Solution, includes Enterprise Data Management, Enterprise Diagnostic Viewing, and Diagnostic Workflow applications. This suite is anchored by a robust Vendor Neutral Archive (VNA) and data administration tools, facilitating rapid storage, access, retrieval, and viewing of images across a healthcare network, with seamless cloud connectivity.

Mach7's solutions can be deployed either on a component basis or as a comprehensive platform, offering users flexibility and independence in their implementation. The company's global network includes a diverse array of clients, ranging from large integrated delivery networks, national health systems, and academic medical institutions to regional community hospitals, private radiology practices, and independent provider groups. This diverse customer base underscores Mach7's versatility and reliability in the healthcare industry.

RECENT RESULTS

In the third quarter of FY24, Mach7 Technologies reported $7.4 million in sales orders. This total included $5 million from subscription license revenue, $1.7 million from capital software licensing, and $0.7 million from professional service fees. A significant 42% of sales came from a contract renewal with Penn State Health worth $3.1 million. This renewal doubled the scan volume since the contract began in 2015, which aligns with Mach7's growth expectations.



Source: Mach7 Third Quarter FY24 Business Update

Importantly, the company generated a positive operating cash flow of $1.4 million and is on track to maintain this positive cash flow for the full fiscal year 2024. The second half of the year is typically strong for cash collections, supporting this positive outlook.

Looking ahead to FY25, Mach7 is focusing on three key areas:

- **Cloud Enablement:** Continuing to enhance their cloud capabilities.
- **Product Upgrades:** Improving the eUnity viewer and the Vendor Neutral Archive (VNA) to maintain and boost their KLAS rankings.
- **Interoperability:** Ensuring their solutions are the most flexible in the market.

Although the costs associated with these projects were not disclosed, an additional 10% growth in operating expenses is expected for FY25. Additionally, the company has set a sales order guidance of over $60 million, and they have already secured 95% of this target.

TAKEOVER POTENTIAL

Mach7 has significant potential as a takeover target, much like Volpara Health Technologies, a company that TAMIM held and benefitted from it's acquisition. Volpara, a MedTech Software-as-a-Service company dedicated to saving families from cancer, was recently acquired by Lunit Inc.

Lunit offered $1.15 per share in cash for all of Volpara's stock, a substantial 48% premium over the last traded share price before the acquisition announcement.

Mach7 could experience a similar positive catalyst for re-rating. The company's innovative medical imaging systems, strong revenue growth, and expanding global footprint make it an attractive acquisition candidate. Here are a few reasons why Mach7 stands out as a potential takeover target:

1. **Strategic Fit for Legacy PACS Providers:** Picture Archiving and Communication System (PACS) providers are constantly seeking to enhance their technology and service offerings. Mach7's cutting-edge Enterprise Imaging Solutions could provide significant value to these legacy providers looking to modernise and expand their capabilities.

2. **Synergies with Competitors**: Competitors in the medical imaging and healthcare IT sectors might view Mach7 as an ideal bolt-on acquisition. By integrating Mach7's innovative solutions, these companies could enhance their product portfolios, expand their market reach, and leverage Mach7's established customer base across 15 countries.

3. **Technological Advancements:** Mach7's focus on cloud enablement, product upgrades, and interoperability positions it as a leader in the medical imaging industry. Companies aiming to stay at the forefront of technological advancements may see acquiring Mach7 as a strategic move to ensure they offer the most flexible and advanced solutions in the market.

Given these factors, Mach7 Technologies is well-positioned to attract interest from larger healthcare technology companies and PACS providers. An acquisition could provide a significant premium for Mach7's shareholders, similar to the Volpara-Lunit deal, and further enhance the company's ability to innovate and expand in the medical imaging sector.

APIAM ANIMAL HEALTH LTD
(ASX:AHX)

THE BUSINESS

Apiam Animal Health Ltd (ASX:AHX) is a leading Australian rural veterinary business providing veterinary services catering to both production animals (including pigs, dairy, feedlot, sheep, poultry) and companion animals (such as equine and pets).

