



**Efficient Operations,  
Thoughtful Capital Allocation**



**KINGSWAY**

**NYSE: KFS**

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**Investor Day Presentation  
May 20, 2024**

# 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 2023 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 2023 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 EBITDA, when presented in conjunction with comparable GAAP measures, provides 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 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 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 EBITDA, when viewed with the Company's results under GAAP and the accompanying reconciliations, provides 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 EBITDA can provide useful additional basis for comparing the current performance of the underlying operations being evaluated. Investors should consider this non-GAAP measure 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.

# Representatives



**Charles Joyce**

Vice President, KSX

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.



**Peter Dausman**

President and CEO, Digital Diagnostics

Mr. Dausman joined Kingsway in the summer of 2021 as our third Operator-in-Residence in the Search Xcelerator program. Prior to joining Kingsway, he worked as a consultant for Gotham Consulting Partners where he conducted due diligence for private equity firms across sectors, including healthcare, security/defense, infrastructure, industrials, business services, and consumer. 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. He 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.

# Agenda

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Introduction to Kingsway – Kent Hansen

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Guiding Principals and Strategy for Growth – JT Fitzgerald

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Kingsway Search Xcelerator – Charles Joyce

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Digital Diagnostics Case Study – Peter Dausman

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Q&A

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Fireside Chat – Will Thorndike

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Appendix



# Introduction to Kingsway

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# Company Overview

Ticker: KFS (NYSE)

Owns or controls subsidiaries primarily in the extended warranty and business services industries



## Incorporation

Incorporated in 1989



## Total Employees <sup>(1)</sup>

397



## Financial Overview <sup>(1)</sup>

Assets: \$198.0 Million  
Liabilities: \$177.3 Million  
Net Debt: \$34.9 Million



## Shareholder Information <sup>(2)</sup>

Share Price: \$8.67  
Shares Outstanding: 26.4 Million  
Market Capitalization: ~\$228.5 Million

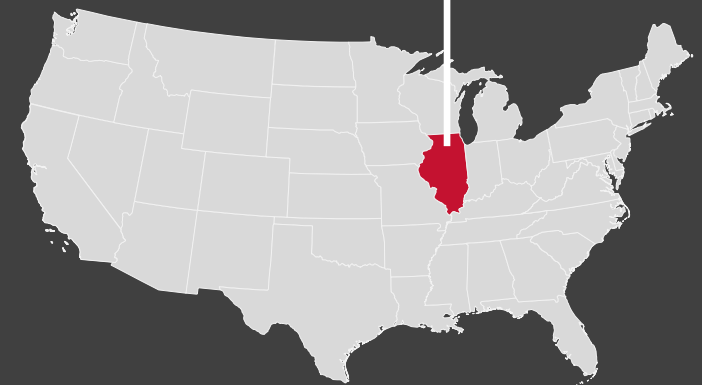
## Stock price since October 6, 2021

Up 41%

(H \$10.27 L \$5.04)



Based in Chicago, IL



(1) As of 3/31/2024

(2) As of 5/13/2024

# Investment Highlights

1

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

2

Operating company adjusted EBITDA run-rate of approximately \$16 to \$17 Million<sup>(1)</sup>

3

Approximately \$626 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

Significant Insider Ownership – Directors and Executive Management own 55%

6

Simplified capital structure in 2023... full focus now on growth



## Decentralized operating structure with a small corporate team



- A small, lean team (10 FTEs)
- Makes all capital allocation decisions among OpCos
- Acquisitions of new OpCos
- Oversight and cadence of accountability with OpCos
- Oversees Asset Management (EW Float \$42.9M; Argo)
- Responsible for SEC and other regulatory filings
- All debt of subsidiaries is non-recourse to KFS

### Extended Warranty

- Four operating businesses, led by three independent CEOs
- Large growing market; U.S. focused
- “Capital light” and scalable
- 66% of TTM revenue; 59% of adj EBITDA



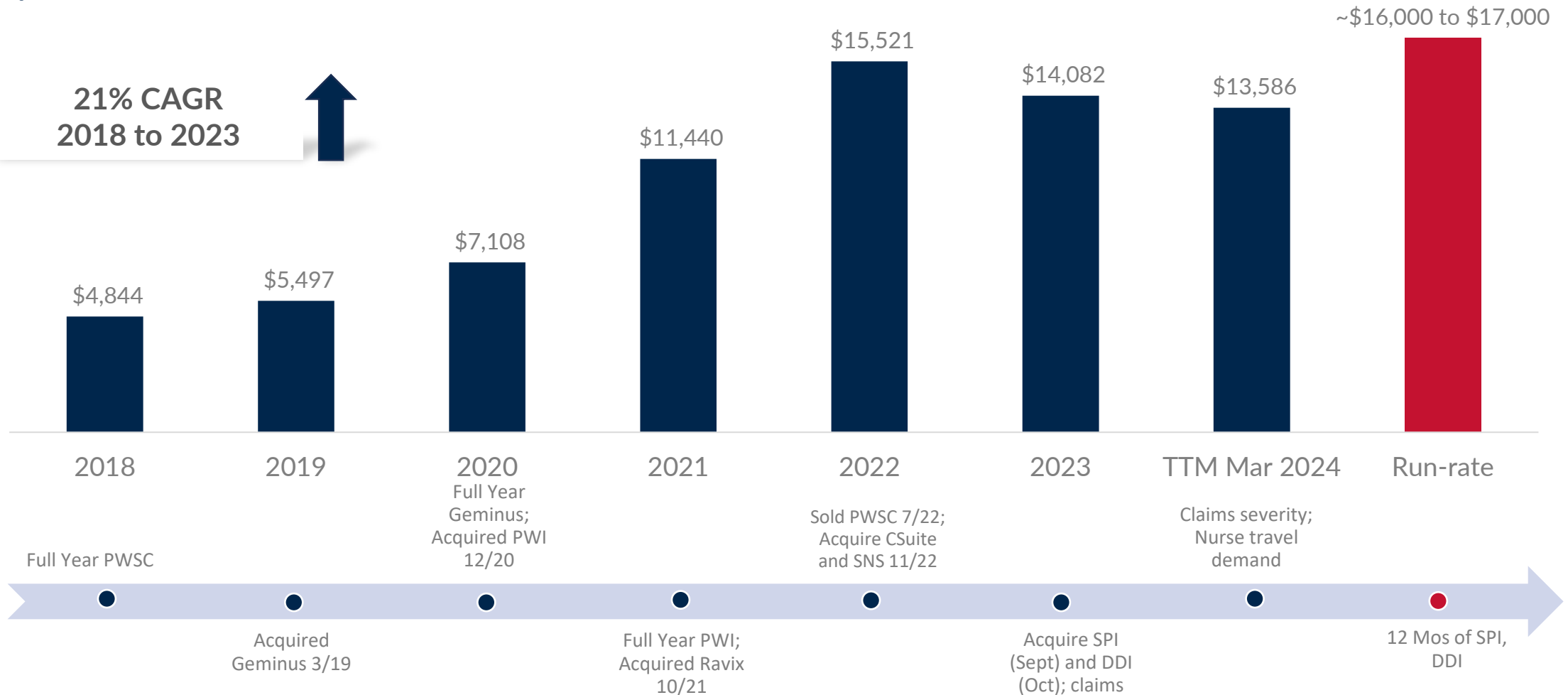
### Search Accelerator

- Recruit talented, entrepreneurial managers (currently 4 OIRs, 1 Bus Dev) and support their efforts to buy great operating companies
- Apply strategic, operating, and capital allocation oversight
- 34% of TTM revenue; 41% of adj EBITDA



# Strong Track Record of OpCo Adjusted EBITDA Growth<sup>(1)(2)(3)</sup>

(in thousands)

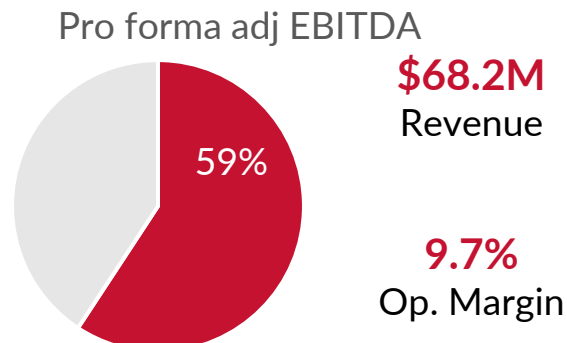
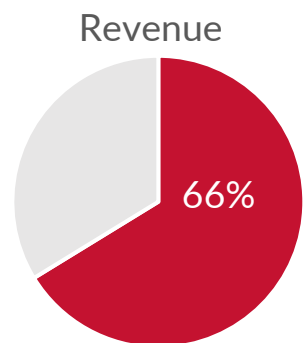


(1) Refer to the Appendix for a reconciliation of GAAP to non-GAAP measures. 2022 includes only 7 months of PWSC.  
 (2) Actual adjusted EBITDA includes Extended Warranty and KSX companies.  
 (3) Includes Extended Warranty, KSX and recent acquisitions (SPI, Digital Diagnostics). Refer to the Appendix for a full definition.

