FOUNDERS
ADVANTAGE
CAPITAL

DOMINION LENDING CENTRES

Club16 Trevor Linden Fitness

impact radio accessories

Astley Gilbert
ON DEMAND IMAGING. ON PAPER. ONLINE.

Introduction to Founders Advantage Capital

Passive. Permanent. Founders Advantage.

http://advantagecapital.ca

WHO WE ARE AND WHY YOU SHOULD PARTNER WITH US

FOUNDERS ADVANTAGE CAPITAL

Who We Are

- FA Capital is a publicly traded investment firm (TSX-V: FCF) focused on partnering with **premium, mid-market, owner-operated businesses**
- We provide business owners with **passive** and **permanent** capital along with a **disproportionate share of all growth** (we might acquire 50% but may provide 75% of growth to our investee partners)
- Founded in February 2016 and headquartered in Calgary, Alberta
- Investee partners include: Dominion Lending Centres, Club16, Impact Communications, and Astley Gilbert (see Appendix for details)

Strategic Capital Partner: Sagard Holdings

- In June 2017, we partnered with **Sagard Holdings**, securing a committed **5-year Senior Facility for US$75MM (C$100MM)**
- Subsidiary of the **Power Corporation**, a diversified international holding and management company; Notable investments include Great-West Lifeco, London Life and Investors Group

Proven Long-Term Thinking and Leadership

- **Management** has >100 years of experience across several industries with strong ties to the family office world
- **Stephen Reid** (President & CEO) co-founded Alaris Royalty Corp. where he initiated key long-term relationships with business owners
- **J.R. Kingsley Ward** (Chairman of the Board) is Managing Partner of VRG Capital Corp., a manager of seven family offices
- **Ron Gratton** (Director and Interim CFO) has been involved with the McCaig Family Office for >7 years

Benefits to Business Owners

Liquidity Event	Ability to take some chips off the table through a partial (yet meaningful) liquidity event
Maintain Control	Maintain operational (day-to-day) control which helps preserve culture and key management/personnel
Motivation and Reward	Owners and management earn a disproportionate share of all growth
Permanent Capital	We do not have a liquidity timeframe so can hold investments indefinitely, removing timing uncertainty
Balance Sheet Preservation	Balance sheet of the business is left unencumbered as any acquisition leverage is held primarily on FA Capital's balance sheet

Founders Advantage Capital: A founder-friendly alternative capital solution

SITUATIONS OUR STRUCTURE IS OPTIMAL FOR

FOUNDERS ADVANTAGE CAPITAL

Business Owner's Situation		Why Our Solution Works
Seeking a Liquidity Event	• Desires a partial liquidity event to de-risk • Management wants to buy-out owner • Owner wants to buy-out partner(s)	**FA Capital will purchase 50% - 75% of common equity**
Maintaining Operational Control	• Not ready for retirement and identifies strongly with the business • Does not like working for a 'boss' • Must retain company culture and build legacy	**FA Capital is a passive partner**
Alignment of Interest is Critical	• Wants to grow the business prudently • Does not like short investment horizons • Seeking partner to share in business risk	**FA Capital's valuation is tied to long-term portfolio growth**
Confident in Company's Prospects	• High confidence in ability to achieve forecast • Strong desire to share in continued growth	**Business owner receives a disproportionate share of all growth**
Seeking Strategic Partnership	• Wants a partner that can help with growth • Prefer to have a sounding board for strategic growth initiatives	**FA Capital has access to a vast network of seasoned executives in various industries**
Debt Averse	• Preference for minimal leverage • Desire for status quo capital structure	**FA Capital retains acquisition debt primarily on its balance sheet**

FOUNDERS ADVANTAGE CAPITAL

Portfolio Company Characteristics

"Not-For-Sale" Companies

- Reluctant sellers seeking to maintain operational control
- Exceptionally managed

Successful Companies in Defensive Industries

- Non-cyclical in nature
- Low correlation to the capital markets and economy
- Strong growth characteristics

