



**KINGSWAY**

NYSE: KFS

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**Investor Presentation  
May 2023**

**Efficient Operations,  
Thoughtful Capital Allocation**

# Forward-Looking Statements

This presentation includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 that are not historical facts, and involve risks and uncertainties that could cause actual results to differ materially from those expected and projected. Words such as "expects," "believes," "anticipates," "intends," "estimates," "seeks" and variations and similar words and expressions are intended to identify such forward-looking statements; however, the absence of any such words does not mean that a statement is not a forward-looking statement. Such forward-looking statements relate to future events or future performance, but reflect Kingsway management's current beliefs, based on information currently available. A number of factors could cause actual events, performance or results to differ materially from the events, performance and results discussed in the forward-looking statements, including as a result of the COVID-19 pandemic. For information identifying important factors that could cause actual results to differ materially from those anticipated in the forward-looking statements, please refer to the section entitled "Risk Factors" in the Company's 2022 Annual Report on Form 10-K, as well as the risk factors listed from time to time in any subsequent filings with the Securities and Exchange Commission. Except as expressly required by applicable securities law, the Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise. ■■■■

## Additional Information

Additional information about Kingsway, including a copy of its 2022 Annual Report can be accessed on the EDGAR section of the U.S. Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov), on the Canadian Securities Administrators' website at [www.sedar.com](http://www.sedar.com), or through the Company's website at [www.kingsway-financial.com](http://www.kingsway-financial.com). ■■■■

## Non U.S. GAAP Financial Measures

The Company believes that non-GAAP adjusted net income (loss) and non-GAAP adjusted EBITDA ("adjusted EBITDA"), which are included in this presentation, when presented in conjunction with comparable GAAP measures, provide useful information about the Company's operating results and enhances the overall ability to assess the Company's financial performance. The Company uses non-GAAP adjusted net income (loss) and non-GAAP adjusted EBITDA, together with other measures of performance under GAAP, to compare the relative performance of operations in planning, budgeting and reviewing the performance of its business. Non-GAAP adjusted net income (loss) and non-GAAP adjusted EBITDA allow investors to make a more meaningful comparison between the Company's core business operating results over different periods of time. The Company believes that non-GAAP adjusted net income (loss) and non-GAAP adjusted EBITDA, when viewed with the Company's results under GAAP and the accompanying reconciliations, provide useful information about the Company's business without regard to potential distortions. By eliminating potential differences in results of operations between periods caused by the factors listed in the attached schedules, the Company believes that non-GAAP adjusted net income (loss) and non-GAAP adjusted EBITDA can provide useful additional basis for comparing the current performance of the underlying operations being evaluated. Investors should consider these non-GAAP measures in addition to, not as a substitute for or as superior to, financial reporting measures prepared in accordance with GAAP. Investors are encouraged to review the Company's financial results prepared in accordance with GAAP to understand the Company's performance taking into account all relevant factors. ■■■■

# Representatives



**John T. Fitzgerald**

President, CEO, and Director

Mr. Fitzgerald has served as CEO of Kingsway since September 2018. Mr. Fitzgerald joined Kingsway as Executive Vice President on April 21, 2016 following Kingsway's acquisition of Argo Management Group, a private equity investment partnership co-founded by Mr. Fitzgerald in 2002. Effective March 8, 2017, Mr. Fitzgerald was appointed President and COO of Kingsway. Prior to co-founding Argo Management Group, Mr. Fitzgerald was managing director of Adirondack Capital, LLC, a financial futures and derivatives trading firm, and he was a seat-owner on the Chicago Board of Trade. Mr. Fitzgerald received a Bachelor of Science degree from DePaul University, with highest honor, and is an MBA graduate of the Kellogg School of Management, Northwestern University.



**Kent Hansen**

Chief Financial Officer

Mr. Hansen has served as CFO of Kingsway's subsidiary, Kingsway America Inc., since December 2019 and EVP and CFO of Kingsway since February 2020. Prior to joining Kingsway, Mr. Hansen served as CAO and Controller of LSC Communications, Inc. from 2016 to 2019. Prior to this, he served as VP, Assistant Controller, of Baxalta, Incorporated, a biopharmaceutical company from 2015 to 2016. Prior to this, he served in various finance and accounting roles from 2006 to 2015 with Scientific Games Corporation (formerly WMS Industries, Inc.), including Director of Accounting and SEC Reporting, Assistant Controller, and Group Chief Financial Officer. His earlier experience includes roles in accounting and financial reporting at Accenture and as an auditor at Ernst and Young LLP. Mr. Hansen received a BBA degree from the University of Michigan and is an MBA graduate of the Kellogg School of Management, Northwestern University.