# Quality Operating Companies

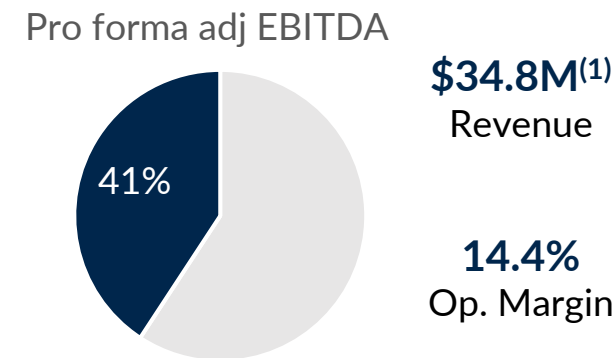
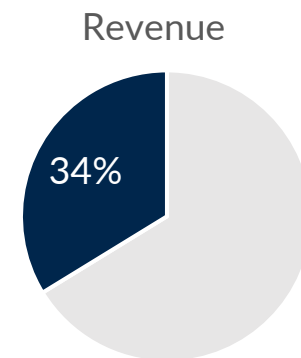
*Core businesses are asset-light, generate recurring revenue and operate in growing industries*

## Extended Warranty (TTM 3/31/24)



- 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 (“KSX”) (TTM 3/31/24)



- 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
- Includes: Ravix (10/2021), CSuite (11/2022), SNS (11/2022), SPI (9/2023) and DDI (10/2023)

(1) Includes partial period results related to SPI and DDI, which were acquired in September and October 2023, respectively

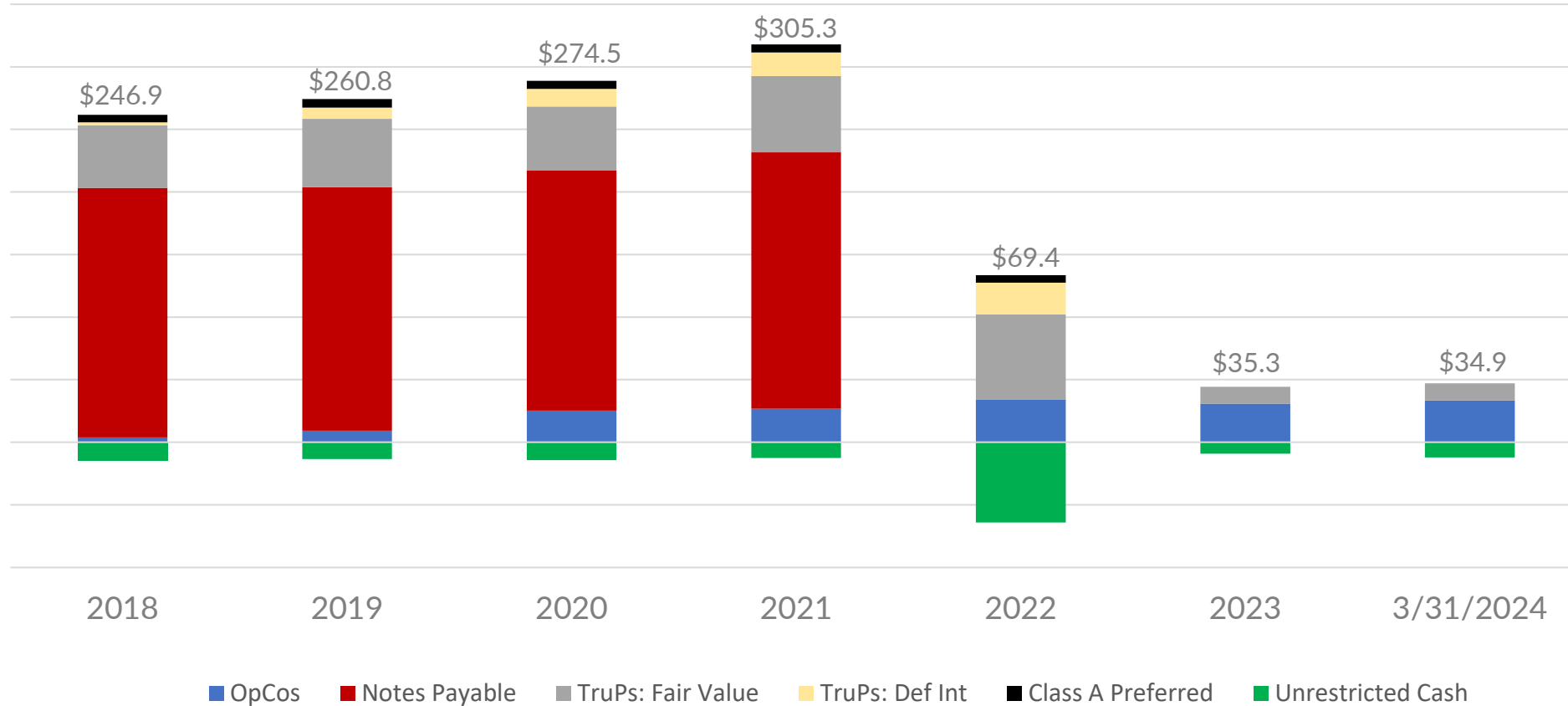
# Creating Value: Activity in the Last ~18 Months

Action	Cash	Debt	Adj EBITDA
December 2022: Sale of CMC rail yard	+\$21.4M	(\$177.2M)	--
February 2023: Sale of final NLIG commercial property	+\$6.9M	--	--
March 2023: Repurchase of \$75.5M of TruPs, for 60.8 cents on the dollar	(\$56.5M)	(\$96.7M)	--
H1 2023: Class A preferred stock converted to common	--	(\$1.2M)	--
September 2023: Purchase SPI	(\$2.8M)	\$0	\$0.3M <sup>(1)</sup>
October 2023: Purchase Digital Diagnostics	(\$5.4M)	\$5.6M	\$1.8M <sup>(1)</sup>
Share / Warrant Repurchases	(\$7.2M)	--	--
Warrant Exercises (from Jan 2023 to Sept 2023) <sup>(2)</sup>	\$16.7M	--	--

(1) Most recent TTM available at time of purchase (and as previously disclosed) (2) Warrants expired September 2023

# Net Debt Reduced Significantly

(in millions)



Refer to the Appendix for details on net debt.

