



FAX CAPITAL CORP.

PERMANENT · PATIENT · PARTNERED · PROVEN

Marketing Presentation · May 2020

DISCLAIMERS



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Cautionary Statement Regarding Use of Non-IFRS Accounting Measures

This presentation makes reference to the Company's book value per share as a measure of the performance of the Company as a whole. Book value per share is measured by dividing shareholders' equity of the Company at the date of the statement of financial position by the number of common shares outstanding at that date. The Company's method of determining this amount may differ from other companies' methods and, accordingly, this amount may not be comparable to measures used by other companies. This amount is not a performance measure as defined under International Financial Reporting Standards (IFRS) and should not be considered either in isolation of, or as a substitute for, net earnings prepared in accordance with IFRS.

Certain Other Matters

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DIFFERENTIATED STRATEGY

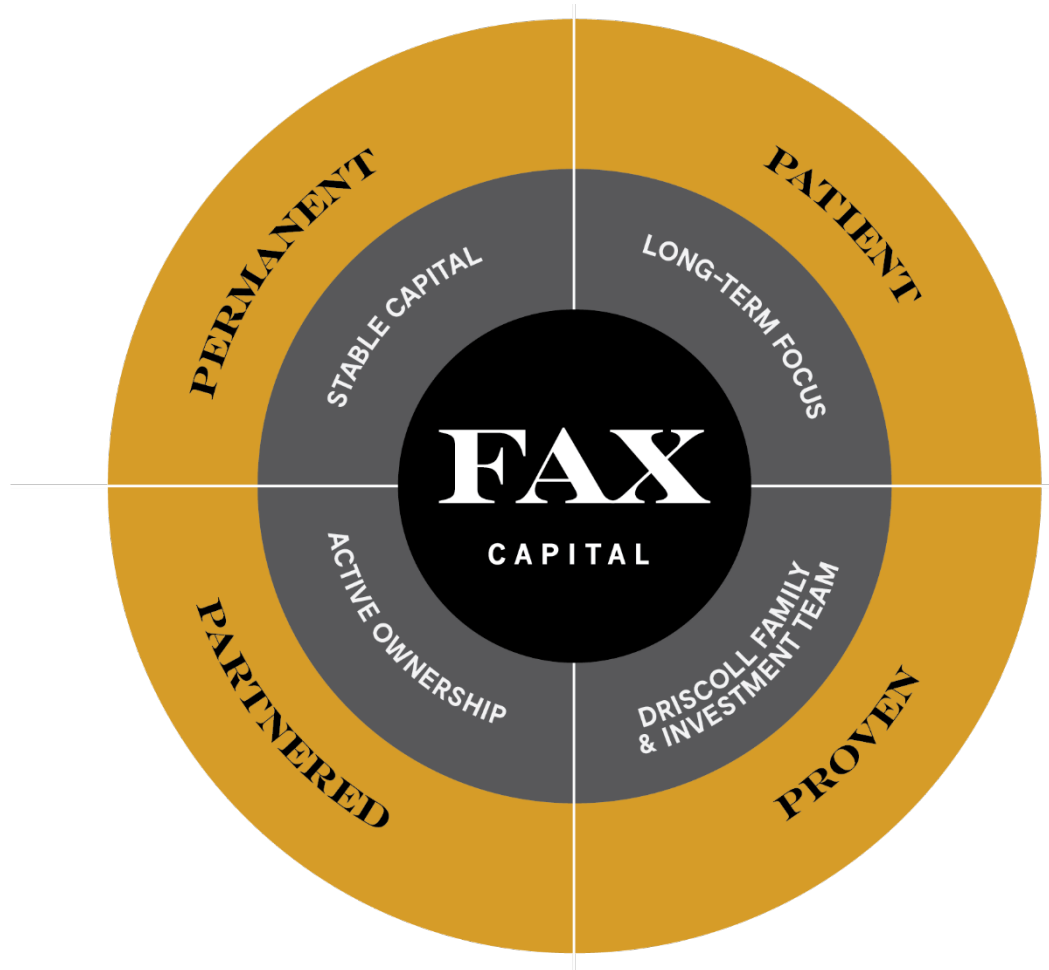
- Flexible investment mandate able to invest across the capital structure, in both public and private companies and for minority or control positions
- Focus on smaller, high quality, well-run businesses, initially in Canada
- Highly disciplined, thorough and structured due diligence process
- Fully internal management structure with no management fee – motivated only by the returns of portfolio companies
- Raised \$190 million in November 2019

HIGH QUALITY PORTFOLIO

- Intention to have a portfolio of 10 to 15 companies
- Invested \$58 million into an initial portfolio of four public companies as at May 14, 2020:



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TEAM



John Driscoll
Chairman



Frank Potter
Lead Independent Director



Paul Gibbons
Independent Director



Edward Jackson
Independent Director



Blair Driscoll
Chief Executive Officer & Director

Operations Team



Edward Merchand
CFO



Ryan Caughey
General Counsel

Investments Team



Marc Robinson
Managing Director



Nickolas Lim
Managing Director

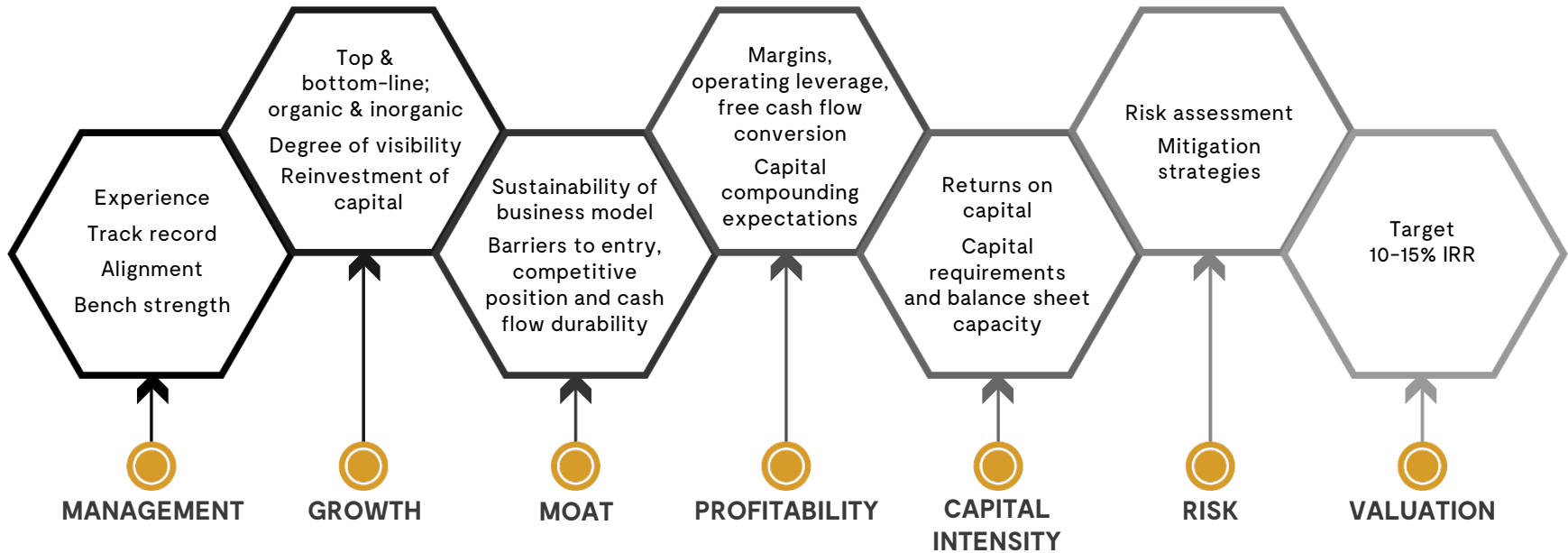


Authi Seevaratnam
Associate

INVESTMENT APPROACH



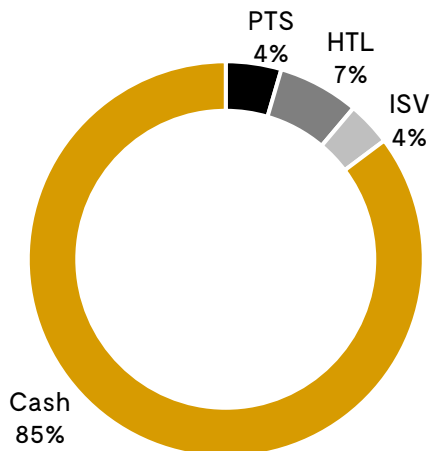
- Highly disciplined investment approach
- Deep and extensive due diligence process
- Comprehensive and structured investment criteria
- Focused on strength of management, durability and predictability of cash flows, growth opportunities and balance sheet strength



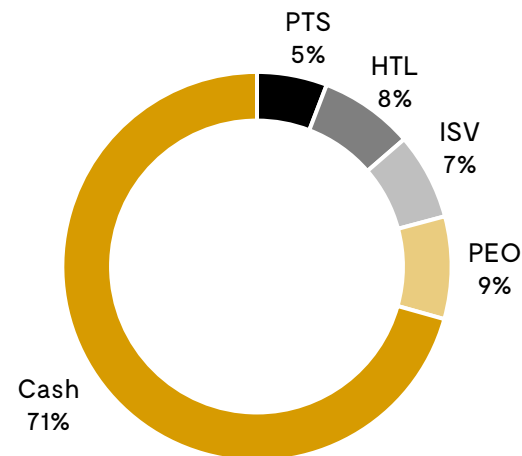
PORTFOLIO SUMMARY



FAIR VALUE @ QUARTER-END
(MARCH 31, 2020)



FAIR VALUE @ REPORTING DATE
(MAY 14, 2020)



	At March 31, 2020			At May 14, 2020		
	Cost	Fair Value	Total Return	Cost	Fair Value	Total Return
PTS	15,048	8,060	-46.4%	16,943	8,868	-47.7%
HTL	13,492	11,782	-12.7%	14,809	14,178	-4.3%
ISV	6,795	6,468	-4.8%	13,686	12,690	-6.9%
PEO	-	n/a	n/a	12,889	15,502	20.3%
Cash	151,517	151,517	n/a	128,005	128,005	n/a
Total	186,852	177,827	-4.8%	186,332	179,242	-3.8%

Notes: Cash represents Cash less Due to broker for unsettled trades.
Total return includes the change in the fair value of the investment plus dividends earned.

- Subsequent to quarter-end, we invested an additional \$23.0 MM of capital, including a new initial investment in People Corp.

Transaction

- Investment Committee approval in February 2020
- Currently own 12,546,700 shares, 9.5% company ownership
- Open-market purchases

Company Description

- Designs, manufactures and distributes equipment, consumables and software and services for the global Assisted Reproductive Technologies (ART) market
- Products sold in over 75 countries with ~30% of sales in the America's and the balance overseas, primarily in Europe and Asia

Investment Thesis

- Global fertility market growing at 5-10% through the foreseeable future
- Industry exhibits recession resistant characteristics
- Regulatory product approval limits new entrants
- Mission critical nature and low cost but high value nature of the products create high switching costs for customers
- Opportunities for market share gains and margin expansion by leveraging growing product suite and internalizing salesforce
- Substantial M&A opportunities with well-defined playbook already partially executed
- Highly compelling financial metrics including ~55% gross margins, ~20% adj. EBITDA margins, ~60% free cash flow conversion, high and growing ROIC, and an under-levered balance sheet in a net cash position

Transaction

- Investment Committee approval in January 2020
- Currently own 933,067 shares, 5.3% company ownership
- Open-market purchases

Company Description

- Primary business is the operation of the Saskatchewan land, property and corporate registry under an exclusive 20-year Master Service Agreement (MSA), expiring in June 2033
- Services business provides software and services to legal and financial firms by accessing registry and public data sources

Investment Thesis

- Saskatchewan registry business is a regulated, essential-service monopoly, with a demonstrated baseline of business, CPI-based pricing escalators, and material upside on an eventual Saskatchewan recovery
- Services segment is #1 or #2 in the markets it participates in, exhibits high switching costs and pricing power, has been growing organically at 20%, and provides a platform for accretive M&A
- Very high free cash flow conversion and strong margins with substantial operating leverage
- Expected high-teen ROIC with minimal capital requirements for growth
- Net cash position with substantial debt capacity for M&A / MSA extension
- Consistent dividend for 7 years now yielding 5.8%

Transaction

- Investment Committee approval in April 2020
- Currently own 1,685,000 shares, 2.4% company ownership
- Bought deal; Open-market purchases

Company Description

- Leading provider of group benefits, group retirement and human resources consulting services in Canada
- Processes and brokers over \$2 BB of employee benefit premiums or ~4% of the Canadian market through its brokerage and Third Party Administrator, which has a 40% market share

Investment Thesis

- Industry growing at 4% annually due to increasing age in the workforce and increasing healthcare costs
- High visibility business with 96% of the business recurring and a 98% retention rate
- Historically grown organically at 10% (6% above historical industry growth) from increased scale, expansion into new jurisdictions, broadening of product/service offering
- Outperforms in a recessionary environment from exposure to recession-resistant sectors and ability to manage cost structure
- Demonstrated track record of value creation through M&A, having executed 25 acquisitions for \$300 MM
- 27% Adj. EBITDA margin and 40%+ FCF conversion, with a path to grow margins by leveraging scale
- Double digit ROIC and a manageable debt load of ~1.5x Adj. EBITDA

Transaction

- Investment Committee approval in February 2020
- Currently own 843,755 shares, 6.4% company ownership
- Open-market purchases

Company Description

- Leading global provider of e-commerce and technology solutions to the loyalty industry, connecting loyalty programs, third party brands and consumers across a global transaction platform
- Unique offering of products and services that allows loyalty programs to sell more loyalty points to customers
- Commercial agreements with 60 leading loyalty brands globally

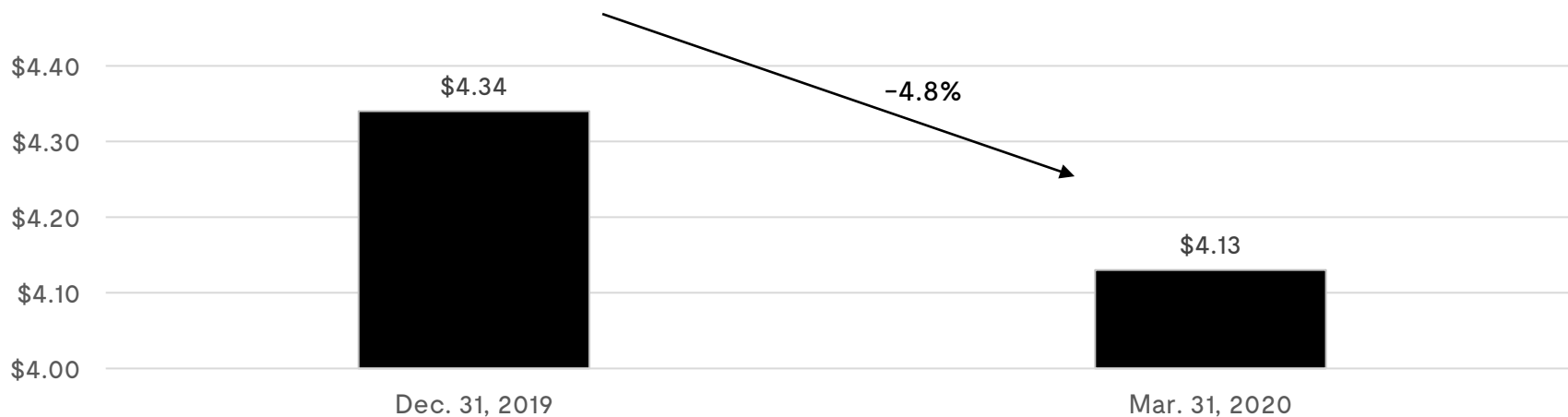
Investment Thesis

- Strong but misunderstood business that has been temporarily impacted by travel disruptions as a result of COVID-19
- Key provider of ancillary revenue to airline and hotel loyalty programs
- Founder-led management team that has grown business from nothing to \$60 MM of gross margin
- Long operating history with no competitors, other than in-house IT departments of their customers
- Capital light business model with high levels of free cash flow generation
- Well capitalized with \$105 MM of cash, \$40 MM of debt and variable cost structure to withstand prolonged travel downturn
- Will be a leading beneficiary of eventual recovery in air travel

COMPANY PERFORMANCE



BOOK VALUE PER SHARE (BVPS)



COMPANY COMMENTARY

- 4.8% decrease in BVPS quarter-over-quarter, primarily attributed to an unrealized loss on investments of \$9.1 MM driven largely by the negative impacts from COVID-19
 - Unrealized loss primarily attributable to investment in Points International Ltd.
 - Market lows were set in late March 2020 but have rebounded so far in 2Q 2020
- The favourable performance of BVPS relative to the performance of the overall market was largely attributed to the significant portion of the Company's investable assets held in cash during this period