# Investment Highlights

1

A collection of recurring revenue, high margin, asset-light, growing businesses

2

Operating company adjusted EBITDA run-rate of approximately \$18 to \$19 Million<sup>(1)</sup>

3

Approximately \$644 Million<sup>(2)</sup> in Net Operating Losses (NOLs) for tax-advantaged cash flow

4

Disciplined M&A via Xcelerator “Search Fund” engine... powerful platform for rapidly growing EBITDA and compounding capital at high rates

5

Substantial insider buying in recent years – Directors and Executive Management own 60%

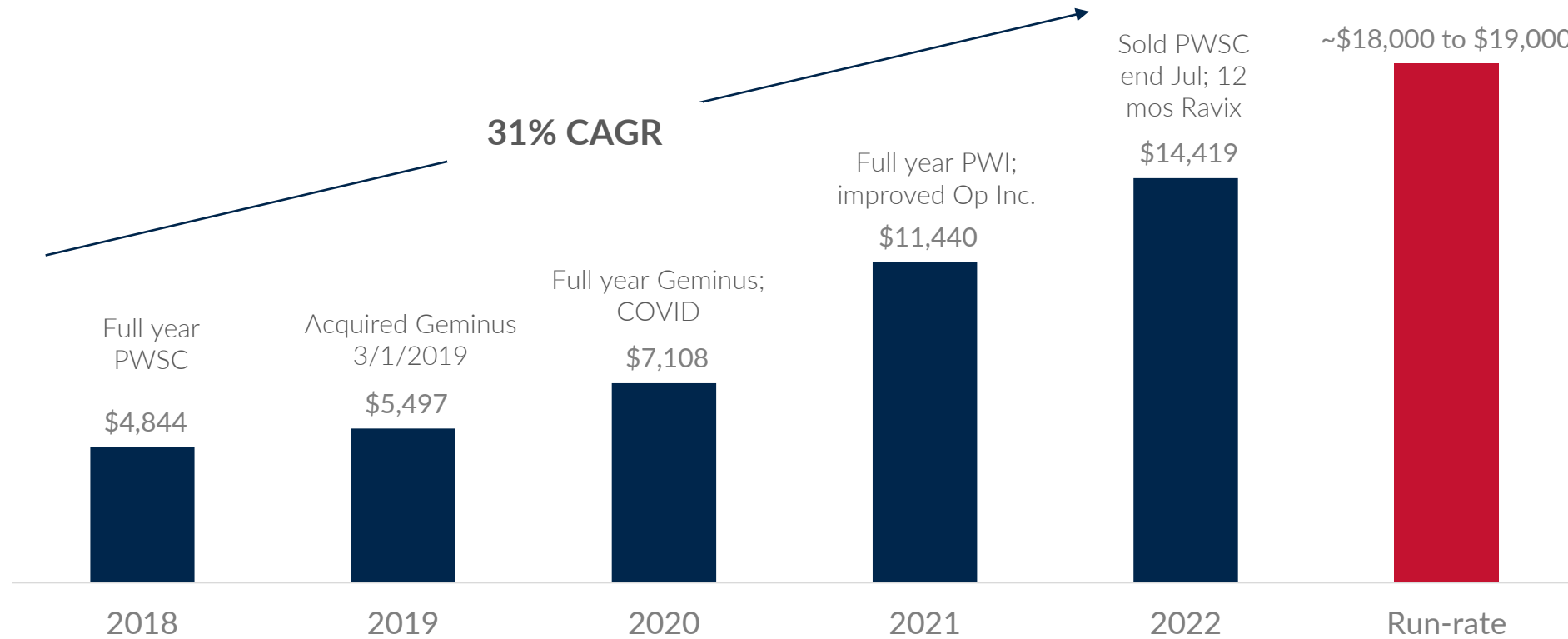
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Simplified capital structure in 2022... full focus now on growth

# Strong Track Record of OpCo Adjusted EBITDA Growth

In Thousands

Annual OpCo Adjusted EBITDA<sup>(1)(2)(3)</sup>



(1) Refer to the Appendix for a reconciliation of GAAP to non-GAAP measures. 2022 includes only 7 months of PWSC.

(2) Adjusted EBITDA includes Extended Warranty, Ravix, as well as the CSuite and Secure Nursing Service acquisitions (November 2022).

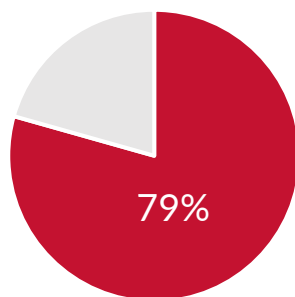
(3) Run-rate includes Extended Warranty, Ravix as well as the CSuite and Secure Nursing Service acquisitions (November 2022).

# Quality Operating Companies

*Core businesses are asset-light, generate recurring revenue and operate in growing industries*

## Extended Warranty

2022 Revenue



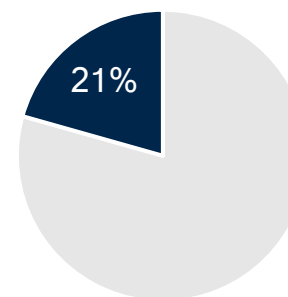
**\$74.0M<sup>(1)</sup>**  
Revenue

**13.3%**  
Op. Margin

- Four operating businesses
- Vehicle service agreements; HVAC, standby generator, commercial LED lighting and refrigeration warranties and maintenance
- Large growing market - U.S. focused
- “Capital light” and scalable
- Focused on increasing volumes through existing networks
- Opportunistic M&A