# On the Horizon

- Under our securities repurchase program we have<sup>(1)</sup>:
  - Repurchased 1,093,861 of our warrants, and
  - Repurchased 430,727 shares of our common stock
- After considering both stock and warrant repurchases, \$2.8 million<sup>(1)</sup> of stock repurchases could be made through March 22, 2025, under our current plan
- VA Clinic listed for sale and being actively marketed by a national broker
- Targeting 2-3 acquisitions per year through the KSX segment, each generating \$1-3 million in annualized EBITDA
- Recruiting next cohort of OIR candidates

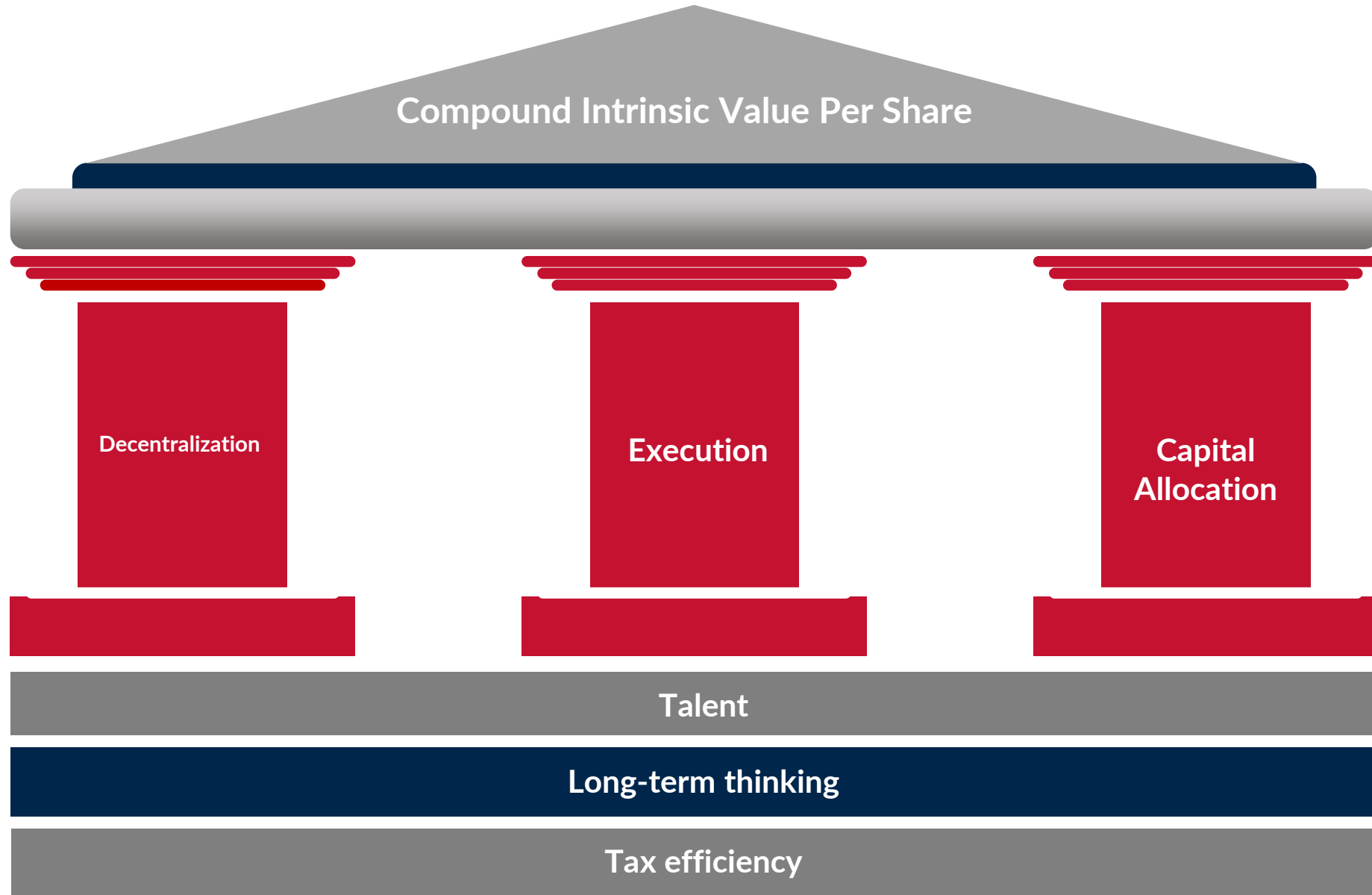
(1) Through 5/13/2024



# Kingsway Guiding Principles

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# Our Guiding Principles





## The power of Decentralization

*"Never tell people how to do things. Tell them what to do and they will surprise you with their ingenuity." -- Gen. George S. Patton*

- Allow businesses to preserve entrepreneurial independence
  - Own their P&L and Balance Sheets
- Provide autonomy for crafting strategies
  - Enables success in their respective markets
- Keeps decision-makers close to customers
- Talent imperative – the only way to attract and retain the best people

# Our Guiding Principles

## Execution – Autonomy with accountability

*"Vision without execution is just a hallucination." - Thomas Edison*

- Business leaders have high autonomy
- Expect transparency and accountability
  - Cadence of accountability for execution and results
- Incentives tied to achieving and exceeding ROIC hurdles
- Kingsway Business System and KSX Advisory Board support leadership development and execution
  - “Entrepreneurs in a supportive environment”

## Capital Allocation

*“Stated simply, two companies with identical operating results and different approaches to allocating capital will derive two very different long-term outcomes for shareholders.” – William Thorndike*

- Organic Growth
  - Strategic vs. Non-strategic expenses
  - Investor mindset
- Acquisitions
  - Aim for 2-3 acquisitions per year in KSX segment
  - Robust structure and platform for scalability
  - Focus on growing, profitable, asset-light businesses
  - Apply strict underwriting criteria
  
  - Leverage
  - Prudent use of debt for funding acquisitions.
  - Pay down acquisition debt then fund new acquisitions
- Share repurchases
  - Opportunistically buy back shares when accretive

## Talent

*“Those who build great companies understand that the ultimate throttle on growth for any great company is not markets, or technology, or competition, or products. It is the one thing above all others; the ability to get and keep enough of the right people.” - Jim Collins, Good to Great*

- KSX is a unique model to attract exceptional talent to run our businesses
- 5H's
  - Honesty – Integrity, transparency, and accountability for results
  - Humility – Self-awareness, authenticity, and the willingness to seek and take advice
  - Hustle – Grit, tenacity and perseverance to do what it takes
  - Hunger – The ‘will to win’
  - Horsepower – Mental agility, omni-curiosity, and decisiveness

# Our Guiding Principles

## Long-Term View

*“Compound interest is the eighth wonder of the world. He who understands it, earns it ... he who doesn't ... pays it.” -- Albert Einstein*

- We have a long-term perspective. We use a 20-year time horizon to guide our decision-making in much the same way that a sole proprietor would.
- We use a long-term approach to investments and acquisitions, as well as incentive structures.
- We like to say that for a business that continues to exceed our return on capital targets, our ideal holding period is “forever”.
- Our job is to compound intrinsic value per share.

## Taxes

*“Earnings are good. Earnings without taxes are better.” – Ian Cummings, Leucadia*

- Acquired companies become part of our consolidated return group
- \$626 million of net operating loss carryforwards (“NOLs”)
- Available to reduce income taxes that might otherwise be incurred on future taxable income –including any capital gains
- With no ‘leakage’ for federal taxes we will be able to compound our capital at higher rates than if we were a taxpayer... for many years to come

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

- **Warranty**

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

# Strategy for Growth

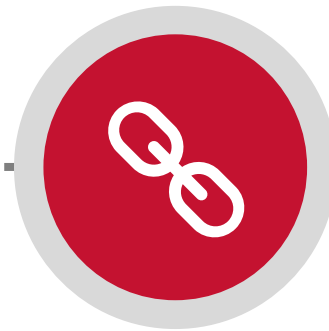
*Serial acquisitions at KSX*

Building a unique platform focused on long-term value creation



Partner with exceptional entrepreneurs

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



Acquire great businesses

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



Apply operational and strategic support

*Kingsway Business System  
Formed Strategic Advisory Board in 2022*



Compound capital at high rates of return over a long time horizon





# Kingsway Search Xcelerator

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# Kingsway Search Xcelerator

*Today's Discussion*



## Frequently Asked Questions

How to be successful [in M&A]?

Can KSX close 2 Deals per Year?

Can KSX do more than 2 Deals per Year?

## KSX Response

**QUALITY**  
Design Quality into the process

**REPEATABILITY**  
Transition from Person-driven to Process-driven

**SCALABILITY**  
Creating the conditions for success, 10 years out

1

### KSX Operating Context

- Why ETA & Who We Are

2

### KSX Approach to M&A

- Bending the curve towards success
- Kingsway Business System

3

### What We Have Done

- Talent
- Industry Identification
- Outreach & Sourcing

4

### Scaling KSX

- Target Deal Economics

# Kingsway Search Xcelerator

Operating Context: Why ETA & Who We Are



## Growing/Underserved Niche

Number of Search Funds launched annually has increased significantly in recent years as ~\$4.8T of value will be transferred over the next 20yrs<sup>1</sup>.



