

SIGNIA CAPITAL MANAGEMENT

Specializing in Small & Micro Cap Value Investing

A Simcoe Capital, LLC Company

Signia Small Cap Value Commentary: Year-End | 2025

Signia Capital Management is a boutique money management firm specializing in Small-Micro Cap and Small Cap Value investing. The firm is majority owned by the portfolio management team. Signia is built upon the belief that markets are inefficient, and that inefficiencies exist more often in smaller companies, allowing for the firm's fundamental investing process to capitalize on those inefficiencies.

Our **Small Cap Value** strategy invests in high quality, catalyst rich companies that we expect will experience a significant improvement in earnings within the next 12 to 24 months. Our team identifies compelling investment opportunities through a rigorous bottom-up research process that includes direct dialogue with the management teams of each company under consideration. The process results in a concentrated portfolio of 25 to 35 individual investments, each with its own unique and compelling investment catalysts.

Investment Team

Richard Beaven, CFA Principal- Lead Portfolio Manager

Colin Kelly, CFA Principal- Dir. of Research & Portfolio Manager

Portfolio Characteristics

Investment Process	Fundamental Bottom-Up
Mkt. Cap Range	\$400m - \$8b
Median Market Capitalization	\$1.3b
Number of Holdings	25-35

Top 10 Holdings (%) 12/31/2025

Uranium Royalty	4.7%
Mechanics Bank	4.6%
Solaris Energy Infrastructure	4.5%
Green Dot	4.4%
Liberty Energy	4.3%
Great Lakes Dredge & Dock	4.3%
Arhaus	4.2%
Orion Group	3.9%
Nordic American Tanker	3.7%
Alaska Air Group	3.7%

Sectors Weightings (%) 12/31/2025

Basic Materials	20.4%
Consumer Discretionary	21.9%
Consumer Staples	0.0%
Energy	22.0%
Financials	8.5%
Healthcare	3.6%
Industrials	18.7%
Real Estate	0.0%
Technology	3.5%
Telecom	0.0%
Cash	1.8%
Total Portfolio	100.0%

2025 Year-End Review –Signia Small Cap Value

For the full year 2025, the Signia Small Cap Value strategy returned 44.13% (gross) and 36.53% (net) vs. the Russell 2000 Value return of 12.59%. The difference between our gross and net performance number is calculated based upon a 1% management fee and a 15% performance fee above the Russell 2000 Value index, using a high-water mark.

Q4 marked the 2-year anniversary for our Small Cap Value strategy. As displayed in the chart below, the strategy has generated solid absolute and relative returns, with a total return of 63.76% (net) vs. 21.66% for the Russell 2000 Value.

December 31, 2025	Signia Small Cap Value	Signia Small Cap Value	Russell 2000 Value Index
	Gross	Net	
Trailing 1 Year	44.13%	36.53%	12.59%
*From Inception	33.57%	27.97%	10.30%
Total Return From Inception	78.41%	63.76%	21.66%

*Annualized

Inception 12/31/2023

Portfolio Update:

As discussed in previous newsletters, our Small Cap Value strategy is a natural extension of our Small-Micro Cap Value strategy which has compounded at 29.42%(net) annualized vs. the Russell Microcap Value Index 16.15% annualized since inception (09.30.20). The two strategies have overlapping holdings of 60%-80%, depending on our opportunity set. Our Small Cap strategy can invest in companies from \$400m – \$8b with the objective of maintaining a similar weighted average market cap to the Russell 2000 Value Index. For context, at year-end our strategy had a weighted average market cap of \$2.5b vs. the Russell 2000 Value weighted average market cap of \$4b.

Alaska Air Group, (ALK), a \$5b market cap company, was a new purchase in Q4. Alaska shares moved from \$62 per share to \$40 per share from September to December on what we view as a number of one-time factors. On December 3rd Alaska announced a reduction in Q4 earnings based upon three unique and one-time impacts.

Portfolio Snapshot 12/31/2025

Current Number of Holdings	28
EV/EBITDA	10.5
Price to Book	1.4
Price to Sales	.66
Price to Cash Flow	11.8
L.T. Debt to Capital	26.1%
Average Price to Earnings (forward)	17.9
2026 Vs. 2025 EPS Growth	42.3%
Weighted Average Mkt. Cap (m)	\$2,522
Average Turnover (annual)	40-60%

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First, ALK disclosed the impact of an earlier reported IT and system outage in late October, which led to a temporary ground stop for all Alaska operations. The company estimated that this disruption would cost the company \$.25 per share in Q4. Additionally, the U.S. government shutdown in October led to an FAA mandated reduction in flights across the industry as the FAA attempted to manage elevated air traffic controller absences. Lastly, a West coast refinery fire and pipeline disruption drove higher fuel costs in the quarter for ALK. In total, ALK believed the impact to be \$.55-.60 in EPS for the quarter. Q4 company guidance was reduced from at least \$.40 to approximately \$.10 in EPS. We believe that these issues are largely transitory and created a buying opportunity in ALK shares.

Taking a slightly longer-term view, we believe that Alaska Air Group is well positioned for growth in revenue and earnings due to its acquisition of Hawaiian Airlines. Announced nearly 2 years ago, a lengthy regulatory approval initially delayed this merger, but we believe that ALK is on-track in implementing many of the cost and revenue synergies outlined previously. With less than 3% network overlap the Hawaiian acquisition significantly expands Alaska's network and provides a strong hub for increased international routes for Alaska. Alaska management has laid out a plan to grow earnings from roughly \$5 in EPS in 2025 to greater than \$10 in EPS by 2027. Trading at approximately \$50, we believe ALK shares present a very favorable risk/reward.

In early September we initiated a position in Liberty Energy (LBRT). Liberty Energy is one of the largest providers of completion services and technologies to onshore natural gas, oil and enhanced geothermal producers in the U.S. The firm also operates Liberty Power Innovations, focused on providing advanced distributed power generation and energy storage solutions. We had the opportunity to see Liberty present at an energy conference in the latter half of 2025 and came away impressed with the company's culture, mission and plans for growth. Specifically, management was effectively navigating cyclical lows in its core completion services business while pursuing sizable growth opportunities through its power generation and energy storage solutions segment.

With the stock in the \$10-11 range in early September and trading at 3x EV/EBITDA, we believed that the market was assigning little to no value to the Liberty Power Innovations segment. Liberty management is planning to grow its power generation and energy storage from 130 megawatts of installed capacity to roughly 500 megawatts by the end of 2026, and targeting 1,000 megawatts by the end of 2027. Trading below book value and 3x EV/EBITDA, with significant company catalysts surrounding its Power Innovations business, we found LBRT to be a compelling opportunity.

Given the sector and industry overlap with portfolio holding Patterson-UTI (PTEN), we made the decision to exit PTEN and rotate into LBRT, as we believed LBRT offered a similar valuation but with stronger near-term catalysts. Since our trade in early September, PTEN shares are up 23% while LBRT shares are up 74%, highlighting the benefits and alpha generation created by our flexible and adaptive investment philosophy.

Green Dot (GDOT), a fintech company and prepaid card services provider, was a new buy in Q4. We have followed Green Dot for a number of years given our successful investment in competitor The Bancorp (TBBK). We found several aspects of the Green Dot story interesting at this juncture. On March 7th, 2025, GDOT named former CEO and current Board Chair, Bill Jacobs, Interim CEO. On March 10th, 2025, GDOT announced that it had engaged Citigroup to initiate a review of strategic alternatives. In our experience, an interim CEO combined with a strategic review process frequently signals a company that is "in play" and a likely acquisition target. Encouragingly, Interim CEO Bill Jacobs was able to fortify the GDOT business by renewing a large contract with Wal-Mart which extended the term from 2027 to 2033, removing a large overhang on the stock. Additionally, GDOT was able to beat and raise guidance the last 3 quarters as new business wins were ramping faster than anticipated. From our standpoint, we saw multiple upside paths possible for the stock either through continued fundamental improvement or a potential take-out given the strategic review process. With GDOT shares trading at \$12-13 per share and roughly 4x EV/EBITDA we found shares as an attractive set-up.

On November 24, 2025 Green Dot announced a conclusion to its strategic review process and a two-part transaction. Green Dot's non-bank fintech platform would be acquired by private equity firm Smith Ventures with shareholders receiving \$8.11 in cash. Additionally, Green Dot's bank holding company, GreenDot Bank, will be acquired by CommerceOne Financial with GDOT shareholders receiving .2215 shares in the new publicly traded CommerceOne Bank.

While the GDOT transaction may look more complicated than a straight cash deal, a closer look at the math reveals an undervalued opportunity. As the table below shows, using a conservative P/B range (.75 - 2.25x) tangible book for the new GreenDot Bank/CommerceOne Financial provides a valuation range of roughly \$4.70 - \$14 for the stand-alone bank plus \$8.11 in cash which provides an overall deal value in the high teens to low 20's.

	GreenDot (GDOT) Valuation			
P/B Multiple (x)	0.75	1.25	1.75	2.25
*GDOT Bank	\$4.69	\$7.81	\$10.94	\$14.06
(+)				
GDOT Non-Bank	\$8.11	\$8.11	\$8.11	\$8.11
(=)				
Total GDOT Value	\$12.80	\$15.92	\$19.05	\$22.17
<i>*Assumes \$500m tangible book value and 80m shares outstanding</i>				

Closing Thoughts & Outlook:

According to Furey Research, the top 5 stocks in the S&P 500 peaked at 31% of the index weight in October. This extreme concentration eclipses the concentration peak of 18% experienced in the dot-com bubble and 24% during the Nifty Fifty era in the early 1970's.

We view this datapoint as a helpful signal for investors looking at the investing landscape today. From our vantage point, the large cap concentration and investor attention has created greater structural inefficiencies within the small and micro-cap universe. With thousands of underfollowed companies and limited analyst coverage, we remain excited about our opportunity set and our ability to capitalize on it.

