

# Taking businesses to the next level with the Katalyst Operator's Advantage

We acquire, operate, and grow businesses leveraging direct operating and domain expertise to create enterprise value



## SELLER ADVANTAGE

We are a seller-oriented investment firm for business owners who would like to take some 'chips off the table' and participate in the future growth of the company or exit their business completely with a capable buyer improving upon the prior owner's legacy. For all our investments, we take an active role and partner with the existing management team through a sensible transition and growth.

## SECTOR FOCUS



**RECESSION RESISTANT**  
Business and consumer products



**NONDISCRETIONARY**  
Business and consumer services



**NON-LOCATION-DEPENDENT**  
Franchisors

## INVESTMENT PHILOSOPHY

Katalyst is an investment partnership with access to \$25 MM in capital to acquire multiple businesses with \$1 – 4 MM in EBITDA identified by dissecting the value chain, in industries where Katalyst has direct operating experience, to have strong fundamentals capable of generating outsized returns at the current stage of the economic cycle.

## INVESTMENT TENANTS

- ✓ Never lose money
- ✓ Asymmetric risk return
- ✓ Identify clear paths for growth
- ✓ Drive value and execute

## MANAGEMENT

Katalyst is an investment partnership led by a team with significant operations experience, capital allocation, and investment experience that will leverage these experiences to create enterprise value.



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## MACRO AWARENESS

We are at the tail end of the economic cycle requiring deep domain expertise to identify and create value in businesses navigating the following economic trends:



- ✓ Tariff implications
- ✓ Labor shortage / inflationary wage trends
- ✓ Shared economy / technology impact
- ✓ Supply and demand inflationary pressure

## BUSINESS DYNAMICS

### FAVORABLE

- ✓ Able to absorb inflationary pressures
- ✓ Low capital expenditure requirements
- ✓ Protected from the shared/digital economy
- ✓ Strong unit economics/defensible margins
- ✓ Clear path to scale and execute a VCP
- ✓ Insider sector/business operating knowledge

### UNFAVORABLE

- X Poor Porter's Five Forces
- X Capital intensive business models
- X Threatened by digital/shared economy
- X Margins highly dependent on low labor costs
- X Location-dependent businesses
- X Auto insurance risks / costs

## KATALYST'S OPERATOR'S ADVANTAGE

### PROFESSIONALIZING BUSINESSES

by diving into the business for an extended initial period implementing a results-focused business operating system to drive sustaining change in customer service, operational efficiency, organizational culture, and sales.

### EXPANDING MARGINS

through cost reduction and revenue expansion from product sourcing, product development, and unit economic driven customer acquisition marketing strategy.

### NAVIGATING INDUSTRY VALUE CHAINS

from an operational lens that is aware of overlooked industry and business dynamics such as franchisor/franchisee relationships, digital economy threats, hourly worker management, and increasing costs as well as concerns with auto insurance.

## PRIOR PORTFOLIO



11X  
INVESTED  
CAPITAL



15% CAGR  
(2X INDUSTRY)



400%  
RETURN  
ON EQUITY

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