Source: Searchfunder.com Funded Search Only, 1 - "The Ten Trillion Dollar Question. A Philanthropic Gameplan" Initiatives Robert Avery, Cornell University

## KSX Acquisitions vs. Benchmark

	B2B Services	Healthcare	Technology
Metrics	KSX Avg.	Benchmark	
<i>n</i>	5	200+	
Length of Search	18	20	
Purchase Price	\$8.8	\$12.0	
Revenue	\$9.7	\$7.5	
EBITDA	\$1.8	\$1.8	
Multiple	5.8x	6.4x	

Source: Internal Data, Benchmark Stanford Search Fund Study 2022

## Exceptional Talent

### Searching



Miles Mamon  
Operator-in-Residence



Paul Vidal  
Operator-in-Residence



Davide Zanchi  
Operator-in-Residence



Peter Hearne  
Operator-in-Residence

### Acquired



Peter Dausman  
President  
Digital Diagnostics



Drew Richard  
President  
SPI



Timi Okah  
President  
Ravix Group Inc.



Charles Mokuolo  
President  
SNS

### Experienced Investors

KSX leverages our team's successful history of backing early-in-career managers.

### Thoughtful Capital Allocators

KSX acquisitions match industry averages per Stanford study.

### Autonomy + Incentives

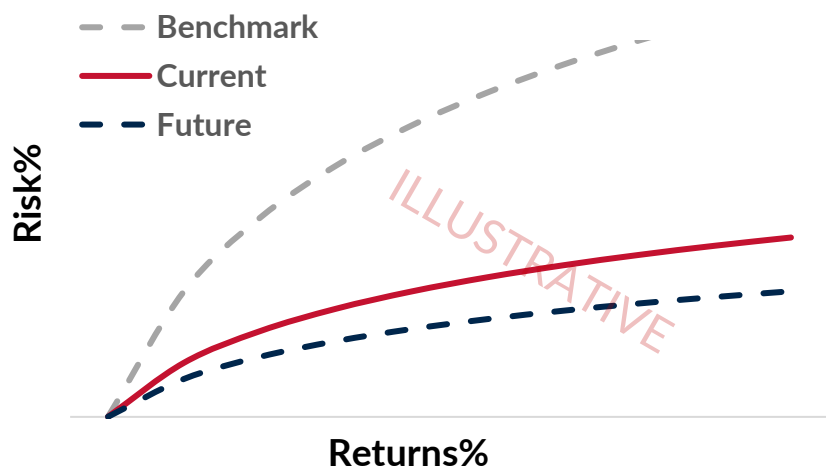
High autonomy & incentives aligned to execution of KSX objectives.

# Kingsway Search Xcelerator

*Bending the curve towards success by addressing key risks*



“Designing quality into the process” means addressing the common causes of failure (Risks) and aligning process steps to specifically mitigate those issues (Controls) in order to improve the conditions for high returns.



### Legend

- Search Risk
- Financial Risk

Stage	Sample Risks	Sample Controls
Talent	Recruiting Applicants	● Talent Network
	Candidate Selection	● Talent Scorecards
	Talent Development	●● Ongoing Learning & Development
Industry Identification	Time (Standing Start)	● Industry Intelligence & Research
	Industry Selection	●● Industry Scorecards & Review
Outreach & Sourcing	Sourcing Effectiveness	● Proprietary & Intermediary Process
	Pipeline Management	● Integrated CRM & Sourcing Tools
	Credibility w/ Sellers	● Public Company Structure
Investment Evaluation	Screening	●● Investment Criteria
	Negotiation	●● Established Forms and Terms
Due Diligence	Deal Execution Risks	●● Checklists, 3rd Party Providers
Acquisition	Financing	●● Lender Network & Permanent Capital

# Kingsway Search Xcelerator

*Kingsway Business System*



The Kingsway Business System is a comprehensive and integrated approach to continuous improvement and operational excellence that has been modeled from best practices at other companies such as Danaher Corp. and refined by our experience working with leaders in small businesses.



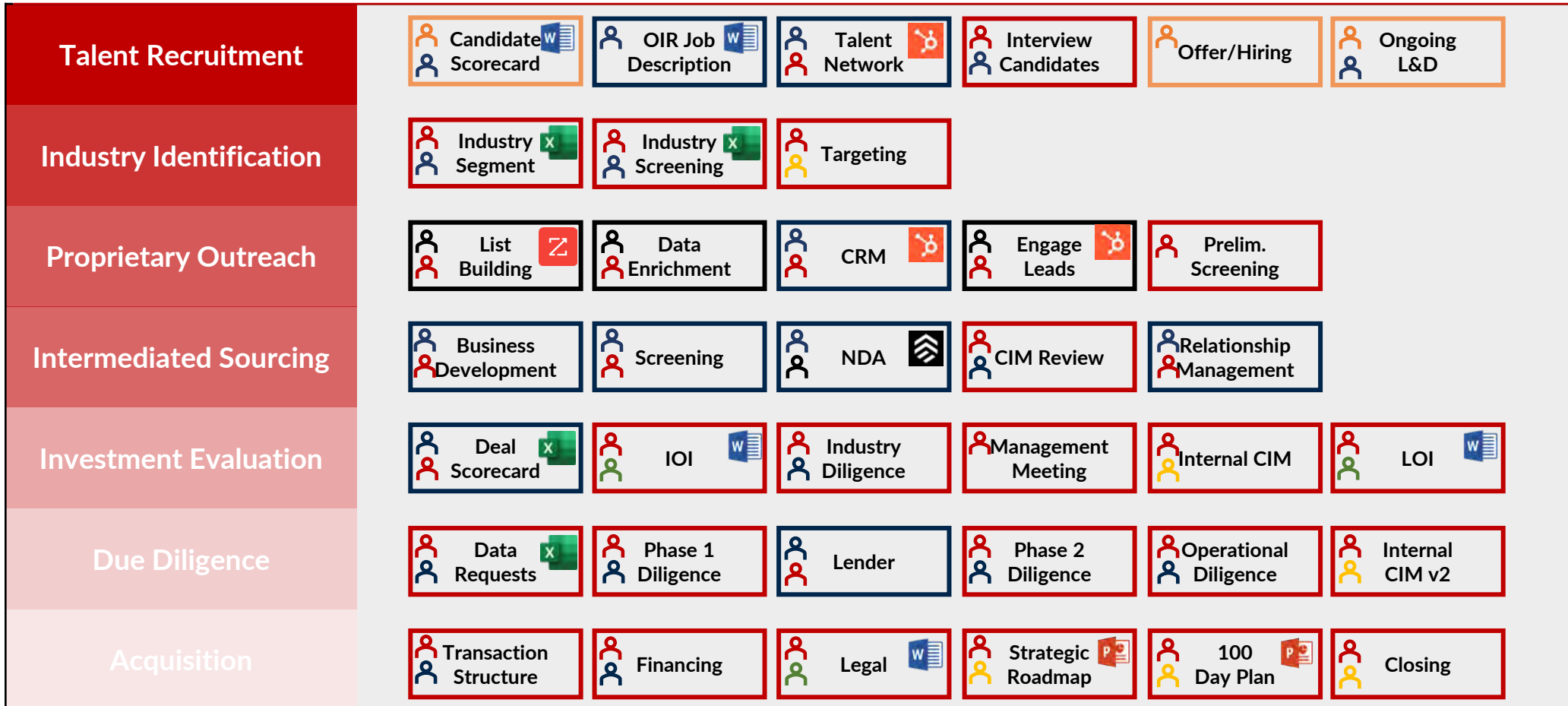
Area	KBS in Action
<b>Leadership</b>	Kingsway Advisory Board focus on Effective Communication & Time Management
<b>Talent</b>	Performance management process supported by incentives specific to small business acquisitions
<b>Vision and Strategy</b>	Strategic planning process establishes clear and measurable value creation goals for operators
<b>Execution</b>	Policy Deployment & KPIs supported by culture of accountability

# Kingsway Search Xcelerator

How KSX designs quality into M&A process



## Kingsway Acquisition Process Map (Simplified)



**Legend:** CEO OIR BD Legal Vendor

# Kingsway Search Xcelerator

*Bending the Curve: Talent Recruitment*



## Talent Recruitment Process

KSX recruiting relies on TopGrading – a 12-step process designed to systematically identify high-performers.