We look forward to updating you at the end of Q2.

SIMCOE SIGNIA SMALL CAP VALUE COMPOSITE

<u>Total Return Performance</u>						<u>Annualized</u>				
						3-Year Std. Dev.	3-Year Std. Dev.			
Simcoe Signia Composite Net of Model & Performance Fee						Simcoe Signia Composite Net of Model & Performance Fee		Russell 2000 Value Index	Total Composite End of Period Assets (USD)	Total Firm AUM End of Period Assets (USD)
2024	Year	19.95%	23.79%	8.06%	5 or fewer	N/A	N/A	\$747,752	\$88,621,650	
2025	Year	36.53%	44.13%	12.59%	5 or fewer	N/A	N/A	\$1,073,255	\$109,440,887	

<u>Annualized Performance</u>					<u>Annualized Std. Dev.</u>		
Composite Net of Model & Performance Fee					Russell 2000 Value Index	Composite Net of Model & Performance Fee	Russell 2000 Value
Trailing 1 Year					5 or fewer	20.02%	13.65%
Inception to Date					5 or fewer	24.03%	17.49%

Inception date is January 2024

Performance updated through December 31, 2025

* Past performance is not an indicator of future results. Please see the back of this page for Performance Presentation Disclosures

Performance Presentation Disclosures

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Firm. Simcoe Capital (dba Signia Capital Management) (“Signia”) is defined as an independent investment management firm that is not affiliated with any parent organization. Signia is an equity manager investing primarily in U.S. traded securities.

Composite Description. The Simcoe Signia Small Cap Value Composite (“Composite”) consists of all discretionary fee-paying accounts invested in diversified portfolios of U.S. Small capitalization equity securities with the objective of maximizing total return. The basis for selection is to include all diversified equity portfolios with a mandate to invest in Small capitalization value companies, with few tax or other constraints that would otherwise impede the objective of maximizing total return. The strategy typically includes 25-35 securities at any given time, and some of these securities may be less liquid with the potential for more price volatility given company size and portfolio concentration. Small-cap equity securities may be less liquid and subject to more price volatility than larger capitalization securities. The composite excludes portfolios with material restrictions imposed by the client that impair our ability to fully implement the intended strategy. The creation and inception date of the composite is January 2024.

Benchmark. The benchmark is the Russell 2000 Value Index. Signia selected this benchmark because the Russell 2000 Value Index is an unmanaged group of securities generally considered to represent the performance of the small-capitalization segments of the U.S. equity universe. The structure and diversification across economic sectors of portfolios actively managed by Signia may be meaningfully different compared to the index. Index returns reflect the reinvestment of dividends but do not reflect the fees, brokerage commissions, or other transaction costs.

Calculations. Valuations are computed and performance reported in U.S. dollars. Results are calculated at a minimum of monthly and adjusted for external cash flows. Returns are calculated using a time weighted rate of return. Period returns are geometrically linked. Using beginning period market values, the Composite is asset weighted by aggregating assets and cash flows into a single portfolio. Trade date accounting is used. Securities are priced using end-of-day market prices obtained from Interactive Data. Returns include dividends, interest, and realized and unrealized gains and losses. Dividends are recorded on a cash basis. No leverage derivatives are used. The composite gross-of-fees returns have been reduced by all actual transaction costs incurred but have not been reduced by investment management fees. Net-of-fees returns are presented net of a model management fee of 1.00% and a model performance-based fee of 15%. The model performance-based fee is subject to a high watermark and hurdle rate equal to the return of the Russell Microcap Value Index. The model management fee is deducted at a rate of 1/12th per month from the gross-of-fees composite returns. The model performance based fee is not captured in the return calculations until crystallized after year end and, if applicable, is deducted from performance for the month of December. Policies for valuing investments, calculating performance and preparing GIPS Reports are available upon request.

Dispersion and Risk. The dispersion of annual returns is measured by the asset-weighted standard deviation across gross-of-fees portfolio returns for those portfolios that were included in the Composite for the full year. For periods presented where there are five or fewer accounts in the composite for the entire year, dispersion, and number of portfolios as of each year end are not presented. The three-year annualized ex-post standard deviation is calculated using the composite net-of-fees returns. It is not presented for the composite or the benchmark for periods where there are fewer than three annual periods of performance.

Fees. Signia’s standard fee schedule is 1.00% of assets under management and a 15% performance fee. Fees are negotiable and vary based on the size and type of the investment.

Past performance is not an indicator of future results.

*Source: Simcoe Capital, LLC dba Signia Capital Management, ICE Data Services and the Frank Russell Company. The information provided in this report should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in our composite at the time you receive this report or that securities sold have not been repurchased. Our portfolio characteristics and sector weightings are based on a representative account and may not be indicative of this strategy’s current or future investments. It should not be assumed that any of the holdings discussed herein were or will be profitable or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein. This information is shown as supplemental information only and complements the full disclosure presentation (fully compliant GIPS presentation). Past performance is no guarantee of future results.