

SIGNIA CAPITAL MANAGEMENT

Specializing in Small & Micro Cap Value Investing

A Simcoe Capital, LLC Company

Signia Small Cap Value Commentary: Mid-Year | 2026

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	\$1.2b
Number of Holdings	25-35

Top 10 Holdings (%) 06/30/2026

Progyny Inc.	6.9%
Cracker Barrel Old Country Store	6.1%
PubMatic	5.9%
Ranpack Holdings	5.8%
Alaska Air Group	5.6%
MarineMax Inc.	5.6%
Arhaus	5.2%
Orion Group Holdings	4.8%
Oportun Financial	4.4%
Mechanics Bank	3.8%

Sectors Weightings (%) 06/30/2026

Basic Materials	12.6%
Consumer Discretionary	28.5%
Consumer Staples	0.0%
Energy	15.0%
Financials	8.2%
Healthcare	6.9%
Industrials	19.8%
Real Estate	0.0%
Technology	5.8%
Telecom	0.0%
Cash	3.4%
Total Portfolio	100.0%

2026 Mid-Year Review

Through June 30, 2026, the Signia Small Cap Value strategy gained 27.82% (net) year-to-date, vs. Russell 2000 Value return of 23.00%.

From an index perspective, the first half of 2026 for the Russell 2000 Value could be characterized as a narrow market driven by technology stocks, which accounted for over 25% of the overall index returns. In fact, according to Furey Research, Q2 2026 was the best quarter on record for Russell 2000 semiconductor and semi-cap equipment companies, up 104.4%, compared to the next best quarter of 64.9% in 1998.

The first half of 2026 was also marked by escalating geopolitical tensions in the Middle East. Following U.S. and Israeli airstrikes against Iran in late February, Iran announced the closure of the Strait of Hormuz. With nearly 20% of the global supply of oil and LNG passing through the Strait, this closure significantly constricted supply, driving crude oil prices from \$65 to roughly \$120 per barrel within eight weeks. Oil price shocks of this speed and magnitude historically have negative economic consequences, driving up costs for both consumers and businesses while raising inflation at a time when it remains above the Federal Reserve's target level.

Portfolio Updates:

During this period of market turmoil, our portfolio behaved as expected. Energy and marine transport holdings such as Nordic American Tanker (**NAT**), Atlas Energy (**AESI**), Helix Energy Solutions (**HLX**), Liberty Energy (**LBRT**), and Tetra Technologies (**TTI**) gained significantly in Q1, benefiting directly from shipping disruptions and rising crude prices. Conversely, consumer-focused names like Alaska Air Group (**ALK**), Arhaus (**ARHS**) and Canada Goose (**GOOS**) declined on concerns that higher gas prices would impact margins and pinch discretionary consumer spending.

While our energy and oil transport names benefited from the crisis, the ultimate duration of that benefit remained unclear. Given the rapid appreciation in these stock prices, we believed it was prudent portfolio management to trim our weightings into strength and reallocate capital into compelling new and existing ideas created by the broader market dislocation.

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Portfolio Snapshot 06/30/2026

Current Number of Holdings	27
EV/EBITDA	13.6
Price to Book	1.6
Price to Sales	.74
Price to Cash Flow	13.3
L.T. Debt to Capital	28.7%
Average Price to Earnings (forward)	17.1
2026 Vs. 2025 EPS Growth	62.7%
Weighted Average Mkt. Cap (m)	\$1,752
Average Turnover (annual)	40-60%

Portfolio Updates:

Itron (ITRI) was a new addition to our Small Cap Value portfolio in Q2 2026. Itron is the leading provider of utility meter solutions providing intelligent grid infrastructure hardware, software, and analytics. In a notable local connection, Itron was originally founded by Spokane-based utility Avista (AVA) in the late 1970s before being spun-out and publicly listed in 1993.

Over the last several years, Itron management has focused on leveraging Itron's leading market position in smart meter hardware to build a more consistent, higher-margin recurring business. Through the company's Outcomes and Resiliency segments, Itron provides utility customers with software and analytics to predict and respond to demand peaks, manage potential outages, and detect and address system leaks quickly. Itron has seen strong customer demand within the Outcomes segment growing revenues 22.1% Y/Y last quarter and now representing 16% of total revenues. Management anticipates the Outcomes segment to continue to grow as a percentage of revenues and increase overall profitability. Additionally, two recent software-as-a-service acquisitions, Urbint and Locusview, will meaningfully contribute to the company's Resiliency segment in coming quarters. Trading at roughly 12x 2027 EPS estimates, we believe the transition from a cyclical hardware provider to a faster growth and more consistent recurring revenue model will drive multiple expansion and upside for ITRI.

Cracker Barrel Old Country Store (CBRL) was another new name added in late Q1 2026. Founded in 1969 with a focus on providing customers with homestyle food and feel, Cracker Barrel's unique business model pairs a traditional restaurant (75% of revenues) with an on-site retail store (25% of revenues). In August of 2025, CBRL management unveiled a new logo that was part of a \$700m three-year brand modernization plan. The logo and branding change was met with immediate and significant consumer push-back, resulting in a rapid drop-off in customer traffic.