### Key Elements of KSX Recruiting

- **Structured Process:** Allows team to sustain quality at scale
- **Job Scorecard:** Establish criteria for “A” players
- **Threat of Reference Check:** Signal early in process potential for reference calls to gather reliable information
- **Detailed Interviews:** Chronological in-depth structured (CIDS) interviews reveal character
- **Competency/Behavior – Ability to Change:** Segment candidate characteristics based on ability to influence with training

Highly selective offer rate of 1-2%

## Talent Network Overview

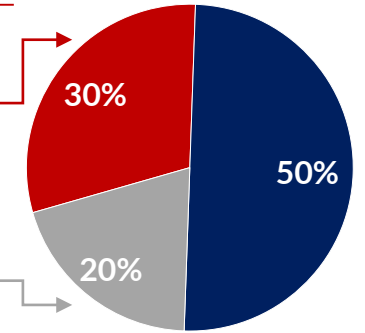
KSX has consistently been able to generate target application volume (50-100 Applicants per Cycle) to source high quality candidates for Operator-in-Residence positions.

### Applicant % by Source<sup>1</sup>

#### Network Referrals

Highest quality candidates are sourced from Network referrals (i.e. Current Team Members, Investors, and Advisors)

**Other** e.g. Conferences, Inbound (Website), SearchFunder.



#### MBA Programs

Ongoing contact with Top MBA programs and ETA clubs provide onramp to build relationships with future searchers.



1. Applicant % by Source approximation based on recent cycle averages

# Kingsway Search Xcelerator

## Bending the Curve: Industry Identification



Industry selection is often cited as the #1 outcome driver in Search.

Proprietary outreach focused on industries which demonstrate:

- **Large & Growing** supported by secular tailwind
- **Fragmented** opportunity for acquisition within LMM
- **Quality Business Models** where low capital intensity and strong margins drive cash returns

Segment	Industry	OIR	Score	Industry Growth	Industry Size	Cyclical	Fragment	Barriers to Entry	Ex. Risks	Quality of Revenue	EBITDA Margins	Capital Intensity
B2B Services	Industry1	OIR1	4.3	Red	Yellow	Yellow	Yellow	Green	Yellow	Green	Green	Green
Healthcare	Industry2	OIR2	4.3	Green	Green	Yellow	Yellow	Green	Orange	Yellow	Green	Green
Other Commercial	Industry3	OIR3	4.3	Green	Yellow	Orange	Yellow	Green	Yellow	Yellow	Green	Green
B2B Services	Industry4	OIR1	4.1	Red	Red	Yellow	Yellow	Green	Yellow	Green	Green	Green
Healthcare	Industry5	OIR1	4.1	Green	Green	Yellow	Yellow	Green	Orange	Yellow	Green	Green
Healthcare	Industry6	OIR3	4.1	Green	Green	Yellow	Yellow	Green	Yellow	Yellow	Yellow	Yellow
Healthcare	Industry7	OIR2	4.1	Green	Red	Yellow	Yellow	Green	Green	Yellow	Green	Green
Other Commercial	Industry8	OIR3	4.0	Green	Green	Yellow	Yellow	Orange	Yellow	Yellow	Green	Yellow
Healthcare	Industry9	OIR3	4.0	Green	Green	Yellow	Orange	Yellow	Orange	Yellow	Green	Green
Healthcare	Industry10	OIR2	4.0	Green	Yellow	Orange	Yellow	Green	Orange	Green	Yellow	Red
B2B Services	Industry11	OIR2	4.0	Yellow	Red	Orange	Yellow	Green	Yellow	Green	Green	Orange
Healthcare	Industry12	OIR3	4.0	Green	Green	Orange	Yellow	Green	Orange	Orange	Green	Yellow
B2B Services	Industry13	OIR2	4.0	Green	Red	Orange	Orange	Orange	Orange	Green	Green	Green
B2B Services	Industry14	OIR2	4.0	Yellow	Yellow	Yellow	Orange	Green	Orange	Yellow	Green	Yellow
Environmental Services	Industry15	OIR3	3.9	Yellow	Green	Orange	Yellow	Green	Orange	Yellow	Green	Yellow
B2B Services	Industry16	OIR2	3.9	Yellow	Green	Orange	Yellow	Yellow	Yellow	Green	Green	Green
Healthcare	Industry17	OIR2	3.9	Green	Yellow	Yellow	Yellow	Green	Orange	Red	Green	Green
B2B Services	Industry18	OIR1	3.6	Red	Yellow	Orange	Yellow	Green	Orange	Yellow	Yellow	Green
Environmental Services	Industry19	OIR1	3.5	Red	Yellow	Yellow	Yellow	Orange	Yellow	Yellow	Green	Orange
B2B Services	Industry20	OIR1	3.4	Red	Yellow	Yellow	Yellow	Green	Red	Green	Red	Orange
B2B Services	Industry21	OIR1	3.4	Yellow	Yellow	Yellow	Yellow	Red	Yellow	Orange	Green	Orange
Environmental Services	Industry22	OIR2	3.4	Red	Yellow	Yellow	Yellow	Orange	Yellow	Yellow	Red	Yellow
Educational Services	Industry23	OIR3	3.4	Yellow	Yellow	Yellow	Yellow	Green	Orange	Orange	Yellow	Yellow
B2B Services	Industry24	OIR1	3.3	Red	Yellow	Green	Yellow	Red	Green	Yellow	Red	Green
Healthcare	Industry25	OIR1	3.3	Yellow	Yellow	Yellow	Yellow	Green	Red	Orange	Yellow	Green
Environmental Services	Industry26	OIR4	3.3	Red	Yellow	Yellow	Yellow	Green	Orange	Orange	Red	Yellow
B2B Services	Industry27	OIR1	3.2	Red	Yellow	Yellow	Yellow	Red	Yellow	Orange	Yellow	Yellow
Environmental Services	Industry28	OIR1	3.2	Yellow	Yellow	Yellow	Yellow	Green	Yellow	Orange	Red	Red
Other Commercial	Industry29	OIR2	2.9	Red	Yellow	Red	Yellow	Orange	Yellow	Red	Yellow	Orange

--- Anonymized ---

--- Scores & Weights Redacted ---



# Kingsway Search Xcelerator

*Bending the Curve: Outreach & Sourcing*



## Proprietary Outreach

During Onboarding, OIRs set individual targets for monthly outreach within recommended bands (200 – 400 Monthly) balancing tradeoffs between **Volume** and **Engagement**.

Source	Target Contacts/ Monthly	Target Contacts/ Year	%
OIR1	275	3,300	12%
OIR2	300	3,600	13%
OIR3	350	4,200	15%
OIR4	400	4,800	17%
<b>OIR Total</b>	<b>1,102</b>	<b>15,900</b>	<b>57%</b>
SDR <sup>1</sup>	1,200	12,000	43%
<b>KSX Total</b>	<b>2,302</b>	<b>27,900</b>	<b>100%</b>

While monthly lead generation may vary due to OIR bandwidth, Sales Development Rep (SDR) resources provide consistent high-volume outreach.

1. Sales Development Rep focuses on lead generation  
2. Intermediaries in Network refers to individuals referring deal-flow in Kingsway CRM. 2024 Projection based on current targets

## Intermediated Sourcing

### Intermediary Database & Relationships

KSX derives consistent deal-flow through existing database of M&A intermediaries.

- Current coverage includes highly relevant segment of brokers representing opportunities with **Avg. Free Cash Flow of \$2.25M**

### Business Development

Ongoing BD activities to engage & activate new intermediaries.