Apiam's strengths lie in its extensive network of veterinary clinics across regional Australia, providing local expertise and knowledge. The company operates in a vertically integrated business model, offering a range of services from veterinary care to diagnostics and logistics. There continues to be a growing demand for animal feedlots particularly in the pig and beef segments. The increased attention shines a spotlight on animal welfare which drives a greater need for veterinary services as animal welfare becomes a key focus.

> **Throughout FY23 the company focused on growth via acquisition.**

Apiam acquired seven veterinary businesses throughout 2023 while continuing to work through the integration of previous acquisitions. While the pace of acquisitions has moderated, Apiam settled two acquisitions in the first half of 2024. The company does not anticipate any further transactions in the second half of 2024. It has since redirected its focus towards optimising operational efficiency across its clinic portfolio, aiming to harness enhanced synergies from recent acquisitions.

> **Apiam has a strong and experienced management team with an excellent track record in the animal health industry.**

Managing Director Dr Chris Richards is a seasoned veterinarian who has been instrumental in Apiam's evolution since 1998. Dr. Richards played a pivotal role in consolidating Apiam Animal Health into Australia's largest rural veterinary network, integrating production and companion animal clinics, wholesale, labs and logistics. Chairman Professor Andrew Vizard complements this leadership with extensive expertise in sheep, beef and epidemiology, and has held directorships in animal health bodies like Animal Health Australia.

RECENT RESULTS

At the end of February, Apiam released its 2024 first half results receiving an enthusiastic response from the market.

Despite pressure on consumer spending the company reported revenue growth of 11.4% compared to the prior corresponding period (PCP). Underlying operating earnings grew 32.7% versus the PCP, driven by significant improvement in earnings margins. Underlying net profit after tax and adjustments for acquisitions increased 19.9% compared to the PCP, despite a $1.1 million increase in finance costs.

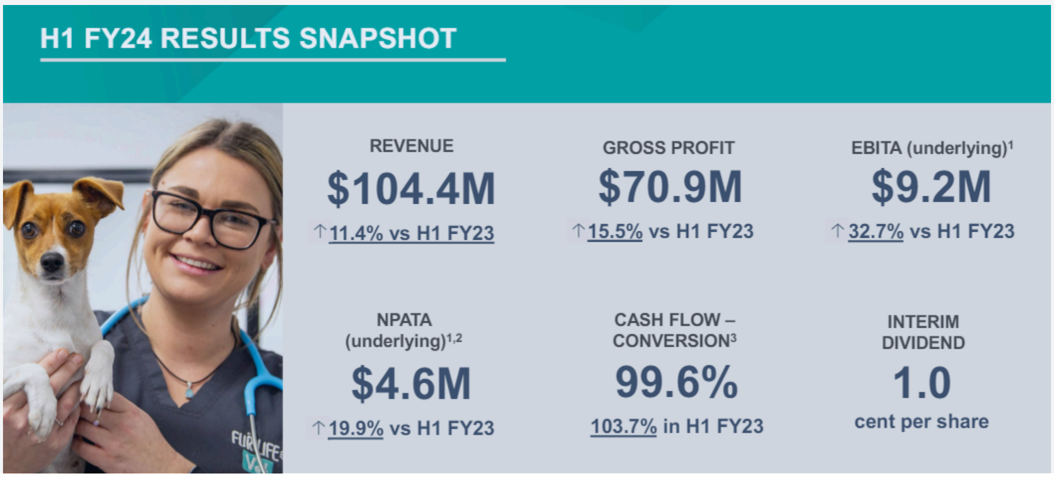
Cost savings were achieved in the Business Support Network and dairy & mixed animal segment.