Sustainable Free Cash Flow Generation

- Attractive margins
- Asset-light with low capital intensity
- Modest debt

Portfolio Company Criteria

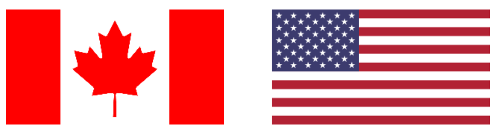
Target Size

- EBITDA: $4 - $40MM
- Purchase price: $20 - $200MM
- Control positions (50% - 75%)

Target Industry

- Industry-agnostic (non-cyclical businesses)

Geography



BUY **BUILD** **HOLD**

ILLUSTRATIVE TRANSACTION

Illustrative Scenario

1 Up-Front Structure[(1)]

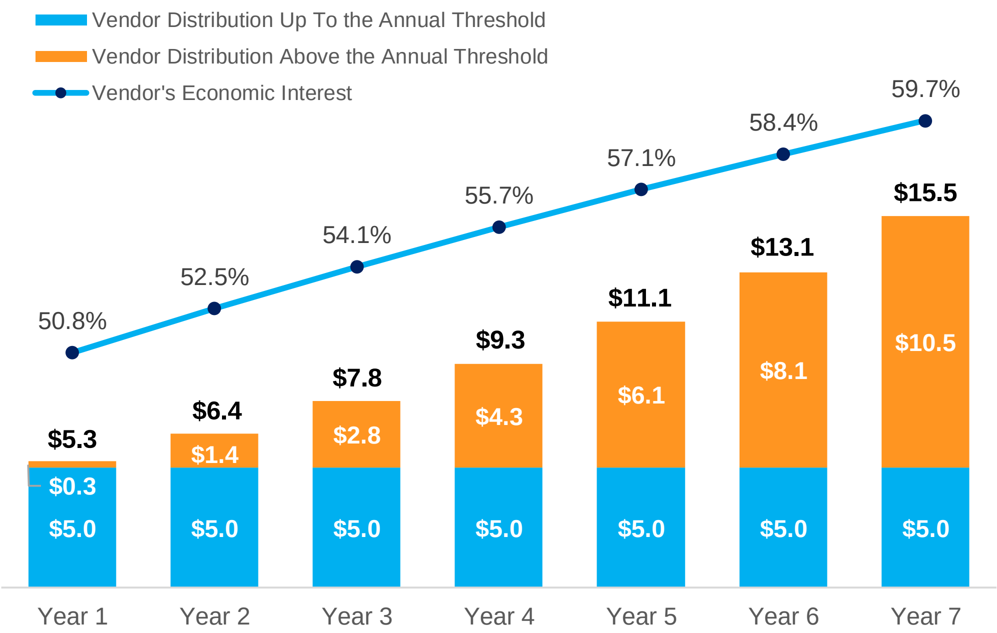
- FA Capital purchases a 50% interest at an 7.0x EV/EBITDA multiple
- Annual Threshold of $10MM based on TTM EBITDA

2 Distribution Allocation

- Vendor receives 50% of the first $10MM of annual distributions
- Vendor receives 75% of all annual distributions above the Annual Threshold

3 Sale Proceeds

- Net sale proceeds are split according to Economic Interest at time of sale
- Economic Interest = (Total Distributions Received)/(Cumulative Distributions)



Distribution Allocation

All figures in $MM	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Distributable FCF	$10.4	$11.9	$13.7	$15.7	$18.1	$20.8	$23.9
A **Vendor Distribution - 50% up to the $10MM Annual Threshold**	**$5.0**	**$5.0**	**$5.0**	**$5.0**	**$5.0**	**$5.0**	**$5.0**
FA Capital Distribution - 50% up to the $10MM Annual Threshold	$5.0	$5.0	$5.0	$5.0	$5.0	$5.0	$5.0
B **Vendor Distribution - 75% above the $10MM Annual Threshold**	**$0.3**	**$1.4**	**$2.8**	**$4.3**	**$6.1**	**$8.1**	**$10.5**
FA Capital Distribution - 25% above the $10MM Annual Threshold	$0.1	$0.5	$0.9	$1.4	$2.0	$2.7	$3.5
Total Annual Distributions to Vendor (A+B)	**$5.3**	**$6.4**	**$7.8**	**$9.3**	**$11.1**	**$13.1**	**$15.5**
Vendor's Economic Interest	**50.8%**	**52.5%**	**54.1%**	**55.7%**	**57.1%**	**58.4%**	**59.7%**

