



PROVARIANT

EQUITY PARTNERS

Carver BOSS Summit

STRICTLY CONFIDENTIAL

May 2026

Growth Investors.
Partnership Driven.

PRO /prō/
Advancing or projecting forward

VARIANT /verēant/
Differing from a standard

- ▶ Brief overview of Provariant
- ▶ What Private Equity looks for in a company
- ▶ Separating myth from reality in Private Equity
- ▶ Recommendations when considering the sale of your business

Cohesive, Independent Team

Partners have worked together for 25 years

Experienced
Completed 22 platform investments &
16 add-ons

Consistent
Investing in the lower
mid-market for 25 years

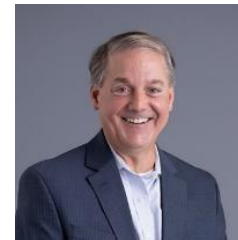
Successful
\$1.6 billion of total
portfolio company value



Gregg Taber
Managing Partner



Murad Beg
Partner



Dan DeSantis
Partner



Kurtis Zabell
Partner & CFO

- ▶ Differentiated track record of partnering with **22 platform** businesses, with material value creation and investment success over 25 years through various economic cycles
- ▶ Complementary backgrounds, worked in various disciplines before private equity
- ▶ Control buyouts of U.S. founder-owned companies with \$5M to \$15m of EBITDA; Value-Added Distribution, Niche Manufacturing & Services Businesses
- ▶ Partnership approach with management focused on creating value through growth and operational improvement
- ▶ See www.provariantequity.com for additional information

Specific focus in founder-owned businesses

Long history of working with founders to realize their objectives



Our Target Investment Characteristics

Strong, Profitable, Middle Market Companies

- Strong, niche position in attractive market
- Multiple value-added product offerings
- High-value end markets; reason to exist

Record of Stable Cash Flows

- Attractive gross margins signifying differentiation
- Established model with capacity for scale
- Strong and diverse customer base, with room to expand
- Absence of regulatory “stroke of pen” risk

Opportunities for Growth

- Large, fragmented market ripe for consolidation and share gains
- Above average market growth
- New product offerings and market opportunities

Manageable Downside Risk

- Strong financial history with sustainable cash flows
- Seasoned management team
- Limited customer or geographic concentration
- Within Provariant’s sphere of knowledge, skills, and experience

The foundation of Private Equity investing is based on “Value Creation” - the difference between the equity value invested and the equity value at Exit

	<u>At PE Acquisition</u>	<u>At Exit 4-6 Years</u>	<u>Value Creation</u>
EBITDA (Cash Flow)	\$ 5,000	\$ 10,000	
Multiple	6.0x	7.0x	
Enterprise Value	\$ 30,000	\$ 70,000	
Less: Debt	(15,000)	(5,000)	
Plus: Cash	2,000	-	
Equity Value	\$ 17,000	\$ 65,000	\$ 48,000

Return on Investment 3.8x

- Growing **EBITDA** – top line growth, strong gross margins, operating leverage
- Increasing the exit **Multiple** – growth story, attractive business, pristine
- And **reducing Debt** – working capital management, prudent investment

Private Equity seeks investments that provide value creation opportunity

What Drives the Multiple?

- ▶ General market conditions and timing of exit (e.g., economic growth, inflation, capital market liquidity, geopolitical environment)
- ▶ Industry attractiveness (i.e., intrinsic growth, profitability, investor perception, stability)
- ▶ Company specific characteristics, e.g.,
 - Market position, size/scale
 - Value proposition and differentiation; what unmet need is the Company filling?
 - Revenue growth; profitability, margins
 - Brand recognition, franchise value
 - Management strength
 - Lack of perceived future risks or excess liabilities
 - Required cash needed to maintain profits (relative level of capex, working cap investment)
- ▶ Multiple driven by **expected** future free cash flow, not past

The “multiple” is driven by how valuable a business is perceived – its uniqueness, its profitability, its future prospects – in other words, build a great business, the multiple will take care of itself!

There are no hard and fast rules in PE; choosing the partner is the key

- ▶ **Myth** – Private Equity ruins companies by changing the culture, shutting down parts of it, and firing people with no regard for long term health
 - ▶ **Truth** – Most PE firms focus on growth, operational improvement and strategic direction – think long term builders versus financial engineers; culture is acknowledged as a strength with intent to maintain
- ▶ **Myth** – You have no say and lose control when you sell to PE
 - ▶ **Truth** – Management runs the business, not PE. A good PE partner will develop a plan around your desires. The amount you reinvest can be a factor in your influence. PE wants management that is aligned and empowered. Ultimate voting control likely changes; but with a good partner and structure, it's mitigated.
- ▶ **Myth** – Private equity is only about cutting costs
 - ▶ **Truth** – Modern PE is about building enterprise value, not just trimming fat. Cost discipline is part of it, but value creation is more about growth and operational excellence
- ▶ **Myth** – All PE firms are the same
 - ▶ **Truth** – Culture and philosophy differ dramatically; choosing the right partner means everything

Things to Consider When Selling Your Business

▶ Define What You Want

- What is important to you - personal goals, company and employee future, buyer type
- Balance priorities of price, certainty, and speed
- Level of Post-sale involvement

▶ Preparation is a difference maker - think 2-3 years out

- Build a team that reduces your importance to the business
- Hire good advisors and take their advice
- Have your “house in order”
- Being prepared will reduce process timing and closing risk

▶ Keep your eye on the business

- Selling your business takes up a lot of time
- Buyers are hyper-focused on current trends
- Rumors are a part of the process, have a plan to manage customers, suppliers and employees

▶ Remember your team

- Demands on them will be significant
- Opportunity to reward them for their efforts, both with the business and the transaction
- Can often have exit bonuses be invested into new company