## Kingsway Search Xcelerator

2022 Revenue



**\$19.2M<sup>(2)</sup>**  
Revenue

**18.4%**  
Op. Margin

- Recruit talented, entrepreneurial managers
- Supporting recruits’ efforts to buy great operating companies within Kingsway utilizing 'search fund' model
- Applying strategic operating and capital allocation oversight
- PWSC proof of concept
- First acquisition: Ravix 10/2021
- Second acquisition: CSuite 11/2022
- Third acquisition: Secure Nursing Service 11/2022

(1) Includes \$4.9M of revenue from PWSC, which was sold in July 2022

(2) Includes partial period results related to CSuite and Secure Nursing Service, which were acquired in November 2022

# Strategy

*Powerful flywheel can significantly grow Adjusted EBITDA both organically and through acquisitions in a tax-advantaged structure*

## Organic Growth



### Grow and Improve Portfolio of Businesses

- Leverage existing networks
- Use incentives to increase customer 'stickiness'
- Target new customers in existing and new geographic markets
- Introduce new products

## Growth through Acquisitions



### Search Xcelerator

- Utilizing proven framework to identify targets
- "Searchers" seek targets with adjusted EBITDA of \$1.5 to \$3.0 million
- Upon closing, Searchers transition to CEO to run the acquired business on behalf of KFS

### Extended Warranty

- Opportunistic M&A of 'add-ons' and new distribution platforms



## Extended Warranty

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# Extended Warranty Industry

*A Scalable, High-Margin, Low Capital Intensity Business =  
Enduringly High ROTC*



## Warranty Industry Advantages

Large and Growing

Estimated at ~\$123B globally and forecast to grow at 8.6% CAGR through 2031<sup>(1)</sup>

Fragmented

Management estimates that top companies in industry account for only 32.5% of revenue

High Barriers to Entry

Licensing/regulatory requirements; industry considered “too complex” by many

High Margin Recurring Revenue

Diversified; long-term, pre-paid contracts; industry margins estimated at 20%<sup>(2)</sup>

Investable ‘float’

Risk-taking warranty businesses produce float similar to insurance

Low Capital Intensity

Less capital intensive than traditional insurance due to utilization of reinsurance

(1) Allied Market Research. (2) Colonnade Advisors – Market Commentary

# Kingsway's Extended Warranty Subsidiaries

 **Auto**

 **Mechanical**




[iwsgroup.com](http://iwsgroup.com)

[preferredwarranties.com](http://preferredwarranties.com)

[pennwarranty.com](http://pennwarranty.com)

[trinitywarranty.com](http://trinitywarranty.com)

Founded in 1991   
Acquired in 2012

Founded in 1992   
Acquired in 2020

Founded in 1988   
Acquired in 2019

Founded in 2009   
Acquired in 2013

IWS is a licensed motor vehicle service agreement company and is a provider of after-market vehicle protection services distributed by credit unions in 26 states and the District of Columbia to their members, with customers in all 50 states

PWI is a licensed motor vehicle service agreement company and is a provider of after-market vehicle protection services distributed by car dealerships in all 50 states.

Penn primarily sells vehicle service agreements via used car dealerships in 32 states.

Trinity sells heating, ventilation, air conditioning ("HVAC"), standby generator, commercial LED lighting and refrigeration warranty products and provides equipment breakdown and maintenance support services to companies across the United States.

# Extended Warranty Strategic Outlook



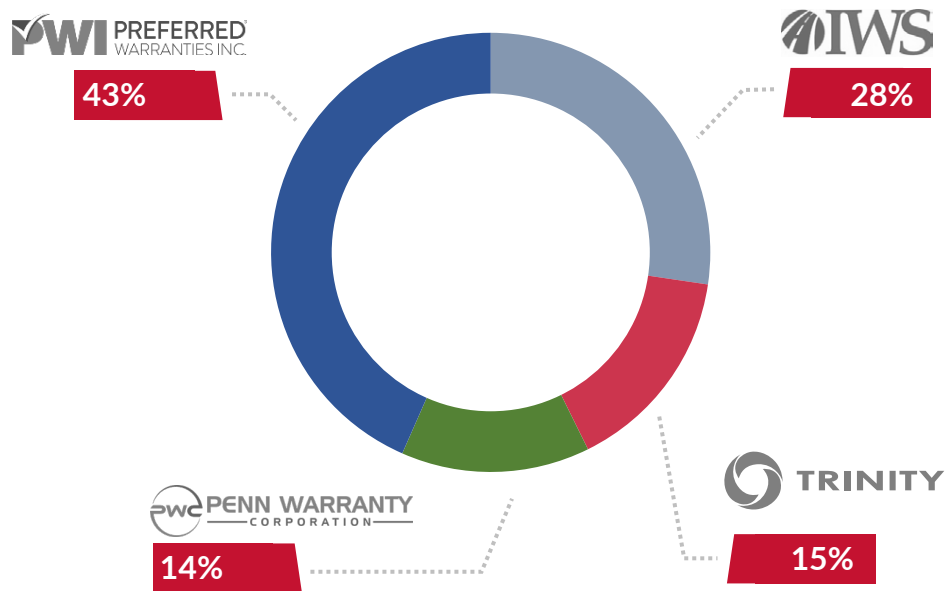
*Continually Searching for Opportunities that Complement Our Existing Offerings*

	Automobile	Mechanical
<b>Our Businesses</b>	PWI, IWS, Geminus	TWS
<b>Services</b>	Vehicle Service Agreements	Warranty agreements and maintenance support to consumers and businesses in the HVAC, standby generator, commercial LED lighting and refrigeration industries
<b>Channel</b>	Used Car Dealers (PWI, Geminus), Credit Unions (IWS)	HVAC distributors; commercial and residential contractors; maintenance support directly through corporate owners of retail spaces
<b>% of EW Revenue<sup>(1)</sup></b>	85%	15%
<b>Market Dynamics</b>	New and used automobile market; IWS distributes through credit unions, which are becoming a more popular alternative to traditional banks	Demand for HVAC and related products; U.S. retail market
<b>Our Advantage</b>	Strong relationships with existing dealers and credit unions; use of incentive programs to increase “stickiness”; strong, long-standing relationships with regulators and insurers	Experienced leadership team with deep knowledge of the industry and customers
<b>Our Strategy</b>	Increase volume through existing dealer and credit union network; further refinement and use of incentives to increase “stickiness”; new customer acquisition in existing and new geographic markets	Continue to grow the higher margin warranty products segment through existing and new customers

(1) Excluding PWSC revenue

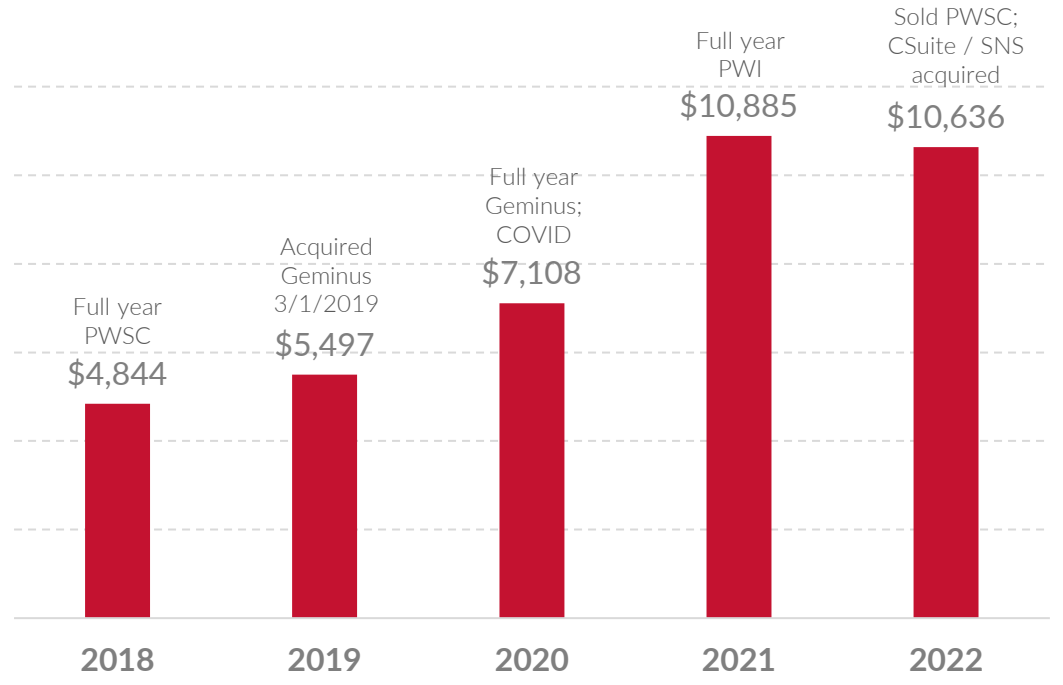
# Extended Warranty Financial Overview

**FY 2022 Pro Forma Revenue (1)**



**Warranty Segment Adjusted EBITDA(2)**

In Thousands



(1) Pro forma excludes the revenue of PWSC, which was sold in July 2022. (2) Refer to the Appendix for a reconciliation of GAAP to non-GAAP measures. 2022 includes only 7 months of PWSC.



# Kingsway Search Xcelerator

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# Kingsway Search Xcelerator

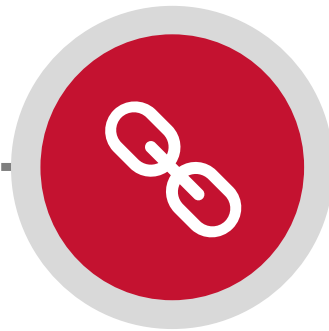
*Entrepreneurship through acquisition*

Building a great company focused on long-term value creation



Partner with great entrepreneurs

*Aiming for 4 to 5 active searchers at any given time*



Acquire

*Seeking 2 to 3 acquisitions per year with \$1.5 to \$3.0M in Adjusted EBITDA*



Apply operational and strategic support

*Formed Strategic Advisory Board in 2022*



Compound capital at high rates of return

# Xcelerator Executives



**Timi Okah**

President & CEO, Ravix Financial Inc.