If business sold at this point, Vendor would receive 59.7% of proceeds despite owning 50.0% of shares

(1) Assumptions: 15% EBITDA growth; 90% FCF conversion; Structured as a LP (distributions not taxed at investee level); Hypothetical sale in Year 7 for illustrative purposes

ILLUSTRATIVE TRANSACTION (CONT'D)

FOUNDERS ADVANTAGE CAPITAL

Total Proceeds and Cumulative Multiple Analysis

Analysis of Total Proceeds to Vendor (pre-tax)	FAC Structure	Traditional PE Structure[(1)]	Difference
Cash proceeds to Vendor for purchase of 50% of TTM EBITDA	A $35.0	$35.0	$0.0
Total distributions to Vendor	B $68.4	$57.3	$11.1 E
Sale of Business:			
Gross estimated sale price at 9.0x Year 7 EBITDA[(2)]	$239.4	$239.4	$0.0
Less: debt outstanding at exit	$0	$0	$0.0
Net proceeds from sale	$239.4	$239.4	$0.0
Portion paid to Vendor based on Economic Interest Benefit (60% vs. 50%)	C $143.0	$119.7	$23.3 F
Total gross proceeds to Vendor over 5-year period (A+B+C)	**D $246.4**	**$212.0**	**$34.4**

Only the incremental benefit of our structure is incorporated in our "cumulative" multiple analysis

"Cumulative" Multiple Analysis	
Total up-front cash proceeds to Vendor	$35.0 A
Advantage distribution payments to Vendor over five years	$11.1 E
Advantage exit cash proceeds to Vendor (earned back 10% of equity given growth achieved)	$23.3 F
Total advantage proceeds over 5-year period (50% Purchase) (A+E+F)	**$69.4 G**
Implied Enterprise Value (100% of Company) (G/50%)	**$138.8 H**
TTM EBITDA	$10.0 I
Cumulative Multiple (H/I)	**13.9x**
% Increase vs. Initial Calculation	*98.3%*
Total Gross Proceeds Multiple (D/I)	**24.6x**
% Increase vs. Initial Calculation	*252.0%*

(1) Does not include meaningful leverage used in traditional private equity structure; Excluded for conservatism
(2) Based on selling 100% of the more established business to a traditional private equity investor or strategic partner

The "Founders Advantage": Vendor receives a "cumulative" multiple of 13.9x and total proceeds of $246MM through a disproportionate share of distribution payments and exit proceeds

INVESTEE CASE STUDIES & KEY CONTACTS

APPENDIX

FOUNDERS ADVANTAGE CAPITAL

CASE STUDY #1 – 60% ACQUISITION OF DOMINION LENDING CENTRES

FOUNDERS ADVANTAGE CAPITAL

FA Capital Acquires DLC

FOUNDERS ADVANTAGE CAPITAL

Completes 60% Acquisition of

DOMINION LENDING CENTRES

C$74,000,00MM

- On June 3, 2016, FA Capital announced the completion of its acquisition of a 60% majority interest in Dominion Lending Centres ("DLC")
- The founders of DLC and certain minority shareholders retained a 40% interest in DLC and continue to manage day-to-day operations
- Purchase price was satisfied with a cash payment of ~C$61.5MM and the issuance of C$12.5MM of FA Capital's common shares

Key Terms of the Transaction

- The transaction provides the entrepreneurs with 40% of the first $14.6MM in annual distributions ("Annual Threshold") with FA Capital receiving 60%
- The entrepreneurs receive 70% of all distributions above the Annual Threshold, with FA Capital receiving the remaining 30%
- Net proceeds from a sale will be allocated to the entrepreneurs based upon their proportionate share of cumulative distributions (entrepreneurs may receive up to 70% of net sale proceeds)

Feedback from the Entrepreneurs

"The model allowed us to retain a meaningful position in the company, still have autonomy operationally, have long term partners, and gave us a disproportionate share of the upside on new growth.