As part of its FY24 strategy, Apiam transitioned to a new vet-supported clinic management model for its dairy and mixed animal clinics. This model aims to foster agile decision-making, improve margins, and drive organic growth. Management are encouraged by the early results with an increased benefit playing out in the second half of 2024. As part of the change, a redundancy and restructuring program was implemented to reduce non-veterinary positions, this was completed in June 2023. The program is expected to deliver annualised savings of approximately $2.6 million in FY24.

As part of an investor update on 8 May the company announced details of its financial performance through to the end of March 2024.

The company reported revenue growth of 8.5% and gross profit growth of 12.1% year-to-date in FY24. Underlying operating earnings increased 23.0%, with margin improving to 8.0% from 7.1% compared to the 9 months to 31 March 2023. The driver of the improved margin was the reduction in like-for-like group operating expenses, a result of the previously mentioned restructuring program.

As Apiam moves into the final quarter of FY24, it remains focused on the continual improvement in operating earnings and free cash flows for shareholders. Historically, Q4 has contributed significantly to second half earnings due to the seasonal component of its dairy and other livestock businesses.



Source: AHX H1 FY24 Presentation

TAKEOVER POTENTIAL

We believe Apiam Animal Health is emerging as an attractive takeover candidate in the consolidating veterinary services industry.

The company's turnaround story and attractive valuation present an opportunity for private equity (PE) players or strategic acquirers to unlock value. Over the past 8 years the veterinary sector has witnessed two ASX-listed companies being acquired. Historically, private equity takeovers have acted as catalysts for re-rating in valuation, often resulting in the acquirer paying a multiple higher than the prevailing market price. While this strategy could be considered riskier, it also offers the potential for substantial reward.

Apiam’s lack of institutional ownership and research coverage has left it "unloved" by the market, often a precursor to takeovers. Under private ownership and with access to PE funding, Apaim could accelerate its acquisition strategy and drive further consolidation in the fragmented industry. The company's vertically integrated model offers synergies and cross-selling opportunities for a larger player.

As the animal health industry continues to consolidate, Apaim’s position as a turnaround story, vertically integrated offerings, and potential for PE-backed acquisitions make it a compelling takeover target for investors seeking exposure to this growing sector.

H1 FY24 P&L SUMMARY

Profit growth and operating expense leverage

$m	H1 FY24A	H1 FY23A	Variance	%
Total revenue	104.4	93.7	10.6	11.4%
Cost of goods sold	(33.4)	(32.3)	(1.1)	3.5%
Gross profit[1]	**70.9**	**61.4**	**9.5**	**15.5%**
Operating expenses	(57.1)	(50.7)	(6.4)	12.6%
Underlying EBITDA[2]	**13.9**	**10.7**	**3.1**	**29.1%**
Underlying EBITA[2]	**9.2**	**6.9**	**2.3**	**32.7%**
Underlying NPATA[2,3]	**4.6**	**3.9**	**0.8**	**19.9%**
Amortisation (post tax)	(0.8)	(0.7)	(0.1)	14.0%
One-off expenses (post tax)	(0.5)	(0.3)	(0.3)	109.4%
Reported NPAT	**3.3**	**2.9**	**0.4**	**13.3%**
Gross margin	68.0%	65.5%		
Underlying EBITDA margin	13.3%	11.5%		
Underlying EBITA margin[3]	8.8%	7.4%		
Earnings Per Share (cents)	1.84	1.68	0.16	9.5%

Underlying

- **Revenue +11.4%:** resilient across all segments supported by contribution from acquisitions; **LFL Group revenue (3.8)%** affected by restructured clinics in dairy & mixed segment
- **Gross profit +15.5%:** gross margin continues to increase (68.0% in H1 FY24), due to focus on higher value products and services across business and business mix
- **Operating expenses +12.6%:** predominantly due to impact of acquisitions; **LFL Group opex (2.0)%** despite inflationary environment