Within one week of announcing the logo/branding change, CBRL management responded to the very negative public response. The company noted that they had heard customers' concerns, were abandoning the redesign plans, and planned to bring back the classic logo. Unfortunately, for management the brand damage had been done. Customer traffic declines accelerated from -1.0% in August 2025, to -7.3% in the November 2025 quarter, to -10.1% in the January 2026 quarter. The deterioration in the business caused the stock to decline from roughly \$50 per share to a low of \$26 per share by late December 2025.

We established a position in CBRL in Q1 2026 as we believed management had correctly addressed the problem by eliminating the logo redesign and leaning into its brand heritage and menu items. While we anticipated that brand rebuilding may take 1-3 quarters, the stock's valuation more than reflected the past issues without reflecting the potential upside from traffic stabilization. Additionally, we believed that CBRL's owned real estate value provided an additional margin of safety. CBRL owns the land and building for 358 of the 650+ company stores, many of which are located in highly desirable freeway exit locations. We estimated that each location was worth approximately \$3-4m per unit, implying a total real estate value of \$1.2 - \$1.4b.

Trading at roughly \$30 per share in Q1 CBRL had a market cap of \$670m with net debt of \$541m for a total enterprise value of \$1.2b or equivalent to the value of the company's real estate, effectively allowing us to buy the operating business for free.

Investing in turn-arounds often requires predicting when traffic declines will bottom. Essentially, when will the second derivative turn positive and results are viewed as "less bad." We believed that management was taking correct action to turn traffic which was also validated by our third-party data and analysis. Encouragingly, CBRL reported improved traffic -6.7% for the May 2026 quarter reported on June 9th and raised guidance for the year based on improving trends. The stock responded positively to the renewed operational traction.

We took the opportunity to exit our position in Hudbay Minerals (HBM) during the first half of 2026. We initially purchased Hudbay in January of 2024 in the \$5 range. Primarily a copper and gold producer with operations in Peru and Canada, we believed the organic growth profile for HBM coupled with the development and de-risking of the company's Copper World asset in Arizona provided a number of catalysts. Over the past two years, Hudbay's management team has executed exceptionally well on cost control and operational efficiency across its mine portfolio. Additionally, a robust pricing environment for both base and precious metals served as a strong tailwind, enabling the company to deliver substantial earnings growth and free cash flow generation. Having reached our internal valuation targets, we exited the position in the \$21-\$23 range.

Liberty Energy (LBRT), a provider of fracturing, wireline, and power services, also advanced to our internal price target during the first half of 2026. As discussed in our Q4 2025 newsletter, we took the opportunity to initiate our position in the \$10-\$11 range in September 2025 during tough conditions in the oilfield services sector, which were driven by energy price weakness and equipment oversupply. Liberty's management team astutely created Liberty Power Innovations (LPI) to focus on advanced distributed power generation and energy storage. This emerging business line provided a compelling opportunity to enhance earnings and cash flow by deploying power generation equipment to meet the rapidly expanding electricity demands of AI data centers. With internal plans to scale this segment from inception to 3 gigawatts of deployed power by 2029, we believed LPI combined with an improving oil price environment offered a blend of company specific, secular, and cyclical catalysts. Over the past nine months, these catalysts played out rapidly, driving LBRT toward our price target range. We ultimately exited the position in the \$26 range.

Strategy Update & Outlook:

After launching our Small Cap Value strategy with internal capital on December 31, 2023, we are pleased to announce we received a \$30m allocation from an institutional investor in the first half of 2026.

As highlighted in our Q4 2025 newsletter, the top five stocks in the S&P 500 peaked at 31% of the total index weight in October 2025. Historically, index concentration of this magnitude has marked a key inflection point, triggering a market rotation from Large Cap to Small Cap equities. We are seeing early evidence of this regime shift: from the end of October 2025 through June 2026, the Russell 2000 Value returned 27.04% compared to the S&P 500's 10.49% gain.

Thank you to our investors/partners. We look forward to updating you at the end of Q4.

SIMCOE SIGNIA SMALL CAP VALUE COMPOSITE

Total Return Performance						Annualized				
						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 Strategy AUM 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	\$747,752	\$88,621,650
2025	Year	36.53%	44.13%	12.59%	5 or fewer	N/A	N/A	\$1,073,255	\$1,073,255	\$109,440,887
2026	Q1	7.45%	7.72%	4.96%	5 or fewer	N/A	N/A	\$1,154,755	\$1,154,755	\$109,750,570
	Q2	18.95%	19.25%	17.19%	7	N/A	N/A	\$1,656,667	\$31,683,940	\$169,631,574
YTD		27.82%	28.46%	23.00%	7	N/A	N/A	\$1,656,667	\$31,683,940	\$169,631,574
<u>Annualized Performance</u>						<u>Annualized Std. Dev.</u>				
Composite Net of Model & Performance Fee						Composite Net of Model & Performance Fee	Russell 2000 Value			
Simcoe Signia Composite Gross of Fees						Russell 2000 Value Index				
Trailing 1 Year						72.72%	82.34%	43.02%	18.33%	12.38%
Trailing 2 Year						38.41%	44.47%	22.85%	23.29%	17.54%
Inception to Date						34.38%	39.34%	17.50%	23.49%	17.30%

Inception date is January 2024

Performance updated through June 30, 2026

Total Strategy AUM reflects all Small Cap Value assets

* 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.