For a company that is still growing quickly with lots of runway ahead of us, this model made terrific sense as we didn't want to regret selling too soon."

Gary Mauris, President & CEO, Dominion Lending Centres

Business Snapshot

- Canada's largest mortgage brokerage with ~$40Bn in funded mortgages
  - $33.8MM of revenue, $16.4MM of EBITDA in 2016 (run-rate)(1)
- DLC generates the majority of revenue from three sources:
  - Royalty fees on mortgage revenue
  - Performance bonuses from lenders and suppliers
  - Connectivity revenues from various intermediaries
- Relationship with over 300 lending institutions; >5,300 mortgage professionals across Canada

FA Capital's Value Add

- ✓ **Assist with all aspects of M&A opportunities (due diligence, negotiations, legal, financing)**
- ✓ **Negotiated credit facilities to increase the amount of the facility and to allow for more flexibility with covenants**
- ✓ **Implemented structured budgeting and reporting processes**

(1) Reflects 2016 run-rate adjusted revenue and EBITDA

CASE STUDY #2 – 60% ACQUISITION OF CLUB16 AND SHE'S FIT! HEALTH CLUBS

FOUNDERS ADVANTAGE CAPITAL

FA Capital Acquires Club16 and She's Fit!

FOUNDERS ADVANTAGE CAPITAL

Completes 60% Acquisition of

Club16 Trevor Linden Fitness

She's FIT!

C$20,500,00MM

- On December 20, 2016, FA Capital announced the completion of its acquisition of a 60% majority interest in Club16 which holds 8 Club16 and 5 She's FIT! Health Clubs
- The entrepreneurs of Club16 and certain minority shareholders retained a 40% interest in Club16 and continue to manage day-to-day operations
- Purchase price was satisfied with a cash payment of C$20.5MM

Key Terms of the Transaction

- The transaction provides the entrepreneurs with 40% of the first $5.85MM in annual distributions ("Annual Threshold") with FA Capital receiving 60%
- The entrepreneurs receive 70% of all distributions above the Annual Threshold, with FA Capital receiving the remaining 30%
- Net proceeds from a sale will be allocated to the entrepreneurs based upon their proportionate share of cumulative distributions (entrepreneurs may receive up to 70% of net sale proceeds)

Feedback from the Entrepreneurs

"We are excited about the partnership with FA Capital to further grow the Club16 membership base and brand."

Trevor Linden, Co-Founder, Club16

"We are very pleased to complete this transaction as we believe FA Capital's management's depth, reputation and track record will help accelerate the future growth and success of Club16. We look forward to further expanding our brand across the province with our new partner."

Chuck Lawson, Co-Founder, Club16

Business Snapshot

- Club16 owns and operates two fitness brands with 13 locations in the Vancouver and the Lower Mainland
  - Club16 Trevor Linden Fitness Clubs – 8 locations
  - She's FIT! Health Clubs – 5 locations
- Established brand with >80,000 memberships
- Differentiated offering by focusing on top of the line equipment and low cost month-to-month membership fees without contracts
- Track record of 1-2 clubs opening annually, with each new club profitable within 6 months

FA Capital's Value Add

- ✓ **Negotiated credit facilities to allow more flexibility with financial covenants and decreased overall cost of capital**
- ✓ **Implemented structured budgeting and reporting processes**
- ✓ **Assisted with lease negotiations**