  Cost savings across business support network (BSN) and dairy & mixed animal segment
  - Redundancy & restructuring program completed in June 2023, forecast to save $2.6M in FY24
  - Management continue to work with several clinics to achieve greater efficiencies & meet target margins
  - Additional cost savings continue to be realised into H2 FY24
- **Underlying EBITA +32.7%** due to operating cost leverage
- **Underlying NPATA +19.9%** strong operating earnings growth despite increase in finance costs ($2.6M in H1 FY24 vs $1.5M in H1 FY23)
- **Reported NPAT +13.3%** increase in one-off expenses related to cost-saving restructuring & redundancy program implemented across period. Amortisation of customer relationships ($0.8m)

Source: AHX H1 FY24 Presentation

RPMGLOBAL

THE BUSINESS

RPMGlobal Holdings (ASX:RUL) is a global leader in software licensing, consulting, implementation, support, and technical advisory services for the mining industry. The company operates in a niche market, whose mission is to advance the mining sector towards a safer, more efficient, and sustainable future through innovative software solutions and deep domain expertise.

SOFTWARE DIVISION:

RPMGlobal's Software Division offers tailored solutions that enhance operational efficiency by merging strategic planning with real-time capabilities. This helps mining companies refine processes, boost efficiency, and increase profitability. Key products include AMT (Asset Management Tool) and XECUT (Shift & Short-term Scheduling).

In 2017, RPMGlobal transitioned from selling perpetual licenses to a subscription-based model, recognising the long-term value and stability of recurring revenue.

ADVISORY DIVISION:

RPMGlobal's Advisory Division offers comprehensive expertise to miners, investors, and stakeholders through:

- **Energy Transition:** Guiding companies to meet mineral demands and adopt eco-friendly practices.
- **Mining Project Services:** Advising on projects from start to finish for improved outcomes and value.
- **Investor Services:** Navigating financial complexities, risk management, and investment conditions.
- **Operational Services:** Enhancing efficiency and performance through data.
- **ESG Services:** Promoting responsible mining with a focus on environmental, social, and governance factors.

Combining strengths from both divisions, RPMGlobal provides a unique blend of advanced technology and expert advice, helping clients lead in the mining industry.

With significant industry advancements and a focus on sustainability and efficiency, RPMGlobal is poised for continued leadership and growth in the mining software sector.

RECENT RESULTS

For the half-year ended December 31, 2023, RPMGlobal reported strong financial performance:

Group revenue reached $56.3 million, marking a 20.6% increase compared to the prior corresponding period (1H FY23). Operating earnings (EBITDA) reached $10 million, an impressive 88.7% increase from the same period last year.

Profit after tax surged to $6.8 million, up 466.7% from 1H FY23 and the company maintained a strong cash position of $23.3 million with no debt.

Key Developments in 1H FY24

During the first half of FY24, RPMGlobal experienced significant growth in its software division:

- Net revenue from the software division increased by 24.9% to $37.1 million, with software subscription revenue rising by 26% to $21.3 million. This growth was partly driven by customers converting their software licenses from perpetual to subscription.
- Software consulting revenue increased by 22.6% to $6.5 million.
- Maintenance and support revenue decreased by 9.7% to $6.5 million.
- Perpetual license sales remained steady at $1.1 million.

Additionally, RPMGlobal invested $10 million in an on-market share buyback over the past year, reflecting management's confidence in the company's future prospects.

Furthermore, RPMGlobal's management highlighted the growing market share of its software products and advisory services, particularly in Southeast Asia. The reputation of their advisory business has been a key driver of this growth. Management noted:

> **"AMT continues to be selected and implemented by the world's major mining companies, and XECUTE is quickly becoming the 'go-to" operational product for tier two miner's and has started to make serious inroads into the tier one global miners. We believe XECUTE will begin to rival AMT in terms of market acceptance and revenue generation in the next few years."**

A$'m	1H24	2H23	$ Var	% Var	1H23	$ Var	% Var
Software Division	38.5	35.6	*2.9*	*8%*	30.5	*8.0*	*26%*
Advisory Division	17.5	16.1	*1.4*	*9%*	15.2	*2.3*	*15%*
Other Income	0.3	-	*0.3*	*n/a*	1.0	*(0.7)*	*(70)%*
Gross Revenue	**56.3**	**51.7**	**4.6**	*9%*	**46.7**	**9.6**	*21%*
Direct Costs	(4.3)	(3.5)	*(0.8)*	*(23)%*	(3.3)	*(1.0)*	*(30)%*
Net Revenue	**52.0**	**48.2**	**3.8**	*8%*	**43.4**	**8.6**	*20%*
Expenses	(42.0)	(41.5)	*(0.5)*	*(1)%*	(38.1)	*(3.9)*	*(10)%*
EBITDA	**10.0**	**6.7**	**3.3**	*49%*	**5.3**	**4.7**	*89%*
Depreciation and Amortisation	(2.5)	(2.6)	*0.1*	*4%*	*(3.0)*	*0.5*	*17%*
Restructure, Finance and Fair Value	-	*(0.9)*	*0.9*	*n/a*	*(0.7)*	*0.7*	*n/a*
Profit Before Tax	**7.5**	**3.2**	**4.3**	*134%*	**1.6**	**5.9**	*369%*
Income Tax	(0.7)	(0.7)	-	-	(0.4)	*(0.3)*	*(75)%*
Net Profit	**6.8**	**2.5**	**4.3**	*172%*	**1.2**	**5.6**	*467%*

Source: RPMGlobal FY2024 Half Year Review

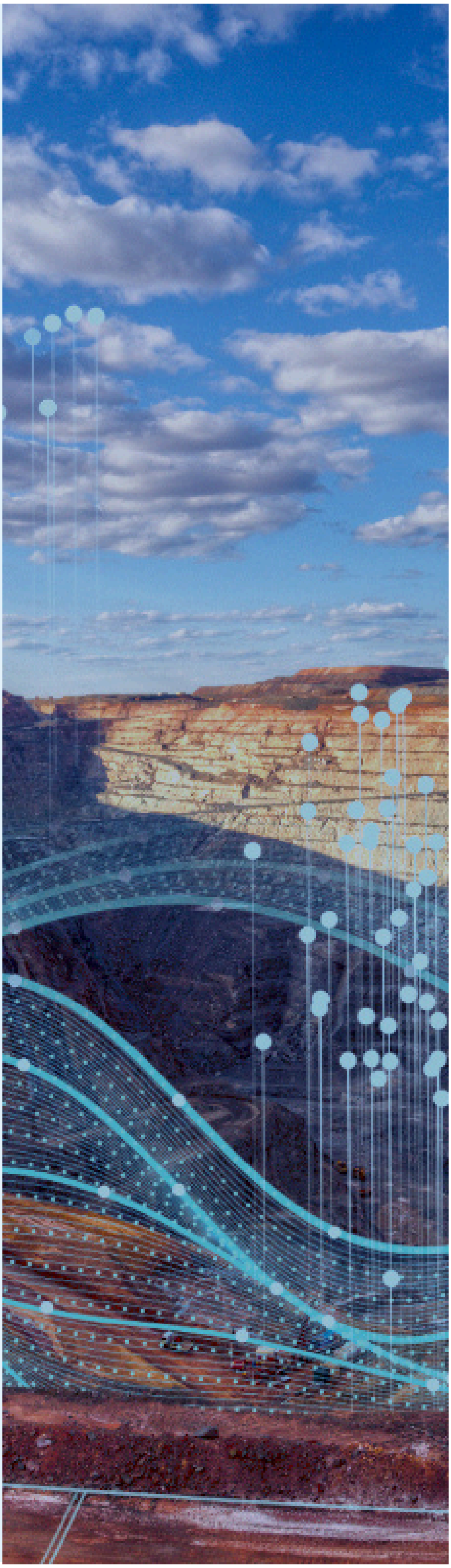
TAKEOVER POTENTIAL

RPMGlobal is positioned at a strategic inflection point, driven by robust revenue growth in its Software division and sustained performance in its Advisory division. This growth trajectory, combined with operational leverage, is set to significantly enhance RPMGlobal's profitability. As the forward P/E ratio contracts rapidly, the current market valuation presents an attractive entry point for an acquirer.

The mining software industry has seen high multiples paid for acquisitions. For instance, Sandvik recently completed the acquisition of Deswik, an Australian-based provider of mine planning software, integrating it into the newly formed Digital Mining Technologies division. This acquisition highlights the high value placed on companies leading in mining software solutions.

Similarly, Micromine was on the verge of being acquired by Aspen Technology. Although the deal was ultimately terminated due to regulatory hurdles, Micromine's strong performance during the negotiation period, with revenue and EBITDA exceeding forecasts, demonstrated the high valuation such companies can command.

Given these industry trends, RPMGlobal's strong market position and financial performance make it an attractive target for larger industry players seeking to expand their technological capabilities and market share. As the company continues to grow and innovate, it becomes an increasingly valuable asset within the mining software s[ace, primed for potential acquisition.



THE RECENT TAKEOVERS

TASK GROUP HOLDINGS
(ASX:TSK)

Task Group Holdings (ASX:TSK) accepted an acquisition proposal from PAR Technology Corporation (NYSE: PAR), valuing the company at $0.81 per share, a 103% premium to its closing share price prior to the offer. Task Group was a leading provider of technology solutions for the global hospitality industry, helping clients maximize customer relationships in an increasingly digital world. Through its Plexure division, Task held a significant contract with McDonald's (NYSE: MCD), providing technology that enhanced customer engagement and growth in active users.

QANTM INTELLECTUAL PROPERTY
(ASX:QIP)

TAMIM's holding, QANTM Intellectual Property Limited (ASX:QIP), benefited from a competitive bidding war, ultimately entering a binding scheme of arrangement with Fox BidCo Pty Ltd, an entity owned and controlled by funds managed by Adamantem Capital Management Pty Ltd.

Adamantem Capital's winning bid of $1.817 per share allowed shareholders the option to receive either 100% cash or a 50% cash, 50% scrip combination. This followed an unsolicited non-binding indicative proposal from IPH Limited (ASX:IPH), a leading intellectual property group, which offered 0.291 IPH shares and a fully franked special dividend of up to $0.11 cash per QANTM share, valuing QANTM at $1.90 per share—a premium compared to the accepted Adamantem Capital offer.

The Adamantem Capital takeover represented a significant premium for QANTM shareholders, especially given that the company's shares were trading below $1 less than six months prior.

THE RECENT TAKEOVERS

PACIFIC SMILES
(ASX:PSQ)

TAMIM's holding, Pacific Smiles Group Ltd (ASX:PSQ), has been subject to an extended takeover process by Genesis Capital, which took a significant turn at the end of last month.

The dental group, operating over 120 dental centers, received an initial bid from Genesis in December 2023 at $1.40 per share, following Genesis's acquisition of an 18.75% stake in Pacific Smiles. The board quickly rebuffed this bid, suggesting it did not adequately reflect the strategic value of the business and appeared opportunistic.

Undeterred, Genesis returned with an increased offer of $1.75 per share in January and increased its stake to 19.90%. This improved offer led the board to grant Genesis the opportunity to conduct further due diligence on a non-exclusive basis to enable a binding proposal.

However, in April, Pacific Smiles entered into a scheme of implementation with National Dental Care (NDC) to acquire 100% of its shares for $1.90 per share in cash, valuing the company at just over $300 million. The agreement also allowed Pacific Smiles to pay shareholders a fully franked dividend of up to 12 cents per share, reducing the $1.90 cash consideration accordingly. This increased bid received unanimous board approval.

Disclaimer: AHX, M7T, PSQ, QIP,RUL, TSK are held in TAMIM Portfolios at date of publication.

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