- KSX is expanding Intermediary coverage through Direct Marketing to promote unique KSX value prop

**~1,400**  
Intermediaries in  
Network (2023)



**~5,000**  
Intermediaries in  
Network (2024)<sup>2</sup>

**Intermediated sourcing engine focused on seeing broadest market opportunities.**

# Kingsway Search Xcelerator

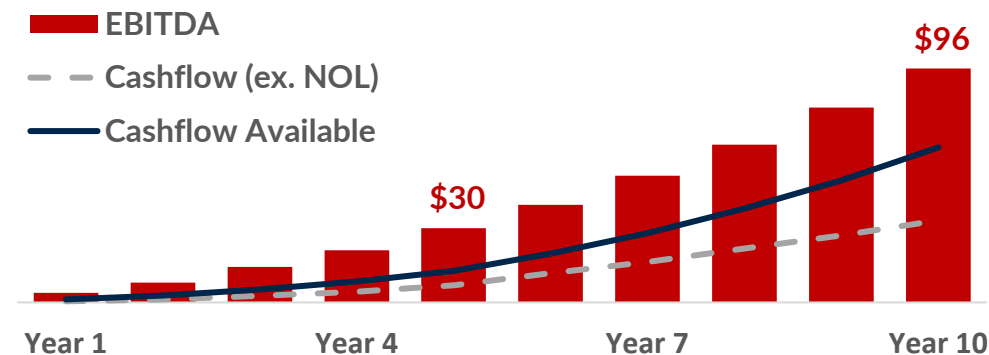
Going Forward: Scaling the KSX Model



## KSX Acquisition Model (Illustrative)

	Acquisition	Operation
Target Deal	Acquire \$2M EBITDA Business <ul style="list-style-type: none"> <li>Avg. Purchase Multiple 5-6x</li> </ul>	Grow EBITDA organically <ul style="list-style-type: none"> <li>5%/Yr CAGR with Kingsway strategic &amp; operational support</li> </ul>
	Apply 2-3x Debt <ul style="list-style-type: none"> <li>8-10% Interest</li> <li>5-6 Yr Amortization</li> </ul>	Tax Efficiency <ul style="list-style-type: none"> <li>Reinvest cashflow from NOLs</li> </ul>
Scaling	Recruit Top Talent <ul style="list-style-type: none"> <li>Expand team &amp; maintain velocity</li> </ul>	Long-Term Thinking <ul style="list-style-type: none"> <li>Permanent capital aligned with early-in-career operators</li> </ul>
	Leverage M&A capabilities <ul style="list-style-type: none"> <li>Increase number of deals</li> <li>Maintain transaction size/focus</li> </ul>	Capital Allocation <ul style="list-style-type: none"> <li>Pay down debt</li> <li>Compound equity for long-term</li> </ul>

Cashflow Projections							
	YR 0	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6
EBITDA	\$2.0	\$2.1	\$2.2	\$2.3	\$2.4	\$2.5	\$2.7
(-) Interest		(\$0.4)	(\$0.3)	(\$0.2)	(\$0.1)	(\$0.1)	-
<b>PreTax Income</b>		<b>\$1.7</b>	<b>\$1.9</b>	<b>\$2.1</b>	<b>\$2.3</b>	<b>\$2.5</b>	<b>\$2.7</b>
(-) Federal Taxes		(\$0.4)	(\$0.4)	(\$0.4)	(\$0.5)	(\$0.5)	(\$0.6)
(-) State Taxes		(\$0.2)	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.1)
(-) Principal Amortization		(\$1.0)	(\$1.0)	(\$1.0)	(\$1.0)	(\$1.0)	-
<b>Op. Cashflow (Ex. NOL)</b>		<b>\$0.3</b>	<b>\$0.4</b>	<b>\$0.6</b>	<b>\$0.7</b>	<b>\$0.9</b>	<b>\$1.9</b>
(+) Holdco NOLs		\$0.4	\$0.4	\$0.4	\$0.5	\$0.5	\$0.6
<b>Op. Cashflow Available</b>		<b>\$0.6</b>	<b>\$0.8</b>	<b>\$1.0</b>	<b>\$1.2</b>	<b>\$1.4</b>	<b>\$2.6</b>





# Digital Diagnostics

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## Acquired Digital Diagnostics, Inc. for \$11.0M (6.1x TTM Adjusted EBITDA)

### Company Profile

*Digital Diagnostics is a provider of cardiac telemedicine services to hospitals*

**\$1.7M**

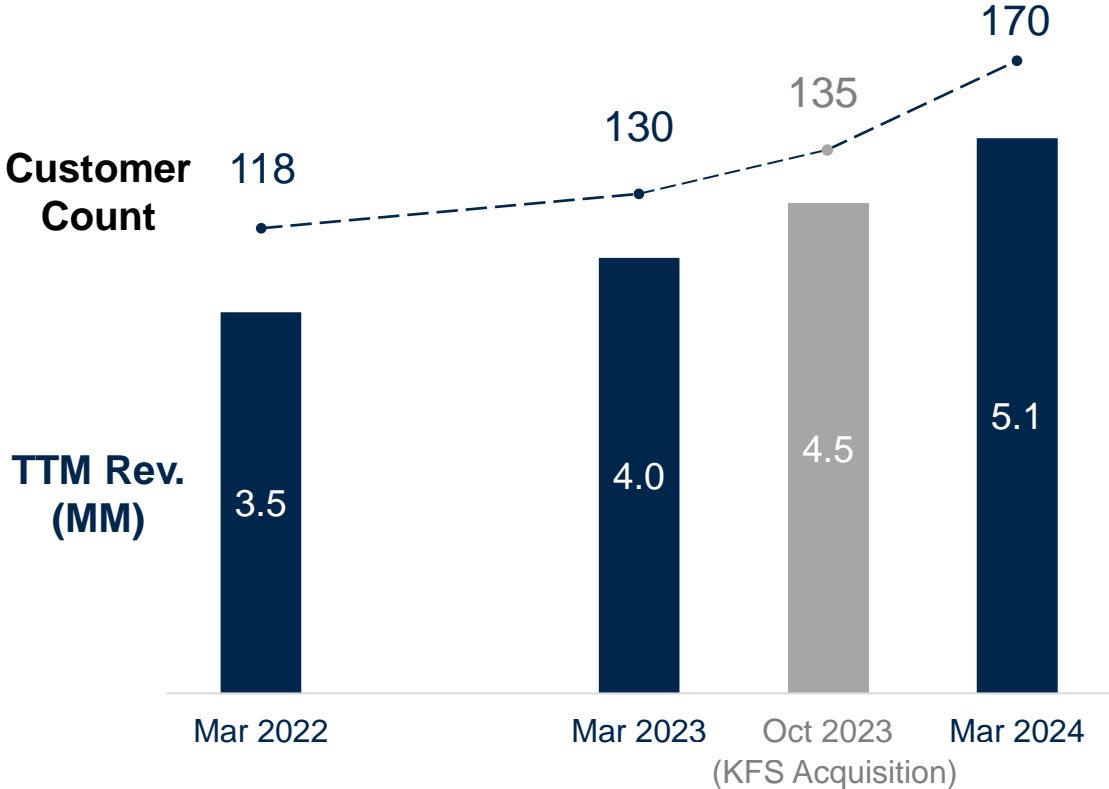
TTM 3/31/24  
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**29%**

TTM 3/31/24  
Revenue Growth

- ✓ Favorable Industry Outlook Long-term
- ✓ Highly Recurring Revenue Drawing From Critical Medical Service Need
- ✓ 33% FCF Margin
- ✓ Only Qualified Player in Core Markets
- ✓ Growth Driven 100% by Inbound Requests From Customer Referrals

### Growth Timeline



## *Agenda*

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Search Process

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Industry Diligence Process

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Deal and Acquisition Process

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First Six Months

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Next Steps

# Search Process

Strategy	Execution	Results
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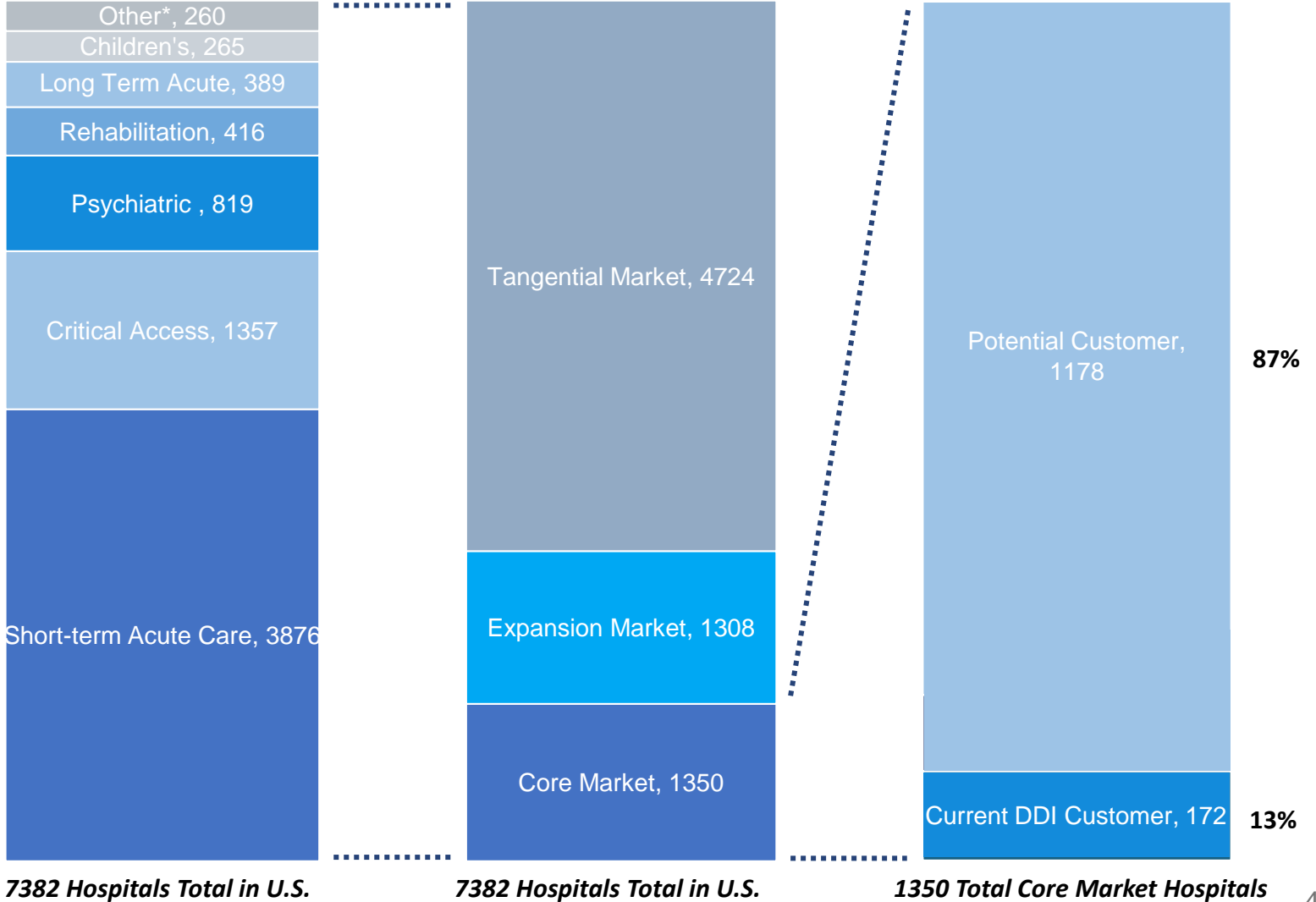
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# Digital Diagnostics

## Due Diligence Process – Total Addressable Market








### Addressable Market

- ✓ Large
- ✓ Growing
- ✓ Underpenetrated
- ✓ Growth Supported by Long-term Secular Trends



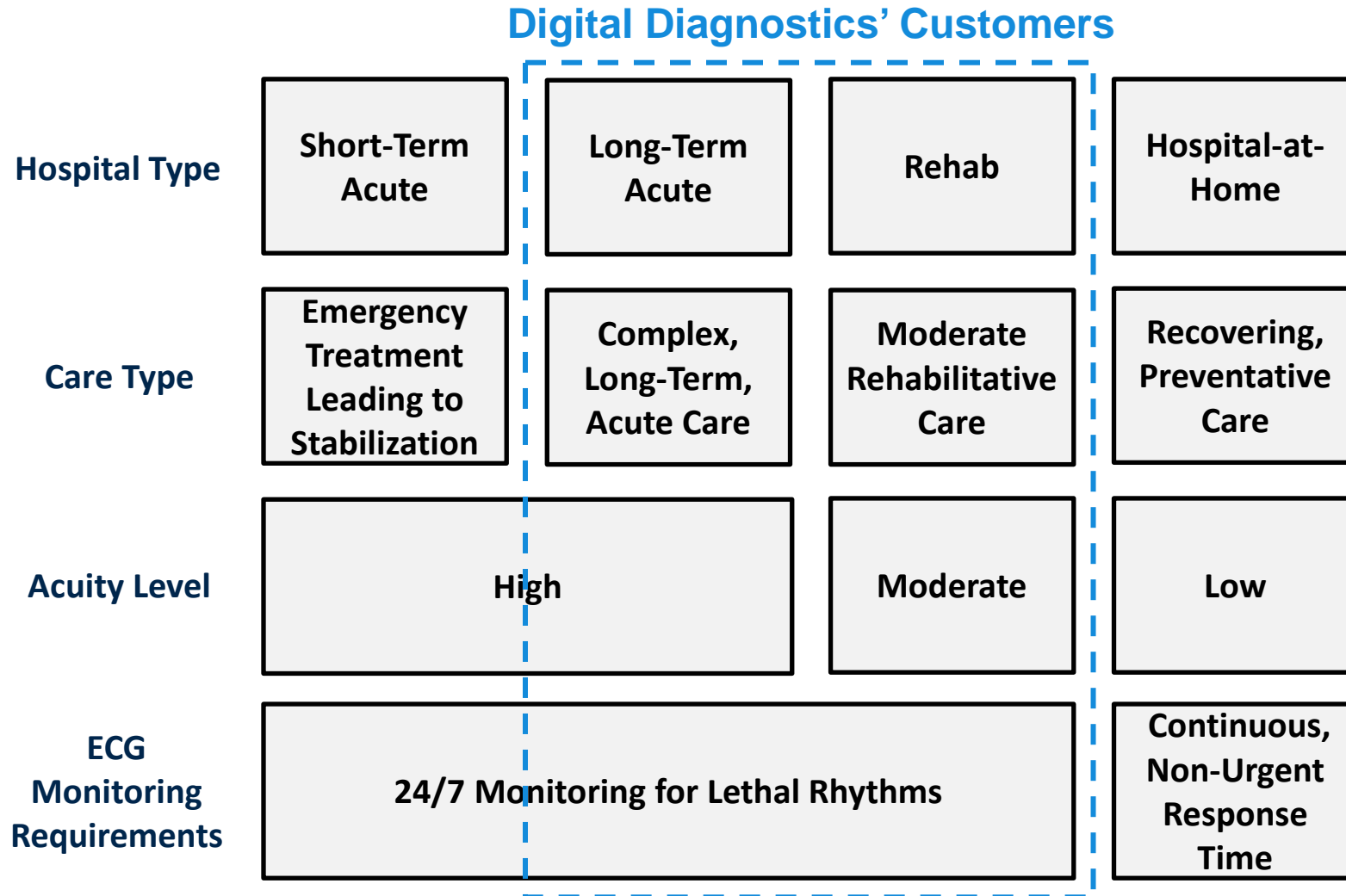
\*Other Includes Nursing Homes with Inpatient Rehabs, Veteran's Administration (VA) and Department of Defense (DOD) Hospitals, and Religious non-medical health care Institutions

## *Due Diligence Process – Long-term Industry Trends*

<u>Due Diligence Area</u>	<u>15-Year Impact</u>	<u>Notes</u>
<b>Heart Monitoring Alternative Core Science Replacing EKG</b>		Electrocardiogram technology will continue to be the sole method for predicting and diagnosing heart-related issues for core markets (no changes with bio-markers or any other alternative tech)
<b>Hospital-at-Home Movement</b>		Since core market is focused on inpatient rehab and LTAC settings, only a small percentage of patients (<5%) will be able to move to the home due to tech advancements in the next 15 years
<b>Client Hospital Market Outlook</b>		Core market growth is expected to follow traditional hospital cardiac telemetry trends at 2-5% CAGR with no major changes in the next 10+ years. Rural settings have even higher demand
<b>Large Hospital Direct Competition</b>		No indications that large hospital systems will provide remote cardiac telemetry for smaller rural hospital market, or significantly impact the competitive landscape of that market
<b>Direct Competition</b>		Digital Diagnostics is the only qualified vendor in core markets
<b>FDA – Inpatient EKG Monitoring</b>		There are no anticipated FDA regulations that would impact inpatient cardiac monitoring for the foreseeable future
<b>FDA – Outpatient EKG Monitoring</b>		There are no anticipated FDA regulations that would impact outpatient cardiac monitoring for the foreseeable future

# Digital Diagnostics

## Due Diligence Process – Niche and Business Model



### Niche and Business Model

- ✓ **Critical Service Need**
- ✓ **Dominant Player With No Qualified Competition**
- ✓ **Very High Quality Contractual Recurring Revenue**
- ✓ **33% FCF Margins**
- ✓ **Low Capital Intensity**
- ✓ **Growth Driven 100% by Inbound Requests From Customer Referrals**

### Competitive Deal Metrics

- 6 Months** From First Introductory Call To Deal Close
- 163** Competitor NDAs Signed
- 30** Competitor IOIs
- 12** Competitor LOIs
- 3+** Competitor Emails of Interest a Week During the Deal

### Kingsway Success Factors

- **Publicly Traded Investor Credibility**
- **Cultural Alignment With Seller and Team**
- **24/7 Deal Team Availability and Execution**
- **Continuous Legal Team Support**
- **Kingsway Diligence Processes, Resources, and Expertise**
- **Kingsway's Historic Relationships With Banks and Access To Debt Capital**

## *First Six Months and Next Steps*

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### First Six Months

- **Listening, Learning, and Engaging** – Customers, Suppliers, and Digital Diagnostics Team
- With Help of Our Operations Team, **Began Improving Employee Training, Leadership Development, and Overall Organizational Communication** for Core Monitoring Operations
- Instituted **New Employee Benefits and HR Processes**
- **Reduced Voluntary Employee Turnover from 29% to 0%**
- **Hired New Medical Director**
- **Grew Customer Count** at All Current System-Level Relationships
- **Began Two New System-Level Relationships**

### Next Steps

- **Revenue Growth Rate Expected To Continue**
- Continue To Develop New York Metro Headquarters and in Process of **Opening Next Facility in Intermountain West**
- **Continue To Build Out Leadership Team and Advisory Board**
- Complete Development of New Customer EMR Integration Software, **CardiaConnect**



Acquired Digital Diagnostics, Inc. for \$11.0M (6.1x TTM Adjusted EBITDA)

## Company Profile

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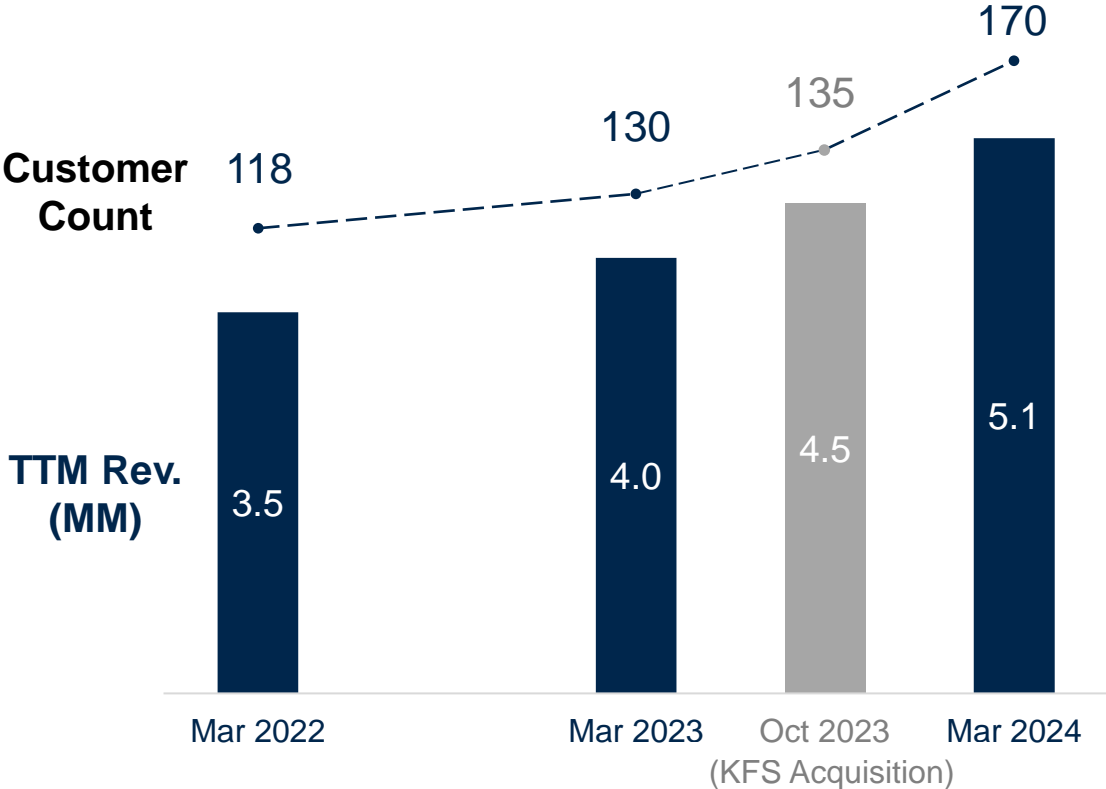
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## Growth Timeline





## Q&A

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# Fireside Chat with Will Thorndike

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# Appendix

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# Reconciliation of GAAP Operating Income for Extended Warranty Segment

*(in thousands)*

	TTM	Twelve Months Ended					
	3/31/24	2023	2022	2021	2020	2019	2018
<b>GAAP Operating Income for Extended Warranty segment (1)</b>	<b>\$6,627</b>	<b>\$6,983</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)	1,189	1,198	465	217	490	681	479
Other Items (3)	-	-	-	(2,183)	(266)	-	-
Depreciation	233	245	292	211	279	205	150
Total Non-GAAP Adjustments	1,422	1,443	757	(1,751)	503	886	629
<b>Non-GAAP adjusted EBITDA for Extended Warranty segment</b>	<b>\$8,049</b>	<b>\$8,426</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 (4)	-	-	(44)	(38)	(84)	(85)	(79)
<b>Pro forma Non-GAAP adjusted EBITDA for Extended Warranty segment</b>	<b>\$8,049</b>	<b>\$8,426</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)

	TTM	Twelve Months Ended		
	3/31/24	2023	2022	2021
<b>GAAP Operating Income for Extended Warranty segment (1)</b>	<b>\$5,018</b>	<b>\$5,252</b>	<b>\$3,548</b>	<b>\$484</b>
Non-GAAP Adjustments:				
Employee costs (2)	431	380	235	71
Depreciation	88	24	-	-
Total Non-GAAP Adjustments	519	404	235	71
<b>Non-GAAP adjusted EBITDA for Extended Warranty segment</b>	<b>\$5,537</b>	<b>\$5,656</b>	<b>\$3,783</b>	<b>\$555</b>

(1) Includes Ravix beginning October 2021, CSuite (Nov 2022), SNS (Nov 2022, half-month), SPI (Sept 2023) and DDI (Oct 2023, 1 week).

(2) Costs associated with employees assisting during a transition period and are not expected to be replaced once transition period has ended (approximately one year from acquisition date).

# Details of Net Debt

(in thousands)

	2018	2019	2020	2021	2022	2023	3/31/24
OpCos	\$ 3,917	\$ 9,240	\$ 25,303	\$ 26,717	\$ 34,281	\$ 30,822	\$ 33,410
Notes Payable (1)	199,316	194,634	192,057	205,025	-	-	-
TruPs: Fair Value	50,023	54,655	50,928	60,973	67,811	13,594	13,651
TruPs: Deferred Interest	2,492	8,911	14,088	18,744	25,543	-	-
Class A Preferred Shares (2)	5,800	6,819	6,504	6,497	6,013	-	-
<b>Total Debt</b>	<b>\$ 261,548</b>	<b>\$ 274,259</b>	<b>\$ 288,880</b>	<b>\$ 317,956</b>	<b>\$ 133,648</b>	<b>\$ 44,416</b>	<b>\$ 47,061</b>
Less: Unrestricted cash and cash equivalents	14,619	13,478	14,374	12,642	64,168	9,098	12,112
<b>Net Debt</b>	<b>\$ 246,929</b>	<b>\$ 260,781</b>	<b>\$ 274,506</b>	<b>\$ 305,314</b>	<b>\$ 69,480</b>	<b>\$ 35,318</b>	<b>\$ 34,949</b>

(1) 2021 includes the VA Mortgage of \$16,983; 2022 and 3/31/2023 exclude the VA Mortgage of \$16,112 and \$15,916, respectively, that is included in liabilities held for sale.

(2) Reflected in mezzanine on the balance sheet. Amount that would have been paid had the holders elected to redeem, rather than convert.