CASE STUDY #3 – 52% ACQUISITION OF IMPACT COMMUNICATIONS

FOUNDERS ADVANTAGE CAPITAL

FA Capital Acquires Impact Communications

FOUNDERS ADVANTAGE CAPITAL

Completes 52% Acquisition of

impact radio accessories

C$12,000,00MM

- On March 1, 2017, FA Capital announced the completion of its acquisition of a 52% majority interest in IMPACT Communications (“IMPACT”)
- The founder of IMPACT and certain minority shareholders (“Entrepreneurs”) retained a 48% interest in IMPACT and continue to manage day-to-day operations
- Purchase price was satisfied with a cash payment of C$12.0MM

Key Terms of the Transaction

- The transaction provides the entrepreneurs with 48% of the first $2.96MM in annual distributions (“Annual Threshold”) with FA Capital receiving 52%
- The entrepreneurs receive 65% of all distributions above the Annual Threshold, with FA Capital receiving the remaining 35%
- Net proceeds from a sale will be allocated to the entrepreneurs based upon their proportionate share of cumulative distributions (entrepreneurs may receive up to 65% of net sale proceeds)

Feedback from the Entrepreneurs

“As a founder and entrepreneur, the FA Capital model was a perfect fit for me as it allowed me to add a sophisticated partner, enjoy a partial liquidity event and receive a disproportionate share of IMPACT’s future growth.”

Keith Kostek, Founder, IMPACT Communications

Business Snapshot

- Impact Radio Accessories (“Impact”) is one of the largest aftermarket designer, manufacturer, and suppliers of two-way radio accessories in North America
  - TTM EBITDA ~$3.6mm on the closing date[1]
- Founded in 2002 by entrepreneur, Keith Kostek
- Two primary divisions:
  - Impact Radio Accessories market to retailers and end-users
  - T4 products sold directly to end-users online
- Over 800 customers with strong retention history

FA Capital’s Value Add

- ✓ **Introduced Impact sales team to numerous potential customers**
- ✓ **Negotiated and implemented new credit facility**
- ✓ **Introduce management team to new M&A/consolidation opportunities**

(1) Based on unaudited financial statements

CASE STUDY #4 – 50% ACQUISITION OF ASTLEY GILBERT

FOUNDERS ADVANTAGE CAPITAL

FA Capital Acquires Astley Gilbert

FOUNDERS ADVANTAGE CAPITAL

Completes 50% Acquisition of

Astley Gilbert
ON DEMAND IMAGING. ON PAPER. ONLINE.

C$24,700,00MM

- On October 31, 2017, FA Capital announced the completion of its acquisition of a 50% interest in Astley Gilbert Limited ("AG")
- The ownership group retained a 50% interest in AG and continues to manage day-to-day operations
- Purchase price was satisfied with a combination of cash and VTB financing

Key Terms of the Transaction

- AG owners and FA Capital each receive 50% of the first $6.7MM of cash distributions (approximately TTM EBITDA less corporate taxes, namely, the "Annual Threshold")
- The AG owners receive 60% of all distributions above the Annual Threshold, with FA Capital receiving the remaining 40%
- Net proceeds from a sale will be allocated to the AG owners based upon their proportionate share of cumulative distributions (AG owners may receive up to 60% of net sale proceeds)

Feedback from the Entrepreneurs

"Astley Gilbert isn't just a company to us, it's our life's work. We've been able to adapt, evolve and lead over the last 47 years as industry and technology changes and today Astley Gilbert boasts some of the best imaging technology in the business. While Astley Gilbert was not "for sale", we found the FA Capital model compelling for the next chapter of our growth and believe that Stephen and his team are truly unique partners. We anticipate this partnership will accelerate our growth by providing access to capital and consolidation expertise."