COMMENTARY & OUTLOOK



- We continue to remain disciplined with our capital allocation
 - Prior to March 1, 2020, which is an estimated date when market weakness from COVID-19 began, the Company had a modest ~\$15 MM, or ~8% of total capital deployed
 - Following the steep market declines, we were much more aggressive, accumulating positions or executing new positions in portfolio investments at what we view as more attractive prices
- The extreme market volatility during the months of March and April 2020 provided us the opportunity to:
 - Accumulate our investments in the open-market at more favorable valuations to meaningfully lower our average cost base
 - Take advantage of the increased liquidity to accumulate investments quicker than originally expected, as many open-ended fund managers were forced to liquidate their holdings
 - Move “up-cap” with an initial investment in People Corp., a company that is roughly twice the size of our other investments
- Private Company Investments
 - The flexibility of the Company’s structure allows it to pivot towards the most attractive asset classes, which today resides primarily in the public markets
 - That said, we continue to seek out attractive opportunities in the private markets, where we ultimately intend to invest approximately 20% of our capital
 - We continue to be focused on three broad categories in private markets: i) facilitating ownership transition in family-owned businesses, ii) providing growth capital in pre-IPO companies and iii) taking orphaned micro-cap companies private
- As of May 14, 2020, we have invested \$58.3 MM
 - The trajectory of our capital deployment is on a healthy pace and within our original stated target to be fully invested within 12-18 months



**Attractive Opportunity
in Small Cap Canadian
Companies**



Competitive Advantage

Investment Approach

- Long-term view
- Active ownership
- Flexible mandate

Structure

- Permanent capital
- Public currency
- No management fee

Management Team

- Supportive shareholder
- Proven investment team
- Alignment of interests

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APPENDICES

FAX

CAPITAL

SEASONED AND ALIGNED MANAGEMENT



DRISCOLL FAMILY BACKGROUND



Fax Investments
committed
\$120M

PAST SUCCESSES (1):



\$780M
Sold to CI Financial in 2017



Enterprise Value at sale of management contract in 2013

\$10B



\$170M
Sold to PennWest Energy Trust in 2008



\$3.7B
Sold to PennWest Energy Trust in 2006



\$73M
Sold to the city of Medicine Hat in 2001

INVESTMENT TEAM BACKGROUND

Marc Robinson

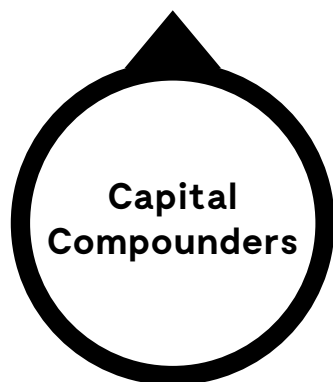
- Previously, portfolio manager of LDIC North American Small Business Fund - Fund awarded 2018 Lipper Award for Best 3 Year Performance, Canadian Focused Small/Mid Cap Equity
- Research analyst and Executive Committee member at Cormark Securities
- Hedge fund experience; Investment Banking experience at Merrill Lynch & Company

Nick Lim

- Over 15 years of investment and M&A experience focused on originating, assessing and structuring Canadian investments and transactions in public and private companies
- Previously Vice President at Hamblin Watsa Investment Counsel, investment management sub. of Fairfax Financial
- Seven years at Brookfield Asset Management as a Vice President, Investments in the private equity and public securities groups
- Hedge fund experience at two multi strategy funds and M&A experience at Scotia Capital

(1) These examples have been included to demonstrate the historical success of businesses founded, controlled, or advised by the Driscoll family. The inclusion of these examples is not intended, nor should it be construed as, implying future returns of an investment in the Company.

TARGET COMPANY PROFILE



- Established business models generating high free cash flow, earnings and returns on capital
- Buy opportunistically and hold long-term



- Companies in cyclical industries that are able to withstand transitory periods of depressed pricing
- Avoid industries in secular decline



- Established businesses that are under-capitalized or struggling to raise capital
- Strategic capital infusion to fully fund and de-risk business model



- Smaller under-capitalized companies with developing business plans
- Already partially de-risked business models



- Once proven businesses that require fundamental change



- Capital support to pursue key strategic initiatives
- Source of permanent capital in subsequent financings
- Communication strategies
- Access to investors



- Appropriate use of leverage
- Help source and optimize financing option
- Help with capital allocation decisions including capital expenditure programs, share buybacks and dividends



- Adopt best practices and strong board composition
- Augment management (if needed)
- Optimize management incentives structure and alignment
- Improve reporting and disclosure



- Discussions with management to implement:
 - Revenue enhancements
 - M&A/non-core asset divestitures
 - Priorities setting
 - Cost efficiencies
 - Asset utilizations