Mr. Okah serves as CEO of Ravix Financial Inc., a Kingsway subsidiary, following Kingsway's acquisition of Ravix on October 1, 2021. Mr. Okah now oversees CSuite, which was acquired on November 1, 2022. Mr. Okah joined Kingsway in August 2020 as a member of Kingsway's Search Xcelerator program. Prior to joining Kingsway, Mr. Okah worked as a consultant at McKinsey & Company where he advised high-tech and software clients on go-to-market and operational issues. His earlier experiences include roles in software and hardware engineering at Salesforce and Intel Corporation, respectively. Mr. Okah received a BS and MS in Electrical Engineering, both from Stanford University, and an MBA with Distinction from Harvard Business School.



**Charles Mokuolu**

President & CEO, Secure Nursing Service, Inc.

Mr. Mokuolu serves as CEO of Secure Nursing Service Inc., a Kingsway subsidiary following Kingsway's acquisition of SNS on November 18, 2022. Mr. Mokuolu joined Kingsway in June 2021 as a member of Kingsway's Search Xcelerator Program. Prior to Kingsway, Mr. Mokuolu served as an investment professional at Africa50, a pan-African infrastructure fund, where he focused on making venture capital, private equity, and growth investments across a variety of sectors. Prior to this, he worked as an investment banker in the Industrials group at Barclays. Prior to this, Mr. Mokuolu served as a commercial leader on the acquisitions turnaround team of GE Oil & Gas. His earlier experience includes leadership roles in sales and marketing at GE Transportation. Mr. Mokuolu received a Bachelor of Science degree from Georgia Institute of Technology, with high honor, an MEM degree from Duke University, and is an MBA graduate of Harvard Business School.

## Acquired Ravix Financial, Inc. for \$11 Million (~4.0X TTM Adjusted EBITDA)

### Company Profile

*Ravix is a provider of outsourced accounting and human resources services*

**\$15.6M**

FY 2022 Revenue

**16.2%**

Annual Growth

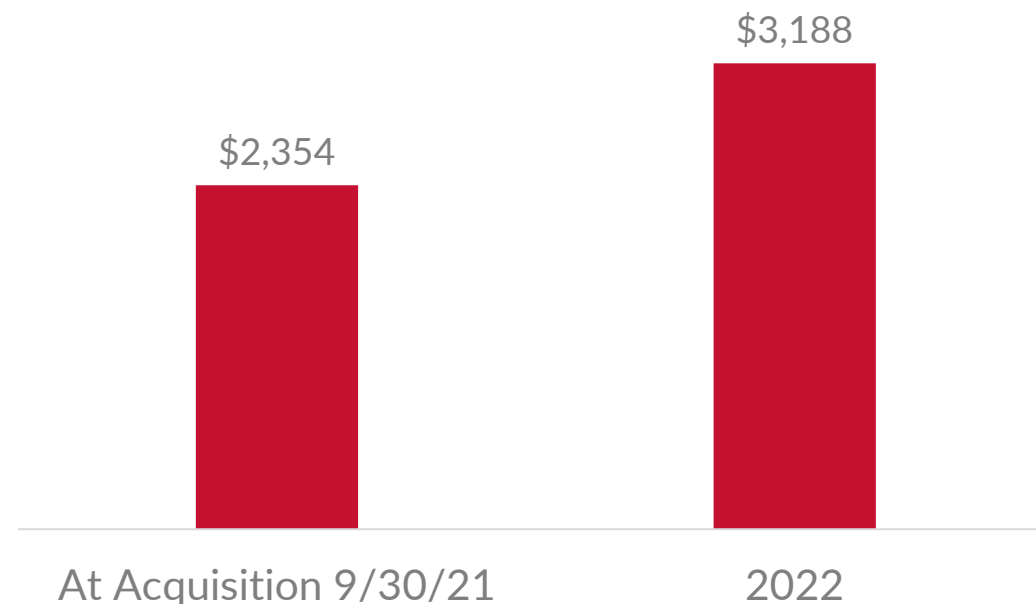
- ✓ Stable revenue, consistent historical growth
- ✓ Low capital intensity
- ✓ Solid base of recurring revenue
- ✓ Strong industry tailwinds
- ✓ Serving fragmented markets that are all expected to grow over next five years

(1) Refer to the Appendix for a reconciliation of GAAP to non-GAAP measures.

### One Year Post-Acquisition

*One year later, Adjusted EBITDA<sup>(1)</sup> was up 35%*

*In Thousands*





On 11/1/2022 Acquired CSuite Financial Partners for \$8.5 Million (~4.5X TTM Adjusted EBITDA)

## Company Profile

*CSuite is a national, financial executive services firm that provides financial management leadership*

**\$9.4M<sup>(1)</sup>**

Revenue

**\$0.9M<sup>(1)</sup>**

GAAP Income

**\$1.8M<sup>(1)(2)</sup>**

Adjusted EBITDA

- ✓ Immediately accretive
- ✓ Low capital demands
- ✓ Solid base of recurring revenue
- ✓ Strong margins in a growing industry
- ✓ Complementary to Ravix

## Terms of the Transaction

- ✓ \$8.5 million paid at close, earnout potential
- ✓ Secured \$6.0 million in bank financing to achieve target capital structure for Ravix and CSuite

**This is the SECOND acquisition under the Xcelerator Program, to be run alongside Ravix**

# Secure Nursing Service (“SNS”)

On 11/18/2022 Acquired Secure Nursing Service, Inc. for \$10.9 Million (~4.0X TTM Adjusted EBITDA)

## Company Profile

*SNS employs highly-skilled medical staff for assignment in hospitals located in Southern California*

**\$19.7M<sup>(1)</sup>**

Revenue

**\$2.6M<sup>(1)</sup>**

GAAP Income

**\$2.7M<sup>(1)(2)</sup>**

Adjusted EBITDA

- ✓ Immediately accretive
- ✓ Low capital demands
- ✓ Solid base of recurring revenue

## Terms of the Transaction

- ✓ \$10.9 million paid at close, no earnout
- ✓ Secured \$6.5 million bank term loan
- ✓ \$1.0 million revolver, undrawn at close

**This is the THIRD acquisition under the Xcelerator Program**

# Xcelerator OIR's



**Peter Dausman**

Operator-in-Residence  
CEO Accelerator

Mr. Dausman joined Kingsway in the summer of 2021 as our third Operator-in-Residence in the Search Xcelerator program. Prior to joining Kingsway, Mr. Dausman worked as a consultant for Gotham Consulting Partners where he conducted due diligence for private equity firms across sectors, including security/defense, communications/digital, ESG, infrastructure, industrials, business services, consumer, and healthcare. Prior to Gotham, Mr. Dausman led global operational excellence programs for Flowserve Corporation's \$4B nuclear and oil & gas manufacturing business. Mr. Dausman began his career as an officer in the United States Navy and holds an MBA in Finance from Kellogg Northwestern School of Management, and a BS in Systems Engineering with a Minor in Mandarin Chinese from the United States Naval Academy.



**Drew Richard**

Operator-in-Residence  
CEO Accelerator

Mr. Richard joined Kingsway in August of 2022 as our fourth Operator-in-Residence in the Search Xcelerator Program. Prior to joining Kingsway, Mr. Richard worked in a variety of roles at Chevron Corporation including business development, strategy and business performance. Prior to Chevron, Mr. Richard was an officer and Apache helicopter pilot in the United States Army. Mr. Richard received a Bachelor of Science degree from the United States Military Academy at West Point and is an MBA graduate of Harvard Business School. Mr. Richard is a CFA charterholder.



**Peter Hearne**

Operator-in-Residence  
CEO Accelerator

Peter Hearne joined Kingsway in May 2023. Prior to joining Kingsway, Mr. Hearne was a principal at Centerview Partners where he advised companies across a broad range of industries on key strategic and financial matters, including mergers and acquisitions. Before joining Centerview, Mr. Hearne was a management consultant at McKinsey & Company where he provided counsel to senior executives on strategic growth and operations challenges. His earlier experience includes roles in capital markets and investment banking at Credit Suisse. Mr. Hearne started his career as a teacher and coach in Teach for America New Orleans. Mr. Hearne holds a JD and MBA from the Kellogg School of Management at Northwestern University and a BA from Cornell University.



**Charles Joyce**

VP Business Development  
CEO Accelerator

Charles Joyce joined Kingsway in April 2023 from Forest Circle LLC - a Search investment firm - where, as Principal and Chief Executive Officer, he was responsible for sourcing and evaluating investment opportunities. Prior to Forest Circle, he served as Senior Associate for Dorilton Capital - a NY-based private equity firm - where he supported diligence, integration, and value creation for Dorilton's portfolio of B2B and healthcare service businesses. Additionally, Mr. Joyce served as Manager for OnDeck Capital, where he supported strategic initiatives including acquisitions and business development. Mr. Joyce's previous experience also includes multiple roles with General Electric held between 2011 - 2016, primarily focused on performance improvement, audit, and risk management. Mr. Joyce holds a BA from Georgetown University and an MBA from Harvard Business School.

# Kingsway Search Xcelerator

## Strategic Advisory Board



**Thomas P. Joyce, Jr.**

Mr. Joyce most recently served as President, Chief Executive Officer, and Director of Danaher Corporation, from which he retired in 2020. Prior to becoming CEO, Mr. Joyce held multiple executive positions during his 31-year career at Danaher. Mr. Joyce currently serves on the boards of Roper Technologies, Inc., College of the Holy Cross, MedStar Health, Inc., and The Economic Club of Washington.



**William N. Thorndike, Jr.**

Mr. Thorndike is the Managing Partner of The Cromwell Harbor Partnership, a private investment company with a variety of long-term holdings. Prior to Cromwell Harbor, Thorndike founded Housatonic Partners, a leading private equity firm with offices in Boston and San Francisco. He is Chairman of the Board at CNX Resources, and the Co-Chairman of EverArc Holdings. He is a Founder and Jury Member for The Singleton Prize for CEO Excellence. He is the author of *The Outsiders: Eight Unconventional CEOs and Their Radically Rational Blueprint for Success*.

# Kingsway Search Xcelerator

## Case Study: PWSC



### Investment Details

- Acquired the business in November 2017
- Purchase Price: \$10 million
  - \$5 million preferred equity, \$5 million senior debt
- Tyler Gordy installed as CEO with “searcher” incentives
- Sold the business in July 2022 to PCF Insurance Services
- Sale Price: \$51 million + earnout
  - 12-month earnout: 5X any EBITDA in excess of Closing EBITDA
  - No indemnity escrow
- 11.8X gross MOIC, 76% gross IRR
- 10X net MOIC, 67% net IRR



### Motivating factors to sell

- Significant inbound interest
- Opportunity to redeploy capital immediately and an accretive manner
- Validation of KSX strategy
- Opportunity to monetize NOL’s through gain on sale



# Kingsway Financial Overview

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# Improving the Balance Sheet

*Positioning for new acquisitions*

1

PWSC



Professional Warranty Services Corp. (PWSC)

- Sold for \$51.2M
- Net cash proceeds of \$37.2M
- Represents 10x ROI

*Increased cash by \$37.2M*

2

Exiting Real Estate  
(now discontinued operations)



Investment real estate

- Sold Flower / NLIG for \$12.7M
- Sold CMC railyard for net cash proceeds of \$21.4M
- Shopping VA Clinic

*Reduced debt by \$188M*

3

Repurchased Subordinated Debt



“TruPs”

- Repurchased 5 of 6 trust preferred debt instruments for \$58.8M (60.8 cents on the dollar)
- Options expire May 2023

*Reduced debt by \$75.5M (principal) and deferred interest of \$21.2M*



# From Complex to Simple

*Simplifying the financial statements and capital structure*

(in millions)

	As of December 31		
	2022	2022	2021
	Pro Forma <sup>(1)</sup>	Reported	Reported
Operating Companies	\$34.3	\$34.3	\$26.7
Notes Payable	-	-	205.0
Subordinated Debt	11.4	67.8	61.0
<b>Total Debt Carrying Value</b>	<b>\$45.7</b>	<b>\$102.1</b>	<b>\$292.7</b>
Deferred Interest	-	25.5	18.7
Unrestricted Cash	7.7	64.2	10.1
<b>Net Debt</b>	<b>\$38.0</b>	<b>\$63.4</b>	<b>\$301.3</b>

## Remaining Items to be Resolved...

- 3.2M<sup>(2)</sup> warrants outstanding, \$5 strike
- 150K shares of Class A preferred stock with a redemption value of \$6.0M<sup>(3)</sup>



## ...Resolution

- Warrants expire in Sept. 2023 (\$16M in cash to Kingsway if all are exercised)
- All Class A preferred stock expected to be fully converted by end of May 2023 (zero cash outlay by Kingsway)

(1) Assumes March 2023 TruPs repurchases occurred as of 12/31/22. (2) Based on redemptions through 4/30/2023. (3) As of 12/31/22.

# Investment Highlights

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A collection of recurring revenue, high margin, asset-light, growing businesses

2

Operating company adjusted EBITDA run-rate of approximately \$18 to \$19 Million<sup>(1)</sup>

3

Approximately \$644 Million<sup>(2)</sup> in Net Operating Losses (NOLs) for tax-advantaged cash flow

4

Disciplined M&A via Xcelerator “Search Fund” engine... powerful platform for rapidly growing EBITDA and compounding capital at high rates

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Substantial insider buying in recent years – Directors and Executive Management own 60%

6

Simplified capital structure in 2022... full focus now on growth



# Appendix

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# Reconciliation of GAAP Operating Income for Extended Warranty Segment

(in thousands)

	For the Year Ended				
	2022	2021	2020	2019	2018
<b>GAAP Operating Income for Extended Warranty segment (1)</b>	<b>\$9,879</b>	<b>\$12,636</b>	<b>\$6,605</b>	<b>\$4,611</b>	<b>\$4,215</b>
Non-GAAP Adjustments:					
Investment income, gain (loss) on sale of core investments (2)	465	217	490	681	479
Other Items (3)	-	(2,183)	(266)	-	-
Depreciation	292	211	279	205	150
Total Non-GAAP Adjustments	757	(1,751)	503	886	629
<b>Non-GAAP adjusted EBITDA for Extended Warranty segment</b>	<b>\$10,636</b>	<b>\$10,885</b>	<b>\$7,108</b>	<b>\$5,497</b>	<b>\$4,844</b>
PWSC operating income (4)	(888)	(1,958)	(1,535)	(737)	(827)
PWSC depreciation	(44)	(38)	(84)	(85)	(79)
<b>Pro forma Non-GAAP adjusted EBITDA for Extended Warranty segment</b>	<b>\$9,704</b>	<b>\$8,889</b>	<b>\$5,489</b>	<b>\$4,675</b>	<b>\$3,938</b>

(1) Includes Geminus from March 2019 and PWI from December 2020 (dates acquired). PWSC results included through July 2022 (sold in July 2022)

(2) Investment income arising as part of Extended Warranty segment's minimum holding requirements, as well as realized gains (losses) resulting from investments held in trust as part of Extended Warranty segment's minimum holding requirements.

(3) Includes PPP forgiveness of \$2,183 and \$383 in 2021 and 2020, respectively. 2020 also includes the impairment of an asset.

(4) Amounts relating to the sale of PWSC (end of July 2022) in order to remove PWSC from all periods presented.

# Reconciliation of GAAP Operating Income for KSX Segment

*(in thousands)*

	KSX		CSuite	SNS
	12/31/22	12/31/21 <sup>(5)</sup>	7/31/22	6/30/22
<b>TTM GAAP Income before Income Taxes</b>	<b>\$3,548</b>	<b>\$484</b>	<b>\$933</b>	<b>\$2,647</b>
Non-GAAP Adjustments:				
Non-core revenue (1)	-	-	-	(45)
Wages and benefits (2)	235	71	454	38
Transaction expenses (3)	-	-	178	58
Pass through taxes (4)	-	-	175	-
Other	-	-	26	-
<b>Total Non-GAAP Adjustments</b>	<b>235</b>	<b>71</b>	<b>833</b>	<b>51</b>
<b>Non-GAAP adjusted EBITDA (3)</b>	<b>\$3,783</b>	<b>\$555</b>	<b>\$1,766</b>	<b>\$2,698</b>

- (1) Other income not expected to recur post-close.
- (2) Includes wages and benefits related to former executives.
- (3) One-time expenses incurred related to the sale.
- (4) Pass-through taxes related to the former owner.
- (5) Ravix TTM 12/31/21 includes three months of activity (acquired 10/1/21).

# Extended Warranty Borrowings



Extended Warranty Borrowings

**\$16.7M<sup>(1)</sup>**

(includes \$0.5 million revolver)



Interest rate

**6.96%<sup>(1)</sup>**

SOFR + 2.87%  
(SOFR floor of 0.75%)



Amortization

**15%**

15% per year,  
paid quarterly



Maturity

**2025**

November 30,  
2025



Leverage

**1.5x<sup>(1)</sup>**

Leverage ratio

In conjunction with the purchase of PWI on 12/1/2020, executed a loan agreement with CIBC

- Paid off loan with previous lender of \$9.25 million that had an interest rate of LIBOR + 9.25% (LIBOR floor of 2.00%)

The loan contains financial and other covenants; for the periods through 9/30/21 the borrowing group must maintain a maximum leverage ratio of 2.75x; thereafter the ratio reduces by 0.25x annually

The borrowers are Geminus, IWS, Trinity and PWI

Anticipate making an additional principal payment of \$1.1 million in Q1 2023 (from excess cash flow)

On February 28, 2023, entered into an amendment that would allow an additional \$10 million to be drawn within one year

(1) As of 12/31/22

# Ravix / CSuite Borrowings



## Ravix Borrowings

**\$11.25M<sup>(1)</sup>**

\$1 million revolver undrawn



## Ravix Interest rate

**8.00%/8.25%<sup>(1)</sup>**



## Ravix Amortization

**10%/10%/15%  
20%/20%/25%**

Starts at 10%  
for first 2 years



## Ravix Maturity

**2027/2028**

- In conjunction with the purchase of Ravix on 10/1/2021, executed a loan agreement with Avidbank
  - Original term loan of \$6 million that starts off with 10% amortization in the first two years, ultimately increasing to 25% in the final year
  - Prime + 0.50% (floor of 3.75%); No prepayment fee after 10/1/2024
- On 11/16/22, Ravix and CSuite entered into an amendment to the 10/2021 borrowing with the following terms:
  - Borrowed an additional \$6 million that matures on 11/16/28, with similar amortization as the original loan
  - Interest rate is Prime + 0.75%, with no floor
  - The maturity date of the original \$1 million revolver was extended to 11/16/2024
- The loan and amendment contains financial and other covenants
  - Fixed charge ratio: 1:15 to 1.00
  - Leverage ratio: 3.0x

(1) As of 12/31/22

# SNS Borrowing



## SNS Borrowing

**\$6.5M<sup>(1)</sup>**

\$1 million revolver; \$0.35 million drawn



## Interest rate

**8.00%**

Prime + 0.50%  
(Floor of 5.00%)



## Amortization

**I/O one year;  
20% thereafter**

Interest only first year;  
monthly payments thereafter



## Maturity

**2028**

November 18,  
2028

In conjunction with the purchase of SNS on 11/18/2022, executed a loan agreement with Signature Bank

- o Term loan of \$6.5 million that is interest-only first year, with 20% amortization thereafter
- o Revolving loan of \$1 million

The loan and amendment contains financial and other covenants

- o Fixed charge ratio: 1:20 to 1.00
- o Leverage ratio: 3.5x

(1) As of 12/31/22