Wayne Wilbur
President & CEO, Astley Gilbert

Business Snapshot

- AG is a full-service, non-traditional commercial printing and imaging solutions provider to companies across North America
- Established in 1970
- 40% market share in Canada for Architectural, Engineering, and Construction ("AEC") reprographic (blueprint) services (70% market share in ON[1])
- >6,000 clients in industries such as retail, infrastructure, automotive and industrials
- 13 strategically located facilities across Ontario

FA Capital's Value Add

- ✓ Introduce management team to new M&A/consolidation opportunities
- ✓ Introduced management team to potential new clients
- ✓ Renegotiated credit facilities to allow more flexibility with financial covenants

(1) Based on management estimates

KEY CONTACTS FOR SELL-SIDE ADVISORS AND ENTREPRENEURS

FOUNDERS ADVANTAGE CAPITAL

Harpreet Padda

Senior Vice President & Head of Business Development

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Harpreet is actively involved in leading the initiative of building and maintaining relationships to source investment opportunities, transaction related due diligence as well as overseeing the life cycle of acquisitions from sourcing to deal closing. Prior to joining FA Capital, Harpreet worked as a Vice President in Bank of America Merrill Lynch's Global Commercial Banking team where he played a leading role in the credit approval process for financial sponsors and strategic operators. Harpreet also worked in Commercial and Corporate Banking with ATB Financial, as well as Investment Banking with BMO Capital Markets and CIBC World Markets.

Harpreet holds the Chartered Financial Analyst designation, an MBA from the University of Toronto and a BSc (Finance) from Canisius College, where he played NCAA Division I baseball.

Stephen Reid

President & CEO

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Stephen has been the President and Chief Executive Officer of Group West Corporation, an investment company founded by Stephen since January 1996. Stephen served as Senior Vice President of Business Development of Alaris Royalty Corp. from July 2008 until March 2015. His role with Alaris was to create and build relationships with all sources of investment leads. In 2004, Stephen co-founded Alaris IGF Corp., the general partner of Alaris Income Growth Fund L.P., which invested in a diversified portfolio of private businesses in exchange for royalties or distributions from the portfolio companies, with the principal objective of generating stable and predictable cash flows for dividend payments to its securityholders. From 2004 to 2008, Stephen oversaw the business development efforts of Alaris IGF Corp. and increased the company's presence among the advisory referral networks across North America. In July 2008, Alaris Royalty Corp. acquired 100% of the issued and outstanding units of Alaris Income Growth Fund L.P. and all of the outstanding shares of Alaris IGF Corp.

Stephen holds an Bachelors in Business Administration (Honours).

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- The anticipated EBITDA and the anticipated cash distributions for DLC, Club 16, IMPACT, and AG;
- The Corporation's ability to win potential acquisitions over competing sources of investment, including, but not limited to, private equity; and
- That DLC, Club 16, IMPACT, and AG will distribute cash to the Corporation as expected or at all.

Such forward-looking information is based on a number of assumptions which may prove to be incorrect. Assumptions have been made with respect to the following matters, in addition to any other assumptions identified in this document:

- The Corporation being able to source and negotiate transactions on acceptable terms and in a timely manner;
- That general economic and market conditions remaining relatively unchanged;
- That the EBITDA multiple for transactions remaining relatively unchanged;
- That the Board of Directors for each of the investee entities resolves to distribute cash as expected; and
- That the business of DLC, Club 16, IMPACT, and AG will not suffer any material adverse changes.

Although the Corporation believes that the expectations reflected in such forward-looking information are reasonable, undue reliance should not be placed on them as the Corporation can give no assurance that such expectations will prove to be correct. Forward-looking information is based on expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by the Corporation and described in the forward-looking information. The material risks and uncertainties include, but are not limited to:

- The adequacy of the Corporation's existing resources to complete additional potential transactions;
- The return for any acquisition not being as expected by the Corporation post-closing; and
- Incremental risks associated with any additional investee company, as well as the risks associated with the industries in which additional investees operate.

The foregoing list of risks is not exhaustive. For more information relating to risks, see the section titled "Risk Factors" in the Corporation's current annual information form. The forward-looking information contained in this document is made as of the date hereof and, except as required by applicable securities law, the Corporation undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise.